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BY

KWABENA A. ANAMAN

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Further information may be obtained from the Publications Officer, The Institute of Economic Affairs, P.O. Box OS1936, Accra, Ghana.

Tel: +233-21 244716, 7010714
Fax: +233-21 222313
Email: iea@ghana.com, iea@ieaghana.org
Website: www.ieaghana.org

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ABSTRACT

This paper discusses some of the successful social and economic policies adopted by the dynamic Southeast Asian countries that could be applied to the Ghanaian and African contexts. The analysis focuses on five main dynamic ASEAN countries: Indonesia, Malaysia, Singapore, Thailand and Vietnam. The economic and social policies of the five dynamic countries are discussed with relevance to the Ghanaian and African contexts. Further, the paper also highlights several negative impacts of economic growth and development of the dynamic ASEAN countries in order to draw lessons for Ghana and the rest of Africa.

1. INTRODUCTION

The Southeast Asian region is a relatively large geographical area that comprises ten main countries which all belong to the Association of Southeast Asian Nations (ASEAN). These countries are: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. ASEAN together has the fourth largest economy in the world after the European Union, United States and Japan. The combined GDP of ASEAN was 685 billion United States (US) dollars and total trade was worth 720 billion US dollars in the year 2001 (ASEAN secretariat website: http://www.aseansec.org).

Brunei, Malaysia and Singapore were former British colonies which belonged to the erstwhile British Malaysian Federation. This Federation had a common currency and customs union until the mid-1960s. Indonesia was a former colony of the Netherlands that gained its independence after a long protracted struggle. President Sukarno united thousands of islands formerly governed as the Dutch East Indies into one country, Indonesia. Cambodia, Laos and Vietnam are former centrally-planned economies that have embraced moderate forms of market-based reforms resulting in their economies being increasingly classified as mixed economies. Myanmar has been under some form of military dictatorship or other over the last 40 years.

Of the nine other countries, only Indonesia can be currently said to be truly democratic as characterised by a well functioning multi-party system with strong and viable opposition parties. The Philippines can be considered democratic; however, the numerous attempted military coups and the so-called People's Power Revolutions involving the attempted or successful overthrow of elected civilian governments have tainted the country's democratic character. Malaysia and Singapore can be described as guided democracies with the ruling parties winning every election since independence in 1957 and 1965 respectively. The opposition parties in both countries have been weakened by the incumbent governments. Both countries are also dominated by a single ethnic group; Malaysia is dominated by the Malays who comprise about 55% of the population while people of Chinese descent comprise about 75% of the population of Singapore.

Cambodia is an emerging democracy while Vietnam is ruled as a single-party state. Brunei is ruled as an absolute monarchy, one of the last few remaining absolute monarchies in the world. The others include Swaziland. In 2004, the Sultan of Brunei announced limited popular representation through appointments to the revived Legislative Council. This council had been abolished after the 1962 uprising, which sought to abolish the monarchy, and was suppressed by the Sultan with the assistance of British troops.

Politically, many African countries have undergone upheaval and civil conflicts in the past but are now beginning to shape democratic institutions that are consistent with their socio-cultural realities. For example, in Ghana, an 18-year period of political chaos ensued after the first military coup in 1966. This period was characterised by four successful military coups and over a dozen attempted or aborted coups. From 1984 onwards, there has been an emergence of new democratic institutions including the successful implementation of national and local elections and the transition of power from one party to another. It is fair to say that most successful Southeast Asian countries, including the highly regarded countries such as Malaysia and Singapore, do not have the same level of political maturity and resilience that Ghana has exhibited. Neither of these latter two countries has conducted any national elections as sophisticated as Ghana has continuously done since 1992. Their opposition parties have never gained power at the national level. In truth, apart from Indonesia and the Philippines, opposition parties in Southeast Asia are weak or largely subservient to ruling parties.

However, compared to regional African groupings such as the Economic Community of West African States (ECOWAS), ASEAN, as a regional organization, has been remarkable for its successful cooperation efforts among its member countries in the economic arena. One such recent successful initiative has been the ASEAN Free Trade Agreement (AFTA). AFTA was created to enhance intra-ASEAN trade through the removal of non-tariff barriers to trade and the establishment of low tariffs, in order to accelerate the economic integration of the 500 million people of ASEAN (Matzan, Anaman and Duraman, 2003). In terms of economic growth, some of the economies of Southeast Asia have grown rapidly over the last 40 years. The rapid growth applies strictly to the countries that can be called dynamic. The five economically dynamic countries of Southeast Asia are Indonesia, Malaysia, Singapore, Thailand and Vietnam. These countries have recorded average economic growth rates of 5% or more over the last 25 years based on data from IMF Financial Statistics Yearbook. The other five countries, Brunei, Cambodia, Laos, Myanmar and the Philippines have not exhibited economic progress dramatically different from many Sub-Saharan African countries.

