

Is Kazakhstan ‘a New Singapore’? The Asian Tigers as Role Model for Development

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Abstract

The Kazakhstan-2050 development strategy championed by President Nazarbayev has led regional analysts to assert that Kazakhstan has the potential to become a new ‘Asian Tiger.’ Yet I argue in this thesis that Kazakhstan must carve out its own path rather than replicating those of the current Asian Tiger economies, highlighting many structural barriers to pursuing such a strategy. I identify common development factors in Singapore, Taiwan and South Korea – each of which demonstrated economic growth and stability – and explore theories regarding Asian Values, Government Quality and State-Led Development. I also address the economic and political role of external powers such as the United States, United Kingdom and Japan in the region.

Singapore, Taiwan and South Korea are each treated in separate, in-depth chapters that examine the countries’ historical legacies, political leadership and economic and social policies. I construct a comparative table of key factors that show evidence as being determinants of Asian economic growth. This research summarizes and compares many significant factors of the Asian Tiger nations, demonstrating which specific elements of the Asian Tiger model may be preferable for Kazakhstan. The applied methodology is descriptive and qualitative based on the detailed reviewing and analysing of academic sources related to the topic. The research includes the statistical data on economic indicators taken from the World Bank and International Monetary Fund reports. The favourable factors for East Asian success indicated by the study will be a valuable resource for Kazakhstani researchers and policymakers in the economic sphere.

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Table of Contents

Acknowledgements.....	i
Table of Contents.....	ii
Introduction	1
Chapter 1: Theoretical Framework	7
1.1 The Asian Miracle	7
1.2 Economic Models.....	9
1.3 Asian Values and Good Governance.....	11
1.4 Access to Markets and External Influence	13
Chapter 2: Singapore	15
2.1 History: Lessons from the British Colonial Legacy	15
2.2 The Political Leadership.....	17
2.3 The Economic Growth and Industrialization.....	18
2.4 Social Welfare and Implemented Policies	20
Chapter 3: Taiwan	26
3.1 History: The Japanese Colonial Era and Chinese Civil War	26
3.2 The Political Leadership.....	27
3.3 Economic Liberalization and Industrialization	29
3.4. Social Welfare and Implemented Policies	31
Chapter 4: South Korea	34
4.1 History: the Japanese Colonial Rule, the US Occupation and the Korean War ...	34
4.2 The Political Leadership.....	35
4.3 The Economic Growth and Industrialization.....	36
4.4. Social Welfare and Implemented Policies	39
Chapter 5: Comparative Analysis	43
Conclusion.....	51
Bibliography	56
Appendix I.....	61
Appendix II.....	63

Introduction

In 1991 the Republic of Kazakhstan, one of the post-Soviet states, proclaimed its independence. During its first year of sovereignty Kazakhstan faced a number of serious social and political challenges. However, under the leadership of the first President Nursultan Nazarbayev the government adopted measures to stabilize and bolster the political system. As a result, today Kazakhstan is a unitary dominant-party presidential republic. After 25 years of independence Kazakhstan is considered to be among the world's fifty most competitive countries by the World Economic Forum.¹ Its central bank governor, Kairat Kelimbetov, terms Kazakhstan “the new Singapore in Central Asia.”² This ambitious sentiment has merit, as Kazakhstan can be considered the most competitive economy among the former Soviet states.

Through long-term strategic planning, resource-rich Kazakhstan has managed to stabilize the country's economic base. According to the IMF, Kazakhstan demonstrates the highest aptitude for strategic planning and state building among Post-Soviet states. Its success can be explained by effective implementation of its development models and its modernization programs. In 1997 Kazakhstan implemented the developmental program “Kazakhstan-2030”, and in 2012 it was reinvented into the longer-term program “Kazakhstan-2050”.³ In each program the key provisions are monetary, budgetary and tax reforms. In addition, the main priorities of the strategies include the new social and foreign policies, supporting entrepreneurship, modernization of the education

¹ “Nazarbayev: In 25 Years, Kazakhstan Joined World's 50 Competitive Countries,” accessed April 24, 2016, <http://www.inform.kz/eng/article/2897070>.

² “New Singapore Nearby”, Сингапур по соседству, July 15, 2015, <http://www.vedomosti.ru/opinion/articles/2015/07/16/600818-novii-singapur-po-sosedstvu>.

³ “State of the Nation Address by President of Kazakhstan Nursultan Nazarbayev. November 30, 2015 — Official Site of the President of the Republic of Kazakhstan,” accessed June 1, 2016, <http://www.akorda.kz/en/addresses/state-of-the-nation-address-by-president-of-kazakhstan-nursultan-nazarbayev-november-30-2015>.

system, and other domestic priorities.⁴ By the end of 2050, Kazakhstan aims to join the top 30 developed countries in the world.

Kazakh authorities are interested in the countries that could serve as models of economic success. Nowadays Kazakhstan is interested in the development model of Singapore. As a result, each year Kazakh civil servants provide sufficient amount of time and resources to study the experience of corruption policies, the organization of public services, and historical inheritance of Singapore in the Institute of State Policy of the Lee Kuan Yew.⁵ The reason for the success of Kazakhstan and its analogic comparison to Singapore lies in its implementation of similar development policies. As in Singapore, the Kazakh government prefers to set qualitative goals rather than quantitative ones. Here, the role of the national elite is an important indicator for the state's future because the elites have shared the same values and vision of the economic prosperity. In the case of Kazakhstan, the elites were formed during the presidency of the first and current leader Nursultan Nazarbayev, even though, after the change of president, the founded national ideas are more likely to stay with the acting authorities. Despite the fact that Kazakhstan is an example of autocratic governance, the country steadily developed a program of democratization. This is just one small similarity between the two political cultures, among others such as a commitment to technological progress, renewable sources of energy, and the modernization of education.

But why has Kazakhstan followed the Singaporean model in particular? The countries are different in a geopolitical and economic sense. Singapore is a city-state island with the most developed transportation system in the world but endowed with few natural resources. Kazakhstan

⁴ AlmatNomad, "Nazarbayev's Major Speech on KZ's Development through 2050| KazakhWorld," *Kazakhstan / KazakhWorld*, December 14, 2012, <http://kazakhworld.com/nazarbayevs-major-speech-on-kzs-development-through-2050/>.

⁵ "New Singapore Nearby", Новый Сингапур по соседству.

is a large country with abundant natural resources and oil reserves but with no access to the sea. Despite the differences, Kazakhstan's authorities have expressed an increasing interest to learn about how Singapore has become the financial hub of the region. In addition, in 2015 President announced the "100 Concrete Steps to Implement Five Institutional Reforms" in order to overcome the global crisis and successfully implement the development strategy.⁶ Hence, the government has tried to implement the same policies and institutions as Singaporean into the new development strategy "Kazakhstan 2050".

Should Kazakhstan choose Singapore as its development model? There are indications that it has already done so, and for good reason: Singapore is a highly-developed and a world-leading economy that serves as a role model for many developing states. Apart from this, Singapore is one of the so-called "Asian Tigers". Four East Asian countries - Singapore, Taiwan, Hong Kong and South Korea – have grown faster than the most developed countries of the world over the last several decades and were thus named as "Asian Tigers".⁷ As a result, Asian Tigers are often used as the model of the successful economy for developing countries.⁸ The factors that led to such miraculous growth are still a part of an ongoing debate, in which the focus has been on the role of the quality of government in economic development.

Therefore, this thesis will explore which factors contributed to the success of the Asian Tigers and what lessons can be adapted for Kazakhstan's current development strategy. My research project will describe and analyze the main drivers of the economic success of the Asian Tigers. As stated above, the Kazakh government has chosen to emulate successful policies from Singapore. But these policies should be understood in the context of Singaporean politics, society,

⁶ "Kazakhstan Taking 100 Steps toward a New Nation | The Budapest Times," accessed May 04, 2016, <http://budapesttimes.hu/2016/03/11/kazakhstan-taking-100-steps-toward-a-new-nation/>.

⁷ Michael Sarel, *Growth in East Asia: What We Can and What We Cannot Infer* (International Monetary Fund, 1996).

⁸ Susan M. Collins, "[The East Asian Miracle: Four Lessons for Development Policy]: Comment," *NBER Macroeconomics Annual* 9 (1994): 269, doi:10.2307/3585090.

and economics. Moreover, there might be important lessons to learn from the other Asian Tigers, lessons that are currently overlooked in Kazakhstan's development strategy. As a result, my research focuses on the overview of three Asian Tigers: Singapore, South Korea and Taiwan. It examines which factors influenced the economic growth of Singapore, South Korea, and Taiwan, and whether the success of Asian Tigers may be replicated in the case of Kazakhstan's development model. Due to limited space, I will not cover Hong Kong as it is an autonomous territory while Singapore, Taiwan and South Korea are recognized republics.

Considering the new "Kazakhstan 2050" development strategy, Asian success stories are rather important in the implementation of new policies. First, until now Kazakhstan has implemented five programs similar to Singapore's model.⁹ Second, it is interesting to analyze not only Singapore's case, but also those of Taiwan and South Korea, as they both became democratic states after beginning as autocracies. Thirdly, since Kazakhstan and the Asian Tigers have different geopolitical and economic issues and realities, this presents an empirical puzzle as to why Kazakhstan is interested in the Asian Tiger model.

The data was collected through qualitative research methodology. It required finding data from academic sources and gathering information in order to analyze the measures of development performance in East Asian countries. The thesis focuses on the historical background, political leadership, economic and social policies. To get a deeper understanding of the drivers of success in Asian Tigers, it surveys the academic literature on Singapore, South Korea, and Taiwan, in

⁹ Based on the success story of Singapore, Kazakhstan realized five models: "Bolashak" scholarship program which funds outstanding students to study abroad; "Samruk Khazyna" sovereign wealth fund which is similar to the Government of Singapore Investment Corporation; new program of polytechnic and technical education system; the establishment of Corps A in government as in Administrative Service of Singapore, where the citizens apply to the reserve of administrative civil service; and the most significant one is the program of pension reform, where Kazakhstan has taken ideas from Central Provident Fund system of Singapore. See Capital Center of Business Information. 2016. "What Lessons Can be Drawn for Kazakhstan from the Experience of Singapore?" [Chem budet polezen opyt Singapura dlya Kazakhstana?]. Accessed March 1, 2016. <https://kapital.kz/gosudarstvo/42723/chem-budet-polezen-opyt-singapura-dlya-kazakhstana.html>

particular the works of researchers, economic and political scientists. Also, for my research, I use the World Bank statistics, IMF reports and the research of the Department of Statistics in order to show the changes in economic and non-economic indicators during the period of economic growth. Hence, the aim of my research is to identify inductively the main factors that contributed to the remarkable economic development of these countries and answer whether these factors are transplantable to Kazakhstani system.

The strength of the methodology is that it gives an opportunity to compare measures using various economic indicators and policies. The first chapter introduces the main preconditions of rapid growth. It specifically looks at the concepts of “Asian Miracle”, “Government Quality” and “Asian Values”. As a result, the initial conditions of the success raise the main question. What role does culture play in the Asian authoritarian countries?

In the next three chapters, the thesis focuses on Singapore, Taiwan and South Korea. Each chapter is organized into four sections: history, political leadership, economic growth and social policies, concentrating on a single country analysis to better understand the experience of each state. They also consider which policies are deemed important from scholars’ point of view for economic and political development.

The final chapter presents the comparative analysis and findings for the first overriding question of my research. Hence, it summarizes all success factors of Asian Tigers, putting them into one comprehensive table that allows for a detailed comparison regarding the success factors of East Asian countries. Based on detailed consideration and analysis of this research, the conclusion offers an answer to the second question – whether the success of Asian Tigers can be applied to Kazakhstan. I find a number of factors which show how far apart the economies of Asian Tigers and Kazakhstan are.

