A Converged Economic Development Paradigm
— An Analytical Comparison between Chinese Model and East Asian Model —

Yuan Zhijia

ABSTRACT
Most of the previous studies consider the success of Chinese economy as a special case because China has been so different from the other East Asian countries & regions in terms of political institutions, legal systems, the way of economic development and value concept that no one thinks China's case contains any universal meaning. However, this paper argues that China extremely resembles the development paradigm of the other East Asian areas that realized high economic growth with various development characteristics—authoritarianism, enforcement of economic plan, government-led industrialization, enforcement of industrial policy, etc. From the political-economic point of view, the author tries to verify the above-mentioned hypothesis by displaying the historical facts found from the process of economic development in China. Although China seems to carry out absolutely different development paradigm if it is measured by some political & social standards like market economy, private property concept and democracy, the author insists on his opinion that post-war development process in China took a similar pattern with the other East Asian areas in principle. Also, in a long run, it is likely that China will move much closer to East Asian paradigm.
I Misunderstood Development Paradigm?

The Chinese economic miracle in the past 20 years provided various hints and research themes to us. Beyond most people's knowledge regarding China's economic development model, China extremely resembles the development paradigm of the other East Asia that realized high economic growth in various development characteristics—authoritarianism, enforcement of economic plan, government-led industrialization, enforcement of industrial policy, etc. In other words, the Chinese high economic growth case is simply the paradigm of East Asia.

However, China seems to carry out the different development paradigm if it is measured by some political & social standards like market economy, private property concept and democracy. Furthermore, lots of people still criticize that China has not yet introduced multi-dimension political system, Chinese citizen's freedom for believing in religion and association is still limited and regulated. Therefore it seems that Chinese high economic growth and success of economic development are based on sacrificing the right of democracy and the equality of opportunity. When we compare the current East Asian countries carrying out democracy and choice of politics based on democratic election and other systems such as multi-party polity, Chinese development may be considered as an unusual pattern.

It is hard, from the points mentioned above, to interpret Chinese
economic success for an economist. As a common sense, democracy and market economy make a pair. And judging from the viewpoint related to the concern of this paper, East Asia obtained high economic growth because there were market economy and a basic principle of democracy behind economic development in East Asian countries. In brief, the development paradigm of East Asia may be different from China's. The paper is strongly conscious of this point and will try to clarify the following issue. Is Chinese economic development different from East Asian paradigm?

II What Is East Asian Development Paradigm?

At first it is necessary to clarify the "East Asian development paradigm" before touching China. A geographical concept of "East Asia" in this paper basically refers to HPAEs (Highly-performing Asian Economies) which first appeared in the report "The East Asian Miracle" (World Bank, 1993) that the World Bank published over a decade ago. However, the present paper uses the "East Asia" instead of HPAEs to avoid unnecessary confusion.

As is generally known, the East Asian development paradigm is supported by two pillars. One is the political framework of the development paradigm and the other is development methodology. The paper will hereunder clarify these two pillars.

2.1 The Political Framework of the East Asian Development Paradigm: Authoritarianism

Currently, most of the countries in East Asia are carrying out political system of democracy (i.e, democratic election, multi-party system, free-
dom of speech and association) (Table 1.) However, judging from the historical point of view, no matter they lasted short or long, an "authoritarian regime" existed without exception in the history of economic development in East Asia. Since 1990's, most of the authoritarian regimes in East Asia collapsed, but a few countries (for example, Singapore) still maintain the conventional system. Furthermore, there are two interesting points. Why does political system of authoritarianism become East Asia's common institutional arrangement? In addition, what is the reason for East Asia to realize high economic growth during the period when political system of authoritarianism is in steady condition? We can not forget the following important backgrounds about this.

The first point to be considered extremely important is the post-war regime itself. "The Cold War" that appeared after World War II gave East Asia enough reasons to introduce authoritarianism. A typical case of the formation of authoritarianism was Chiang family regime in Taiwan. The national government controlled by Chiang Kai-shek who received Amer-

| Table 1. The Extent of Democracy in the Process of Post-war Development in East Asia |
|-----------------------------------|-----------------|-----------------|-----------------|
| Japan | ○ | ○ | ○ |
| Korea | × | × = ▲ | ○ |
| Taiwan | × | × = ▲ | ○ |
| Malaysia | ▲ | ▲ | ▲ |
| Singapore | ▲ | ▲ | ▲ |
| Indonesia | × | ▲ | ▲ |
| Philippines | ▲ | × | ▲ = ○ |
| Thailand | ○ | ▲ | ○ |

Note) (1)○ = completely free ; ▲ = partly free ; × = not free.
(2)"extent of democracy" in the table includes : voting right, grouping right, the right of opinions, etc.
ican strong support during the Civil War period (1946-49) simply lost mainland of China in only three years. The national government where corruption and bribe spread over disappointed the United States and American government proposed the policy that it would no more interfere the Chinese domestic affair by when the Civil War between Communist Party and Kuomintang was almost over. However, the tendency of communism in mainland of China and the Chinese military intervention to Korean War changed the strategy of the U.S. Government toward China. It was necessary to bind strong alliance relations together with the area that rose in battle front in conflict with Communist power to block further penetration of communism. And the strong government is extremely necessary to maintain these strong alliance relations. Finally Chiang Kai-shek Administration of authoritarianism was reinforced in Taiwan based on this logic.

Another background is the poverty issue in East Asia after World War II. Originally there were many countries and areas that were at the level of LDC in terms of per capita GDP. And the issue of poverty threatened the authoritarianism regime's existence itself. The Korean case is clear. During the Japanese colonial rule which lasted for half a century divided the economic structure of the Korean Peninsula into two different economies. Japanese Zaibatsu dropped much capital on the north under the colonist rule and built heavy industries there. As the result, excellent industrialization advanced to the north of the peninsula. In the southern side, agriculture was promoted consciously as a part of colonial rule policy and a Japanese food production supply base. The economic division of so-called "agriculture in the south and industry in the north" was the actual

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1 It was clarified in this connection by "a Chinese Report" and a dictum of Secretary of State of the U.S. Government announced in 1949.
situation in Korean peninsula after World War II. One of the reasons that the northern troops could push forward military invasion rapidly in the initial stage of Korean War is simply because a strong industry base and the economic ability existed in the north. After Korean War, it would be difficult to maintain the political rule by southern side itself if there was not strong protection by the U.S. The above severe historical backgrounds gave sufficient reason for formation of military regime in the south. Military authoritarianism regime under the control of General Park was born under such a background in the beginning of 1960's.

