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A Revisit of the East Asian Development Experiences in the Context of South Asia

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Abstract

This paper compares the level of economic development in South Asia and East Asia, and explores the features of East Asian Development experiences and existing situation in South Asia. Several development indicators such as per capita income, human development index and millennium development goals' indicators reveal that South Asia is far behind many East Asian countries where some distinctive features of the development process were followed in the past such as developmental role of the state, high savings and investment, emphasis on the manufacturing sector, export-led growth, focus on infrastructure and human capital as reflected in macroeconomic data. However, data show that South Asia lack these features. South Asia should follow these features to accelerate economic progress, including giving focus on productive use of remittance, and achieve an increasing return in service sectors considering changing circumstances.

Keywords: South Asia, East Asia, Economic Development, East Asian Development Model

JEL Classification: O11, O57, H19, E20, F43

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CONTENTS

I. INTRODUCTION

Some East Asian countries witnessed a great economic transformation with an increase in per capita income in the second half of the twentieth century (Maddison, 2000). Following Japan, which was the first non-western nation to reach the status of an industrialized country, several other East Asian countries have also achieved a similar economic success (Stark, 2010; Chang, 2007). Their success has attracted the attention of many policy makers and academicians, resulting in a vast number of scientific publications and debates on East Asian Development experience.

Although East Asian Development paradigm lost its significance and attention shifted towards the Anglo-Saxon (Western style) market-based development model after the region plunged into the crisis in 1997, Chang (2007) and Boltho and Weber (2009) argue that the spectacular economic history of countries such as Japan, Taiwan, Republic of Korea, Hong Kong and Singapore could be taken as a successful East Asian Development Model (EADM). Some other South East Asian countries like Malaysia, Thailand and Indonesia also followed almost similar path to transform their economy within a short period of time and reached middle income status. These countries successfully managed to recover from the crisis of 1997. Hence, there are a number of studies on East Asian Development experience such as World Bank (1993), Krueger (1995), Rodrik (1995), Collins and Bosworth (1996), Akyuz et.al. (1998), Thorbecke and Wan (2004), Chang (2007), Boltho and Weber (2009), and Kwon and Kang (2011). However, there has not been any comparative study between East Asia and South Asia on the level of economic development to draw some lessons for South Asia.

In this context, this paper compares the level of economic development in East Asia and South Asia by tracking their positions on the ladder of development, and also analyzes the features of the EADM. This paper takes into consideration Japan, Republic of Korea, Singapore, Malaysia, Thailand, Indonesia, the Philippines and China as part of East Asia and Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka as part of South Asia[1]. Data are taken from the World Bank's World Development Indicators, the United Nations' Millennium Development Goal's Statistics, the Human Development Report of the United Nations Development Program (UNDP) and the Global Competitiveness Survey of the World Economic Forum. The main objectives of the paper are just to present comparative and descriptive analysis of relevant data available in East and South Asia to gauge the difference in economic development existed between these two regional blocks of Asia and to assess the features of development process adopted in East Asia and existing reality of South Asia to draw some policy implications for economic development of the latter.

The paper is structured as follows. Section 2 presents a comparative analysis of economic development in the two different regions of Asia. Section 3 presents some features of the East Asian Development experience, while section 4 analyzes existing reality in South Asian countries before drawing conclusions in section 5.

II. COMPARATIVE LEVEL OF ECONOMIC DEVELOPMENT

Economic development has multidimensional aspects. There are several developmental indicators to gauge the level of economic development. By selecting a few important indicators such as per capita income, Human Development Index (HDI), and various indicators adopted

[1] These countries are the members of South Asian Association of Regional Corporation (SAARC) which was established in 1985. Afghanistan joined the SAARC in 2007.

for Millennium Development Goals (MDGs), this section compares the level of economic development in East and South Asia.

2.1 Per Capita Income

To begin with, Table 1 presents the GDP per capita at constant 2000 US$ in South Asian and East Asian countries for the selected years spanning between 1960 and 2010, and Table 2 shows an average growth in per capita income in different decades. In 1960, GDP per capita in South Asian countries was higher than in some East Asian countries such as China and Indonesia. However, during 1960s and 1970s, GDP per capita in South Asian countries remained almost stagnant and even declined in some countries especially in Bangladesh and Nepal; marginal increments were observed in India, Pakistan and Sri Lanka, while it increased substantially in East Asian countries except in China. GDP per capita increased by more than double in Malaysia and Thailand, and than three times in Republic of Korea, Singapore and Japan. Only in Indonesia and the Philippines, GDP per capita income increased by less than double. In the 1980s also, all East Asian countries, except the Philippines, observed a higher growth of per capita GDP compared to South Asian countries. However, per capita GDP of Bhutan increased at a rate closer to that of East Asian countries.

Table 1: GDP per capita (constant 2000 US$)

	1960	1970	1980	1990	2000	2010
South Asia						
Bangladesh	255	282	254	280	364	558
Bhutan				465	749	1324
India	181	216	230	316	450	795
Maldives					2285	3864
Nepal	139	145	141	177	225	269
Pakistan	187	291	339	449	512	668
Sri Lanka	274	333	442	577	855	1309
East Asia						
Indonesia	201	233	390	592	773	1145
Malaysia	813	1139	1910	2592	4006	5185
Philippines	692	821	1098	991	1048	1383
Thailand	321	530	785	1390	1943	2712
China	105	127	186	392	949	2426
Republic of Korea	1154	1994	3358	6896	11347	16219
Singapore	2251	4628	9458	15788	23815	32641
Japan	7775	16651	23022	34237	37292	39972
USA	13723	18229	22630	28298	35082	37330

Source: World Bank's World Development Indicator (July, 2012) Accessed on August 12, 2012.