The research provides important guidance towards Kazakhstani Development Strategy by analyzing the economic success cases of the three Asian Tigers and answering the question of whether this success may be replicated in the context of Kazakhstan.

Chapter 1: Theoretical Framework

In 1955, most political scholars considered the four future Asian Tigers as severe cases, because the economies of these countries were really poor and the regions were overpopulated.¹⁰ The war period reflected badly on the national development of the Eastern Asian countries, as a result, these countries had weak economy. The economies and infrastructures were totally devastated, the standard level of life was lower than in the Least Developed Countries. But in 1970, these countries implemented a strategy that allowed them to become the second group of the richest countries in the world. As a result from 1965 to 1990, 23 economies of East Asia had achieved a rapid economic growth where the highest performing Asian economies were the “four tigers”: Singapore, South Korea, Taiwan and Hong Kong.¹¹

The factors that led to such a miraculous growth are still being debated. Scholars are broadly divided in defining the main reasons responsible for the “Asian Miracle”. As a result, this chapter highlights the main issues touched on the quality of government, economic performance and the cultural values of Asian Tigers.¹²

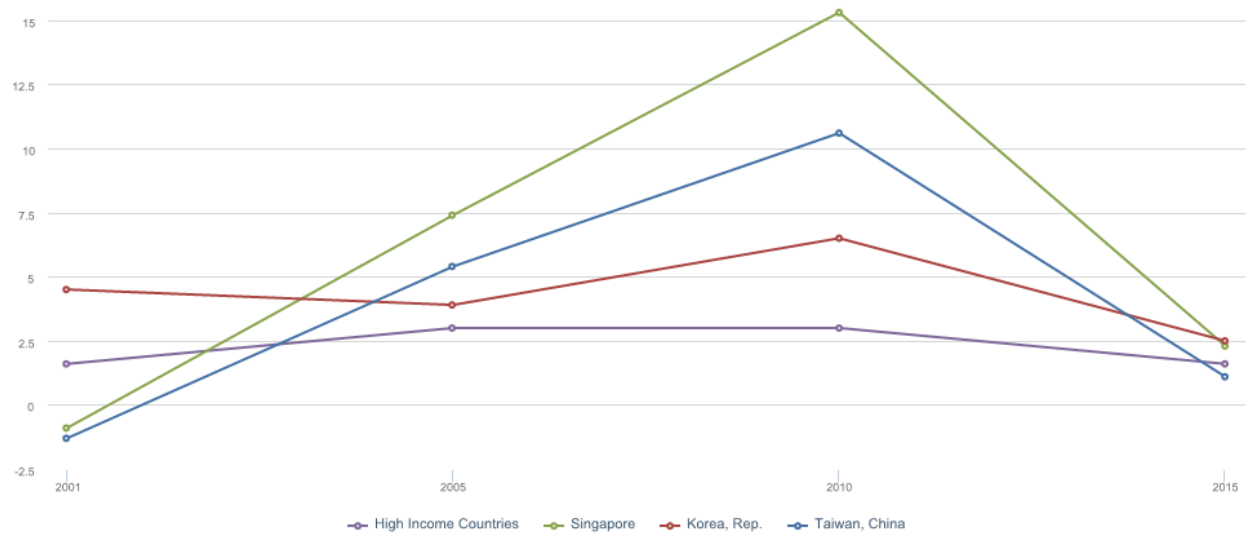
1.1 The Asian Miracle

Despite the fact that Singapore, Taiwan, and South Korea have different economies, these countries were characterized together into a group forming the most industrialized countries in the region. This phenomenon is also called as the “Asian Miracle”. The reason of grouping the following countries together and defining them as the “Asian Miracle” can be explained by several factors. First, all Asian Tigers have the same period of economic growth. According to the World Bank analysis, the years of the Cold War had frozen the economic development of all Asian

¹⁰ Collins, “[The East Asian Miracle,” 269.

¹¹ Ibid.

¹² Ibid.

Figure 1 Growth GDP, 2010 USDSource: Global Economic Prospects (2016)¹³

Tigers.¹⁴ However, after the end of the Cold War, they were able to stabilize the economies of their countries and reach the highest GDP among other high income regions. As can be seen from the Figure 1, since 2001 Singapore, Taiwan and South Korea have a progressive growth of GPA change. Within the short period, the GPA of Taiwan and Singapore had grown by almost 5 times. For instance, in 2010 the annual average of GDP growth was about 15 percent in Singapore, 10 percent in Taiwan and 6 percent in South Korea while in the high income countries it was 2.7 percent. In comparison to the rich industrial economies, Singapore, South Korea and Taiwan has experienced an incredible growth during the shortest period in the history.

Importantly, there is no clear statement for political and economic scientists in response to the reason for the “Asian Miracle”. The nature of the growth has been a highly debated issue. Social scientists dealing with this issue seem to be divided into two main camps: the first camp is

¹³ WorldBank, *Global Economic Prospects, January 2016* (World Bank Publications, 2016).

¹⁴ Joseph Stiglitz and Yusuf, *Rethinking the East Asian Miracle*, 55, accessed May 24, 2016, <http://www.cup.edu.cn/sba/document/20091027225355778723.pdf>.

of the neo-classical economists, such as Krugman, Collins, and Freeman, who are of the view that the new classical process of capital accumulation and the emphasis on the total factor productivity are the major reasons for the successful rising economies in East Asia. While the second camp consists of the political scientists, including the studies of Case, Halperin, Siegle and Weinstein, who claim that the authoritarian rule has a great power in the region, as a result of which, the economies succeeded. The newly established policies and reforms resulted in macroeconomic stability as well as the attainment of better and quality government which played a significant role in the phenomenal growth of the Asian Tigers. Additionally, the cultural norms and external support are considered as meaningful factors in establishing new Asian economies.

1.2 Economic Models

Based on the economic performances of Asian Tigers, economic scientists emphasize three development models: the market-led, interventionalist and state-led models. These policies were adopted driven by Neoliberal, Keynesian, and Heterodox approaches. Thus, these models are important because they can explain the success and failures of actors in the East Asian market.

According to Gustav Rainis, the first model is an export-oriented strategy pushed by IMF. The market-led model is responsible for market liberalization and its natural development.¹⁵ The main goal is to increase market demand for international investors. As a result, the state aims to remove trade restrictions, create a free domestic market as well as an attractive economic environment for foreign investors.

Meanwhile, the Keynesian model describes the role of government and its influence on economic performance. Basically, the interventionalist model acknowledges the governmental support as the need to stimulate the economic situation and protect from market failures.¹⁶ Here,

¹⁵ Gustav Rainis, *"Towards a Model of Development," in Liberalisation in the Process of Economic Development* (California, USA: University of California Press, 1991), 21.

¹⁶ Marglin, *"Sustainable Development Is the New Economic Paradigm," Development*, 2013, 209.

the government is an important mobilizer in market development. Hence, the government regulation through the implementation of this model is important for stable economic growth and stability.

Nonetheless, the cases of Asian Tigers mostly conform to the Heterodox model.¹⁷ Many economic scholars are skeptical about this model because it contradicts the idea of the neoliberal model. According to the first model, the government aims to establish the free market, however in the Heterodox model, the government intervenes in every economic acts. As a result, the Asian Tigers combine two ideas of different models: market liberalization versus governmental intervention. However, for economic success in East Asia, the state-led system is a priority. The government acts as the main investor in the state. It promotes new industrial policies, allocates budget and controls the majority of capital.

As has been stated before, the Cold War period had negatively impacted the economic situation of the East Asian region. During the process of modernization, the government had chosen the model that will benefit the economies the most. As a result, they have chosen the model that effectively work in their economies. However, it does not mean that the same model is applicable to other developing countries. According to Chang and Grabel, the failure of state-led economies of the People's Republic of China (PAP), North Korea and the Post-soviet countries indicate on the fact that strong governance does not prevent economic successes. Otherwise, there should be more factors in Singapore, South Korea, and Taiwan that can make the model work effectively.

¹⁷ Ha-Joon Chang and Ilene Grabel, "Reclaiming Development from the Washington Consensus," *Journal of Post Keynesian Economics* 27, no. 2 (2004): 277.

1.3 Asian Values and Good Governance

The cases of Singapore, South Korea, and Taiwan have shown that countries can prosper under an authoritarian rule. However, there is an international discourse of whether the authoritarian regime explains the success of Asian Tigers or if it was a coincidence. The debate put forward discuss factors responsible for the fast development revolve around the theoretical notion of “Government Quality”, raising the issues of what is the political content of good governance, and whether all nondemocratic regimes are bad for the economies of developing states.¹⁸ As a result, the miracle growth of Asian authoritarian countries pose a challenging question: why have Singapore, South Korea, and Taiwan succeeded and other developing states failed to succeed under autocratic regime?

To answer this question, some political scientists refer to the role of the Confucian concept of “Asian Values”.¹⁹ The concept covers the understanding of moral values and traditional beliefs towards private and public life. Mainly, a high respect for authority and family ties in combination with the high social esteem for education and hard work characterize the Asian culture. In particular, the high sense of solidarity and ethnical belonging are the common factors that justify the success of the authoritarian governance.²⁰

Looking at East Asian history, the post-Cold War period is described as the period of high inequality within the whole region. Indeed, the economic instability of the countries had caused a strong sense of solidarity and national patriotism in the Asian Tigers. The motivated and cooperated society were ready to prosper collectively. As a result, for the government it was easier

¹⁸ Prakash Nanda, “Rediscovering Asia: Evolution of India’s Look-East Policy,” *Lancer Publishers & Distributors*, 2003, 56.

¹⁹ “Tim N. Harper ‘Asian Values and Southeast Asian Histories’, the Historical Journal, Cambridge University Press, 1997, Vol. 40, 507-517,” n.d., 514.

²⁰ Morton Halperin, Joe Siegle, and Michael Weinstein, *The Democracy Advantage: How Democracies Promote Prosperity and Peace*, Rev Ed edition (New York: Routledge, 2010), 55.

to find a balance between two sides. Hence, as the following countries grew economically, they had to develop social services within the states as well. As a result, Singapore, South Korea and Taiwan had pursued an economic strategy of “Growth with Equity”. In general, the strategy of “Growth with Equity” had guaranteed the wider access to medical services and education that in few years significantly increased the levels of human capital, economic productivity, and investment.

Based on the Asian values, an authoritarian governance has to promote the high value of national equality. Overall, it means that in East Asia there is more emphasis on the common good and therefore the authoritarian leaders try to act in the interest of the nation.²¹ Good governance is the main reason of economic boost in the region.²² For this reason, we can say that the Asian values encompass the high quality of government and its wise leadership. It thus partly explains why the authoritarian type of ruling still exists in the government systems of the Asian Tigers.

In addition, many scholars purport to explain the success of authoritarian countries in terms of the regional homogeneity of Asian Tigers. In particular, the authoritarian rule can better operate within the society of one ethnicity than in ethnically dispersed region. Basically, it means that the authorities aim to find the balance between the political goals and social expectations while in heterogeneous society the political leaders try to seek a compromise between different dominated groups. Otherwise, in ethnically dispersed societies authoritarian leaders are more likely to face different interests, social breakdown and conflicts.²³ Indeed, under the circumstances of social cleavages and weak government, the autocracy is more likely to fail in economic success. Meanwhile, since the countries of Singapore, South Korea, and Taiwan are ethnically

²¹ “Tim N. Harper ‘Asian Values and Southeast Asian Histories’, the Historical Journal, Cambridge University Press, 1997, Vol. 40, 507-517.,” 509.

²² “Getting Globalization Right: The East Asian Tigers,” *OECD Insights Blog*, May 3, 2012, <http://oecdinsights.org/2012/05/03/getting-globalization-right-the-east-asian-tigers/>.