However, there are two basic questions. First, was the despotic authoritarianism regime an only choice for East Asia? Obviously the answer is no. However, rapid penetration and aggressive world strategy of communism did not give the East Asian countries room of time to choose it. The second question is why the U.S., the leader of the Western Bloc and assumed democracy as an ideal, accepted the dictatorial regimes of authoritarianism in the East Asia? Actually, behind formation and maintenance of the dictatorial regimes of authoritarianism in East Asia, American world strategy in Cold War era was hidden. In other words, the establishment of strong political system was necessary to prevent penetration of communism in East Asia. It may be said that a dictatorial regime having character of anti-communism was the ideal one which was expected by the U.S. in the Cold War period.

2.2 Characteristics of the Authoritarianism Regime:
"Developmental Dictatorship"

The authoritarianism regime in East Asia laid emphasis on economic development without exception. This point is an important distinction between a "developmental dictatorship" and a pure "autocracy". The
reason for why the developmental dictatorship lays emphasis on economic construction is clear. The developmental dictatorship regimes took up economic development as the pivot regarding their own existence and laid emphasis on it. In other words, the developmental dictatorship regimes had strong political target of "development". Taiwan, Korea made fine examples. A pure dictatorship regime is a political system to have only political control while a developmental dictatorship regime contains both political control and development. Furthermore, as for the most important point, developmental dictatorship is supported by two ideologies. One is anti-communism. In brief, concentration of political power was justified under the just cause named anti-communism and all democratic rights to be considered as the hazards for this, for example, security of the labor rights, freedom of speech, freedom of association, security of the right to vote, were strictly limited and regulated. The developmental dictatorship regime and/or the dictator itself demanded the oppressive management from the nation on the pretext of "the national crisis of life and death". As is generally known, under the rule of General Park in South Korea, it was compulsory for Korean nation to accept anti-communism education, and obedience to the military regime was demanded. In addition, similar anti-communism education was also carried out in the Taiwanese Chiang Kai-shek and Chiang Ching-kuo eras. For example, "newspaper regulation" (Bao-Jin) and "party taboo" (Dang-Jin, a ban of political party organization) that were established to stop political objection, are the evidence. Standing on the front of anti-communism, the developmental dictatorship regimes had the nation understood that they were necessary to maintain the security of the nation. Another ideology is "development". The dictatorial regime which had power in its hand promises to become "wealthy in the nation by all means" to strengthen its political rule. In other words, this is "justification of power grasp to assume future
economic growth security”. In fact, this is the real reason why the developmental dictatorship regimes in East Asia can be prolonged. Therefore, the developmental dictatorship regimes in East Asia took the following steps from the very beginning of the regime formation. First, almost all developmental dictatorship regimes set up various institutions—laws, regulations, mechanisms, organizations that were relevant with economic development. Second, it is the unification of an ideology. In brief, “development” is the best idea and the demands like the engagement of the nation to a process of political decision-making were removed.

2.3 The Development Administration — Technocrat Group

Most of the core politicians of developmental dictatorship regimes in East Asia were professional military men other than experts of economic development (as shown in Table.2). Therefore, it was an unavoidable issue for them to choose professionals who would be the economic development promoters and administrators. The characteristics of the East Asian style development is that professional bureaucrats take the power of policy-making which authorized by the dictators. Meanwhile, the administration method of the development was institutionalized in some certain way. Therefore, an institutionalized technocrat organization has the following common characteristics.

1) A high quality technocrat group play the key roles;
2) Technocrat group remain independent from politics (i.e, parliament or the ruling and opposition parties) and has original policy-decision making authority;
3) Participation of the nation is eliminated in the policy decision process regarding economic development, and consensus is not a must, either;
4) In the decision-making process, technocrat group receive strong
Table 2. The Core Groups of Development Regime in East Asia (1950’s~80’s)

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>Core groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>Military group</td>
</tr>
<tr>
<td>Taiwan</td>
<td>Kuomintang Party (KMT)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Military group</td>
</tr>
<tr>
<td>Singapore</td>
<td>People’s Action Party (PAP)</td>
</tr>
<tr>
<td>Malaysia</td>
<td>United Malay National Organization (UMNO)</td>
</tr>
<tr>
<td>Thailand</td>
<td>Military group</td>
</tr>
<tr>
<td>Philippines</td>
<td>Military group</td>
</tr>
<tr>
<td>China</td>
<td>Communist Party of China (CPC)</td>
</tr>
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</table>

protection from dictators.

The characteristics mentioned above are shown clearly in Taiwanese case. As a result of having reflected on failure in the mainland, Kuomintang Administration performed a review of the development system. Under the leadership of dictator Chiang Kai-shek, “Economic Planning Development Committee” was established and General Chen Cheng who was an aide person of Chiang Kai-shek was nominated as the first chief of the committee. General Chen Cheng who got deep trust from Chiang Kai-shek, scouted a quantity of able professionals in the committee. The scout range of the talented persons extended to some overseas famous universities. Mr. Chiang Ching-kuo, the son of Chiang Kai-shek inherited the post of chief at the committee after Chen Cheng died. “Economic Planning Development Committee” used the power that was authorized by Chiang Kai-shek in development and enforcement of Taiwanese important economic policies from the start point of its establishment.

There were the strong technocrat groups that resemble “Economic Planning Development Committee” of Taiwan in all East Asia. For
example, elite from Army Academy and the armed forces were selected and nominated important posts in "Economic Planning Board" to work out Korean economic development policies after General Park caused a military coup in 1961, and having acquired the political power in the case of Korea. The bureaucrat organization of this super government office was deeply concerned with development in early stage of Korean economic development policy. Besides, General Park authorized "Economic Planning Board" very strong power in important policy decision-making process.

The way of an economic development policy making by the leadership of a technocrat group might be considered to have the following merits.
1) It can remove certain pressure from certain political power group and interest group,
2) It guarantees a continuity of the development policy,
3) Mobilization of limited resources and intensive investment are possible,
4) It may minimize the time cost,
5) It can minimize uncertainty to affect realization of policy target.