Table 2: Growth of Per Capita GDP

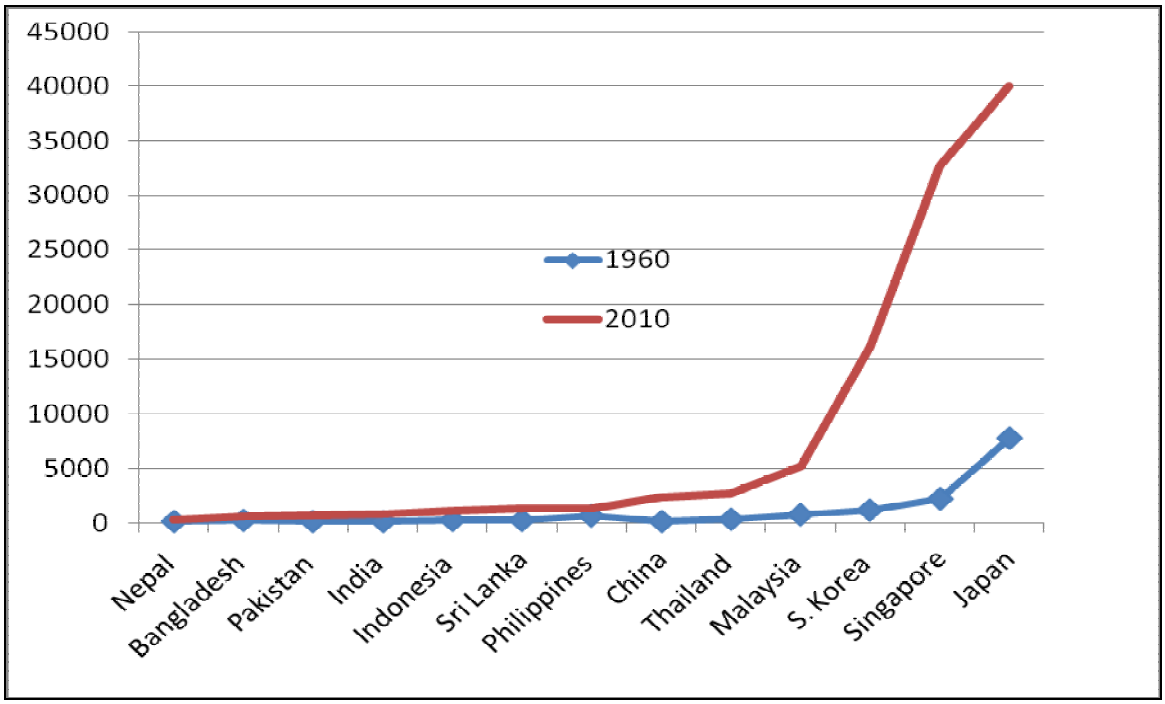
South Asia	1960s	1970s	1980s	1990s	2000s
Bhutan			6.8	4.9	5.9
India	1.8	0.7	3.3	3.6	5.9
Maldives				6.2	5.7
Nepal	0.5	-0.2	2.3	2.5	1.8
Pakistan	4.5	1.6	2.8	1.3	2.7
Sri Lanka	2.2	2.7	2.7	4.0	4.4
East Asia					
Indonesia	1.6	5.3	4.3	2.9	4.0
Malaysia	3.4	5.3	3.2	4.6	2.7
Philippines	1.7	3.0	-0.9	0.6	2.8
Thailand	5	4.2	5.9	3.6	3.4
China	2.4	4.4	7.8	9.3	9.9
Republic of Korea	5.7	5.4	7.5	5.2	3.7
Singapore	7.6	7.4	5.3	4.3	3.3
USA	2.9	2.2	2.3	2.2	0.6

Source: World Bank's World Development Indicator (July, 2012) Accessed on August 12, 2012

Because of the adverse impact of the 1997 financial crisis, growth of per capita GDP in several East Asian countries slowed down in the 1990s. The Japanese economy has also plunged into a long run recession since the beginning of the 1990s with the outburst of its real estate bubble. But, per capita GDP in China increased by 9.3 percent, being one of the fastest growing economies in the world in the 1990s and in the 2000s. Similarly, by avoiding contagion impacts of the Asian financial crisis, many South Asian countries, particularly small countries like Bhutan, Maldives and Sri Lanka performed relatively well in the 1990s. Other countries like Bangladesh, Nepal and India also marginally accelerated the growth of per capita GDP during that period.

In the 2000s, India, the biggest South Asian economy, grew almost about at double digit rates, almost similar to that in China. Hence, per capita GDP increased by 5.9 percent in India which was higher than the growth observed in many East Asian economies, except China during that time. Excluding Nepal and Pakistan, which were marred by internal conflicts and political instability, other South Asian countries also performed reasonably well in the 2000s. Growth of per capita GDP in these countries was not less than that of many East Asian countries during that time. However, maintaining the momentum of growth continuously in coming years remains a challenging task for South Asian economies. Despite some better performance in the 2000s, per capita GDP of South Asian countries in 2010 remained stagnant on the lower rungs of the income ladder compare to some East Asian countries (see Figure 1). Figure 1 shows the comparative per capita GDP in 1960 and 2010 in the selected countries. Obviously, the performance of South Asian countries is very sluggish.

Figure 1: Per Capita GDP (Constant 2000 US$) in 1960 and 2010



More importantly, Table 3 presents the per capita GDP relative to the per capita GDP of the U.S, which further shows the relative sluggishness in South Asia. Even in 2010, the relative per capita GDP of many South Asian countries was not much different than that in 1960. Only the Maldives had a per capita GDP amounting to 10.3 percent of the U.S. per capita GDP in 2010. Such a relative per capita GDP in Bangladesh and Nepal remained lower than that of in 1960. On the other hand, except the Philippines and Indonesia, all other countries in East Asia, as shown in Table 3, raised substantially their GDP per capita relative to the U.S. The per capita GDP of Japan (in constant dollars) outpaced the per capita GDP of the U.S. in 1980. Republic of Korea's per capita GDP became 43.4 percent of the U.S. in 2010 from just an 8.4 percent in 1960. Similarly, per capita GDP of Singapore, which was 16.4 percent of that of the U.S. in 1960, increased to 87.4 percent in 2010.