²³ Paul Collier, *Ethnic Diversity: An Economic Analysis*, 2001, 23.

homogeneous, the scholars consider them to have better political stability than in ethnically dispersed groups. From that perspectives, the autocracy has a higher chance to succeed in homogeneous countries where the government acts in the interest of one nation.

As a whole, it can be concluded that wise political intervention is a key factor for economic and national prosperity in the region. Nevertheless, it should be well systemized in relation to social values and the common good. With this in mind, the collective action of Asian Tigers is the major tool of the prosperity where the government and nation present the same interests.

1.4 Access to Markets and External Influence

External countries played a significant role in the rise of East Asian economy. According to Andrea L. Stanton, Chinese businessmen have significantly influenced the regional dynamism of the Asian Tigers.²⁴ The ethnically based Chinese were able to improve the capital mobility of the region by establishing their own mechanisms for assessing the worthiness of credits and penalties for default. Due to informal networks of Chinese traders and their knowledge, the industries of East Asia were able to expand in the short-run and gain from the experience of neighboring markets. As a result, Douglas North describes this network as one of the valuable reasons, which is responsible for the Asian regional growth.²⁵ Hence, the Asian Tigers benefited greatly from the close ethnic relation to China.

Another important actor that contributed to the East Asian growth was Japan. By the 1970s Japan had become the major creditor and investor of the region. The national banks of Japan had noticed the growing potentiality of Asian Tigers and started to make high investments. Therefore, about 40 percent of asset liabilities belonged to Japan. Due to Japanese economic support, the East

²⁴ Andrea L. Stanton et al., *Cultural Sociology of the Middle East, Asia, and Africa: An Encyclopedia* (SAGE Publications, 2012), 7.

²⁵ Douglass C. North, *Institutions, Institutional Change and Economic Performance*, 59262nd edition (Cambridge ; New York: Cambridge University Press, 1990), 38.

Asian region was able to implement the export-oriented strategies that open an access to the World market.²⁶ Rather than to concentrate on the development of domestic markets, the East Asian countries preferred to expand the markets by encouraging international partners. Here, the main economic facilitators were China and Japan. Meanwhile, the Western part had been always interested in the rising economies and new markets of East Asia, but because of the large trade deficits within the area, they had less power to put own pressure on the emerging market .

From another side, during the Cold War the United States had supported some of the East Asian countries because of political interests. Both regions were against of communism, and the US was committed to supporting those countries by providing economic and military resources.²⁷ As a result, the Asian Tigers gained a lot in cooperation with the Western region. Due to well-established diplomatic relations between South Korea, Taiwan and the United States, Singapore and the United Kingdom, the democratic expertise of these countries was very helpful in the formation of legal, financial and economic institutions in East Asia. In particular, property rights laws, land reforms, business and accounting codes were shaped in relation to East Asian economies.²⁸

Overall, the central objective of this chapter was to design a theoretical framework on Asian Tigers, introduce the widely known factors of Asian success and develop a clear strategy of research for the country chapters.

²⁶ Halperin, Siegle, and Weinstein, *The Democracy Advantage*, 56.

²⁷ Ibid.

²⁸ Ibid., 57.

Chapter 2: Singapore

The economic growth of Singapore has been known as one of Asia's success stories in the past century. Singapore, an island republic in Southeast Asia, is known as a global finance, trade and transport hub. Before independence from Malaysia in 1965, Singapore's GDP per capita was US\$516, whereas in 2015 it has reached the US\$53,604.²⁹ During that short period, the GDP per capita has grown by more than 100 times, and today it continues to increase annually by 7-9 percent.³⁰

Nonetheless, before self-governance, Singapore was underdeveloped and had little perspectives for economic development. It had faced a number of social challenges: a relatively high population density, multiculturalism, and multilingualism. Without natural resources, Singaporeans had to rely on their skills and external support to promote economic growth. As a result, giving adequate consideration to the historical inheritance of the country, the research defined success factors for Singapore. In particular, the factors were determined by reviewing issues related to government formation, economic and social policies.

2.1 History: Lessons from the British Colonial Legacy

For almost 140 years Singapore was under the colonialism of the British Legacy founded by Stamford Raffles in 1819.³¹ As a result, the structure of Singaporean political system is very similar to the British system of governance. According to Jon S. T. Quah, the British Colonial government had introduced two relevant reforms that became the basis for economic and social progress in Singapore.³² The reforms were about civil service and corruption control. During that

²⁹ “World Economic and Financial Surveys World Economic Outlook Database.” (International Monetary Fund, 2015).

³⁰ Ibid.

³¹ Kernal Singh Sandhu and Paul Wheatley, *Management of Success: The Moulding of Modern Singapore* (Institute of Southeast Asian Studies, 1989), 3.

³² Jon S. T. Quah, *Public Administration Singapore-Style* (Emerald Group Publishing, 2010), 19.

period, the following reforms helped to achieve the main goals of young Singapore: depoliticisation of the citizenry and increase of the bureaucratic power.³³

The first reform is the program of meritocracy named Singapore Civil Service (SCS). The program was aimed to encourage talented and best students to join the civil service program. It was a meaningful step to raise the effectiveness of civil servicing within the country. As a result, the recruitment of young specialists became an issue requiring greater investment in Singapore. The officials started to encourage young specialists to join the program by awarding scholarships. The continuous training of young professionals allowed to prepare high-qualified civil servants. More civil servants in Singapore would provide a higher quality and transparent government that will ensure economic and social advancement in future.

The second reform is related to the issue of corruption. Taking the British model of the Corrupt Practices Investigation Bureau (CPIB) the Singaporean government was able to implement the Anti-Corruption Branch in the Singapore Police Force (SPF).³⁴ The British Legacy had strict judicial punishments and control of governmental officials and corruption. As a result, the Singaporean nation has learnt a lot from the experience of British ruling, where “to offer a bribe is not only an insult will almost certainly get the would-be bribed into serious trouble”.³⁵ Keeping the same tradition, Singapore continues to fight against corruption. Since the British Rule there is a strong idea of good and high quality of government in public life of Singapore. In other words, corruption is considered as a major obstacle to development. As a result, the fight against corruption is a priority for the establishment of clean government and successful state.

Self-government in Singapore was introduced in 1959. Since the island-state was established by the British, the new Singaporean government had adopted many similar reforms

³³ Ibid, 78.

³⁴ Ibid.

³⁵ Sandhu and Wheatley, *Management of Success*, 989.

but the most successful were related to the promotion of civil service and corruption control. Hence, the foundation for the further economic growth based on the British experiences. The British Colonialism and its support played a major role in formation of economy, as a result it should be considered as a historical factor contributed to the economic growth in Singapore.

2.2 The Political Leadership

Today, the Republic of Singapore emphasizes a representative democratic model of government, where the President is the head of state and the Prime-minister is the head of government and multi-party system.³⁶ The government has three main branches: the executive, legislature and judiciary. Due to the British Colonialism, Singapore has adopted the majoritarian Westminster system of democratic elections. It consists of eighty seven members. However, despite the principle of the separation of power, Singapore has a long political practice of autocratic rule.

The Political System of Singapore as a historical product consisted of two phases of the Ruling People Active Party (PAP), from 1959 to 1965 and from 1965 to 1984.³⁷ Under the strong Singaporean governance, the Republic was able to succeed through radical reforms. The country's first prime-minister, Lee Kuan Yew, had implemented policies designed to improve the welfare of the state. He was a deep "thinker" and effective "doer"³⁸. As a result, the political scientists Sandhu and Wheatley argue that the Singaporean success could be explained by the strict governance of authoritarian leader.³⁹ Heading the main political party PAP, Lee Kuan Yew and cofounders were presenting anticolonial ideas of moderate democratic socialists. Basically, the authoritarian leaders had shared the national idea of a "tight society" which states that "what is required is a rugged,

³⁶ "Our Legal System | Ministry of Law," accessed May 23, 2016, <https://www.mlaw.gov.sg/our-legal-system.html>.

³⁷ Quah, *Public Administration Singapore-Style*.

³⁸ Sandhu and Wheatley, *Management of Success*, 53.

³⁹ Ibid, 104.

resolute, highly trained, highly disciplined community. Create such a community and you will survive here a thousands of years”.⁴⁰ The society needs a governmental support to create a strong nation, founded on the common beliefs and interests. As a result, the ruling authority had promised to establish a better quality of life.

Consequently, the advantage of autocracy implementation is a big debate, however, for Singapore it became one of the main factors responsible for the economic growth. As can be seen, the governmental intervention towards state-building resulted in the number of effective policies due to leadership and diplomatic skills of authorities. Thus, the political factor determining success for Singapore is an autocracy in the form of authoritarian government and the leadership of the first President Lee Kuan Yew.

2.3 The Economic Growth and Industrialization

From an economic perspective British Colonialism gave a solid base for the future development of the state. Trade and commerce were the main infrastructures that the Republic of Singapore was involved in. Under the colonial rule, the maritime trade route was discovered between the East and Europe, having no tax on imports and exports. Since Singapore has a natural deep harbor and great location, it started to be recognized as the world class port attracting new international traders. Basically, the system of transport and trade was built under the British government and during the period of Japanese invasion (1943-1945). Thus, Singapore continues to implement the development programs that can add to economic growth in the long-run.

In support, the Singaporean government has consolidated its economic influence in the country through the creation of the Economic Development Board (EDB). The board was established in 1961.⁴¹ The main purpose of the EBD is to develop appropriate development

⁴⁰ Ibid., 79.

⁴¹ Quah, *Public Administration Singapore-Style*, 41.

programs and coordinate economic policies. Moreover, the agency controls the procedures of lower costs, increase its competitiveness in international market and attractiveness for foreign investors. From this perspective, it consist of number of policy measures affecting all economic sectors in the state. Primary, the EBD highlighted the need to focus on sectors of banking, biotechnology and infrastructure. As a result, the Monetary Authority of Singapore (MAS) was introduced in 1971 which was responsible for the management of central banking functions. It had significantly developed the operationalization of new foreign institutions, enhancing the stability of Singapore's economy. Since then, it started to offer world-class corporate bank accounts and became a financial hub. Here, it is clearly seen that Singapore implemented a state-led system. Through adopting EBD and MAS, Singaporean government is able to control and coordinate economic situation in every sector. As a result, it proves the Yih-Jiunn Lee's and Yeun-wen Ku's hypothesis which says that the Singaporean success is based on the state-led model.⁴²

Also, Singapore has continuously introduced numerous reforms to develop trade agreements. The main agency responsible for the management of trade agreements is the Trade Development Board (TDB) which was established by the governmental officials in 1983.⁴³ Despite the smallness of the state, it was successful in operation with international partners. Otherwise, it has attracted more than three thousands of multinational corporations from the US, Japan and Europe. In order to make the market more attractive, the Singaporean government aggressively promotes the infrastructure and biotechnological advances of the country. Overall, the government had spent more than hundreds of millions of dollars to found research and development fund. The main reason is that the PAP had decided to pursue the export-oriented program, where the

⁴² Yih-Jiunn Lee and Yeun-wen Ku, "East Asian Welfare Regimes: Testing the Hypothesis of the Developmental Welfare State," *Social Policy & Administration* 41, no. 2 (April 1, 2007): 197, doi:10.1111/j.1467-9515.2007.00547.x.

⁴³ Quah, *Public Administration Singapore-Style*, 50.

advancement of infrastructure, biotechnology and technology are valuable factors. From other point, the development of the following factors is highly dependent from the workforce and the quality of skills. As a result, the knowledge is considered as the driving force for economic success as well.