2.4 Methods and Leading Figures of Economic Development

As for main means of economic development of East Asia, operation and enforcement of government-led economic plan, foreign exchange rate control, upbringing of elementary industries by industrial policies, upbringing of leading capitals are representative ones.

As long as economic plan is concerned, widely known as a symbol of former planned economy countries and it may seem to get nothing to do with East Asia where market economy was the basic principle in its development. However, judging from history of economic development of East Asia, it is the universal phenomenon. As is generally known, eco-
conomic plan is often established by the government even if in the case of market economy. But the economic plan of East Asia has the characteristic of "economic plan under free-market economy". In other words, the government usually sets specific macroeconomic policy goals (a certain GDP growth rate, a certain national income level, the import and export growth rate and the upbringing of certain industries, etc.) in the oncoming 4 or 5 years and sends signals to private enterprises to call for cooperation with the government's goal realization. However, as for the economic plan in East Asia, there were both "inductive plan" and "semi-compulsory plan". Economic plan of Taiwan belongs to the latter while economic plans in Southeast Asian countries like Malaysia belongs to the former. As long as Taiwanese economic plan is concerned, there was a particularly strong connection between the economic plan of the government and the subjects that operated and realized the plan. There are some special backgrounds and conditions that economic plan in Taiwan was smoothly realized. The first background comes from the smooth establishment of developmental dictatorship regime in Taiwan. Secondly, there were human resources such as the excellent bureaucrat group which withdrew from mainland. Thirdly, the weight of national capital in national economy was overwhelmingly big. Fourthly, "KMT-owned enterprises" that belonged to Kuomintang party held big share. In brief, the economic plan that the Kuomintang government set up was largely carried out by the enterprises that the government or the ruling party controlled. Although there was not such a condition—high weight of national capital and ruling party-owned capital—in the case of Korea, the Cheabols that were close to the government had great power for practice and realization of the economic plan set up by the government.

Foreign exchange control by governments has an important meaning for a development policy and realization of development goal in each country
during a certain development process of East Asia. The government usually controls the import of the capital goods that are indispensable for primary industries while it severely limits the import of certain foreign goods that are unfavorable to the domestic infancy industries by foreign currency management and foreign exchange rate management. This kind of government intervention often takes place in the stage of "import-substitution industrialization". On the other hand, in order to raise the competitive advantages of domestic product in world market at the stage of export—oriented industrialization, East Asian governments usually devalue their domestic currency and manage the foreign exchange rate. Furthermore, governments offer convenience to foreign firms with precedence to call foreign capital for investment. Application of such policies is common to all East Asia except some certain areas (for example, Hong Kong).

Thirdly, the role of "industrial policy" in East Asia is extremely important. As is widely known, a theme of "industrial policy" in classical and neo-classical economics is not always the main subject. "Economic policy" is considered to be able to prevent "market failure" in neo-classical economics textbooks. In other words, prevention of unfair resource distribution, adjustment of industrial organization and/or industrial structure, correction of unfair income distribution among different regions, supplement of incompleteness of technology development information are nominated for a function of economic policy. As for the industrial policy, only a function such as an indirect assistance means of market mechanism is accepted by the classical economics and neo-classical economics. However, market mechanism did not function well at the beginning stage of economic development in the case of East Asia because of its market immaturity. Furthermore, the realistic military menace had no room to be temporal to bring up indispensable basic pillar indus-
tries. In brief, from the very beginning of the economic development in East Asia, industrial policy was requested practically. A characteristic of East Asia type industrial policy is the double-track ones that include “regular” policies—fiscal/financial policies, completing legal system, building infrastructure, etc., and “irregular” policies—legislative instruction, introduction of a specific industry upbringing, the establishment of state-owned enterprises (SOE), the establishment of free trade zone (FTZ). And operation of industrial policies in East Asia has so far been carried out according to the different industrialization stages. In the case of Taiwan, the government brought up targeted industrial fields—sugar manufacturing industry (monopoly production by state-owned enterprises) and textile industry (by using U.S aid and enforcement of “exclusive agency” system) in 1950’s when the import-substitution industrialization strategy was promoted. Furthermore, the government devaluated Taiwan currency and set up “Exporr Processing Zone” during export-let industrialization period (1960-70’s). As the result, investment flowed in from developed countries and a high-tech industry base mainly on electronic industry was completed and launched the IT industry which developed afterwards as well.

Fourthly, it is necessary to clarify who were the leading figures in the process of economic development in East Asia. Big business had become ruling capital in most of the industrialized countries by the end of World War II when East Asia just began to start their industrialization. The scale of private capital was still small at this period and family business capital was the mainstream. A combination of ruling capital differed from that in developed countries appeared to realize the industrialization under “the limited condition” in “limited time”. Suehiro,2000 described the ruling capital of East Asia as “tripod structure”. In other words, three legs—foreign capitals, state owned/public capitals, local family business capitals support the national economy (“tripod” main body). The government
controls three "legs" through economic policy. And the relation of "competition with cooperation" among three ruling capitals was formed. Actually, there are foreign capital and local family business capital in other developing areas (for example, South America) and state-owned enterprises played active parts, too. But as for the three capitals mentioned above, there are characteristics of "simultaneous coexistence", "mutual connection" and "government control" in the case of East Asia. The following points may be responsible for the backgrounds that state-owned enterprises developed unexpectedly fast.

(1) Historic inheritance. In the case of Taiwan, state owned/public corporations included the national companies retreated from mainland China and the confiscated Japanese assets under the colonial rule.

(2) State enterprise establishment boom (in the case of Thailand).

(3) Result of promotion of heavy industries (in the cases of Taiwan, Malaysia, Korea),

(4) Result of correction of an economic gap (in the case of Malaysia).

2.5 Is It A Necessary Compensation for Economic Development?

There are two main streams regarding East Asia model of economic development paradigm among various opinions. Affirmative viewpoints evaluate the role of government in economic development, the role of institutional framework, the bureaucratic role and industrial policies, etc. (S.Haggard,1986 ; E.Vogel,1993 ; A.Amsden,1989). The scholars of this group emphasize the following points. Owing to its backwardness in terms of industrialization, the role of the governments played in the fields of building institutional framework for economic development, pushing the industrialization and export, is extremely important. These points differ largely from the "front-runners"—western industrialized countries where
laws and "regulations" are given much priority. In general, this group judged the role of "government" in an economic development process to be important.