Table 3: Per Capita GDP relative to USA (%)

	1960	1970	1980	1990	2000	2010
South Asia						
Bangladesh	1.9	1.5	1.1	1	1	1.5
Bhutan				1.6	2.1	3.5
India	1.3	1.2	1	1.1	1.3	2.1
Maldives					6.5	10.3
Nepal	1	0.8	0.6	0.6	0.6	0.7
Pakistan	1.4	1.6	1.5	1.6	1.4	1.8
Sri Lanka	2	1.9	1.9	2	2.4	3.5
East Asia						
Indonesia	1.5	1.3	1.7	2.1	2.2	3.1
Malaysia	5.9	6.2	8.4	9.2	11.4	13.9
Philippines	5	4.5	4.8	3.5	2.9	3.7
Thailand	2.3	2.8	3.5	4.9	5.5	7.3
China	0.8	0.7	0.8	1.4	2.7	6.5
Republic of Korea	8.4	10.9	14.8	24.4	32.3	43.4
Singapore	16.4	25.4	41.8	55.8	67.9	87.4
Japan	56.6	91.3	101.7	120.9	106.3	107

Source: World Bank's World Development Indicator (July, 2012) Accessed on August 12, 2012.

2.2 Human Development Index

Table 4 presents the Human Development Index (HDI) in 2011, computed and published by UNDP as an indicator of development. The HDI of South Asian countries was below 0.6, except the Maldives and Sri Lanka with a HDI slightly higher than 0.6. However, all East Asian countries selected here have a HDI above 0.6, among them Malaysia has 0.761 and Republic of Korea has 0.897. Inequality adjusted human development indices in East Asian countries are also relatively higher than the majority of South Asian countries (Table 4). Since the HDI incorporates literacy and life expectancy, in addition to per capita income, such a low HDI in major South Asian countries show that they are still behind in the important dimensions of human development.

Table 4: Human Development Index 2011

South Asia	HDI Ranking	HDI Index	Inequality Adj. HDI Index
Bangladesh	146	0.5	0.36
Bhutan	141	0.522	
India	134	0.547	0.392
Maldives	109	0.661	0.495
Nepal	157	0.458	0.301
Pakistan	145	0.504	0.346
Sri Lanka	97	0.691	0.579
East Asia			
Indonesia	124	0.617	0.504
Malaysia	61	0.761	
Philippines	112	0.644	0.516
Thailand	103	0.682	0.537
China	101	0.687	0.537
Republic of Korea	15	0.897	0.749

Source: UNDP, Human Development Report,http://hdr.undp.org/en/statistics/ Accessed on Aug 15, 2012.

2.3 Millennium Development Goals (MDGs)

At the Millennium Summit in 2000, 193 United Nations Member States and at least 23 international organizations agreed on the United Nations Millennium Declaration encompassing Millennium Development Goals (MDGs) to be achieved by the year 2015. The MDGs include 8 goals with 21 targets. The MDGs introduced the concept of economic development beyond income and encompassed several dimensions - health, education, gender, environment and the spread of technology. Appendix 1 to 4 show the status of important indicators related to different targets of the MDGs.

As the data show, progress towards reaching these goals has been uneven. The level of poverty measured as the proportion of the population earning below one dollar per day (PPP-basis) as a percentage of the total population and the poverty gap have been substantially declining in South Asia as well as in East Asia (Appendix 1). It seems that many countries will achieve the poverty target set by the MDGs. However, the poverty level in many countries in South Asia is still relatively high. For example, in Bangladesh, it was 43.3 percent as of 2010, followed by 32.7 percent in India, 24.8 percent in Nepal, 21 percent in Pakistan. Overall, the average poverty level in South Asia stood at 34.4 percent, which is substantially higher than East Asia (13.1 percent) and South Eastern Asia (17.2 percent)[2]. The highest poverty level in the selected East Asian countries is about 18 percent in Indonesia and the Philippines. China succeeded in reducing poverty significantly from 60.2 percent in 1990 to 13.1 percent by 2008. Poverty has been almost eliminated in Malaysia and Thailand as per this indicator.

[2] The UN has classified East Asia into Eastern Asia and South Eastern Asia.

Despite a reduction in poverty level in the South Asian countries, the percentage of undernourished population declined marginally in South Asia from 22 percent in 1991 to 20 percent in 2007, just a two-percentage point decline over a period of 17 years, compared to 8 percentage point decline in East Asia and 10 percentage point decline in South Eastern Asia (Appendix 1). The situation of underweight children less than five years is also similar. In spite of the decline in the undernourished population, underweight children still comprised one-third of children under 5 years in South Asia as of 2010, compared to 3 percent in Eastern Asia and 17 percent in South Eastern Asia. South Asian countries including India, Bangladesh, Nepal and Pakistan still have a significant proportion of underweight children (Appendix 1).

Gender disparity is still an important issue in developing countries. In recent years, there has been much improvement in this regard. Appendix 2 presents the gender parity index (GPI) at the tertiary level. On average, South Asia had a GPI ratio of 0.76 in 2010 compared to higher than 1.05 in Eastern and 1.07 in South Eastern Asia. Only, Maldives and Sri Lanka have a GPI higher than one. Most of the East Asian countries have the GPI ratio, close to or higher than one.

An important indicator of human capital is the literacy ratio. Appendix 2 also presents the literacy ratio of 15-24 year old cohorts in the selected countries and region-wise. The literacy ratio reached almost 100 percent in East Asian countries. However, the average literacy ratio in South Asia is only 80 percent, and this is even lower in Bangladesh and Pakistan; only Sri Lanka and the Maldives have been successful in bringing the literacy ratio close to 100 percent. However, literacy ratio for people ages 15 and above remained at around 50 to 60 percent in many South Asian countries.