The main objective of this paper is to analyse the successful social and economic policies adopted by the dynamic Southeast Asian countries that could be applied to the Ghanaian and African contexts. The analysis in this paper is therefore focused on the five main dynamic ASEAN countries (Indonesia, Malaysia, Singapore, Thailand and Vietnam). The rest of this paper is organized as follows: In the next section, the economic and social policies of the five dynamic countries are discussed with relevance to the Ghanaian and African contexts. The following section highlights the negative impacts of economic growth and development of the dynamic ASEAN countries in order to illustrate useful lessons for Ghana and the rest of Africa. The conclusions, acknowledgments, endnotes and references form the last component of this report.

2. DISCUSSION OF SUCCESSFUL ECONOMIC AND SOCIAL POLICIES OF DYNAMIC ASEAN COUNTRIES.

2.1. Political Stability Achieved Through Coalition Building

A cornerstone of the progress of dynamic ASEAN countries has been the establishment of political stability and the absence of military coups. With notable exceptions, in Indonesia and Thailand, the dynamic Southeast Asian countries are characterised by the domination of political power by the same political party since independence. For example, since 1965, the People's Action Party has won every single election in Singapore and thus has been the only ruling party. The opposition parties in Singapore are largely ineffectual with the ruling party declaring victory even before election dates because of numerous uncontested seats. The National Front Coalition in Malaysia has completely dominated the politics of that country since independence in 1957, winning every national election. The opposition party, the Party of Islam, has recently been able to break the total stranglehold of the National Front Coalition by controlling one of the nine state governments. The other state governments are controlled by the National Front Coalition. The government of Vietnam has been a one-party socialist state since the emergence of its independence from the French in the early 1950s.

Indonesia in the Suharto Era, from 1967, when General Suharto seized power through a military coup, to 1998, when he resigned after massive student and worker demonstrations, was largely controlled and run by his political organization, the Golkha Party. During the 1967 to 2001 period, only two other parties were allowed to run in elections, which were all won by the Golkha Party. Thailand has a political history similar to Ghana, characterised by several successful military coups. After a relatively long period of military rule, the country embarked on a transition to democracy. While the role of the King of Thailand has been a significant stabilizing political force in that country, it did not prevent the occurrence of military coups in that country. Thailand recently experienced another military coup in September 2006 after a period of anti-government and pro-government demonstrations. This military coup was the result of deep polarization of Thai society brought about by the policies of the former Prime Minister, Mr. Thaksin Shinawatra.

Political stability itself is necessary but not sufficient for rapid economic progress. The lesson for Ghana and Africa is that the dynamic Southeast Asian countries committed themselves to consistent policies to develop vibrant mixed economies led by the private sector. This was strongly supported by the state in the development of education, health and transport infrastructure to offset market failures. These policies were followed by the ruling party regardless of the heads of states or governments. In contrast, in Ghana and elsewhere in Africa, the governments that emerged after military coups sought to justify their existence with the systematic destruction of the policies of the previous government. Thus, it is now widely recognized that it was a mistake of the post-1966 governments in Ghana to have abandoned several useful policies that had been put into place during the First Republic era from 1957 to 1966.

Since the majority of the dynamic ASEAN countries have not changed governments peacefully from one party to another, as has occurred in many African countries in recent years, the political stability lesson of ASEAN countries has to be taken with a degree of caution. It is unclear whether the deliberate policy of weakening opposition parties, such as the constant suing of the leaders of opposition parties in Singapore and effectively rendering them financially bankrupt, is a useful policy lesson for Ghana and other emerging democracies in Africa.

Another problem related to the political stability of these Asian countries is the dominance of the ruling class by one particular ethnic group, for example, the

Malays in Malaysia, the Chinese in Singapore, the Javanese in Indonesia, the Thais in Thailand and the Vietnamese in Vietnam. It must be noted that there are significant minority ethnic groups in all these five countries. Given the artificial creation of African countries by European powers during the Scramble for Africa in the latter part of the 19th Century, most African countries are the amalgamation of many different small kingdoms, city states and ethnic groups with no one major dominant grouping. The political stability achieved in Southeast Asia maintained by the dominance of one political party representing the majority ethnic group is not possible in Ghana and most other African countries. In fact, conflict tends to follow, as is the case of the recent unresolved conflict in the Ivory Coast, which is partly caused by the historical dominance of Christian/South elites vis-a-vis the Muslim-dominated North.

2.2. Institution of a National Language

All five dynamic Southeast Asian countries, except Singapore, adopted one non-European language as their national language at independence. Malaysia and Indonesia adopted Malay as their national language, Thailand and Vietnam adopted Thai and Vietnamese respectively. Singapore abandoned the use of Malay as a national language after it separated from the Malayan Federation in 1965. Singapore then adopted three main languages, Chinese, Malay and Hindi in addition to English as the unifying national language. The adoption of Malay, a language spoken by only 5% of the population of Indonesia but widely understood as a lingua franca around Southeast Asia, was instrumental in unifying the over 200 million Indonesians living in thousands of separate islands. The use of Thai as a national language is resented by the Malay-speaking Muslims in southern Thailand and has become a focal point for their home-grown rebellion against the central government. The use of Malay as a national language has also weakened the English language skills of many people in Malaysia.