On the other hand, the negative opinions doubt development paradigm of East Asia from two sides. The economists represented by P. Krugman criticize that economic success in East Asia is just a fantasy without necessary solid foundations. In other words, the high economic growth is the result which only relies on capital and labor injection without being accompanied with technological innovation and development of human capital. On this account the economic growth will be stagnant by all means when the market condition changes (for example, supply of production factors becomes insufficient) (World Bank, 1999, P. Krugman, 1994.) S. Fischer, 1999, and World Bank, 1998, criticize the development method of East Asia from a political viewpoint. After the Asian financial crisis occurred in 1997, such criticism was strengthened. This group take the issues of the family business, the political system of authoritarianism and enterprise system & business management custom that contradict to free market economy as serious "structural issues". They conclude that economic development in East Asia will reach a deadlock sooner or later by all means as far as these problems keep unsolved.

However, few arguments contain the approach of political economy\(^2\) and no one answers the basic question as follows, "why is the development paradigm common to all East Asia?" Then how should we explain the inverse relationship between high economic growth and democratic progress — economy grows quickly and smoothly while democratic progress

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\(^2\) R. Wade, 1988, demonstrated a Taiwanese development pattern from a viewpoint of political economy but there is doubt if the Taiwanese case has universal meaning or not. And Yasusuke Murakami [1992] showed a general idea of "the principle of developmentalism" from a political economy viewpoint.
delays in East Asia? About this, the following two keywords have important meaning: "compressed economic growth" and "developmentalism".

At first let us explain "compressed economic growth". Judging from the industrialization example in the history of world economy, the U.K. takes a pattern of "natural model". As for the British industrialization after the Industrial Revolution, it took a time span of 100 years to realize its industrialization. Relatively industrialization in Continental Europe and America was realized at a faster pace by half time compared with Britain. Furthermore, the industrialization of East Asia was realized in a much shorter time span. Of course, we can explain such phenomenon by using the literature of "benefit of backwardness"\(^3\), but the political-economic condition of "limited development time" should be added to such an argument in the case of East Asia. In other words, the room of time for economic development that was given to East Asia after World War II was too limited. As stated earlier, under the postwar political pressure, East Asia was in confrontation with the alternative of "to grow or die". In this way the economic development and industrialization were supreme national issues. Relatively democratization is considered to be an issue of the second dimension.

As for the argument about "developmentalism", Asian scholars built many achievements so far. Y. Murakami was strongly conscious of the backwardness in East Asia and took up the idea of "developmentalism". The idea of developmentalism is "political-economic system set as a basic unit of nations" whereas economy of European countries and America is based on the principle of economic liberalism (Murakami, 1962). Furthermore, another scholar, Suehiro prescribes the developmentalism as follows. "it is an ideology that mobilizes, concentrates and manages various

\(^3\) The famous idea of "benefit of backwardness" comes from Gerschenkron., 1962.
resources in order that the principle of development is realized and national power is strengthened through industrialization in which process national interest is given top priority while the interests of individual and family are given second dimension priority" (Suehiro, 2000). The following points are considered as important pillars for "developmentalism". (1) governmental intervention to economy is accepted and endured; (2) Total control of political crisis by government. In other words, "developmentalism" in East Asia has removed democracy from a political decision-making process while excessive authority was given to the government. Seeing from a European and American point of view, the economic development of East Asia is regarded as "the oppressive development system".

So far we summarized East Asian model development paradigm in form of compression. However, is such a development pattern detected in the process of industrialization of China?

**III The Chinese Development Paradigm till the Reform Period**

**3.1 The Background of the Chinese Development Paradigm**

The background of the Chinese economic development paradigm dated back to the founding of the country. New China in 1950's faced extremely complicated international and domestic situation. Because of the Cold War regime, newly found China was forced to make a severe choice whether to enter Western Bloc or Eastern Bloc. On the other hand, new government had to deal with the unavoidable issue of recovering the national economy from long-term war damage. Actually, the design of national economy development in this stage was as follows. At first, the initial three years
from the founding of the country were prescribed with "the recovery period". Then, the following 15 years were prescribed as "a transition period". There would be a mixture of "state capitalism economy", private economy and national economy. Finally, a nation with systematic modern industry would be completed by the year of 2000⁴.

However, the initial blueprint for national economic development mentioned above collapsed owing to Chinese military intervention to Korean War that broke out in 1950. Intervention to Korean War has a dual meanings for China. The first meaning is the conflict with U.S.A. and forced the entrance into the Communist Block. The compensation of the conflict with U.S.A. was unexpectedly excessive. China dispatched the armed forces up to a total of 1,000,000 during the Korean War and half of the annual national fiscal expenditure was injected into Korean War. Not only this but a potential cost of the war was excessive as well. After the outbreak of Korean War, U.S.A. exercised an economic blockade to China and furthermore, a resolution of "Strategic goods trade embargo to China and North Korea" was passed in the United Nations in 1951 and then "China containment" was launched. In such an international environment, participation to the Eastern Bloc was the only choice for China. The second meaning is that China's involvement with Cold War regime strongly influenced its economic development paradigm. In order to maintain national security, an appearance of a tough political group to govern the struggle with the powerful enemy and concentrate the intention of the nation was naturally requested. The catch phrase of "there would not be a new China without Communist Party of China" showed this clearly. Actually, after the Korean War, the control of the government by the Communist Party advanced steadily. The martial time regime formed

after the Korean War had a tight control not only to national security but to social and economic institution formation as well.

Since international situation became still more serious after Korean War, the reinforcement of the martial time emergent economic system which matched the national defense was requested necessarily. However, China’s economic system at this time did not match this because a lot of economic elements of capitalism were included in national economy. More than 80% of the industrial sector was occupied by private enterprises while the public occupation only reached a ratio of over 10%. China had a supremacy issue of national security and must defend itself by its own power. Therefore it was naturally indispensable to bring up the heavy industries to support the defense industry of its own. However, to build heavy industries base needs intensive investment. Such an unusual resource allocation can not be realized by market mechanism. As a result, the organizational principle of the planned economy and centralization was adopted after all. Furthermore, a political framework was indispensable. In this way, the appearance of the socialist planned economy system was requested naturally.