Regarding the progress in the health sector, Appendix 3 displays some health indicators. Despite some improvements in health sector, the situation in South Asia remains behind East Asia. The Maternal Mortality Ratio (MMR) per 100,000 live births declined from 590 in 1990 to 220 in 2010, a decline of 62.7 percent in South Asia. During the same period, East Asia observed a decline of 69.2 percent to 37 while South Eastern Asia recorded a fall of 63.4 percent to 150. Compared with East Asian countries, MMRs in South Asia are substantially high. Only MMRs in Maldives (60) and Sri Lanka (35) are closer to East Asian countries. Except for Indonesia, most of the selected East Asian countries have an MMR far lower than 100, while MMRs in South Asian countries are close to or more than 200.

As with MMR, despite some progress, child mortality rates in South Asia are also substantially higher. On average, 66 children under 5 years per 1000 births died in South Asia, compared to 32 in South Eastern Asia and 18 in Eastern Asia as of 2010. Pakistan has a child mortality rate as high as 87 per 1000 birth, whereas only 5 and 6 children per 1000 births died in Republic of Korea and Malaysia respectively. Except for Maldives and Sri Lanka, all South Asian countries have a child mortality rate higher than that found in East Asian countries. A similar trend can be seen in the percentage of births attended by skilled health personnel. Only half of all births were attended by skilled health personnel in South Asia compared to almost 100 percent in East Asia and 74 percent in South East Asia in 2010. Only one-quarter of births in Bangladesh and about one-third in Nepal and Pakistan were treated by health care personnel. Appendix 3 also presents the tuberculosis (TB) death rate per 100,000 populations, which was substantially lower in East Asia (4.4) in 2010 as compared to South East Asia (28) and South Asia (27).

Moving further, Appendix 4 shows three important indicators - the availability of improved drinking water, sanitation facilities and the proportion of urban slums in the urban population. Interestingly, the percentage of population having potable water in South Asia is almost the same as in East Asia and slightly higher than in South East Asia. This is just one indicator where South Asia is equivalent to East Asia. However, less than half of the population had sanitation facilities in South Asia in 2010 compared to more than two-thirds in East Asia. Only about one-third of population in India and Nepal had access to improved sanitation, while Indonesia and China recorded 54 percent and 64 percent population with improved sanitation.

III. REVISITING EAST ASIAN DEVELOPMENT EXPERIENCE

Despite the significant progress toward fulfilment of the MDGs, South Asia has remained far behind East Asia in almost all development indicators as seen from the above discussion. South Asia remains a home to the largest concentration of poor people, gender disparities, and low human development indices (Ghani, 2011). Although economic development is not evenly distributed in East Asian countries[3] , many East Asian countries have achieved notable progress. Starting from similar situations, why some East Asian countries - especially Japan, Republic of Korea, Taiwan, Singapore in early phase[4] and Malaysia, Thailand, and Indonesia in second phase - performed so well that they now reached the respective status of high income and middle income countries. On the other hand, why the performance of South Asia has remained sluggish, despite being in the same continent and region, and interconnected with each other is a challenging question that needs to be thought. The development performance of many East Asian countries has showed that economic development is possible even without colonization process through which many European countries did progress until the twentieth century (Reinert, 2007). In this context, one can ask whether there is any East Asian Development Model (EADM), as an alternative to the Anglo-Saxon development model.

Boltho and Weber (2009) argue that there is no well-defined EADM. The performance of East Asian countries differs amongst themselves and there is no unique way of achieving economic progress (Park, 2002). Multiple factors seem to play the developmental roles. For example, Republic of Korea industrialized via large business groups or conglomerates, while Taiwan Province of China developed smaller firms (Grabowski, 2000). However, many scholars have attempted to draw some common features which seem to drive the growth momentum in several East Asian countries such as Comeau (2003), Chang (2007) and Park (2002).

During the initial stage of take-off for economic development, East Asian countries like Japan, Republic of Korea, Taiwan Province of China, Singapore have a number of common policy approaches such as the protection of domestic firms from foreign competition through import substitution, the provision of direct and indirect subsidies, the use of preferential foreign exchange facilities and undervalued exchange rate, as well as heavy fixed investment supported by ample domestic saving (Boltho and Weber, 2009; Comeau, 2003; Chang, 2007). These countries had strict capital control regimes until recently (Chang, 2007). Furthermore, they pursued active industrial policies (Park, 2002; Chang, 2007). The second-tier Newly Industrialized Countries (NIC) such as Malaysia, Indonesia and Thailand also followed similar types of approach to bring their economy to take-off stage. An important impetus in kicking start the development process in these countries was the crucial role of the government as a developmental state (Wade, 1990; Dietz, 1992; Suzuki, 2007; Stark, 2010; Park, 2002). Dietz (1992) argues that there was a "nationalist" state with a developmental vision with the capacity to identify "strategy switching points" once diminishing returns set it. Grabowski (2000) similarly argues the transformation of the East Asian region was not due to the results of free trade and unregulated markets. According to Chang (2007, 3), the EADM basically includes (i) the pro-investment macroeconomic policy, (ii) control on luxury consumption[5], (iii) strict control on foreign direct investment, (iv) infant industry protection with export promotion, and (v) productivity-oriented instead of allocation oriented view of competition.

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[3] such as Indonesia and the Philippines are relatively behind among the selected East Asian countries.

[4] Taiwan is not covered here in comparison because the World Bank and the United Nations' MDG do not report Taiwan's data.

[5] Korea and Japan have had literally the two lowest numbers of passenger cars per capita than what any of the advanced and developing countries have achieved at comparable levels of development (Chang, 2007, 25). Korea had a restriction on foreign tourism until early 1980s, and heavily controlled until it was liberalized in 1988.