The lesson for Ghana and Africa may be based more on the experience of Singapore. It is not possible in many African countries to use one local language as a national language. Rather, English or French or Portuguese should remain a national language. However, students should be taught to read and write in one of their native languages. Apart from East Africa, where the use of Swahili has been universal even in pre-colonial times, the compulsory introduction of a local language as a national language in Sub-Saharan Africa, as was done in Malaysia and Indonesia, is more likely to lead to civil unrest (as happened in India in the early years after independence). Nigeria, for example, settled on the use of selected major local languages in addition to English for parliamentary and other legislative meetings rather than imposing a national language. This is despite the fact that Hausa, a language spoken widely in Northern Nigeria remains possibly the most common African language spoken in West Africa. It has been adopted as one of the six African languages used for national radio and television programmes by the Ghana Broadcasting Corporation. The emphasis in West Africa has been for governments to encourage students and citizens to learn other African languages beyond their own native languages. The capacity to read and write other African languages should be especially encouraged rather than solely learning how to speak these languages.

2.3. High Savings and Investment Rate

A successful economic policy of the dynamic Southeast Asian countries has been the high savings rate achieved, measured by total savings as a proportion of total economic output or the gross domestic product (GDP). The successful Southeast Asian countries had savings ratios well over 10% (World Bank, 1993; Drysdale and Huang, 1997; Rogers, 2003). This has allowed for high levels of private and public investments leading to rapid economic growth rates. It is well known in economic science based on the neoclassical growth theories first formulated by Solow (1956) that high economic growth rates are achievable through high savings and investment ratios. Contrary to Southeast Asia, the savings ratios of many African countries have been low with resultant low investment ratios. For example, around the start of the major structural adjustment programmes of the World Bank and the IMF in 1984, the total investment-GDP ratio of Ghana had reached an unusually low of 3.5%. However between 1993 to 2000, this ratio had climbed to an average of 22.7% over this period.

Drysdale and Huang (1997) summarise the growth rates of several East Asian countries such as Singapore, Malaysia and Thailand, and propose that productivity growth is a major contributor to the rapid growth of the region in addition to capital accumulation acquired through increased savings. This view is in contrast to other views expressed by authors such as Krugman (1994) and Young (1994) that the rapid growth rates of East Asian economies has been largely driven by capital accumulation. The lesson for Ghana and the rest of Africa is to increase savings and investment rates through creating favourable conditions and incentives for savers and investors. Political stability will itself encourage some increase in savings and investments. However, the types of savings and investments required for long-term sustainable economic growth need to be proactively nurtured in an environment of incentives created by governments. In Ghana, for example, savings could be mobilized more effectively by the enhancement of micro-credit schemes for small-scale entrepreneurs and the revival of government savings institutions such as the Post

Office Savings Bank, which encouraged many rural dwellers to save money through formal channels in the 1960s and 1970s.

2.4. Government-Driven Private Sector-Based Economy

The successful dynamic economies of Southeast Asia have been primarily mixed economies with the leading role played by the private sector, but with significant strong government involvement in the economy. The dynamic Southeast Asian countries have not been *laissez-faire* economies but rather have used the state to promote economic growth including some direct state production. In fact, in other parts of East Asia such as South Korea, the initial stages of industrialization was characterised by the setting up of key factories and industries by the government. These industries were then gradually taken over by the private sector. Another excellent example of direct state intervention is the Singapore Airlines, one of the best airlines in the world. This was and is still essentially, a government-owned company. Further, the production of housing units in Singapore has been influenced by the state. Because of its limited land area, Singapore has rationalised its use of land through the establishment of government housing estates for tenants. Given its unique constraint, Singapore, a model of capitalism, could not allow unrestrained capitalist housing development.

Why did Singapore Airlines succeed very well but many African airlines such as Ghana Airways fall into bankruptcy? The answer lies mainly in independent management. Governments can own their own airlines and use various means to capitalise them but Governments should also allow for independent managers who are rewarded well for their efforts and sanctioned for lack of performance. There are examples of successful government-run airlines in Africa, for example, Ethiopian Airlines and Kenya Airways have been successful. Even under the military dictatorship of Colonel Mengistu in the 1970s and 1980s, the Ethiopian Airlines was very successful. During that period, that airline was voted one of the top 10 airlines in the world by The Economist Magazine. It is hoped that newly revamped African airlines such as Ghana International Airlines will be based on independent and competent management and minimal government interference in their business operations.

The picture of government intervention has not all been rosy for all dynamic ASEAN economies. There is evidence that corruption and other inefficiencies have existed in state-run companies in Southeast Asia as reported in the international mass media and from international sources such as Transparency International which has established an annual ranking of countries based on perceptions and incidence of corruption. Several Southeast Asian countries are ranked among the most corrupt in the world by Transparency International over the last decade.