As a result, Singapore has in recent decades become an international financial center. First, it operates with the strong domestic economy which has a stable growth path. With well-coordinated and strong economy Singapore was fast in economic recovery during the period of 1985's recession in comparison to other East Asian countries. Moreover, it has been acknowledged for stable currency. Thus, it is important to underline that the island-state has a very low inflation rate and a very favorable market for new investments.⁴⁴

Overall, the following section has shown that the state-led model is an economic driver for growth in Singapore. It means that the government coordinates the sources to implement successful policies. Meanwhile, the economic system of Singapore focuses on the development of infrastructure, industrialization and improvement of investment climate.

2.4 Social Welfare and Implemented Policies

According to Quah, PAP governance has a predominant power since the formation of Singapore.⁴⁵ The review of public policies and official regulations reveal a high degree of government intervention. There are numerous manifestations in regard to governmental intervention. There are numerous manifestations in regard to governmental intervention, however, the limit of space allows to consider the most effective policies that had contributed to the positive changes within the state.

⁴⁴ "World Economic and Financial Surveys World Economic Outlook Database."

⁴⁵ Quah, *Public Administration Singapore-Style*, 11.

Table 2.1 Changes in Singapore's Indicators (1960-2015)

Indicator	1960	2015
Territory	581.5 km ²	719.1 km ²
Population	1.58 million	5.54 million
GDP per capita	US\$443	US\$53,604
Human Development Index	0.745 (1980)	0.912
Unemployment Rate	14%	2%
Population living in public housing	9%	82%
Government Education Expenditure	US\$63.39 million	US\$11.5 billion
Human Life Expectancy	63 years	83 years
Corruption level	High	Low

Source: Department of Statistics (1983); "Key Annual Indicators" available from <http://www.singstat.gov.sg/statistics>; "Statistics Singapore – Latest Data – Population & Land Area (Mid-Year Estimates)". Statistics Singapore. June 2014; "Statistics Singapore – Latest Data – Population & Land Area (Mid-Year Estimates)". Statistics Singapore. June 2014. Retrieved 25 September 2014; "Singapore". International Monetary Fund; "2015 Human Development Report" United Nations Development Programme; "CPIB Corruption Statistics 2015". World Bank. Retrieved 30 May, 2016.

It is rather important to notice that Singapore is the only island city-state in the world. After its declaration of self-government from the British Colony, the island-state's territory was 581.5 square km. Due to reclamation, by 2015 its land area increased to 719.1 square km. According to Streeten, the small territory of the republic is a great advantage for effective administration and policy implementation among the region.⁴⁶ The main reason is that the smallness of the state allows to easier control and to coordinate new policies and institutions by public and governmental officials. Nonetheless, the successive waves of immigrants caused the problem of public housing within the small territory of the island.

As a consequence, the first governmental manifestation aimed to solve the problem of public housing. The Singaporean government had implemented the Housing and Development Board (HDB). Mainly, the project had been undertaken to provide low-cost housing for poorer

⁴⁶ Ibid. 17.

populations. As a result, within five years the policy succeeded and eliminate the shortage of housing. As Sandhu and Wheatley proposed, the positive outcome has been achieved due to the governmental intervention and its financial support.⁴⁷ Even today the majority of public housing are controlled and developed by the government. For the past 55 years the indicator of population living in public housing has been increased by 72 percent, as a result, nowadays the majority of Singaporean residents live in publicly governed houses.

Although PAP had resolved the problem of public housing, the issue of population growth also emerged. The high density of population challenged economic development causing high unemployment and housing shortage. In order to decrease the indicators of population growth, the Singaporean government introduced the Singapore's Family Planning and Population Board (SFPPB). The policy was designed to promote the two children planning. The families with more than two children had met harsh restrictions, such as high fee payment for additional children in hospitals, no payment leave at work, and low priority in public housing.⁴⁸ In contrast, the families who undergone voluntary sterilization benefited from the higher priority for choosing schools, full paid medical and work fees. Surprisingly, the policy had succeeded not only as seen in indicators of the population growth rate, but it had successfully implemented the idea of two-child family into the national norm.

In addition, Singapore was formed through an immigration process where the majority of population was uneducated. The ethnically Chinese people had come from different regions, as a result they had different language dialects. People were searching for better opportunities at jobs and education. As a result, the Singaporean government shouldered responsibility for establishment of public services. The social division and different academic backgrounds impede

⁴⁷ Sandhu and Wheatley, *Management of Success*, 1051.

⁴⁸ Quah, *Public Administration Singapore-Style*, 62.

the performance of nation. Hence, an education policy launched by the Ministry of Education aimed to unite a dispersed society and develop national integrity as a part of the school system⁴⁹. The education policies were successful with the establishment of free and compulsory primary education for all citizens. Also, in order to support the idea of national identity, English language was introduced as the new “mother tongue” in educational system. Nonetheless, from Mok’s point of view education policies were less effective in Singapore in comparison with other implemented policies.⁵⁰ The education system was highly criticized for the exam-oriented program as well as being too “elitist”. This means that the government focuses on the development of business, scientist and designer programs. Even though, for the past decade the education was the largest government expenditure, and the educational attainment had been significantly improved. According to the Department of Statistics (Table 2.1), the education expenditure has increased by 130 times. Thus, the PAP continues to invest in education development as it strongly believes that education policies can improve the quality of human resources within republic.

It is important to consider the increase of HDI in Singapore. As can be seen from the Table, the indicator of HDI had increased by 0.2 since 1980. Today, HDI is 0.9 and it is on the 11th place in the world.⁵¹ According to the research of Kalirajan and Wiboonchutikula, the increase can be explained by the creation of public policy called the Central Provident Fund Board (CPF Board).⁵² It is a compulsory fund responsible for investing monthly contributions. The contributions are made in order to support healthcare, retirement, housing and education of the residents. As a result, it works effectively because the fund maintains life insurance for all Singaporeans. Here, the government

⁴⁹ Sandhu and Wheatley, *Management of Success*, 179.

⁵⁰ Ka Ho Mok, “Globalisation, New Education Governance and State Capacity in East Asia,” *Globalisation, Societies and Education* 5, no. 1 (March 1, 2007): 1, doi:10.1080/14767720601133009.

⁵¹ “World Economic and Financial Surveys World Economic Outlook Database’.”

⁵² K. Kalirajan, Paitoon Wiboonchutikula, and Tsao Yuan, “The Social Security System in Singapore [with Comment],” *ASEAN Economic Bulletin* 3, no. 1 (1986): 129.

implemented the program of equal contribution that support the social security and benefit both old and young generations. In contrast, there is no system of unemployment compensation. For instance, in 2015 the unemployment rate was registered at the level of 2 percent. According to the PAP's statement, they "want to disabuse people of the notion that in good society the rich must pay for poor".⁵³ Keeping the following idea, Singapore places the social welfare as the main value whereas all citizens should contribute equally.

Additionally, the CPF B considers the issue of healthcare which covers medical expenses as well as free hospitalization for Singaporean residents. According to the World Health Organization, the average age of the Human Life Expectancy was 81 for men and it was 86 for women. Since 1959 the age had increased from 63 to 83 years, also the mortality level had decreased. As scientists define, the positive change occurred due to the increase of quality of life and income of Singaporean citizens. Due to higher living standards, people became more affluent. Hence, the positive health and income changes significantly affected on the economic performance in the following way: a healthier, high-skilled community is more productive in building prosperous state and nation. Notably, the implemented policies resulted in improved life conditions of the population. As a result, the social welfare of the Singapore citizenry has proven the fact that the economic growth is highly dependent on the social welfare of the state. To justify the relationship, Amitai Etzioni developmental strategy based on the level of public participation and national decision-making. According to his statement, a progressive society must seek economic development as the basis of national prosperity, and policies must cover the majority of citizens.⁵⁴ Evidently, Singapore has realized the strategy, having been successfully implemented social policies.

⁵³ Sandhu and Wheatley, *Management of Success*, 384.

⁵⁴ Michael Haas, *The Singapore Puzzle* (Greenwood Publishing Group, 1999), 179.

To summarize the success of Singapore, the number of social, economic and political factors have been identified. From one side, Singapore's economic growth is a justification of governmental intervention in every implemented policy and the effective work of authoritarian leaders. The government is efficiently working and controlling the whole situation within the state. Moreover, the corruption free government develops a sense of confidence in the international market. According to the Transparency International's 2014 Corruption Perception Index, the Republic of Singapore ranked the seventh country in the world.⁵⁵ As a result there is a high trade competitiveness among the region and attractive market for foreign investments. From another side, the demographic location is a plausible factor for the trade development. Singapore has a strategic location where more than 40 percent of the world shipping trade passes.⁵⁶

⁵⁵ ““World Economic and Financial Surveys World Economic Outlook Database’.”

⁵⁶ “Why Singapore Became an Economic Success,” *The Economist*, March 26, 2015, <http://www.economist.com/blogs/economist-explains/2015/03/economist-explains-23>.

Chapter 3: Taiwan

The Island of Taiwan first became known to the world as "Formosa".⁵⁷ Surrounded by the sea and three-quarters mountainous. Taiwan has few natural resources and must import most of its raw materials Taiwan's most important resource is its people. During the past sixty years Taiwan's economy has grown at an average rate of 7.7 percent per year and for the last two decades consumer prices have risen at an average rate of under 1.5 percent annually.⁵⁸ In 2015 the annual amount for Taiwan's foreign trade reached 50022.6 billion US dollars, as a result it was ranked 19th in the world.⁵⁹

These achievements accompanied by equitable income distribution have gained renown Taiwan worldwide recognition. The success of Taiwan's transformation can be credited mainly to its people's hard work and its government's far-sighted planning with the timely adoption of correct development strategies to match each stage of progress. In order to find the key factors that determine the success of Taiwan, it is relevant to analyse the political and economic events and historical records that had happened during the economic growth.

3.1 History: The Japanese Colonial Era and Chinese Civil War

Japan was the victor in the Sino-Japanese War, as a part of the settlement of that, Taiwan became a Japanese Colony and remained under Japanese Rule until 1945.⁶⁰ Generally, it was thought that the infrastructure laid down in Taiwan by the Japanese Colonial authorities was quite significant. While the majority of political scientists blame colonialism for economy's devastation, Guoding Li, Gustav Ranis, and John C. H. Fei argue that the period of Japanese Colonialism was

⁵⁷ "Taiwan | History - Geography - Self-Governing Island, Asia," *Encyclopedia Britannica*, accessed May 30, 2016, <http://www.britannica.com/place/Taiwan>.

⁵⁸ *Ibid.*

⁵⁹ "Economies," *Global Competitiveness Report 2015-2016*, accessed May 14, 2016, <http://wef.ch/18DfBxV>.

⁶⁰ Guoding Li, Gustav Ranis, and John C. H. Fei, *The Evolution of Policy Behind Taiwan's Development Success* (World Scientific, 1995), 54.

actually a positive for Taiwan's economic development.⁶¹ Under the Japanese rule, there was a considerable development of port industry, road system, educational facilities and medical facilities.

However, at the end of the World War II, Taiwan was restored to the Republic of China. Due to the long disputes between Chiang Kai-shek's Nationalistic government and Mao Zedong's communist party, the Chinese Civil War emerged. In 1949 Mao Zedong took complete control of mainland China, as a result the People's Republic of China and the Republic of China were founded.⁶² Since then, the Republic of China or the Island of Taiwan became a political refuge for Nationalistic authorities and community.⁶³ The continuous war periods caused severe inflation across Taiwan, but due to American financial support Taiwan's economy had recovered steadily.⁶⁴ The United States had the mutual defence treaties with Taiwan between 1954 and 1971. According to Chan and Cheng, overall the Republic of China had received 1.5 billion US dollars in economic aid.⁶⁵ With American support, the government had successfully implemented a land reform which was about effective and equal land utilization among farmers. Due to which, the agricultural sector had improved. Taiwan had adopted a lot from the experiences of another global powers such as US, Japan, and South Korea. Further progress in economy, lies within the purview of the political leadership.