Political stability and credibility are also important for economic development since unstable politics generates greater uncertainty making economic game subject to constant revisions (Comeau, 2003). The Keynesian notion of "animal spirits" and "investor confidence" can only emerge in stable political environment. During the fast growth phase, authoritarian or at least semi-authoritarian regimes had ruled these countries (Thompson, 1996, 637). Governments in the East Asian countries have, in fact, remained strong enough to exercise widespread control and to take even potentially unpopular decisions if these were considered to promote economic development (Stark, 2010, 203). The government was effective in these countries due to strong bureaucracies, which are organized as a strict meritocracy and have been able to attract highly capable graduates from the top universities by offering competitive rewards (Akyuz et al., 1998, 28). However, many South Asian countries such as Nepal, Pakistan and Bangladesh have been constantly marred by political instability resulting in a weak government and bureaucracy.

Regarding the success of East Asian countries, on the other hand, instead of giving credit to the role of the government, some studies have pointed out to human capital and egalitarian income distribution (Boltho and Weber, 2009) and competent bureaucracy, homogenous population and conservative macroeconomic policies (World Bank, 1993). Further, Stark (2010, 197) even opines that cultural rules that shape the decisions of public officials should also be taken into account.

Amidst disagreement, there are some common features, nevertheless. It seems that under the guiding role of state, important common features of East Asian countries are to have export-led growth, focus on the manufacturing sector to absorb excess labour from rural and traditional sectors thereby increasing labour productivity (Ghani, 2011). The EADM was in fact a state-guided development model which did not let market identify the areas of comparative advantage. Rather, the government played an active role through industrial policy, development planning, technology transfer, and selective incentives (Chang, 2007; Stark, 2010). Rodrik (1995) argues that state coordination led to an investment boom – utilizing credit policies, subsidy and tax policies. Both the Republic of Korean and Taiwanese government provided these incentives for selective increases in investment spending. The following sections present some evidence for these distinctive features of East Asian countries compared to South Asia.

Higher Savings and Investment

Appendix 5 presents average savings and investment scenarios in South and East Asian countries starting from the 1960s. Savings and investments remained impressive in East Asia. During the high growth phase (1970 -2000), East Asian countries maintained savings and investment higher than 20 percent of GDP - some had even more than 30 percent. During the 1970s, Singapore and Japan had a gross investment to GDP ratio higher than 30 percent. Similarly, in the 1980s, China and Republic of Korea maintained investment spending more than 30 percent of GDP, and Singapore more than 41 percent of GDP. Although investment in Japan decelerated after 1990, which may be due to the maturation of economy and start of stagnation after the burst of the real estate bubble, other major East Asian Economies increased their investment-GDP ratio continuously. For example, Malaysia increased investment from 27.8 percent on average in the 1980s to 36.3 percent in the 1990s, and Thailand from 29.4 percent to 36.3 percent of GDP. China, Singapore, and Republic of Korea kept on maintaining investment higher than 30 percent of GDP in the 1990s. In the aftermath of the Asian financial crisis, investment in many East Asian countries has decelerated except China which invested 41.3 percent of GDP in the 2000s on average. Republic of Korea kept investment close to 30 percent of GDP in the 2000s, recovering fast from the crisis. In parallel to investment, these countries were able to have ample domestic savings to finance such a high level of investment (Appendix 5).

On the other hand, the investment-GDP ratio remained at around 10 percent in the 1960s and below 20 percent in the 1970s in South Asian countries. Bhutan and Sri Lanka succeeded in raising investment spending in the 1980s to some extent. However, many other South Asian countries had investment below 20 percent of GDP during the 1980s. Recently in the 2000s,

India increased its investment to 30 percent of GDP and Bhutan increased it to 49 percent. All other countries in South Asia still have investment well below 30 percent of GDP (Appendix 5). Savings have also remained very low in South Asian countries, resulting in a higher saving - investment gap.

Focus on Manufacturing and Exports

Another important feature of the East Asian development experience was the focus on manufacturing sector and exports. They, in fact, adopted the process of development that European countries and the U.S. had followed in the past. The manufacturing sector is an important sector to spur economic growth and employment in the economy (see Reinert, 2007, for detail). The manufacturing sector exhibits increasing returns to scale, while the agriculture sector is normally subjected to diminishing returns to scale. The development of the manufacturing sector can create synergies in the economy which can induce development in the agricultural sector as well. Appendix 6 presents the value added from the manufacturing sector in the national GDP. The contribution of the manufacturing sector remained almost stagnant and stable, and below 20 percent in the 2000s in South Asian countries. Only Bhutan increased the contribution of the manufacturing in GDP during the 2000s. In contrast, by 1990, all selected East Asian countries had the contribution of the manufacturing sector to above 20 percent. Such a contribution further increased in the 2000s, except in Japan. Hence, more than a quarter, even about one-third of GDP in case of Thailand and China is coming from the manufacturing sector (see Appendix 6). Paradoxically, with the globalization and liberalization, many South Asian countries adopted structural adjustment programs and were forced to open up their economies, which have a detrimental effect on the local industries.

In addition, Appendix 6 shows the exports of goods and services as a percentage of GDP. In the 2000s, exports of goods and services as a percentage of GDP remained relatively low, below 20 percent in many South Asian countries, except for Bhutan, Maldives and Sri Lanka. In contrast, exports of goods and services in emerging East Asian countries remained quite high, for example such a ratio stood at 110 percent in Malaysia and 214.3 percent in Singapore in the 2000s. Other East Asian countries such as Thailand increased the exports of goods and services to 70 percent of GDP in the 2000s from 19 percent in the 1970s, the Philippines from 21.5 percent to 44.5 percent, Indonesia from 22.4 percent to 32.4 percent, China from 11.8 percent to 31.1 percent, Republic of Korea from 24.6 percent to 40.7 percent. Exports seem to play a vital role for expanding effective demand for these economies.