Economists generally measure the involvement of the state in an economy based on government size. The widely accepted definition of government size is total government expenditure divided by the gross domestic product. Economic growth may be enhanced or slowed down by government activities. Government activities may increase economic growth or impede it depending on the net productivity impact of these activities (Karras, 2001). Government size can have a negative effect on economic growth due to excess taxation burden, inefficiencies of government and incentives systems being distorted, among others. However the positive effects of government size are through the development of legal, administrative, human and physical infrastructure necessary for the economy to function (Ghali, 1998). Some researchers suggest that government size often negatively affects economic growth especially for developing countries due to the dominance of the negative effects vis-a-vis positive impacts from increasing government size (Guseh, 1997).

Recent literature indicates that government size may affect economic growth in a cubic fashion. As shown empirically by Anaman (2004) for Brunei, a relatively small government hampers economic growth, moderate government size enhances economic growth and very large government size reduces economic growth. The evidence of Anaman (2004) for Brunei has been corroborated by new findings for 14 countries in Eastern Europe based on panel data analysis covering the period 1994 to 2001 (refer to Kustepeli, 2005). Therefore, every country may have some optimal government size range for which economic growth is maximised. Anaman (2006) has established a significant quadratic relationship between economic growth and government size for Ghana based on data from 1966 to 2000.

Table 1 is a summary of the government size of ten selected countries in Africa and Asia. The African countries used for the table, Botswana, Ghana and South Africa, are all considered currently to be reasonably well-managed with the economy growing at a moderate pace. The Asian countries reported in Table 1 are Bahrain, Brunei, Indonesia, Malaysia, Oman, Singapore and Thailand. Apart from Brunei, all the other Asian countries can be currently considered to be dynamic in terms of economic growth. The figures from Brunei are presented to show the impact of excessive government size on economic growth. The government size of the three dynamic African countries do not differ much from the dynamic Asian countries apart from Singapore. The relatively low size of government in Singapore can be partly explained due to the limited government spending on welfare support, such as care for the aged. In contrast, South Africa has a government pension scheme for which government pays monthly living allowances to support the aged, regardless of race or creed. The Government of

Singapore has enacted legislation that forces individual working children tc take care of their parents thus shifting the responsibility of care from the state tc the private sector.

From 1980 to 1989, economic growth rates in Ghana were at their the lowest since political independence. This was associated with an average low government size of around 12.9% compared to a government size in excess of over 20% since the return to constitutional rule in 1993. From 1993 onwards, the economy of Ghana has grown consistently by at least 4% each year. These rates are similar to those of the 1957 to 1965 period, before the first military coup when economic growth averaged about 4.6% with a government size averaging about 25% (Anaman, 2006). Therefore, unless government size is excessive as shown for Brunei, economic growth is not necessarily adversely affected by increasing government size.

Table 2 indicates the government size of ten selected Western countries including two former Soviet Bloc countries, Hungary and Poland. It is clear that government size in Western countries is larger than in African and Asian countries. Even with the emergence of pro-market reforms throughout the Western World over the last 15 years, government size in Western countries is still much larger than in most African and Asian countries and larger than the

25% average government size of Dr. Nkrumah and the Convention People's Party government in Ghana from 1957 to 1966.

The relatively large government size in Western countries is due to a historical policy of using the state to provide basic transport, education and health infrastructure to offset market failures and advance growth. The absence of a strong extended family support system in most Western countries forces governments to provide support for the aged, disabled and the poor. The alternative option, as exemplified by government legislation enacted in Singapore to force individual working citizens to look after their parents, is not practicable in Western countries. The lesson for African countries is that government is not necessarily bad as preached by political and eonomic right-wing extremists. There is an optimal size of government beyond which government activities hamper economic growth. Too small a government size, however can also be detrimental to economic growth.

Table 1: Estimated government sizes measured as government expenditures divided by GDP for ten selected countries from Africa and Asia countries from 1993 to 2000.

Country	1993	1994	1995	1996	1997	1998	1999	2000
Bahrain	0.303	0.298	0.270	0.253	0.260	0.277	0.281	0.259
Botswana	0.471	0.224	0.238	0.253	0.230	0.243	0.256	0.445
Brunei	0.516	0.506	0.494	0.483	0.518	0.597	0.577	0.564
Ghana	0.210	0.219	0.219	0.222	0.206	-	-	-
Indonesia	0.167	0.162	0.147	0.180	0.182	0.205	0.164	-
Malaysia	0.240	0.230	0.221	0.223	0.210	0.213	-	-
Oman	0.390	0.385	0.371	0.320	0.303	0.336	0.308	0.285
Singapore	0.152	0.145	0.146	0.159	0.206	0.186	0.191	0.188
South Africa	0.291	0.312	0.272	0.285	0.279	0.271	0.267	0.313
Thailand	0.164	0.160	0.153	0.178	0.185	0.182	0.180	0.173

Source: Statistical analysis conducted with data from the International Financial Statistics Yearbook issues from 1986 to 2005 published by the International Monetary Fund, Washington, D.C., United States. Data from most recent issues were used for the economic variables. The years covered in this table are those for which full set data could be retrieved from the IMF Financial Statistics Yearbook Issues.

Table 2: Estimated government sizes measured as government expenditures divided by GDP for ten selected Western countries from 1993 to 2000.