### 3.2 Formation of Authoritarian Development Regime

Chinese authoritarian regime was formed under the above-mentioned historical background. In order to obtain consensus of the nation and exalt in nationalism, national power control by strong political group was requested. It may be said that this was the precondition that “unitary guidance of the Communist Party of China” appeared. As is generally known, “Chinese People’s Political Consultative Conference (CPPCC)” was held before new China’s birth in 1949 and CPPCC established a “Common Principle” equivalent to a temporary constitution at its first
session. According to "Common Principle", the Communist Party of China was only a member of coalition power in the national polity that aimed at "a New Democratic nation". Many non-communist members occupied the government posts in the national government. In brief, the Communist Party did not have full power to control the national government by this time and China was just a nation with character of "New Democracy" based on a "Unified Frontier". However, the full-scale control of the national power by the Communist Party was requested for the reason of Korean War. The first session of National People's Congress was held in 1954 (the next year after the Korean War ended) and a new constitution was adopted. As for the national guidance system based on new constitution, more than half of the national leader posts at both State Council and National People's Congress were occupied by the representatives of Communist Party. By then, the national political power led by the Communist Party of China had been normally completed.

However, the formation process of the authoritarian regime led by the Communist Party was not always as smooth as people expected. A movement to doubt the leadership position of the Communist Party at the time came to the front slowly. Later an open criticism against the Communist Party became intense at last. The government began to counterattack it in 1957 and a political persecution named "Anti-right-wing Movement (Fanyou Yundong)" started. The "Anti-right-wing Movement" was nothing but "an incident to conclude the shift from New Democracy stage to socialism stage by blowing democratic intellectuals". After the incident, the political movement to challenge the leadership

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5 About this, Mao Zedong and Chou Enlai took the Chairman of the central government and Prime Minister of State Council respectively but non-communist politicians occupied three posts among six national Vice Chairmen and two posts among four deputy prime ministers.
position of the Communist Party in national political system became never forgiven.

Why did the government emboss such a high-pressured posture on the objection? Several backgrounds should be taken into consideration. (1) Relation with the Soviet Union which had been a strong supporter to China, turned worse after 1956; (2) China was completely incorporated in the Cold War regime after the Korean War; (3) No one could predict when and where a war broke out. Naturally it was impossible for the government to accept any challenge and request such as democratic demand or a doubt of authoritarian political control from different political power under such condition.

What kind of structure did the development system of authoritarianism conclude in the middle of 1950's? Simply speaking, the core of the authoritarian regime was the Communist Party of China itself. (1) "the Central Political Bureau" which is the highest decision maker of the Communist Party stands on the top of this authoritarianism system and holds leadership. (2) There is a super government institution "National Planning Committee" mainly controlled by technocrats under State Council in parallel with the party system, enforcing and supervising national economic plan. (3) The relevant government offices take responsibility for enforcement of the national economic plan in each field (for example, in the case of electric power industry, there was Electricity Ministry). (4) The executive technocrat organs were established at each local level which had vertical relations with central government ministries and/or government offices. The phenomenon called "Tiao-tiao" (vertical executive relation between central government and local ones) reflects this till now. In brief, the close, top-down development system was

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completed from the Communist Party center to local districts. The completion of "the socialist planned economy" system was not only confined to a national level but to the levels of villages in the countryside and factories in urban areas as well.

3.3 Methods and Leading Figures of the Chinese Economic Development Paradigm

Planned economy, public ownership, state-owned enterprises were described as methods of the development system in China till the reform period.

Then, how was the planned economy system formed? It was widely known that the principle of "heavy-industry priority" based on the experience of the former Soviet Union had been implemented in China till reform period. But under what backgrounds and for what reasons was the principle introduced?

At the time when "the-heavy-industry-favored" policy was first proposed in 1950's, the ratio of the primary industry in the industrial structure was extremely high\(^7\). As is generally known, the abundant capital, technology, highly-skilled labor force, high level production control know-how were indispensable for heavy industry. But all these necessary resources were insufficient. After Korean War, China's economy was driven into a severe state by "China Containment". Since international political environment became serious, the reinforcement of the authoritarian system for national defense was requested necessarily. However,

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\(^7\) The ratio of primary industry in GDP was 50.5\% (1952), 45.9\% (1953), 45.6\% (1954), 46.3\% (1955), 43.2\% (1956) respectively and it reached 40.3\% in last years of the first "five-year plan" period. Refer to p.54, "Chinese Statistical Yearbook" 2000.
China's economic system during this time was not able to meet this because a lot of elements of capitalism were included in national economy. For example, the private & individual owned companies accounted for 85% among the whole manufacturing sector in 1953 while only a ratio of less than 15% of the total was occupied by public enterprises or "state capitalism" companies (public & private joint ventures). Since China faced the issue of national security, naturally it is indispensable to promote its own defense industry. The authoritarian leaders who experienced Korean War deeply realized indispensability of the heavy industry. After Korean War, the government proposed the unrealistic industrialization goal—"Exceed the U.K. in five years and go over U.S.A. in ten years". Actually, we can find an industrialization characteristic of East Asian type of "the compressed industrialization in limited time" in it.

However, it is highly necessary to concentrate and make full use of limited resources intensively to build heavy industry base. Such a resource allocation can not be realized by market mechanism in such a poor developing country like China. As a result, the government adopted the organizational principle and method of planned economy, high centralization of industrial mobilization and government control after all. Furthermore, a political-social system suitable for forced allocation of resources is indispensable. Actually, this is the most important reason for the planned economy system. Let us hereafter go over the formation and development of the planned economy system by looking at the agriculture sector and industrial sector separately.

