

PREFACE

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The highly acclaimed 1993 World Bank publication, "The East Asian Miracle" attracted unexpected attention to East Asia as an international growth center. The ten East Asian economies have in fact experienced average growth rates of 8.5% over the ten years since the second half of the 1980s, achieving more remarkable development than any other area in the world.

This World Bank report is based on neo-classical economics, deeming market economics omnipotent and taking its position from the mechanistically rational paradigm of science founded by René Descartes in the 17th century. We believe, however, that this view may oversimplify matters. Without consideration of industrial structures and organizations, the problems concerning those who bear the responsibility of industry and the network which interweaves these elements, all of which form the foundation for economic growth. This view appears to be somewhat negative even with regard to the role of industrial policy.

We questioned whether the World Bank had actually discovered the secret of growth in the East Asian area. Researchers at the World Bank, however, seem to have recently realized the weaknesses contained in the report. The University of Tokyo Professor Masahiro Okuno-Fujiwara and Stanford University Professor Masahiko Aoki, coauthors of a recent publication commissioned by the World Bank and entitled "The Role of Government in East Asian Economic Development" present the new "Market Enhancing View" which incorporates industrial organization and policy. In my words, this concept can be named "Making a Market Effective Policy." It does not simply overcome market failure, but also lays a foundation for effective market activation.

The International Symposium proceedings are distinguished by the following three features. First, the proceedings advocate the Economic System Approach, which is based on Japanese and East Asian development experiences. This complements the academic approach taken by Professors Aoki and Okuno and offers empirical verification of the effectiveness of the Economic System Approach.

Second, the applicability of experiences in East Asia to Latin American and African countries is examined with global support including cooperation from research bodies in the United States and England, as well as such international agencies as the World Bank and UNCTAD. Accordingly, a new Asian approach in global development strategies is offered.

Third, the development of the Economic System Approach represents an attempt to establish a practical direction for the implementation of global economic cooperation policies. This includes the Japanese cooperation policy.

This attempt is as yet experimental. Supplemental surveys and research, both empirical and theoretic, including domestic researchers as well as international joint research, is necessary. The focus of this research emphasizes the need for extended contributions by Japan and other East Asian countries in accordance with the need for global leadership. I believe this to be an important research agenda which will continue to be pursued by this institute as well.



We learn and then practice,
How enjoyable it is.
We have friends from a distance,
How wonderful it is.*

With the East Asian growth in the last decade,
We'd like to contribute to the intellectual aid.
Expecting Latin America and Africa to grow,
We are offering some hints to follow.

"*The East Asian Miracle*" was excellent.
We appreciate the World Bank was diligent.
However, standing on neoclassical thesis and the Functional Approach,
It might have left the full answer for which to reach.

Considering the industrial structure,
Organizations, policies and the network which interweaves these elements,
One of the topics is to connect markets and governments
For economic development in the future.

The Economic System Approach does appreciate,
And is complementary to predecessors' effort.
Hoping this experiment will be done with comfort,
We are asking global institutions to cooperate.
IDE'd like to start sending messages
Combining the Western paradigm and the voice of Oriental sages.

*Quoting Confucius, the great Chinese philosopher of the fifth century B.C.