More importantly, the manufacturing sector takes the dominant share in merchandise exports. Almost all selected East Asian countries have been able to increase the share of manufacturing sector in merchandise exports. For example, Indonesia, Malaysia, the Philippines and Thailand, increased their shares of manufacturing exports from negligible (less than 10 percent) in the 1960s to 48.5 percent, 73.6 percent, 88.5 percent, and 75.5 percent respectively in the 2000s (Appendix 7). Such a ratio reached above 90 percent in China, Republic of Korea, and Japan in the 2000s. Only Indonesia has less than 50 percent share of manufacturing exports in the merchandise exports. Some South Asian countries such as Bangladesh, Pakistan, India and Sri Lanka also have a significant proportion of merchandise exports from the manufacturing sector. However, most of the manufacturing exports in South Asia are of just low-end technology (Appendix 7). In manufacturing exports, the share of high-technology exports is just very nominal - the highest ratio is just 6.6 percent in the 2000s in India. In contrast, such a ratio has been relatively higher in East Asian countries (Appendix 7).

Importance of Human Capital

Developing human capital also received a higher priority in East Asian countries. However, many South Asian countries are still struggling to increase literacy rate. About 40 to 45 percent of people aged 15 and above are illiterate in many South Asian countries. Only Sri Lanka and Maldives in South Asia achieved a literacy rate of 91 percent in 2008. On the other hand, all East Asian countries selected here achieved their literacy ratio higher than 90 percent (World Bank, 2012) which paved the way for developing skilled manpower necessary for industrial

development. In fact, these East Asian countries had literacy rates in 1980 higher than what South Asian countries achieved recently. Such a higher literacy rate helped diffuse new technology. In addition, other educational indicators of South Asia such as gross education enrolment rates, average years of schooling, indicators of trainability of workers are considerably lower than the East Asian countries (Sri Lanka being an exception)(Nabi, 2010).

Physical Infrastructure

Regarding infrastructure comparisons, another driver of international competitiveness, Appendix 8 presents some indicators of infrastructure in East Asian and South Asian countries - road density, percentage of paved roads, telephone line per 100 people, mobile phone per 100 people and access to electricity. South Asia performed much poorly than East Asia in these areas also. Bhutan, Maldives and Nepal have very low road density. Moreover, access to telephone and mobile phones is low in South Asia except in Maldives and Sri Lanka than the selected East Asian countries. More importantly, access to electricity in South Asia is far behind than that of in East Asia. Except in Indonesia, East Asian countries have been able to provide electricity to more than 90 percent of population. However, a large chunk of people in South Asia are living without electricity even in this twenty-first century.

IV. REALITY IN SOUTH ASIA

Although there is no unique and specific way that East Asian countries followed to transform their economies, there are some distinctive characteristics of their development process as explained above. As such the question is whether that model can be replicated in South Asia to achieve economic development. The World Bank (1993) argues that East Asian Development experience cannot be replicated in other countries because of changed circumstances such as globalization, financialization, WTO agreements and the lack of effective domestic institutions, namely efficient bureaucracy. Hence, following the prescriptions of the IMF and the World Bank, and against the backdrop of weak performance of the governments, South Asian countries adopted the policies of economic liberalization through structural adjustment programs starting from the mid-1980s. These efforts were accelerated after 1990, with the change in political regimes in Nepal, Pakistan and Bangladesh, and the balance of payments crisis in India. Following the beliefs that economic liberalization is the key to success, South Asian countries followed the neoliberal policies (Grabowski, 2000). With the exception of India in recent years, the performance of many South Asian countries has remained sluggish despite liberalization of their economies. It shows that openness is a necessary but not a sufficient condition for successful economic development; a country at a take-off stage can only benefit from openness (Thorbecke and Wan, 2004, Reinert, 2007).

East Asian experiences show that the government played a constructive role as a developmental state. South Asian countries had also significant government involvement in economic affairs until recently. Before the adoption of economic liberalization in the 1980s and in the beginning of 1990s, South Asian countries had pursued economic policies almost similar to East Asia. These include import substitution, licensing system, highly regulated financial system, the disbursement of concessional loans to domestic industries, the maintenance of favourable exchange rates to promote exports, state-owned enterprises and the high tariff wall to discourage imports. However, South Asian economies could not grow as did some of the East Asian countries. Grabowski (2000) argues that failure in South Asia was due to the absence of rapid growth in agriculture, an equitable income distribution and substantial accumulation of human capital. More importantly, East Asian governments did pursue active industrial policy to develop the manufacturing sector and technology transfer with human capital development. In contrast, South Asian governments were weaker than those in East Asia and development process was fragile in South Asia because of weak inter-linkage in the economy (Grabowski, 2000). It seems that South Asian governments failed to identify "strategy switch points" to lead

to greater growth as pointed out by Dietz (1992) - South Asia mainly relied on the exports of simple and labour-intensive manufactured commodities. During the controlled regime, rent seeking activities directed at unproductive sectors were rampant in South Asia and they did not succeed in transforming from import substitution to export expansion as in East Asia.

Against the background of weak development performance of South Asian economies, neoliberal policies penetrated South Asian countries after the mid-1980s. The IMF and the World Bank pushed South Asian countries to liberalize their economies. However, the full swing of liberalization halted after the financial crisis in East Asia in 1997. As a lesson learned, the IMF and the World Bank softened their stance and South Asia started to slow down the liberalization process, since South Asian economies remained insulated from that crisis because of having closed capital accounts. Many South Asian countries have not liberalized their capital account yet, although they have quite liberal current accounts with low tariff rates. Despite trade liberalization i.e. opening up the current account and lowering of tariffs in a line with the WTO's agreement, the performance of the external sector in South Asian countries has been still weak (Appendix 6). In addition to external sector weakness, the performance of manufacturing sector has also been very dismal. In many South Asian countries, it seems that both market and government have failed. The liberalization process has further weakened the capacity of governments in South Asia, without improving market efficiency, lowering corruption and rent seeking behaviour of the public sector.

A recent World Bank's study (Ghani, 2011) presents some optimistic scenarios as well as possible challenges for the economic development in South Asia. The report highlights that a young population, a new wave of globalization in services, labour mobility, and the rise of middle class could engender growth in this region. At the same time, on the downside, the report identifies the factors like failure of the government, weak physical infrastructure, low human capital and entrepreneurship, and high levels of conflicts and violence could derail the growth process.