3.2 The Political Leadership

Currently, Taiwan is a representative democratic republic where President is the head of the state, and Prime-minister is the head of government and multi-party system. The multi-party

⁶¹ Ibid, 38.

⁶² Ibid, 58.

⁶³ Murray A. Rubinstein, *Taiwan: A New History* (Routledge, 2015), 401.

⁶⁴ Li, Ranis, and Fei, *The Evolution of Policy Behind Taiwan's Development Success*, 1995, 28.

⁶⁵ I.-Hsuan Cheng and Sheng-Ju Chan, *International Education Aid in Developing Asia: Policies and Practices* (Springer, 2015), 109.

system is dominated with the Chinese national Party which was historically the leading party. Nevertheless, turning to the topic of past political values in Taiwan it is important to enhance that the government was established under the authoritarian regime and military rule. As a result, there was no parliamentary or presidential elections. The national leader of the Republic of China Chiang Kai-shek served as president until his death. However, the key authorities were under the control of his son Chiang Wei-kuo who implemented the politics of “three no’s” which prohibits the compromises, discussions and contacts with Communism.⁶⁶

Nonetheless, after the deaths of several authoritarian leaders as well as the first president, the government had established the election system in order to find new national leaders. According to Shih, Taiwan has the most viable, stable and solid two party democracy than at any place in Asia.⁶⁷ One of the enormous successes of Taiwan is that they have built a vibrant successful two party system from deeply ingrained American values. Sharing the commonality and political perspectives that Taiwan made transition from authoritarian government and dictatorship to liberal democracy. According to the National Statistics of the Republic of China, the annual growth rate of GDP averaged about 7 percent from 1962, where the highest positive change was 17.06 percent estimated in 1978.⁶⁸ The same year of democratic transition and liberalization of economy had positively affected on the economic growth of the country. In comparison with other authoritarian East Asian dictatorships, the Republic of China had the most severe system of autocracy. The main reason is that for the long period Taiwan was under the martial law which suspend the civil rights and concentrate power in the frame of political and

⁶⁶ Jay Taylor, *The Generalissimo's Son: Chiang Ching-Kuo and the Revolutions in China and Taiwan* (Harvard University Press, 2009), 344.

⁶⁷ “Democracy (Made In Taiwan): The Success State As A Political Theory,” accessed May 24, 2016, <http://probrilen.ru/xukisemum.pdf>.

⁶⁸ “National Statistics, Republic of China (Taiwan),” accessed May 4, 2016, <http://eng.stat.gov.tw/mp.asp?mp=5>.

military authorities. As a consequence, in a new liberal government, Taiwan was working to achieve the economic success. And national trust.

3.3 Economic Liberalization and Industrialization

In the wake of World War II (1946-1952), Taiwan suffered from severe inflation and unemployment.⁶⁹ At that stage, the government's main focus was to rebuild infrastructure and restore industrial production. By 1952 production had been lifted back up to its pre-war level.⁷⁰ In 1953 Taiwan launched its first four-year economic development plan adopting the strategy of promoting agriculture to foster industry and using industry to develop agriculture.⁷¹ On the one hand, the government carried out land reform policies reducing farmland rents and transferring land to the tiller. On the other hand, the government actively developed labour-intensive imports substituting light industries and introduced reforms of exchange controls and foreign trade to promote the replacement of imports with domestically produced goods and create a large number of job opportunities.

Although the effects of Import Substitution Policy (ISP) were gradually becoming apparent.⁷² Taiwan's limited domestic market was nearing saturation. The time it came to switching to the new strategic goal of competing in international markets. Moreover, Taiwan has the strategic location. As a result, many countries are interested in the mutual cooperation with the republic. Being in good terms with Taiwan is definitely a strategic interest in global markets. The location is extremely important because through it passes international shipping, as well as natural resources, oil from Middle East. It is vital in the economic development and survival in the Northern East Asia. Hence, to speed up the growth of Taiwan's economy the government in the

⁶⁹ Guoding Li, Gustav Ranis, and John C. H. Fei, *The Evolution of Policy Behind Taiwan's Development Success* (World Scientific, 1995), 1.

⁷⁰ *Ibid.*, 59.

⁷¹ *Ibid.*, 39.

⁷² *Ibid.*, 15.

1990s launched the 10 major construction projects involving large-scale expansion of railway, airport, harbour and electric power infrastructure, the building of steelmaking, shipbuilding and petrochemical plants for the development of heavy and chemical industries.⁷³

The government set about adjusting industrial policy and expanding R&D expenditure in an effort to upgrade Taiwan's industry from a labour-intensive to a technology intensive putting. A key step in this direction was the establishment in 1980 of the Hsinchu Science-based Industrial Park.⁷⁴ Also, the Cabinet's Development Fund and the Industrial Technology Research Institute played an active guiding role in setting up semiconductor companies such as TSMC which formed a solid base for the subsequent development of Taiwan's high-tech industrial sector.⁷⁵ Currently Taiwan is one of the world's biggest producers of IT products. Its IT industry plays a key indispensable role in global production chains.

On the economic front, to optimize the environment for the development of Taiwan's digital economy the government is accelerating the building of an improved digital infrastructure. While at the same time actively promoting regulatory adjustments for fostering virtual world development, carrying out a comprehensive review and revamping of laws and regulations on labour, education, health, care as well as others in order to increase the growth potential of the digital economy.

As has been noticed, in the 1980s the government embarked on vigorous pursuit of economic liberalisation, internationalization and institutionalization. Aiming to bring Taiwan's domestic financial and economic laws into line with international norms and make Taiwan better able to compete internationally. As a result, after many years of concerted effort by the government and private sector Taiwan achieved membership of the World Trade Organization in January

⁷³ Li, Ranis, and Fei, *The Evolution of Policy Behind Taiwan's Development Success*, 1995, 88.

⁷⁴ *Ibid.*, 172.

⁷⁵ *Ibid.*, 246.

2002.⁷⁶ Since which is conducted its trade with other member countries in full compliance with the rules and principles of fair competition under the WTO regime. For the aspect of international linkage, Taiwan timeline is working to promote cross-strait trade and exchange to keep abreast of the international trends of globalization and regional integration.

3.4. Social Welfare and Implemented Policies

As Taiwan's economic development has been rising prosperity the government has attached increasing importance to ensuring that the whole population enjoys a good share of that prosperity. Hence, there was a growing need of designing effective social policies. According to the World Economic Forum report, Taiwan is moved into the innovation driven stage of development since 2011.⁷⁷ The government is committed to continuing to advance economic, social and environmental reforms in order to make Taiwan prosperous just and sustainable island with innovative creativity.

On the social front, the successful economic and transformation has been credited to the Taiwan hard-work. With a land area of 36,000 square kilometres and population of 23 million of people the Republic of China had successfully increased the level of standard living.⁷⁸ As can be seen from the table, the HDI of Taiwan has significantly increased from 0.349 in 1970, and reached the level of 0.882 in 2015.⁷⁹ The HDI is accelerating due to governmental policies related to the health care and education system.

As for example, in March 1995 the government launched the National Health Insurance (NHI) model which covers the medical expenses, health services, pharmaceuticals of Chinese

⁷⁶ “WTO | Understanding the WTO - Members,” accessed June 1, 2016, https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm.

⁷⁷ “World Economic and Financial Surveys World Economic Outlook Database’.”

⁷⁸ WorldBank, *Global Economic Prospects, January 2016*.

⁷⁹ Greg DePersio, “Is Taiwan a Developed Country?,” *Investopedia*, November 30, 2015, <http://www.investopedia.com/ask/answers/113015/taiwan-developed-country.asp>.

Table 3.1 Changes in Taiwan's Indicators (1960-2015)

Indicator	1960	2015
Territory	36 000 km ²	36 000 km ²
Population	15.9 million	23 million
GDP per capita	US\$679	US\$21,571
HDI	0.349 (1970)	0.882
Unemployment Rate	3.01% (1978)	4%
Government Education Expenditure	US\$281 million (1970)	US\$11.5 billion
Human Life Expectancy	56 years	80 years
Corruption level	High	Low

Source: "Number of Villages, Neighborhoods, Households and Resident Population". MOI Statistical Information Service; "Statistics from Statistical Bureau". National Statistics, Republic of China (Taiwan); "Republic of China (Taiwan)". International Monetary Fund; Retrieved May 25, 2016.

citizens.⁸⁰ The following system is similar to the US healthcare system in the way that there is a fair insurance package unvaried by the person's income. As a result, within 6 years about 97 percent of the population got national insurances. Meanwhile, the indicator responsible for the human life expectancy has reached 80 years. In order to prepare for the impact of the rapidly aging population the government continues to promote the reform of the pension system and to develop the long-term care system. Therefore, Care Services Act was enacted marking a major step forward in completing long-term care service network.

Generally, the government established a social security network that has the capability to respond accordingly to globalization covering five social stability plans which includes social housing, food safety, community care, sustainable pensions and public safety.⁸¹ In opposite to

⁸⁰ John C. Langenbrunner, Jack Langenbrunner, and Aparnaa Somanathan, *Financing Health Care in East Asia and the Pacific: Best Practices and Remaining Challenges* (World Bank Publications, 2011), 135.

⁸¹ *Ibid.*, 1.

Singapore, the system covers the unemployment income and also aims to expand job opportunities for locals. Overall, for the last 50 years the unemployment rate has no significant change. As a result, it means that the project advances towards the social stability.

Meanwhile, the government is actively promoting innovation and entrepreneurship encouraging young people to participate in starting up new businesses in advancing the strategies of cultivating, retaining and recruiting manpower to meet the changing needs of the industries by nurturing domestic high quality human resources and attracting global talents. As a result there is a high emphasis on the educational development within the country. The primary education is compulsory, but there are tuition fees for public and private universities. The statistics of education expenditure illustrates that since 1970 the government has increased its investment from \$281 million dollars to \$11.5 billion dollars.⁸² Nevertheless, the system was criticized for the excessive pressure and strict discipline's practice in schools.

⁸² ““World Economic and Financial Surveys World Economic Outlook Database’.”

Chapter 4: South Korea

South Korea was a country in abject poverty with its land ravaged by war and did not have even the most meagre resources. However, sixty years later it has become a global power with the world's 14th largest economy.⁸³ South Korea has gone through an amazingly rapid successful technological transformation. How did one of the poorest countries in the world, manage to escape the clutches of poverty and achieve such outstanding success? The following chapter explores political, economic and social factors that favoured the economic growth in South Korea. To understand the reasons of success, it is important to consider the historical progress achieved since the foundation of Korea.

4.1 History: the Japanese Colonial Rule, the US Occupation and the Korean War

In 1945 Korea had gained independence from the 35 years of Japan occupational Rule.⁸⁴ Then it was occupied by the US military and after five years of autonomy the Korean War had emerged with the north. The War had left the newly formed Republic in a state of devastation. It had destroyed more than a half of production facilities, decreasing the number of GNP by 3 times.⁸⁵ As a result, the political scientist, Shin proposes that the Korean economic growth can be reviewed in four phases related to the Import Substitution, the development of light industry and export-oriented program, the development of heavy industry and the implementation of high tech industry periods.

The first period refers to a recovery time of Korean economy where the US played the most significant role. Mainly, the US owned 64 percent of investment savings where it had strongly

⁸³ WorldBank, *Global Economic Prospects, January 2016*.

⁸⁴ Dong-Myeon Shin, "Social and Economic Policies during the Export-Led Industrialization of the 1960s," in *Social and Economic Policies in Korea*, 2003rd ed. (RoutledgeCurzon), 47–62, 47, accessed May 4, 2016, http://samples.sainsburysebooks.co.uk/9781134467716_sample_528541.pdf.