Country	1993	1994	1995	1996	1997	1998	1999	2000
Australia	0.264	0.264	0.263	0.261	0.256	0.244	0.246	0.241
France	0.456	0.456	0.455	0.458	0.455	-	-	-
Germany	0.327	0.328	0.329	0.331	0.324	0.321	-	-
Hungary	0.560	0.548	0.487	0.453	0.427	0.463	0.445	0.431
Italy	0.390	0.364	0.347	0.343	0.303	0.294	0.296	0.293
New Zealand	0.349	0.341	0.323	0.325	0.312	0.322	0.312	0.300
Norway	0.419	0.410	0.386	0.365	0.348	0.364	0.354	0.317
Poland	-	0.365	0.377	0.369	0.368	0.352	0.332	0.327
Sweden	0.484	0.336	0.350	0.363	0.352	0.355	0.318	0.307
United Kingdom	0.425	0.417	0.411	0.402	0.378	0.365	0.358	0.425

Source: Statistical analysis conducted with data from the International Financial Statistics Yearbook issues from 1986 to 2005 published by the International Monetary Fund, Washington, D.C., United States. Data from most recent issues were used for the economic variables

2.5. High Effectiveness of Economic Reform Programmes

An important feature of the dynamic Southeast Asian countries is the relatively high local content of their economic reform policies. While these countries are members of the World Bank and the IMF, they crafted their own economic policies with some guidance, though not excessive guidance, from the multilateral organizations. For example, even during the 1998 Asian Financial Crisis, in 1998, the Malaysian Government under Prime Minister Mahathir Mohammed steadfastly refused to remove the pegging of the Malaysian currency, the ringgit, to the United States dollar as advocated by the IMF and the World Bank and some of the influential members of his own governing National Front such as Mr. Anwar Ibrahim, the then Deputy Prime Minister. This led to a major clash between Mr. Anwar and Mr. Mahathir leading to the arrest and beating in police custody of the former. This partly led to major demonstrations against the detention of Mr. Anwar. The demonstrations were quelled using the Preventive Detention Act, formerly used by the British Colonial Government to quell internal dissent. This act has remained in the legal books of the country to date.

Similarly the governments of Singapore and Thailand crafted policies that are more in tune with the aspirations of their people rather than to meet conditionalities imposed by multilateral organizations. The ability of government policies to meet the aspirations and needs of citizens is a fundamental requirement in the formulation and implementation of effective government policies in Africa. In recent years, African governments have pushed more for the inclusion of their ideas into multilateral or structural adjustment programmes financed by IMF and the World Bank but there was very little consideration of these ideas in the earlier years. Other positive developments include a peer review mechanism that has been adopted by the African Union (AU) whereby African governments subject themselves to periodic reviews by fellow AU members of the effectiveness of their policies and programmes such as through the NEPAD scheme.

The socialist state of Vietnam, largely on its own initiative, initiated major free market- based economic reform to move the economy away from a centrally-planned entity to a mixed economy with the state still playing a major role in the economy largely on its own initiative (Thanh, 2005). The economic reform programme called the Renovation (Doi Moi) was initiated in 1986 with specific market-oriented reforms starting in 1989. According to Thanh (2005), the economic reform programme led to substantial progress in terms of GDP growth, macroeconomic stabilization, export expansion, foreign direct investment and reduction in poverty. The economic reform programme centred on four main factors: the establishment of clear private property rights where there were ambiguities or lack of these rights; the increasing use of market prices to value resources, goods and services; macroeconomic stabilisation; and opening to the outside world for trade and foreign direct investment. Notwithstanding the market-based reforms, the government still maintained a substantial role in the economy, albeit a gradually reducing role, to maintain social cohesion, stability and political control.

In summary, the successful East Asian countries did not follow the standard policy prescriptions inherent in economic reforms imposed on sub-Saharan African countries by the World Bank and IMF in the 1980s and 1990s. The East Asian countries followed the so-called heterodox gradualism. This heterodox gradualism implied that these countries pursued their own reforms at their own pace with the timing of the reforms dictated by realities on the ground (Adabre, 2006). However their economic reforms contained significant portions of standard IMF/World Bank structural adjustment packages such as prudent macroeconomic management including control of inflation and budget deficits. Each East Asian country tended to have a distinct economic reform programme unlike the standard uniform economic reform package inherent in structural adjustment programmes implemented by sub-Saharan African countries.

