

## **DID CHINA FOLLOW THE EAST ASIAN DEVELOPMENT MODEL ?**

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### **Abstract**

China is located in East Asia and, just as Japan, Taiwan or (South) Korea at earlier stages of their development, has now grown very rapidly for some three decades. That is not enough, however, for it to qualify for membership of the club. The East Asian development model has a number of additional and important characteristics. Four are selected for discussion: the almost constant encouragement given to investment, the manufacturing sector and external competitiveness, and pursued via a variety of fairly interventionist industrial, trade and financial policies; a concomitant belief in the virtues of intense domestic (Japan and Taiwan) and foreign (Korea) competition; a set of broadly sensible and appropriate macroeconomic policies; and a number of favourable (pre-) conditions, such as the presence of a homogeneous population, a relatively high stock of human capital, reasonable income equality and fairly authoritarian governments. China, since reforms began in the late 1970s, has shared some of these characteristics, but not all. In particular, it is still much more of a command economy than the other three countries have ever been, yet, at the same time, has embraced globalization with, arguably, much greater enthusiasm than was done, in earlier times, by Japan, Taiwan or Korea. If China's experience, however, is compared with that of other, more or less successful, developing countries, the similarities with the East Asia development model would seem to dwarf such differences.