In recent years, one important scenario has emerged in South Asia with the liberalization and globalization i.e. growing inflows of remittances. Remittances have been a far more important source of external financing in South Asia than in East Asia, where external financing was primarily in the form of foreign direct investment (Devarajan and Nabi, 2006). For examples, remittances comprised 21.6 percent of GDP in Nepal, 10.8 percent in Bangladesh, 8.4 percent in Sri Lanka, 5.5 percent in Pakistan and 3.2 percent in India in 2010 (World Bank, 2012). Except in the Philippines, remittance inflows have been less than 1 percent of GDP in East Asian countries selected here. On the other hand, in all South Asian economies, the volume of remittance inflows is considerably larger than the inflows of foreign investment and official development assistance taken together (Nabi, 2010). Given the changing pattern of demography in the advanced countries as well as in South Asian countries, out migration seems to increase further. Hence, it is expected that remittance inflows will increase further. Now the problem is how to channel the remittances towards economic development. Can inflows of remittances spur higher economic growth?

In East Asia, manufacturing and export-led growth moved a large number of people from the agriculture sector which has low productive and low wage to higher productive and higher wage manufacturing jobs (Nabi, 2010). The share of agriculture in total output of the economy has declined in these countries. In South Asia also, there is a declining trend of agriculture in the economy but manufacturing sector has remained sluggish (Appendix 6). However, there is a rise of the share of services in GDP. Nabi (2010) argues that there is an increasing share of services now accounted for by modern sectors such as financial intermediation, communications and transport. A rise of services made possible by information technology has created employment opportunities that are more productive and command higher wages than employment in agriculture (Nabi, 2010). But again an important question remains whether this service-led expansion can result in long term sustained high growth with enough employment opportunities to absorb most of the working poor in South Asia over the coming years. It will be possible if the service sectors can exhibit an increasing return to scale with a higher demand for modern

services by households receiving remittances. However, Nabi (2010) argues that this derived demand for services is subject to considerable uncertainty. Although India's recent success on IT sector can be taken as an example, none of the other South Asian economies has achieved such a success in the export of IT service (Nabi, 2010).

It seems that South Asia has not followed the path that East Asia followed during the early phase of economic development. Although South Asia may differ from East Asia geographically, politically, and culturally, and circumstances have now changed, South Asian countries still need to adopt some of the features of East Asia such as higher investment, development of manufacturing sector, focus on human capital, application of modern technology and emphasis on export promotion. In addition, economic growth and economic development will not be possible without high investment in infrastructure, health and education, and without effective law and order with political stability.

V. CONCLUSIONS

This paper compares the level of economic development in South Asia and East Asia. Some East Asian countries such as Japan, Republic of Korea, Taiwan, Singapore in the first phase, and Malaysia, Thailand, Indonesia and the Philippines in the second phase, and recently China have developed their economy in the post-Second World War period. Along with an increase in per capita income and decline in poverty level, these countries have also witnessed improvements in infant mortality, educational achievement, and other indicators of human development. Although countries like Maldives and Sri Lanka are slightly ahead, other major South Asian countries are far behind than emerging East Asian countries. Most development indicators point out that South Asia is far below East Asia in the ladder of economic development.

Governments in East Asian countries played effective role of developmental state, but South Asian governments could not do so. The high-growth of East Asian economies exhibit a range of government strategies such as heavy investment, catching up with the technology, industrial development, export-led growth and human capital development. Finally, these East Asian countries achieved international competitiveness in the high tech manufacturing sectors. However, South Asian countries both the government and the market have so far exhibited failure in these aspects of development. In recent years, neoliberal "Washington Consensus" policies have further weakened the capability of the government to steer the development process in many South Asian countries. At the same time, many South Asian countries have been suffering from internal conflicts and political instability which have been further pushing away the development activities.

From the experience of East Asian countries, economic development requires construction of infrastructure, expansion of health facility and quality education, stable macroeconomic environment, adoption of technology and innovation, and job creation inside the economy through increasing investment. Although government is unable to do all economic activities, it should provide the private sector with congenial environment for economic activities by effectively providing public goods in the economy. More importantly, South Asia needs to improve the business environment and develop entrepreneurship to build Schumpeterian "creative destruction" (Ghani, 2011). For economic progress, a country needs to move towards economic activities that can exhibit increasing returns to scale and develop synergy in the economy (Reinert, 2007). Moreover, South Asian countries need to focus on the expansion of the manufacturing sector and productive use of remittance. Managing conflict is also a key public policy issue to ensure the future stability and growth of South Asia.

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Appendix 1
Status of MDG Indicators: Poverty and Hunger

Regions/Countries	Pop^{n} <$1(PPP)/day(%)		Pop^{n} Undernourished(%)		Children< 5-yr underweight (%)	
	1990	2010	1991	2007	1990	2010
South Asia	51.5	34.4 (2008)	22	20	51	32
Bangladesh	70.2 (1992)	43.3	38.0	26	61.5	41.3 (2007)
Bhutan	26.2 (2003)	10.2 (2007			14.1 (1999)	12.7
India	49.4 (1994)	32.7	20	19.0	52.8 (1992)	43.5 (2006)
Maldives		11.8	9.0	10	32.5 (1994)	17.8 (2009)
Nepal	68 (1996)	24.8	21	17	42.6 (1995)	38.8 (2006)
Pakistan	64.7 (1991)	21.0 (2008)	25.0	25	39.0 (1991)	31.3 (2001)
Sri Lanka	15 (1991)	7.0 (2007)	28.0	20	33.8 (1993)	21.6 (2009)
Eastern Asia	60.2	13.1 (2008)	18	10	15	3
South Eastern Asia	45.3	17.2 (2008)	24	14	31	17
Indonesia	54.3	18.1	16	13	29.8 (1992)	19.6 (2007)
Malaysia	1.6 (1992)	0.0	5.0	5.0	22.1	12.9 (2006)
Philippines	30.7 (1991)	18.4 (2009)	24.0	13.0	29.9	20.7 (2008)
Thailand	11.6	0.4 (2009)	26.0	16.0	16.3 (1993)	7 (2006)
China	60.2	13.1 (2008)	18	10	12.6	3.4 (2009)