2.6. Research and Knowledge-Creation Infrastructure

It is widely accepted that successful economies are driven partly through excellent research and knowledge-creation infrastructure. Endogenous growth models emphasise strongly the use of research and knowledge-creation infrastructure to advance economic growth through increasing returns to scale derived from investments in such infrastructure (Romer, 1986 and Rebelo, 1991). In some of the dynamic Southeast Asian countries such as Singapore, considerable investments have been made in research and knowledge-creation infrastructure. Universities in that region, previously at par with some of the top universities in Africa have now advanced so considerably as to be considered in the top 500 of the ranked 10,000 universities in the world. The former top-ranking African universities, such as the University of Ghana, University of Ibadan and the Makerere University in Uganda have slipped further below in the top rankings. The 2005 rankings of the top 10,000 universities in the world can be accessed from the following Internet source: http://www.webometrics.info/top2000.asp.htm

While there has been disagreement regarding the extent to which productivity and capital accumulation contributes to the growth rates of East Asian economies, there is compelling empirical evidence showing that productivity growth, through the advancement of research and knowledge-creation

infrastructure, has contributed to the high economic growth rates of
countries (refer to Drysdale and Huang, 1997). The main lesson for Ghana
Africa is that African countries need to invest a higher proportion of their
in increasing the quantity and quality of their research infrastructure.
should also use special incentives to reduce the brain drain and attract
quality Africans back home. It is gratifying to note that the Institut
Economic Affairs, Accra, Ghana is currently pursuing a vigorous progra
that is attracting top Ghanaian researchers to come back to Ghana to under
research over short-term and medium-term periods.

3. NEGATIVE IMPACTS OF RAPID ECONOMIC GROWTH RA OF DYNAMIC SOUTHEAST ASIAN COUNTRIES

3.1. Rapid Environmental Destruction Related to Economic Growth

While rapid economic growth rates of dynamic Southeast Asian countries s
political independence are noticeable from empirical data and ca
observations by travelers to the region, several downside effects need t
mentioned for African countries to draw lessons for long-term nati
development with regards to environmental, economic and social sustainab

The first downside effect is the rapid destruction of the environment ari from the economic growth that has taken place throughout Southeast Asia and East Asia. It is well known in environmental economics that since GDP measures mainly market-based goods and services, it neglects many goods and services which are important to the achievement of material happiness of societies, such as environmental services produced by nature. The growth of GDP reported in Southeast Asia and elsewhere does not reflect substantial destruction of the natural environment. For example, many species of flora and fauna have become extinct or close to extinction including the famous orangutan monkey species. In addition, GDP often includes the expenditures incurred to maintain the status of the environment (Pearce and Barbier, 2000, Thampapillai, 2000) and rapid economic growth rates of Southeast Asian countries have been partly due to expenditures attempting to maintain the status of the environment.

The natural environment provides valuable materials in the production of goods and services and also acts as a sink for the disposal and management of waste from economic processes. Throughout Southeast Asia, there have been major cases of human-induced air pollution caused by forest fires and burning of vegetation. The worst case occurred during 1997 and 1998. However, the problem of haze-related air pollution continues to pose health hazards in Southeast Asia especially in the dry seasons. The lesson of this negative environmental impact for Ghana and Africa is obvious. Economic growth has to be sustainable by minimizing the impacts on the natural environment. Monitoring of the quality of the ambient environment (land, water and air) needs to be enforced to make sure that environmental quality is secured while pursuing economic growth. Thus the increasing problem of deterioration in the quality of air in major African cities such as Accra and Lagos as a result of traffic congestion needs to be checked through growth-enhancing environmental measures, such as new forms of transport like rail to reduce motor traffic overload on the transport system. African governments also need to pay more attention to health problems resulting from increasing pollution such as respiratory diseases, lung cancer and heart diseases.

3.2. 1997-98 Asian Financial Crisis

Starting in Thailand in mid-1997, the financial crisis spread throughout the Southeast Asian region leading to the collapse of banks, severely lowered value of stock prices and property bust. The causes of the Asian financial crisis included inconsistent macroeconomic policies, inadequate government regulation and supervision of private businesses, contagion, governance issues related partly to transparency and external factors and shocks (Armah, 1999, Daly, 2000).

The Asian financial crisis indicated that the dynamic Asian countries had still not fully resolved major underlying economic problems and illustrated the importance of excellent corporate governance. The financial crisis led to an output reduction in several Asian economies, including the dynamic ones such as Indonesia, Malaysia, Singapore and Thailand. The decline in stock market prices and the instability of the exchange rate led to severe job cuts and clearly showed the vulnerability of what was thought to be resilient economies. The underlying causes of the Asian financial crisis have now been clearly identified with the end of the crisis. These causes include mismanagement, fraud, inadequate corporate governance and a lack of transparency (Noordin, 1999). The restoration of full confidence in the economies of Southeast Asia is conditional on the improvement of corporate governance standards including the adoption of transparency as an important corporate management strategy (Chang, 2004). This advice is pertinent to African countries which have relatively young stock markets. Corporate management standards need to be excellent with clear transparency as an important component of this strategy in Africa.

