

Introduction

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Introduction

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The late Professor Seiichi Tobata, the founder and the first president of the Institute of Developing Economies (IDE), proposed the concept of “area study” as a new approach in social sciences which aims at reaching generalization on the contemporary world, or, in the case of IDE, on the developing countries, through an in-depth analysis of these countries in their own peculiar and distinctive characteristics, in other words, as an attempt to add a global dimension to the observation of particular countries. This concept requires that a researcher should be well versed in his own discipline and adopt an academic approach, but also that he should spend a large amount of time in the country where he carries out research to familiarize himself with the local conditions.

Based on this concept, IDE has sent more than 400 researchers so far to various developing countries for undertaking field studies on the political, economic and social conditions in these countries.

Thus, IDE has obtained a large number of research results since its establishment in 1960 and has contributed to the dissemination of information and enhancement of studies on the respective developing economies, thus shedding light on the major issues confronting them.

However, as these countries have followed diverse development courses with variable outcome since their independence, particularly during the last decade, the analyses of the issues by the researchers of IDE or other area specialists inevitably involve specific aspects of complex societies. As a result, it is becoming increasingly difficult even for the area specialists, let alone non-specialists, to understand the significance of these studies in a truly comprehensive manner. In other words, there have been very few occasions where the results obtained by the “area study” are placed in a total context and examined in relation to the results obtained by comparative approaches such as conventional economic growth theory. In addition, recent changes in the international political scene such as the end of the cold war, the occurrence of ethnic conflicts on an unprecedented scale in many developing countries, exacerbation of environmental problems, and emergence of regionalism among the developed countries and so forth require that the analysis carried out on developing countries be re-interpreted in this new context.

Against this background, the current volume is a compilation of the proceedings of an international symposium to mark the thirtieth anniversary of IDE's establishment. This symposium is rather unusual in that researchers belonging to various branches of learning with different areas of specialization were asked to identify the most crucial issues faced by the developing countries at present and propose an appropriate strategy to be adopted in future. We also encouraged the participants to express their views, if they so wished, on matters in which they may not be specialized.

Thus, in this symposium, we prepared an agenda for the discussions of a rather broad area so that the participants would feel less constrained on the selection of the issues. From the technical point of view, the risk inherent in this type of program would be the inability to allocate enough time for a thorough discussion on a specific agenda as one would usually expect in a seminar. We, however, opted for giving an opportunity of hearing what the participants, many of them scholars of worldwide reputation, actually consider to be the major issues faced by the developing countries and how they outline their strategy for addressing the problems even within the very limited period of time allocated to them.

This volume is divided into six parts. In part 1 three keynote addresses were presented, two of which primarily dealt with economic issues and one with socio-political aspects. In his opening address, Professor Hla Myint pointed out that the "outward-looking" strategy of development may be interpreted in two ways: the "free trade" version and "growth engine" version. The experience of the past 30 years has indicated that the interventionist ("growth engine" version) yet *de facto* "free trade" version of development strategy has contributed to the success of the Asian NIEs, and the strategy has also enabled them to better withstand the external shocks than the "inward-looking" strategy. Therefore, the "outward-looking" strategy in its "free trade" version should be an appropriate model to be followed by the developing countries. But, the continuing success of this strategy in the future requires that world-wide protectionist tendencies be checked.

Mr. T. Iwasaki, the second keynote speaker analysed an important economic aspect of developing economies, i.e., segmented domestic market. Policy priority should be given more to the domestic division of labor than to the international one with a view to achieving the integration of the domestic market. Policy priority should promote economic liberalization in the domestic economy to attain the integration of the national market. The open-door policy should be the logical choice in the subsequent phase of development strategy. Emphasis therefore must be placed on issues such as education, internal public goods and indigenous technological development.

The third keynote speaker, Mr. H. Yamaguchi, discussed the applicability of the "Asian Pacific Model" of development to other developing economies. This very much hinges on the following three assumptions. First, the acceptance of a development dictatorship. Second, whether it is possible to combine economic

growth with the preservation of the environment. This issue is related to the sustainability of economic development if environmental factors are not taken into account as economic cost. Thirdly the speaker stressed that the political and geographical proximity to both Japan and the USA has greatly contributed to the rapid economic growth of some Asian countries, which cannot be easily anticipated for many other developing nations.

After these three keynote addresses more than 30 papers were presented in four separate sessions. The objectives of these sessions will be briefly outlined.

Part 2 was devoted to the presentation of an overview covering various regions; East Asia, Southeast Asia, South Asia, the Middle East, Latin America and Africa. The purpose of this session was primarily to analyse the economic performance of various countries in these respective regions. In addition, the following issues are considered from a regional perspective.