⁸⁵ *Ibid.*, 47.

supported the agricultural sector of South Korea⁸⁶. Hence, Korean development was dependent from the US financial aid as well as its political support. At the beginning of Korea's founding, the US served as an example of prosperous economy and stable political system. Appropriately, the economic prosperity was highly dependent from the governmental strategies and planning implemented by the Korean authorities. Since 1948, Korean government started to actively operate policies and has continuously implemented development programs. It is relevant to consider the Korean style of governance as a political factor responsible for the economic growth.

4.2 The Political Leadership

Currently, the Republic of Korea has adopted a presidential representative democracy. There is a multi-party system which operates under the governance of the head of state - President. Being a democratic republic, South Korea has three branches of power: executive, legislative and judiciary. Moreover, the important fact is that due to continuous constitutional revisions, the six republics were re-established. The last and current republic was formed in 1987.

During the long period of republic's formation, the most notable success of Korean economy was achieved under the leadership of President Park Chung-hee. According to the World Bank, the rate of change of real GDP was 4.94 per cent in 1961 and 10.1 per cent in 1978.⁸⁷ This means that under the period of authoritarian ruling by Chung-hee the economy of South Korea had achieved the most positive change of GDP, especially in the year of 1973. The value of GDP had been raised by 14.79 per cent, the highest value change in the history of the Korean economic development⁸⁸. Despite the positive change, the main concern was about Park's ideological beliefs and way of ruling. It was highly criticized for the creation of dictatorship in the republic because

⁸⁶ Ibid.

⁸⁷ "South Korea Economic Growth - Data, Chart," *TheGlobalEconomy.com*, accessed May 4, 2016, http://www.theglobaleconomy.com/South-Korea/Economic_growth/.

⁸⁸ Ibid.

all economic and social reforms were under the strict control of government. Also, Watkins claims that Park's ideological orientation was Stalinist, because his thinking was similar to crypto-communist way.⁸⁹ Nonetheless, he was the first president who took steps in regard to corruption fighting.⁹⁰ Indeed, Park persecuted business leaders for corruption cases and tax invasion within the Korean government. However, according to Watkins's research, Park's autocratic power was not about corruption control, but it was more about Confucian values⁹¹. It means that the morality campaign of President Park would encourage Korean family businesses called chaebols if only the entrepreneurs shared their welfare with the nation.

Such relation to Korean entrepreneurs had created the competitive market and stable domestic economy. From one side, the authoritarian government had made huge efforts to recover Korea's economy, but from another side it was criticized for disregarding human rights concentrating power in the frame of political elites.

Overall, the economic success was achieved due to the effective management of resources guided by the authoritarian governments. The Korean government had adopted new policies and carefully reconsidered the implemented programs. This means that the governmental intervention helped to raise accumulation, to coordinate export expansions and to attract new investments from abroad.

4.3 The Economic Growth and Industrialization

Unable to recover from the ruins of war on its own, Korea was forced to rely on foreign aid. But when the foreign aid subsided after completion of the major restoration work, this cost Korea's economic growth to stall. This was a dire situation for a nation whose budget relied more

⁸⁹ "The Park Chung Hee Regime in South Korea," accessed May 14, 2016, <http://www.sjsu.edu/faculty/watkins/park.htm>.

⁹⁰ Ibid.

⁹¹ Ibid.

than 90 percent on foreign aid.⁹² In order to spur economic growth the government found three powerful agencies: the Economic Planning Board (EPB), the Ministry of Trade and Industry (MTI) and the Ministry of Finance (MoF) giving it unprecedented powers for planning, allocating the budget and for attracting foreign capital.⁹³

The Economic Planning Board developed the First Five Year Economic Development Plan.⁹⁴ This was to be the new blueprint for economic development. In 1962 the first five year plan was put into action. The main aspects of the program were related to the development of investment, industrial sectors and trade. Also, the Korean government started to adopt the development strategies for light industries, but generally the program was focused on the export promotion. As a result, the following policies were introduced: trade policy, macroeconomic policy and industrial policy. Although foreign capital was controlled by the Korean authorities, the development model helped to achieve an annual increase of exports by 39.2 percent.⁹⁵ According to Shin, the five year program was a “guided capitalism” where there was a need of government intervention and its active participation.

Moreover, after the successful resolution of the first development plan, it was prolonged into the second Five-Year Plan. It was established under the governance of President Park. The Heavy and Chemical Industries (HCI) Plan is considered as one of the crucial forces in promoting the growth of the Korean industry.⁹⁶ In general, the new plan was focused on the development of heavy industries and expansion of agricultural production.⁹⁷ When the policy was introduced in 1970 the Korean government was virtually bankrupt. However, the support they managed to

⁹² Ibid.

⁹³ Ibid.

⁹⁴ Shin, “Social and Economic Policies during the Export-Led Industrialization of the 1960s.”

⁹⁵ “Korea, Rep. | Data,” accessed May 24, 2016, <http://data.worldbank.org/country/korea-republic>.

⁹⁶ Peter H. Lee and Wm Theodore de Bary, *Sources of Korean Tradition, Vol. 2: From the Sixteenth to the Twentieth Centuries*, ed. Yŏngho Ch’oe (New York: Columbia University Press, 2000).

⁹⁷ Ibid.

provide was used effectively by Koreans in improving their living standards. Based on the historical development of the country, the following industrialization program was the most successful. This means that due to the export-oriented growth from heavy industries the Korean economy had benefited a lot. According to the Department of Statistics, the GDP per capita had increased from US\$281 in 1970 to US\$6511 in 1990.⁹⁸ Korea's export based economy became even more competitive and the nation's per capita GNP rose sharply. These achievements came after only 20 years after Korea's economic development efforts.

Since 1970s the government began to invest in new industries such as steel, coal, chemicals machinery and shipbuilding, to create a powerful engine for economic growth. Steel was the first heavy industry to be developed. Despite scepticism and concern about the feasibility of such a venture the government launched a massive effort to build an integrated steel mill. Although Korea enters the steel industry about sixty years later than advanced nations, Korea would soon become the world's sixth largest producer of steel.⁹⁹ The success of this primary industry paved the way for the advancement of other steel related industries such as shipbuilding, automobiles, machinery, constructions and electronics. As a consequence, the automobile industry had become a powerful engine for economic growth in Korea.

From 1990s South Korea started to aggressively implement new programs towards the development of the high tech industry. The Korean government saw the future perspectives in relation to technological exports. Based on the research of the World Bank, the international demand for Korean technology has been annually increased by more than 15 percent.¹⁰⁰ As a result, South Korea attempted a revolution in the information technology industry. Furthermore,

⁹⁸ Ibid.

⁹⁹ Eun Mee Kim, "Contradictions and Limits of a Developmental State: With Illustrations from the South Korean Case," *Social Problems*, 1993.

¹⁰⁰ "World Economic and Financial Surveys World Economic Outlook Database'."

the technological progress was followed with the improvements in domestic consumption and standard of living across the Korean citizens. The positive advances in high tech industry has moved South Korea into the status of developed economy. Besides, the cutting edge enterprises that were founded during the IT boom provided a new stimulus to the economy enabling Korea to become an IT powerhouse in a matter of years.¹⁰¹

However, in the 21st century the rapidly changing global market environment and systemise endless competition threatened Korea's economic growth. For continuous growth a powerful change was necessary. Hence, an innovation system was implemented throughout the whole economy. Based on this innovation economy Korea broke away from the existing heavy industry and manufacturing industry center structure and change the export structure to the technology intensive industry.¹⁰²

After revision of the period of Korean industrialization it is clear that the Korean economic growth is divided into four periods. The Import Substitution, the development of light industry and export-oriented program, the development and renovation of heavy industry and implementation of the high tech industry turn Korean economy to develop the human capital as well. The main reason is that with the increase of education level, the South Korea would benefit from the skilled labour force that will stimulate the domestic consumption. As a result, it is relevant to analyse the implemented policies that contributed to the positive change of HDI.

4.4. Social Welfare and Implemented Policies

Likewise South Korea's economy improved, the social conditions were also in the progress of development. As can be seen from the table, in 1950 the HDI was 0.459 with the population of

¹⁰¹ Kim, "Contradictions and Limits of a Developmental State," 230.

¹⁰² Ibid., 29.

Table 4.1 Changes in South Korea's Indicators (1960-2015)

Indicator	1960	2015
Territory	97,466.0 km ²	97,466.0 km ²
Population	24.9 million	50.8 million
GDP per capita	US\$1106.76	US\$ 36.528
HDI	0.459 (1950)	0.898
Unemployment Rate	2.4% (1991)	3.1%
Population living in public housing	28%	82%
Government Education Expenditure	US\$ 8.1 billion (1990)	US\$11.3 billion
Human Life Expectancy	53 years	81.8 years
Corruption level	High	Low

Source: "Major Indicators of Korea". Korean Statistical Information Service; "South Korea". International Monetary Fund. 2015; "Republic of China (Taiwan)". International Monetary Fund; "2015 Human Development Report" (PDF). United Nations Development Programme. 2015. Retrieved 24 May, 2016.

24.9 million of people.¹⁰³ It is important to notice that the economic situation was fragile due to deep poverty. Since then, the population has been doubled while the HDI has been significantly raised to the value of 0.898. The main reason of the positive and rapid change can be addressed to the effective implementation of development model related to the social welfare. The development strategy called the Saemaul Undong was introduced by the President Park in 1970.¹⁰⁴ The strategy enhanced the following issues: redistribution of wealth, improvement of human capital and creation of job places.

The main purpose of the strategy was to modernize the rural areas as well as to balance the development level between rural and urban regions. As a result, there was a land reform that

¹⁰³ "Korea, Rep. | Data."

¹⁰⁴ KIM Ju Young and JUNG Byung-doo and The Korea Transport Institute (South Korea), *Saemaul Undong and Transport Infrastructure Expansion: The Driving Force of Korea's Economic Growth, Korea's Best Practices in the Transport Sector* (길잡이미디어, 2014), 29.

prohibited tenant farming and put limits towards the land's ownership. Hence, the strategy was focusing on the rural infrastructure modernization and effective land utilization. According to Kim, only rural areas that showed promise were given additional investment¹⁰⁵. The government decided to support the communities that have the will to stand on their own. Once a movement to increase the revenue of farms the policy made its way into all sectors of society increasing social awareness in the city's factories and the workplaces. As a consequence, the difference between rural and urban areas had decreased whereas the living standards tremendously improved.

During the period of economic stabilization, education policies became the nation's highest priority. Despite the worst devastation the government had invested in education making primary and middle school attendance compulsory. According to the World Bank, the governmental expenditure had increased from \$8.1 billion (1990) to \$11.3 billion (2015).¹⁰⁶ This dedication to and investment in education produced a highly trained workforce that would later on become the inverters for Korea's economic turnaround. Accordingly, the cheap labour force was highly demanded among international markets. As statistics revealed, there was no significant change in the unemployment rate for the past 24 years.¹⁰⁷ Today the unemployment rate is 3.1 per cent which is considered to be low.¹⁰⁸ Comparatively, the quality of labour was really high because the main emphasis of the Korean government was to ensure world competitiveness. In order to produce high-skilled workers, the government had introduced new wage policies making higher salaries for industry related jobs. Appropriately, the increase of input in capital accumulation and quality of labour had positively affected on the industrial development within the country.

¹⁰⁵ Kim, "Contradictions and Limits of a Developmental State."

¹⁰⁶ "Korea, Rep. | Data."

¹⁰⁷ "'World Economic and Financial Surveys World Economic Outlook Database'."

¹⁰⁸ WorldBank, *Global Economic Prospects, January 2016*.