3.3. Income Inequality and Related Social Problems

A major lesson to be learned from Southeast Asia is the need to pay attention to poverty-related issues of minority ethnic and social groups. The Malaysian race riots involving the Chinese-speaking Malays and the majority Malays in the

1960s forced a rethink of policies on income inequality. Affirmative a programmes were then instituted by the Malaysian government by reser places in higher institutions of learning, universities and government posit for Malays. However, a criticism of this policy was that it did not address poverty concerns of even the less affluent citizens of Indian origin. affirmative actions favouring Malays have been increasingly criticised ineffective and encouraging mediocrity. Over the last few years, there have b repeated calls in various quarters for their abolition. Throughout Asia, minor groups often do not have full access to the type of wide-ranging servic available to people from dominant groups. Similar to Africa, this has led homegrown rebellion such as the violent agitation led by Muslims in southe Thailand and the peaceful agitation by the indigenous ethnic groups of Easte Malaysia. The periodic fighting between the Dayaks and migrant groups in th Indonesian provinces of Kalimantan and the persistent communal conflict between Christians and Muslims in several parts of Indonesia all provid evidence of the need to develop viable policies related to income inequality ir several parts of Southeast Asia.

3.4. Religious Intolerance

Social problems may flow from persistent income inequality. Linked to income inequality is the problem of religious intolerance. The growth of Christian churches is restricted in several Islamic countries in Southeast Asia. In some countries such as Brunei, only one particular sect of Islamic faith is allowed by the government. This is in direct contrast to Ghana where all types of Islamic faiths are allowed, such as the Ahmadiya Movement originating from Pakistan and the Sunni, Shia and Sufri Islamic Movements. Even the Bahai Faith which is banned in Iran and certain other Muslim countries is practised openly in Ghana. It is fair to say that freedom of religion is substantially higher in Ghana than in most southeast Asian countries.

The Southeast Asian region also contains several fundamentalist Islamic groups that support the creation of Islamic rule all over Southeast Asia as advanced by the tactics used by the Jemah Islamia Movement, responsible for the 2002 Bali Bombing. Religious tolerance and harmony between different creeds need to be emphasized by Southeast Asian governments. The lesson for Ghana and Africa is that notwithstanding the rapid economic progress of Southeast Asian countries, religious tolerance is necessary for peaceful coexistence of communities within nation states. The widespread religious freedoms enjoyed in many African countries such as Ghana, where all creeds are welcome, should therefore be celebrated. It is common in Ghana to find all types of Islamic faith with conflicts between Muslims and Christians practically non-existent. I many villages in Ghana, it is not uncommon to find Christian churches on th same street as mosques and temples. This high level of religious tolerance need to be maintained.

Related to religious tolerance is the issue of dress code for students in public schools. In public schools in Singapore, the most economically advanced Southeast Asian country, Muslim students are forbidden to wear the head scarf or tudong. This practice is similar to the ban imposed on Muslim students in Turkey and recently in France with the expressed aim of secularizing formal public education. Nevertheless, the ban on the Muslim headscarf is clearly perceived as anti-Muslim. Several Muslim parents have repeatedly challenged the Singaporean Government in the local courts to no avail. In contrast, in Ghana, while students have to wear standard school uniform, there is some relaxation of the rules to allow Muslim girls to cover their hair if they choose or to lengthen their uniform to cover their legs. This policy on school dress code adheres to the peaceful coexistence of religions and unity in diversity.

4. SOME SPECIFIC LESSONS FOR GHANA

One of the favourite comparisons in the development economics literature in the

1970s, 1980s and early 1990s was between Ghana and Ivory Coast. The story of the comparison can be summarised as: Ghana and Ivory Coast gained independence around the same time. Ghana followed a socialist path of development and failed. Ivory Coast followed a capitalist path of development and succeeded. This story is now not so popular in the development economics literature. This is probably due to the civil unrest in Ivory Coast since 1999 caused by the severe inequalities between the north and south, the north-south divide, which development economists appeared to have missed until recently.

In a recent article in the Wall Street Journal, Nobel Laureate in Economic Science, Professor Amartya Sen debunked the now common comparison of Ghana and South Korea in the development economics literature. Many development economists indicate that Ghana and South Korea had about the same income per head in 1960 and by 2000, South Korea had an income per head 15 times higher than Ghana, and have suggested that this was primarily due to South Koreans valuing thrift, investment, hard work, education and discipline. Professor Sen debunked the comparison as simplistic and extremely deceptive by establishing several important reasons to explain why South Korea leapfrogged over Ghana. First, he noted that South Korea in 1960 had a much bigger and more active business class than Ghana. Though not clearly pointed out by Professor Sen, in 1960, Ghana had a very tiny class of indigenous businessmen or entrepreneurs. This was one factor that convinced Ghana's leaders to use the state as a vehicle for industrialization.

Second, South Korea had governments from 1960 to 2000 which acti intervened in the markets to support private businesses. The famous chaebo conglomerates in South Korea that led the way to the country's industrializa were strongly supported by the government. Governments in Ghana after 1 hardly intervened in the economy the way governments in South Korea did fr 1960 onwards. Third, for strategic reasons, South Korea was strongly suppor in economic development by both Japan and the United States as a way showing the superiority of the country vis-a-vis North Korea. Massi investments poured in from Japan and the United States compared to the trick to Ghana from these two countries. The playing field between Ghana and Sou Korea was clearly not a level one. Fourthly, as strongly emphasized by Professc Sen, by the 1960s, South Korea had developed a comprehensive educationa system and a much higher level of literacy than Ghana. In fact, it was during th Nkrumah era from 1951 to 1966 that Ghana began to develop a nationa schooling system of some strength. Even that was far below the level of South Korea during that period. Further, South Korea's schooling system emphasized strongly the area of technical education. Another point favouring South Korea over Ghana, not pointed out by Professor Sen, was that for much of the period between 1960 to 2000, South Korea was ruled by military dictatorship that ensured political stability and eventual democratization from military rule. Ghana was plagued by a 18-year period of political instability from 1966 to 1983 when there were as many as four successful military coups, largely the product of external factors.