Before the formation of planned economy system, "the General principle of the Transitional Period" was proposed by the government. This was the first step of socialist economy system formation. In 1953, the central government announced "the General Principle of the Transitional Period" assuming that the central government would aim at "accomplishing the
socialist reform to agriculture, the manual industry and capitalist commercial industry in order to realize national industrialization". The main point of the principle was to remodel those sectors that did not match the planned economy— agriculture led by landed farmer, manual industry holding elements of capitalism and commercial industry. The socialist remodeling of the agriculture sector began with an organization system and the logistics system. As for the organization system of agriculture, collectivization that was an organization system to be suitable for a planned economy was devised in 1952. The participation rate of collectivization of "Primary Cooperative Community" (20-30 households groups) soared from 0.2% in 1952 to 14.2% in 1955. Furthermore, the combined participation rate to both "Primary Cooperative Community" and "Advanced Cooperative Community" (with 200-300 households in one group) reached drastically to 96.3% in 1956. Collectivization in agriculture was completed at such a high speed. As for the remodeling in agriculture logistics, a policy of "the concentrative purchase and sale" of farm products was introduced in 1953 and a monopoly and price control of farm products market by government were introduced meanwhile farm product free market was forced to be closed. By these two reforms, the collectivization system in agriculture sector was completed at last.\(^8\)

The remodeling of industrial sector was much more complicated compared with agriculture sector. The beginning of the remodeling dates back to "the Campaign against the Five Economic Crimes (Wu Fan Yun Dong)" that happened in 1952. By then, the industrial manufacturing field included various types of ownerships— confiscated Kuomintang-owned capital and former big family business firms, public firms, small & medium

\(^8\) About socialism remodeling of the agriculture sector, there is already a lot of precedent studies. Yamamoto, 1994, included detailed analysis.
ized private urban business. In brief, the main organization form in industrial sector during Korean War was private individual-owned firms. The private firms which pursued profit as the supremacy target did not always go along with the economic strategy of the government unconditionally. The government started a political campaign against economic crimes (bribe, tax evasion, theft of national material, corner-cutting and a deception of materials, spy of national economic information). However, the campaign was described as an incident to promote a shift to the development system of authoritarianism in China. Through the campaign, the nationalization of manufacturing sector met no hazards at all afterwards.

The nationalization of private capitals was performed at a fast pace after "the General Principle of Transitional Period" was devised in 1953. The remodeling to "Public & Private Joint Venture (Gong Si He Ying)" which was a transient organization form before changing a private company into a state-owned enterprise in this process was the main form. The private company disappeared from Chinese economic statistics in the middle of 1950's. The industrial planning system was completed hereby, too. Since 1956, state-owned enterprises (SOE) began to play the leading role in the industrialization of China and since then this system did not change until 1980s'.

As a part of socialism remodeling in industrial sector, a highly centralized system of resource allocation to go along with planned economy was completed. Meanwhile, a stronger overemphasis posture to favor heavy industries became clear, too. The government began to build the concentrated resource allocation system on the national scale. The numbers of "central government controlled goods" (Tong Pei Wu Zi—mainly capital goods) increased rapidly\(^9\), and the large-sized national enterprises which were under the direct control of the central government increased rapidly,
too\textsuperscript{10}.

And another field to show the authoritarianism is the fiscal sector. As for "the basic construction investment (Ji Jian Tou Zi)" (equivalent to capital formation) to main industrial fields by national fiscal expenditure during "the first five-year plan" period that began in 1953, about 70% were intensively invested on typical heavy industrial fields such as metal/nonferrous metal, electricity, coal, oil, chemistry and machine tools while the national fiscal investment to consumer goods industry was kept lower than 20%. The overemphasis posture to the heavy industries by such a national finance was strengthened more after "the first five-year plan" period later.

The method to bring up domestic industry by exporting the goods produced at home to world market is usually called "export-oriented industrialization" while the method to produce and supply industrial products to be demanded in a domestic market in home countries and to restrain the same kind product from a foreign country is called "the import-substitution industrialization". Since the heavy industries were promoted with priority under the authoritarianism development regime in China after 1950's, it can be called "super import-substitution industrialization" based on the following reasons.

(1) The ratio of dependence upon foreign trade vs. GDP was relatively low (only 10% during the period of 1950's\textasciitilde60's.).

(2) Domestic manufacturing industries were strictly protected (the heavy

\textsuperscript{9} Production goods / capital goods to circulate among state-owned enterprises are called "Wu Zi". They are distributed into "first-grade Wu Zi" (controlled by National Planning Committee and are mainly important products like cement, iron and steel, etc.), "second-grade Wu Zi" (controlled by other government institutions), "third-grade Wu Zi" (controlled by each local government).

\textsuperscript{10} Refer to a list at p.159 and pp.148-149, Ishihara,1990.
industries in particular).

(3) Foreign currency & exchange rate control was strictly regulated by the central government.

(4) The import of manufacturing industrial articles were strictly regulated.

(5) Foreign currencies were only used to import the most important production goods and capital goods from overseas market.

However, there were characteristics of duality of "voluntary" and "non-voluntary" in China's import-substitution industrialization during this period. The former case refers to the fields carrying out the policy favorable to heavy industries (for example, iron & steel industry) while the case of the latter includes complicated backgrounds such as sudden stop of the economic aid from Soviet Union, the economic blockade by the Western countries, etc. The switch from the policy of import-substitution industrialization into the export-led industrialization took place after the reform period in 1980's and it continues till today.

**IV Conclusion : Comparison between China and East Asia**

So far we discussed the development paradigms of East Asia and China. Finally let us conclude the paper by finding whether the Chinese economic development paradigm resembles East Asian model or not.

**4.1 Similarity of the Development Regime**

At a glance, it seems to be totally different between Chinese development paradigm and East Asian model, but significant similarity can be found through the comparison analysis so far (Table.3).
| Table 3. The Comparison of Development Paradigms between East Asia and China |

<table>
<thead>
<tr>
<th>Development background</th>
<th>East Asia</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>-Cold War</td>
<td>-Cold War (Korean War)</td>
<td></td>
</tr>
<tr>
<td>-Communist threat</td>
<td>-“China Containment”</td>
<td></td>
</tr>
<tr>
<td>-poverty</td>
<td>-poverty</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Political framework</th>
<th>East Asia</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>-Authoritarian regime</td>
<td>-Authoritarian regime</td>
<td></td>
</tr>
<tr>
<td>-Developmental dictatorship</td>
<td>-Communist-party-oriented decision-making</td>
<td></td>
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<tr>
<td>-Technocrat-oriented decision-making</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Development Methods &amp; Means</th>
<th>East Asia</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>-Economic plan</td>
<td>-Economic plan</td>
<td></td>
</tr>
<tr>
<td>-Economic policy</td>
<td>-Economic policy</td>
<td></td>
</tr>
<tr>
<td>-Government intervention</td>
<td>-Government control</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Leading Capitals</th>
<th>East Asia</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>-Public corporation</td>
<td>-State-owned enterprise (SOE)</td>
<td></td>
</tr>
<tr>
<td>-Family business</td>
<td>-collective enterprise</td>
<td></td>
</tr>
<tr>
<td>-Foreign-oriented capital</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Political Costs</th>
<th>East Asia</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>-political unification</td>
<td>-political unification</td>
<td></td>
</tr>
<tr>
<td>-Controlled and managed politics</td>
<td>-Controlled and managed politics</td>
<td></td>
</tr>
<tr>
<td>-Elimination of political participation by people</td>
<td>-Elimination of political participation by people</td>
<td></td>
</tr>
</tbody>
</table>