Indeed, the improvement of human capital is highly dependent from the state's healthcare system. Since 1960s, there was a significant improvement in the healthcare system. For the indicator of health spending per capita, the World Bank provides data which shows the rise from 452.44 U.S. dollars in 1995 to 1880.04 U.S. dollars in 2013.¹⁰⁹ This means that the government consciously invests in the health care system under the supervision of the institution of National Health Insurance Corporation (NHIC).¹¹⁰ Furthermore, the program is fair and equal for all Korean citizens. In general, social policies which were built on the nation-oriented values improve the standard of living. Followed with social prosperity and better conditions of living, the human life expectancy rises. During the economic recovering and effective implementation of social policies the value of human life expectancy increased by 30 years. Highlights of the South Korean strategy included the improvement of citizen's life. This shows that the poverty could not be overcome through foreign aid alone and that the true path to success lies in deeply rooted solutions that can change the core of society.

¹⁰⁹ "Korea, Rep. | Data."

¹¹⁰ Kim, "Contradictions and Limits of a Developmental State," 229.

Chapter 5: Comparative Analysis

Based on the findings in the previous chapters, this chapter presents the comparative analysis of factors that influenced the economic growth of Asian Tigers. Conclusions will be drawn for the analysis of East Asian success stories for economic development of Kazakhstan. It is important to compare the experiences of Asian Tigers in order to see which common factors favored the economic growth in Singapore, Taiwan and South Korea. To incorporate all the success factors of Tigers into the development model, a new table has been constructed, to be applicable for further research. Based on the drivers of economic growth in East Asian region, research has shown whether the role model of Asian Tigers apply to Kazakhstan's development model or not.

The table in Appendix I, follows the structured format for the presentation of favorable factors for economic change in Singapore, Taiwan, and South Korea. The factors are processed and summarized in one table as follows: historical, political, economic and non-economic. Therefore, to see the progress of Asian Tigers regarding the world development, the table defines the position in the world rankings for several factors.

Based on the review of the literature about historical inheritance in the East Asian region, studies have established that colonialism is one of the important factors for economic growth. The common historical factor is that the economies of these countries started to develop under colonialism. However, the nature of Colonialism of Singapore, South Korea, and Taiwan is distinctively different.

Singapore is the youngest country from the group of Asian Tigers. The island-state was established in 1819 while South Korea and Taiwan had established much earlier as countries. As Sandhu and Wheatley assert the political and economic systems in Singapore are very similar to

the British system.¹¹¹ This means that the British leaders tried to adopt the same methods of governing and structuring to the state as they were implementing in their country. As a result, Singaporeans were under the strict control and monitoring of the legacy for almost 140 years. Evidently, after the change of two generations, Singaporeans were able to understand the interrelationship of Western society as the basis for economic development. Thus, they have shared the same structure of the state adopting the Westminster system of democratic elections. The ongoing control from the British Colony had positively affected the formation of political culture and economic system in Singapore. In particular, the creation of bureaucratic power and control of corruption has become significant factors for the success in Singapore. Even today Singapore is known for the most transparent, open and effective legal system in the world. Singapore ranks the 7th position in the list of the least corrupted countries.¹¹² Taking British model as the example, Singapore went through reforms implementing policies SCS and SPF which continue to operate in the current government (Table 5).

At the same time, South Korea and Taiwan share many similarities with respect to their backgrounds, histories, experiences. Both countries were under the Japanese Colonial Rule. During the long years of colonization Korea and Taiwan started to develop industrial sectors, port infrastructure and human facilities. After the national liberation from Japanese Colonization, Taiwan and Korea went through Civil Wars. Clashes emerged on issue of different national interests between communistic and anti-communistic parties. However, after the end of civil wars the U.S. supported Taiwan and South Korea in military and financial terms. Due to financial support the countries were able to stabilize their economies and establish good relations with the

¹¹¹ Quah, *Public Administration Singapore-Style*, 19.

¹¹² World Bank, "CPIB Corruption Statistics 2015," April 2, 2015.

U.S. Therefore, the external support coming from Japan and the US were the driving actors within the economic establishment of South Korea and Taiwan.

Overall, for three Asian Tigers, it means that the ongoing control from the legacies and external leaders had significantly affected the construction of political and economic systems in the region. From one side, the Colonial rule had fostered the financial and security dependence from external powers, but from another side, the countries took British, American and Japanese Legacies as models for future development. That is why the experience from the Colonialism is the historical factor that contributed to the growth of Asian Tigers (Table 5). Also, this factor was admitted by political scholars Li, Ranis and Fei who suggest that the experience of legacies has become the foundation for impressive achievements in development.¹¹³

One of the historical factors of Asian Success is referred to the political ideology of Asian Values. Here, it is important to analyze the role of Asian values in the frame of cultural heritage. The common factor in all three cases is that historically, they share the ideology of Asian values because they do not have one Asian identity. Hence, one of the obvious factors for the Asian success is Confucian culture. As Hung-Chao Tai emphasizes, the Confucian beliefs are responsible for the behavior and attitudes towards the nation-building in East Asian region. Based on the research, it is clearly seen that the people of Singapore, South Korea and Taiwan are highly organized, disciplined and collective. Confucianism plays a significant role in organization of political power and social hierarchy. In many respects, the government and citizens of Asian Tigers are equal and mutually dependent from each other. Basically, they rely on the ideology of common good, social harmony and respect towards the authority.

¹¹³ Li, Ranis, and Fei, *The Evolution of Policy Behind Taiwan's Development Success*, 1995, 38.

Government and nation are interested in the successful realization of the state's goals. As a result, the Asian-style authoritarian governments promote social stability and support policies that are designed to improve people's knowledge and living environment. Meanwhile, the people of Asian Tigers generally respect the governmental officials and act in accord with the established rules. The authorities have the trust and confidence which are incredibly important in the successful operation of state.

However, many political and economic scholars oppose the following culturalist argument. Amartya Sen's response to this factor is that the East Asian countries have a diverse cultural society, as a result the Asian values cannot explain the collectivism of Asian nations.¹¹⁴ In addition, Harper assumes that in order to justify the success of any nation, an observer finds any evidence and characteristics similarities to prove the statement about Asian values.¹¹⁵ From his point of view, the shared cultural values cannot justify the success of Asian Tigers. Otherwise, his claim is that for economic success no culture is needed, the economic growth depends on how people work with raw materials of their culture within the country. If the success of East Asian growth does not depend on cultural beliefs, I would suggest that social scientists should focus on other valuable factors such as political, economic and non-economic factors.

It is important to note that Asian Tigers have moved from authoritarianism to democracy. Hence, if we compare the political leadership of Singapore, South Korea and Taiwan, in three cases the political systems and culture were forged by autocracy. The main reason is that there was a strong governmental intervention in economic and social development models. Indeed, Presidents Leek Kuan Yew in Singapore, Chiang-Wei-kuo in Taiwan and Park Chung-hee in South

¹¹⁴ Amartya S., "Democracy as a Universal Value," *Journal of Democracy*, no. 10(3) (1999): 115.

¹¹⁵ "Tim N. Harper 'Asian Values and Southeast Asian Histories', the Historical Journal, Cambridge University Press, 1997, Vol. 40, 507-517.," 507.

Korea wielded the absolute authority over their countries. Also, in three countries there was only one dominating party and leader in power. The economic and social development depended on political leadership and governmental participation. The legitimacy of authoritarian power was the essential foundation for sustained development and long-term planning which provided economic stability. This means that the authoritarian practice became possible due to social support and belief that the government could prevent from the crisis.

In the case of Singapore it is rather relevant to establish economic long-term development. The people of Singapore are highly dependent on the authoritarian leadership. The main reason is that the island-state has no agricultural sector and natural resources to survive independently. Due to food import policies introduced by the government, the locals can survive on island. As a result, there is a mutual interest between the society and leaders. Moreover, the British Legacy supported the state if it failed to develop successfully. In comparison to South Korea and Taiwan, in Singapore there was no civil clashes that could postpone the economic development of the state. As a consequence, the citizens of Singapore support the authoritarian leadership as the ability to deliver economic goods.

In South Korea, the legitimacy of Korean autocracy was formed during the Civil War against the North. According to Ezra Vogel, the national support emerged due to opposite ideological ideas between the North and the South.¹¹⁶ Thus, the society was divided into two groups supporting different ideologies and following different leaders. As a result, President Park claimed to be acting in the public interest of the South. Due to American financial and military support, there was a social stability which allowed Park to implement long-term strategies.

¹¹⁶ VOGEL, Ezra, *Four Little Dragons: The Spread of Industrialisation in East Asia*. (Massachusetts, USA: Harvard University Press, 1991), 46.

Furthermore, to maintain the legitimacy of power Park promoted greater economic growth and superiority over the North.

A similar situation is observed in Taiwan. During the Chinese Civil War there were two leaders presenting opposite ideologies, as a result the Republic of China was divided into two groups. Based on their own national interests, they were supporting different leaderships. The authoritarian leadership of Taiwan based its legitimacy on ensuring the economic growth in order to achieve superiority over the Mainland. As Weixing Hu states, Taiwan continues to seek sustained economic development in order to support the military forces.¹¹⁷

As a result in both cases, South Korean and Taiwanese leaderships need economic advancement in order to support their social stability and national ideologies. Keeping this idea, the authoritarian leaders provided successful industrialization and modernization programs in their countries.

In the cases of Asian Tigers there is a high tendency towards the authoritarian leadership. The social welfare depends on the governmental implementation in East Asian regions. The economies of these countries came from poverty to welfare due to legitimized leadership and social support. The autocracy pursued economic development as well as governmental transparency. It means that the authoritarian regime had positively affected the economies of Tigers because the leaders established good governance and political honesty. Today Asian Tigers continue to promote transparent governance and are recognized as the low corruption countries in the world (Table 2). The equal relation, solidarity and transparency of the government are more likely to take root in the political culture. As a result, the research shows that political leadership in the form of dictatorship does not perform bad governance. Otherwise, the Asian Successes have proven the

¹¹⁷ Weixing Hu, *New Dynamics in Cross-Taiwan Straits Relations: How Far Can the Rapprochement Go?* (Routledge, 2013), 87.

fact that if there is strict corruption control, the country can succeed. It means that the quality of governance depends from political leadership's priorities towards the social and economic welfare.

Considering non-economic factors of Asian Miracle, geography is certainly contributory factor to the economic success of Asian Tigers. The physical location, size and population of the counties are significant factors regarding policy control and its successful implementation.¹¹⁸ First, the success of the East Asian economies can be justified by the direct access to the sea (Figure 2). The strategic location of the Tigers has become especially important in respect of international trade and export-oriented programs. In addition, the location is attractive for foreign investors because all three countries have developed port infrastructures.

Second, the size of Asian Tigers is advantageous for effective implementation of policies. As Streeten argues, the small size of territory contributes to administrative and political control by the leadership. This allows the governments of South Korea, Singapore and Taiwan to better allocate the financial resources for effective implementation of policies. As a result, the absence of rural areas is the reason to focus on the development of human capital, technology and port infrastructure within Asian Tigers.

Third, the population of Asian Tigers is relatively high compared with their territories. On the one hand, the high density of population is the advantage for effective coordination of societies. The governmental officials benefit from the centralized powers within the regions. The government carefully allocates spending to the social needs, such as health care, education and public housing. On the other hand, the economic development is sensitive to the high population density because it can create social urban problems. Thus, the governments of Singapore, South Korea and Taiwan should always consider the factor of population size as an important determinant of economic development.

¹¹⁸ Quah, *Public Administration Singapore-Style*, 26.

Thus, based on Quah's claim the geography of East Asia is the great advantage for economic development. Open access to sea ports, small and centralized population are favorable factors for effective implementation of policies and reforms.

