

NARROWING DEVELOPMENT GAPS IN ASEAN

Rokiah Alavi and Aisha Al-Alim Ramadan¹

Development gaps happen when there is a difference in either the per capita income or other social development between countries or regions. The enlargement process in the ASEAN widened further the existing developmental gap. Using GDP per capita, HDI index and information technology data, this paper examines the extent of the developmental gap in the ASEAN prior to the enlargement exercise and after the process. The paper also examines income convergence in the ASEAN over the period 1970-2003. The results reveal that income gap among the ASEAN members did not converge after decades of integration process. Comparison with the EU's integration experience shows that the structural funds and other policy tools executed by the EU are among the key elements of convergence that are absent in the ASEAN. Political will in ensuring compliance and effective implementation is clearly needed for a successful ASEAN economic integration.

NB. The authors would like to thank the International Islamic University Malaysia for granting them a research grant to undertake this study. They express their gratefulness to Dr Rosylin Yusof and Turqan Ali for their useful comments and assistance.

¹ Dr Rokiah Alavi and Aisha Al-Alim Ramadan are respectively Associate Professor, Department of Economics International Islamic University Malaysia P.O. Box 10, 50728 Kuala Lumpur, Malaysia Email: rokiah@iiu.edu.my, PhD Candidate Department of Economics, International Islamic University Malaysia P.O. Box 10, 50728 Kuala Lumpur, Malaysia, Email: aisha_ramadan@yahoo.com