(1) There was common political framework of “authoritarianism” in China and East Asian major countries and areas (Korea, Taiwan in particular). Of course, as for the ideology that the authoritarianism held was completely opposite —China believed socialism and communism while the other East Asian areas believed capitalism. However, the characteristics such as “state power” and “non-democratic” made little difference both in East Asia and China.

(2) The authoritarian regimes both in East Asia and China were completed at the same period (during 1950s'~1960's). Actually, this similarity was not accidental. The authoritarianism of both was formed under the
influence of Cold War regime. However East Asia (Korea, Taiwan) and China received totally different influences from "positive" and "negative" directions. China completed the authoritarianism to cope with the severe international environment after Korean War while the authoritarian governments in other East Asia were established to prevent penetration of communism.

(3) The non-democratic authoritarianism in both has same strong characteristic and nature of "development". There was a strong consciousness of "develop or die" both in China and other East Asia. In brief, the authoritarian governments set the policy target to "economic development" or "industrialization" immediately after they took over the national power. And the development methods that "contradict" to market mechanism were utilized to realize industrialization. The reason is clear. The development method and the rules of "market economy" in developed countries did not apply to this area because the time of realizing industrialization was limited under severe international situation.

(4) It is the same that the system of bureaucratic organizations to guide the development received strong political protection. Since most of the core figures of the authoritarianism had only military backgrounds and no knowledge of economic development, the best choice for them to take was nothing but leaving economic development guidance to experts or technocrats.

(5) The "compressed industrialization" is another common point for both. It is impossible for both China and East Asia to realize rapid economic development in limited time by the principle of "invisible hand".

(6) The industrialization process of East Asia and China followed the order of (1) import⇒(2) domestic production⇒(3) export, but the timing of strategic switch from (2) to (3) differs greatly. China kept longer time
at the stage of ② (domestic production). This is not exactly the strategy that the Chinese authoritarianism took but a result affected by outside environment. In brief, the advance to the world market and the open-door policy to foreign capital are indispensable for strategic switch from ② to ③. However, it was impossible for China to implement open-door policy under "China Containment" during the Cold War era. Strategic switch to export-led industrialization could not be performed until the reform period.

(7) The obedience to the authoritarianism was strongly demanded and objection movement was absolutely not permitted both in China and East Asia. Meanwhile, two different ideologies— "anti-communism" (East Asia) and "anti-capitalism" (China) gave legitimacy to the authoritarianism in both area.

Needless to say, the biggest difference between China and the other East Asia comes from ideology. As having touched earlier, the dominant ideology of most East Asian authoritarianism was "Anti-communism". By the reasons of a menace and domestic political confusion and threat of overseas communism power, the authoritarianism of East Asia demanded the abandonment of the democratic rights (for example, rights of strike or labor union negotiations, right to know information, right of association and right of free speech, etc.). On the other hand, the Chinese ideology was "anti-imperialism" and "anti-capitalism". The authoritarianism kept educating the nation that imperialism power overseas always had a plot of invading China, therefore, the whole nation were encouraged to unite and contribute to the country's economic construction under authoritarianism. Although the political ideologies in both were completely opposite, the aim that the authoritarianisms pursued was the same.

And the second difference is the leading figures of development. The "tripod" structure— the combination of public ownership capital, local
family business capital and foreign-affiliated capital—was not found in China until the reform period. In brief, the Chinese development leading figure was wholly public ownership capital (SOE and collective firms). However, the leading figure of Chinese economy development became "tripod" structure rapidly since the reform began. The drastic increase of private capital & foreign capital and the decrease of SOE is the present characteristic.

4.2 China's "Socialist market Economy": Closer to East Asian Development Paradigm?

A constitutional amendment was performed in China in 1993 and the keyword of "socialist market economy" was put into the new constitution. The constitution stipulates "socialist market economy" as follows.

1. Under the "macro-control" by the government, fundamental resource will be allocated based on market mechanism and economic activities will obey the economic rule and adapt to the change of supply and demand relations,

2. Resources will be allocated more effectively and firms will be given both "pressure and incentive" to survive by themselves,

3. The mechanism of market economy will be fully used to adjust national economy,

4. Government control of economy will be strengthened so that the weak point and the negative aspect of the market are able to be overcome.

Three interesting points are considered to be contained in the "socialist market economy".

The first point is "the role of the government" in economic development. The point contained in (1) and (4) resembles the characteristic of "government intervention" or "government-led industrialization model" in East
Asia till now. Obviously the "market-friendly" approach in East Asian development paradigm is intentionally introduced to Chinese future economic development.

The second point is "the role of market". As conventional explanation, one of the Chinese development methods until reform period was "compulsory economic planning". It was a point different from the East Asian model. Above points (2) and (3) can be interpreted as guarantees for the role of "market" in the future economic development.

The third point is to keep "Communist Party's leadership". Although it is not written in above definition, "maintaining Communist Party's guidance" during the period of "socialist market economy" is clearly stipulated in the beginning of the constitution. In other words, political choice of democracy of "assume multi-dimension political party system" will not be introduced into China for a long time in future.

We will ascertain a change of the Chinese development paradigm from a viewpoint of political economy. Figure.1 shows the movement in China when measuring by two elements— "economy" and "politics". After the founding of the country, the first political-economic shift took place in the middle of 1950's. China switched drastically to a "planned economy" from a "market economy" under the background of the "Cold War" and approached to the development pattern of the former Soviet Union. This switch process includes two points that require attention.