Conclusion

The thesis has aimed at exploring the key drivers of the economic success of the Asian Tigers and to draw lessons from their experience for Kazakhstan's current development strategy. The key question has been related to whether the success of Asian Tigers may be replicated in the context of Kazakhstan's development model.

After analysing the history of economic development of Asian Tigers the research has defined which factors have favoured economic growth in Singapore, South Korea and Taiwan. The factors have been grouped into four sections comprising economic, non-economic, political and historical sectors. Research findings have revealed that the Asian Tigers' experience provides an interesting development model of economic growth. However, due to a number of significant factors while it may be possible to apply the economic success model of Taiwan and South Korea to the case of Kazakhstan, the replication of Singapore's success is not practicable.

First, the research indicates that there is a fundamental distinction between historical backgrounds of Asian Tigers and Kazakhstan. In particular, my research has showed the importance of historical heritage within the region. The historical factor played a crucial role in economic and political establishment of East Asia. As my study reveals the period of British, Japan and U.S. occupation significantly contributed to the development of economic systems of Asian Tigers. The first industrialization and infrastructure policies were introduced under the colonial rule. This means that external powers were the drivers of development planning in the region. Moreover, after declaration of independence in Singapore, South Korea and establishment of the Republic of Taiwan, these countries continued to receive financial and military support from U.S. and UK because they were in direct opposition to communistic ideologies. Based on Hanson's approach, the countries which cooperated with Western economies were able to overcome

“Leninist legacies” and establish successful democratic institutions.¹¹⁹ However, in the case of Kazakhstan the cooperation with external powers was impossible. The main reason is that for a long time, the Kazakh nation was under control of Soviet legacies. As a result, Kazakhstan embraced communistic interests and follow the same political ideologies. Moreover, according to Jowitt Ken’s argument, the experience of communist regime reinforced the promotion of elite which makes the transition to democracy difficult.¹²⁰

Second, considering non-economic or demographic factors, in the case of Kazakhstan, the physical location is a big obstacle for economic development. Kazakhstan is situated in the heart of Central Asia which means that it has no access to the sea. In comparison to the Asian Tigers which are bounded by the seas, Kazakhstan cannot use water paths to develop transport system as the East Asian region did. As a result, it was more difficult to establish trade agreements and implement export-oriented programs with other countries. Ground transportation in Kazakhstan requires high investments, transit-transport costs and strong technological and labor support while Asian Tigers had an advantage in trade by using the port infrastructure.

Kazakhstan is the 9th biggest country in the world. There are a lot of rural areas and permanent pastures that need to be developed. Here, the problem is that Kazakhstan’s population density is relatively low 5.94 per square kilometers with the population of 17,693,500 people. As a result, the rural areas are less populated and have a shortage of labor power whereas in urban areas there is a shortage of work. For government it is a social problem of creating attractive work situations in rural areas. In other words, Kazakhstan has a huge land with dispersed society over the territory while in the cases of Singapore, Taiwan and South Korea there is highly centralized population over the small region. The main strength of Asian Tigers here is that due to smallness

¹¹⁹ Zoltan Barany and Robert G. Moser, *Russian Politics: Challenges of Democratization* (Cambridge University Press, 2001), 5.

¹²⁰ Ibid.

of the territory the government controls the work of institutions and effective implementation of policies. Because of the big land territory and small population, the Kazakhstani government cannot use the same advantage of Asian Tigers' land. In contrast, Kazakhstan needs to allocate a lot of efforts and resources to develop agricultural sector as well as the labor, infrastructure and industrial policies. Therefore, Kazakhstan accepts the constraints imposed upon economic development by demography.

Third, from economic perspectives Kazakhstan and Asian Tigers have no similarities. Kazakhstan is a resource rich country and Asian Tigers have no resources. It is an important factor which influence on the strategic planning of economic development. The research shows that Asian Tigers aggressively promote industrialization programs. In particular, Singapore develops trade agreements in order to make market more open to external actors, and focuses on the development of biotechnological industry. Meanwhile, South Korea and Taiwan focus on the high-tech industry development. Absence of natural resources make these countries to invest in human capital. As the result, they promote strong education and healthcare policies.

In comparison, Kazakhstan is a natural resource rich country. Therefore, the economic policies between Asian Tigers and Kazakhstan are different. However, Kazakhstan is highly dependent from trade and foreign investments in order to develop infrastructures. From one side, Kazakhstan benefits from the abundance of natural resources which makes economy of Kazakhstan attractive for the future investors. But from the other side, it became a country of "resource curse" with slow economic development.

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Finally, after comparison of three factors and their indicators, it is clear that Kazakhstan and Asian Tigers are historically, geographically and economically distinct. However, if we compare political factors between Asian Tigers and Kazakhstan, Kazakhstan can learn more from the experience of South Korea and Taiwan rather than Singapore. The main reason is that after long-period of authoritarian governance in South Korea and Taiwan lands, the authorities of these countries made a successful transition to democracy. The successful transition dramatically improved the economic situation of these countries.

The experience of Asian Tigers shows that autocracy is not always about bad governance. In the case of Singapore, South Korea and Taiwan, the authoritarian leadership has shown that dictatorship can bring the social and economic welfare to the country, but it is not stable. As the experience of South Korea and Taiwan showed after the change of authoritarian leaders, their economies need to develop further. Hence, due to democratization and liberalization of the market, these countries were able to overcome the crisis and succeed. According to Halperin, Siegle, and

Weinstein, the countries with autocratic growth are slow to grow.¹²¹ In the case of Kazakhstan, there is a clear notion of autocratic government. Under the governance of Nazarbayev Kazakhstan's quality of life definitely improved. After 25 years of political stability and economic growth, Kazakhstan shows relatively high economic factors, in particular in 2015 Kazakhstan's GDP per capita was US 24,143 dollars and HDI was 0.788.¹²² But the rapid growth can be explained by the notion that post-communistic countries has a rapid growth at the beginning of their formation. The economic and social increase were achieved due to governmental intervention and its coordination of policies, however after change of elite there is no tendency to increase economically. As a result there is a clear dependence from the autocratic leadership in the region. In order to grow economically, the country should follow the examples of South Korea and Taiwan because after the rapid growth of their economies the development of infrastructures slowed down. However, after democratization process they have established long-term goals.

Based on the research, the effective long-term development was succeeded not only under the governance of one leader but under the governance of strong political parties. In the case of Asian Tigers, the successful policies were implemented by authoritarian leaders, but the parties played a significant role as well. As a result, it means that the success and growth of economy depends from the leader, political party and well-structured models towards industrialization, internationalization and liberalization.

In the case of Kazakhstan, there is one similarity with Asian Tigers –authoritarian leader. However, it is not enough for the success. As my research showed the autocracy was successful for the short-period in South Korea and Taiwan. The success of political leadership does not rely

¹²¹ Halperin, Siegle, and Weinstein, *The Democracy Advantage*, 19.

¹²² "Kazakhstan GDP per Capita | 1990-2016 | Data | Chart | Calendar | Forecast," accessed May 30, 2016, <http://www.tradingeconomics.com/kazakhstan/gdp-per-capita>.

just on one person, it relies on the whole system of governance. From the experience of Asian Tigers, it is clear that the strong leadership employs tough policies in regards to controlling corruption and ensuring that policies are effectively implemented. Here, the consideration of Asian values will be significant factor for Kazakhstan because it describes the relationship between authority and society.

It is obvious that the cultural heritage is different between Kazakhstan and Asian Tigers, however, it is valuable to understand the cultural values and social hierarchy promoted by this aspect of what can be termed Asian ideology. In Kazakhstan, a lack of patriotism has been a major obstacle to promoting development strategies. From the position of Kazakhstani citizens, locals do not rely on the government due to low levels of transparency and high levels of corruption. Based on the success of Asian Tigers, the Republic can learn how to fight against corruption in order to make the government more transparent and open, increasing its trust and support from society.

Due to many influential factors such as demography, historical heritage and cultural differences, Kazakhstan has a lot to learn from the Asian Tigers models however it will not achieve prosperity in quite the same way. The Asian Tiger model cannot be replicated for Kazakhstan and yet it can remain strategic and adapt tools to support a hybrid development model, one appropriate for a landlocked Post-Soviet Central Asian economies, endowed with resources that Asian Tigers such as Singapore did not have when they began their ‘miracle’ ascent to growth.

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Appendix I

Table 5 Success factors of Asian Tigers

<i>Factors of Economic Development</i>	<i>Indicators:</i>	Singapore	Taiwan (the Republic of China)	South Korea
Historical factors:	Colonization	The British Colonialism (1819-1942)	The Japanese Colonialism (1895-1945) Chinese Civil War (1945-1949)	The Japanese Colonialism (1910-1945) Korean War (1945-1949) The US Occupation (1954-1971)
	External Influence	British military support and investment	Japanese economic support, US military support and investment	
	Inheritance	Singapore Civil Service Anti-corruption Branch in SPF Westminster system of democratic elections Establishment of maritime trade	Establishment of port trade and transport system Development of industrial sectors, port infrastructure and human facilities	
	Declaration of Independence	1965	1949 - formation of the Republic of China	1948
	Asian Values	yes	yes	yes
Political factors:	Current Government	a representative parliamentary republic	unitary semi-presidential republic	unitary presidential constitutional republic
	Dictatorship	Lee Kuan Yew/ People's Party	Chiang Kai-shek, Chiang-Wei-kuo/ Chinese National Party	Park Chung-hee/ Democratic Republican Party
	Political Leadership	strong autocracy	from strong autocracy/martial law to democracy	from strong autocracy to democracy
	CPI*	7/168 (very clean)	30/168 (clean)	37/168 (low corrupt)
Economic factors:	High GDP **	\$82,762 (3d)	\$43,599 (17th)	\$36,528 (27th)
	High HDI **	0.912 (11th)	0.882 (25th)	0.898 (17th)
	State-led model	yes	yes	yes
	Liberalization of Market	yes	yes	yes
	Favorable condition in Foreign Trade	yes	yes	yes
	Natural Resources Capacity	no	low	no

	Industrialization	port infrastructure, biotechnological advances, export-oriented programs, entrepreneurship	agriculture, labor-intensive imports, high-tech technology, digital infrastructure, entrepreneurship	light industry, export-oriented programs, heavy and high-tech industry, entrepreneurship
	Institutions	Economic Development Board the Monetary Authority of Singapore Trade Development Board	Technology Research Institute Hsinchu Science-based Industrial Park National Health Insurance	Economic Planning Board the Ministry of Trade and Industry the Ministry of Finance
	Policies	the Housing and Development Board the Singapore's Family Planning and Population Board Education Policy the Central Provident Fund Board	Land Reform Policy Import Substitution Policy Industrial Policy Education and Healthcare Policy/ Care Service Act	5-year Economic Development Plan Import Substitution Policy Trade, Macroeconomic and Industry Policy Heavy and Chemical Industries Plan
	Government Education Expenditure	US \$11.5 billion	US \$ 11.5 billion	US \$ 11.3 billion
Non-economic factors:	Physical Location	the Southern tip of West Malaysia between the Indian Ocean and the South China Sea	the island in the South China Sea	the southern part of the Korean Peninsula bounded by the Sea of Japan in the east, the Yellow Sea in the west
	Land Area	719.1 km2	36,193 km2	100,210 km2
	Population**	5,535,000 (113th)	23,476,640 (52nd)	50,801,405 (27th)

*- Corruption Perception Index (Score/Global rank)

** - World Ranking Position 2015

Note: The table is based on the author's work

For sources, see the chapters above.

Appendix II

Map of modern day East Asia



Figure 2 Map of East Asia

Source: <http://www.maps-of-the-world.net/maps/maps-of-asia/large-detailed-political-map-of-East-Asia-2011.jpg>