Currently, Ghana has some of the essential features that South Korea enjoyed in the 1960s: political stability, relatively high levels of education and a relatively large business class and some willingness by the government to intervene in the economy where necessary to support national objectives. This willingness has been recently demonstrated, for example, by the government's increased capitalisation of the new Ghana International Airlines, increased investments in VALCO for aluminum processing and the gradual revival of the railways system beginning with the Accra-Tema shuttle. While it is clear that economic reform and recovery has been modestly successful over the last two decades in Ghana, the reform programmes themselves have been narrow-based and largely driven by the dictates of the international donor community. These reforms have centred on macroeconomic stability and some modest micro-economic reform in the area of management of state enterprises and the running of utility companies (for example water and electricity). The reforms need to be expanded to the social and cultural arenas to ensure long-term sustainable growth and development.

5. CONCLUDING REMARKS

This paper has provided a brief political economy analysis of the successful an social economic policies adopted by dynamic Southeast Asian countries tha could be applied to the Ghanaian and the wider African contexts. Th applicability of the successful policies has been examined including both thei positive and negative impacts, with the conclusion that caution is needed in thei adaptation to the African context. The positive lessons from Southeast Asia are useful for African countries to accelerate sustainable national development. The recent revival of the Africa-Asia Summit in 2005, first established in Bandung Indonesia in 1955, attests to the need for countries in both continents to learn from each other. The successful policies enacted in dynamic countries in Southeast Asia are not a panacea for the problems of Africa. These policies need to be tailored and adapted to the existing socio-cultural realities of Africa. The dynamic Southeast Asian countries also need to learn from the experiences of some of the emerging African countries like Ghana which have gone through major political upheavals while avoiding civil war and have relatively more mature democracies.

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Endnote

1. Refer to ASEAN Website at: **http://www.aseansec.org.**

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ABOUT THE AUTHOR

Dr. Kwabena Asomanin Anaman is Head of Economics Centre and the Director of Research at the Institute of Economic Affairs (IEA). He joined IEA in March 2006. He received his undergraduate education in agricultural economics at the University of Ghana, Legon in 1977 graduating with first class honours. He also received the Shell Ghana Cash Prize for the best agricultural economics thesis in 1977. After two years work as a Junior Research Fellow at the Centre of Development Studies at the University of Cape Coast, Cape Coast, he left Ghana for the United States to undertake postgraduate studies at University of Florida, Gainesville, Florida, United States. He received his Master and PhD degrees in Food and Resource Economics in 1981 and 1985 respectively. At the University of Florida, he was admitted to the Gamma Sigma Delta Honor Society for top students in 1982 and received the University of Florida's President Award for Academic Excellence in 1984.

Since PhD graduation in 1985, Dr. Anaman worked in both academia and government in four other countries: United States, Australia, Papua New Guinea and Brunei Darussalam. In Papua New Guinea, he served as the Chief Project Economist in the Department of Agriculture and Livestock, Government of Papua New Guinea involved with appraisal and monitoring of integrated development projects from 1990 to 1992. Dr. Anaman has been involved with several international consultancies. These included duties as a short-term economic consultant for the World Meteorological Organisation on drought monitoring in Eastern Europe (Hungary, Bulgaria, Romania and Moldova) in

1996. He was also was a member of the six-member international working gr
on agrometerorology related to extreme events from 1995 to 1999.

In 2004 and 2005, he served as the socio-economic expert for the appraisal of
control and eradication of the screwworm fly in the Middle East sponsored
the Arab Organisation for Agricultural Development, Food and Agricultu
Organisation and the International Atomic Energy Agency. He has been
member of the International Editorial Board of the Preventive Veterina
Medicine Journal, a leading international journal on the reporting of anim
diseases and zoonotic diseases such as SARS and avian flu, since Decemb
1994 and has acted as a referee for nine other academic journals since 1999. He
currently the Editor of the Ghana Policy Journal, a new multidisciplinary journ
of The Institute of Economic Affairs, Accra. Dr. Anaman has also been appoint
to the Joint Research Committee (Board of Governors) of the World Clima
Research Programme of the World Meteorological Organisation, t
International Council of Science and the Intergovernmental Oceanograph
Commission for the four-year period from January 2007 to December 2010.

Dr. Anaman has published three books and co-authored 74 other pape
including 35 refereed articles in 22 academic journals. He has published in
variety of areas in economic science including economics of agricultu
environmental and resource economics, health economics, constructi
economics, macroeconomics and economic growth, international trade and t
economics of the family and marriage.