(1) The change was a shift from "market economy" to "planned economy". Judging from a political change, this switch got rid of some political multi dimensions, and it was the movement to mean the establishment of authoritarianism system.

(2) Although China approached to the development paradigm of the former Soviet Union, a constant distance existed between them. As is generally known, public ownership and Communist Party leadership in
the former Soviet Union was completely realized while certain elements of non-planned economy such as "land for private use" in the rural area and "collective firms" in urban area were maintained in China all the time. In brief, the former Soviet Union and the Chinese positioning in the figure were not completely piled up even if they were the same "socialist countries".

The reform started in 1980's removed the Chinese political economy paradigm largely. China has parted from a planned economy and entered the quadrant of "market economy" (China 4 in the figure) but it still adheres to a single party political system. However, the future movement of China attracts attention. It is highly possible for China to accelerate market economy while maintaining "single-dimension politics" firmly concurrently. If so, Chinese development paradigm will interestingly come close to current Singapore.

In brief, just by a glance at "socialist market economy", it seems to be a
word full of logical contradiction. But judging from the viewpoint of the conventional argument in this paper, it may be said that this is perfect evidence to show "Asianization" of the Chinese development paradigm.

4.3 Chinese Type Capitalism?

How will the current Chinese development paradigm change in the coming days? Figure.4 showed a hint about this. In accordance with the experiences in Asian NIEs (in particular, Korea and Taiwan) and ASEAN, the authoritarianism will be maintained in China for a while because Chinese high economic growth will slow down without this supporting condition.

Will "capitalism" appear in China tomorrow? The prediction is no way easy. It is likely that "capitalism" would appear in China in the long run. But it is approximately unpredictable what type of "capitalism" will appear because there is no common standard of "capitalism" realistically in world history. Table.4 shows several types of representative capitalisms till now but it is clear that there is not a "universal type". The future "Chinese type" capitalism might be another one differing from the types listed in Table.4.

<table>
<thead>
<tr>
<th>Types of Capitalism</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market-Led capitalism</td>
<td>U.K, U.S.A</td>
</tr>
<tr>
<td>State-Led capitalism</td>
<td>Germany, France</td>
</tr>
<tr>
<td>Large-corporate-Led capitalism</td>
<td>Japan, Korea</td>
</tr>
<tr>
<td>Social-democratic capitalism</td>
<td>Sweden</td>
</tr>
</tbody>
</table>

Source: The lecture materials by Prof. Boyer (November, 2004, Tokyo, Japan).
### Table 5. "Routine Route"? Institutional Evolution in East Asia

<table>
<thead>
<tr>
<th>Stage</th>
<th>Characteristics of industrialization</th>
<th>Institutional Arrangement</th>
<th>Government/market</th>
<th>Main Economic Players</th>
<th>Representative Countries &amp; Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1</td>
<td>Infant industrialization</td>
<td>Authoritarian regime</td>
<td>Government-led</td>
<td>State-owned/public capital + private capital</td>
<td>Vietnam</td>
</tr>
<tr>
<td>Stage 2</td>
<td>Semi-matured industrialization</td>
<td>Authoritarian regime + semi-democratic system</td>
<td>Government + market</td>
<td>Decreased public capital + increased private capital</td>
<td>China, Malaysia, Taiwan, Korea</td>
</tr>
<tr>
<td>Stage 3</td>
<td>Matured industrialization</td>
<td>Democratic system</td>
<td>Market-led</td>
<td>Private capital-led</td>
<td>Japan</td>
</tr>
<tr>
<td>Stage X</td>
<td>Post industrialization</td>
<td>???</td>
<td>Market-led</td>
<td>Private capital-led</td>
<td></td>
</tr>
</tbody>
</table>

### 4.4 Institutional Evolution in Economic Development of East Asia

The author finally wants to raise a hypothesis of "institutional evolution" in East Asian economic development (refer to Table 5). It provides that "institution" here refers to "all rules of a game" to affect economic development. This paper observes institutional evolution by taking up four points—(1) industrialization stages, (2) political institutional arrangement, (3) the role of the government and market, and (4) main leading figures of economic development.

As for East Asian economic development, there have been three stages till now.

The first is the "infant industrialization" stage. The government of authoritarianism is the political institutional arrangement for this stage. Power of the "government" in economic development is more important
than "market". In addition, public capital or participation of national capital is always seen as a leading figure in economy while private capital only plays a relatively minor role.

An element of "partial democracy" begins to appear while authoritarianism is still the main power in the second stage of "semi-matured industrialization". In brief, as for the private capital that grew up in comparison with the first stage, institutional arrangement to protect it becomes necessary. Also, government-led development model must follow "market" partially. In addition, "market" power in economic development is strengthened, too.

Political system will evolve to "democracy" since the cost to maintain the institutional arrangement of "authoritarianism" becomes too high at the third stage—"matured industrialization". "Government retreat" and "market entry" are performed in economic development, and private capital takes leadership likewise.

The on-coming stage after the third mentioned above is supposed to be "post-industrialization" (X stage). Most parts except institutional arrangement are the same with the third stage. However, institutional arrangement of this stage is not yet clearly known for the present because only a few countries in East Asia are under this stage (i.e. Japan). In brief, there is no sufficient data gathered up now to illustrate the institutional arrangement in the stage.

Current East Asian countries/regions are found to be at the different stages of the institutional evolution. Japan is the only one at the position to enter X stage. However, the time for Japan to find a suitable "institutional arrangement" has been taken too long because there is not a precedent model to follow. We may understand that the long-term recession during 1990's is purely a "switching cost" when institutional evolution takes place in Japan.
China is going to enter "semi-matured industrialization" stage from "infant industrialization". Considerable time seems to be necessary for China to make its switch smoothly when we consider its huge population and its gap of economic development. However, the institutional arrangement in China in this turning point is no way late. The establishment of "socialist market economy", acceptance of private property possession in the constitution and the introduction of democratic election in the rural area (village level) and in the lower social organization of urban area show the evolution of institutional arrangement. In addition, decrease of national capital (state-owned enterprise) and increase of private capital in economic development are evidence of institutional evolution, too. However, institutional evolution to the third stage is likely to take considerable time in the long run.

References


(7) Suehiro Akira [2000] A Catch-up Type Industrialization, Nagoya Univer-
sity Press.