(a) East Asia

Analysis of the main problems that have occurred during the process of industrialization through self-reliance in the case of China and North Korea. Analysis of the major constraints experienced by Taiwan and Korea which have tended to rely heavily on the international market. The possibility of applying the latter group's development strategy to other areas was also considered.

(b) Southeast Asia

The possibility that the Southeast Asian countries follow the same course of development as the Asian NIEs was considered by analysing the nature of development agents including "patron-client" relationship between government, business and the military, and its impact on the economic performance.

(c) South Asia

Analysis of the common and intrinsic factors that promoted or impeded the development of the South Asian countries, particularly communalism. Examination of the effectiveness of the open economic policy gradually being introduced in India.

(d) Middle East

Analysis of the open economic policies that have been introduced in the Middle Eastern countries, including conservative Arab socialist countries, since the 1980s when oil-dependent development encountered difficulties. As these policies are facing resistance from the socialist political framework prevalent in these countries, the session examined the possibility of resolving the conflict, and of finding alternative development models that do not rely on oil revenues.

(e) Latin America

Analysis of the factors that have led the region into the "lost decade" in the 1980s during which it experienced, *inter alia*, debt crisis, inflation and negative growth rate of per capita income. The relevancy to the regional reality of the three schools of thought on development that originated from the region, namely, "structuralism," "dependency theory" and "neo-liberalism" was discussed.

(f) Africa

The relevancy of proposals put forward by the World Bank and by the ECA (Economic Commission for Africa), respectively, as a prescription for the solution of the economic crisis in Africa that began in the 1980s was analysed. The World Bank emphasized the importance of the implementation of economic liberalization policies, whereas the ECA emphasized the need for long-term structural changes in the area.

Part 3 focussed on issues relating to political systems and development. There were two broad issues under scrutiny. One was the impact of the current democratic movements in the Asian NIEs, especially Korea and Taiwan, on the future development strategies. Needless to say, this issue is directly concerned with the evaluation of development dictatorship which often characterizes the Asian NIEs. Another issue taken up in the session dealt with the political and economic systems of socialist countries that have undergone drastic changes recently. In Eastern Europe, there is a movement to abolish the autocratic rule of the communist party, and move to a multi-party system. On the other hand, in the Asian socialist countries, there is a move to introduce free market economy and economic decentralization. However, the governments of these nations tend to resist political changes. The session examined why Eastern Europe is changing both economically and politically, while the Asian socialist nations only implement economic reforms. In addition, the session discussed whether or not socialism can still serve as an important model for development in the next century.

Part 4 considered various aspects relating to rural society and agricultural development under the impact of industrialization and urbanization. Industrialization and urbanization have had a major effect on the employment and investment patterns, and on the market structure of developing economies. The impact of these changes varies depending on the countries as well as regions reflecting their respective intrinsic factors and the level of industrial development. Therefore, this session compared the changes of rural society and agriculture in five different countries (regions), namely, Korea, Malaysia, Indonesia, India and East Africa, in which a different level of industrialization has been achieved.

Part 5 contained papers on industrialization strategies, financial problems, environmental problems and international economic system. The first two papers discussed issues on industrialization strategies and long-term resource allocation. More specifically, a sub-session examined whether the industrialization strategy adopted by almost all the developing countries since their independence had been successful from the standpoint of long-term resource allocation. Emphasis was placed on the role of the government in the development process. Secondly, financial issues for economic development were also taken up in a sub-session. Particularly, the consequences of recent monetary liberalization policies adopted by developing countries in Asia and Latin American countries were examined. The

world is now paying greater attention to environmental issues than ever in the wake of such serious problems as global warming and destruction of the ozone layer. Pollution and degradation of the environment can be seen widely in developing countries. Therefore, discussions on how to formulate development strategies that take into account these environmental problems also took place during the session.

The last topic for the session dealt with the international economic system. The balance of world economic power is undergoing changes. The emergence of the NIEs and the near collapse of the world's socialist economies are occurring in conjunction with a decline in the U.S. economic dominance and an upsurge of the Japanese economy. Although traditional efforts to eliminate trade obstacles have been made on various occasions including the Uruguay Round, the emergence of regionalism and protectionism in some areas cannot be ruled out. The framework for the service trade is also changing with the introduction of protection for intellectual property rights in many countries. The session discussed the implications of these changes for the development strategy of developing economies.

Part 6 contains the concluding remarks on the symposium presented by the editors.

We have been very fortunate that so many distinguished scholars agreed to participate in the symposium. All the papers that were presented have been incorporated in this volume. We regret that we were unable to include all the comments and discussions due to the limitation of space, but the readers will find at least some of the highlights of the discussions in our Concluding Remarks. We hope that this symposium will provide a significant contribution to the debates on some of the major issues of the Third World today.