Source: http://mdgs.un.org/unsd/mdg/Data.aspx Accessed on August 22, 2012

Appendix 2
Status of MDG Indicators: Gender and Education

Regions/Countries	GPI in Tertiary Level Enrolment		Literacy rate of 15-24 year-old	
	1990	2010	1990	2010
South Asia	0.49 (1991)	0.76	59.6	80.5
Bangladesh	0.49 (1999)	0.61 (2009)	44.7 (1991)	77
Bhutan	0.58 (1999)	0.61	74.4 (2005)	
India	0.54 (1991)	0.73	61.9 (1991)	81.1 (2006)
Maldives	2.3 (2003)	1.1 (2008)	98.2 (2000)	99.3 (2006)
Nepal	0.33 (1991)	0.40 (2004)	49.6 (1991)	83.1
Pakistan	0.79 (2002)	0.83 (2008)	65.1 (2005)	70.7 (2009)
Sri Lanka		1.92	95.6 (2001)	98.2
Eastern Asia	0.51 (1991)	1.05	94.6	99.4
South Eastern Asia	0.95 (1991)	1.07	94.5	97.7
Indonesia	0.88 (2000)	0.89	98.7 (2004)	99.5
Malaysia	1.02 (1999)	1.29 (2009)	95.6 (1991)	98.4
Philippines	1.27 (1999)	1.25 (2008)	95.1 (2000)	97.8 (2008)
Thailand	1.17 (1999)	1.31	98 (2000)	98.1 (2005)
China	0.83 (2003)	1.1	98.9 (2000)	99.4
Republic of Korea	0.49 (1991)		0.72	

GPI denotes Gender Parity Index
Source: http://mdgs.un.org/unsd/mdg/Data.aspx Accessed on August 22, 2012

Appendix 3
Status of MDG Indicators: Health

Regions/Countries	MMR per 100,000 live births		Children < 5 MR 1,000 live births		% of births attended by skilled health personnel		TB Death rate per year per 100,000 pop. (mid-point)	
	1990	2010	1990	2010	1990	2010	1990	2010
South Asia	590	220	117	66	30	49	42	27
Bangladesh	800	240	143	48	9.5 (1993)	26.5	58	43
Bhutan	1000	180	139	56	14.9 (1994)	64.5	47	9.2
India	600	200	115	63	34.2 (1993)	52.7 (2007)	38	26
Maldives	830	60	102	15	90 (1994)	94.8 (2009)	31	3.4
Nepal	770	170	141	50	7.4 (1991)	36 (2011)	38	21
Pakistan	490	260	124	87	18.8	38.8 (2006)	71	34
Sri Lanka	85	35	32	17	94.1 (1993)	98.6 (2006)	11	9.1
Eastern Asia	120	37	48	18	94	99	20	4.4
South Eastern Asia	410	150	71	32	48	74	51	28
Indonesia	600	220	85	35	40.7	79.4 (2007)	51	27
Malaysia	53	29	18	6	92.8	98.6 (2007)	24	8.5
Philippines	170	99	59	29	52.8 (1993)	62.2 (2008)	47	33
Thailand	54	48	32	13	99.3 (2000)	99.5 (2009)	20	16
China	120	37	48	18	94	99.3 (2009)	19	4.1
Republic of Korea	18	16	8	5	98	100 (1997)	13	5.4

MMR denotes Maternal Mortality Ratio and MR denotes Mortality Ratio and TB denotes Tuberculosis
Source: http://mdgs.un.org/unsd/mdg/Data.aspx Accessed on August 22, 2012

Appendix 4
Status of MDG Indicators: Drinking Water, Sanitation and Urban Slum

Regions/Countries	% of pop. using an improved drinking water source		% of population using an improved sanitation facility		Proportion of urban population living in slums	
	1990	2010	1990	2010	1990	2010
South Asia	72	90	24	41	57.2	35
Bangladesh	77	81	39	56	87.3	61.6
Bhutan	86 (1997)	96	38 (1997)	44		
India	69	92	18	34	54.9	29.4 (2009)
Maldives	93	98	68	97		
Nepal	6	89	10	31	70.6	58.1 (2009)
Pakistan	85	92	27	48	51	46.6 (2009)
Sri Lanka	67	91	70	92		
Eastern Asia	68	91	27	66	43.7	28.2
South Eastern Asia	71	88	46	69	57.2	35
Indonesia	70	82	32	54	50.8	23.0 (2009)
Malaysia	88	100	84	96		
Philippines	85	92	57	74	54.3	40.9 (2009)
Thailand	86	96	84	96	26 (2005)	27 (2009)
China	67	91	24	64	43.6	29.1 (2009)
Republic of Korea	90 (1991)	98	100	100		

Source: http://mdgs.un.org/unsd/mdg/Data.aspx Accessed on August 22, 2012

Appendix 5
Saving and Investment in South and East Asia (% of GDP)[a]

Regions/Countries	1960s		1970s		1980s		1990s		2000s	
	S	I	S	I	S	I	S	I	S	I
South Asia										
Bangladesh	8.1	10.6	1.9	9.4	7.7	16.5	13.3	19.1	17.6	23.9
Bhutan					3.3	39.7	27.7	41.7	34.1	49
India	13.7	14.6	17.5	17.2	20.2	20.4	22.9	24.3	28.5	31.3
Maldives							46.6	31.7	23.7	25.8
Nepal	2.7	5.4	8.1	11.2	11	19.9	12	22.7	10.6	23
Pakistan	9.9	17.5	8.2	15.9	8.3	18.7	15.1	18.7	15	18.8
Sri Lanka	12.4	15.4	13.7	17.6	12.9	26.2	16	24.9	16.4	25.3
East Asia										
Indonesia	8	9.7	25	20.9	31.6	28.6	30.2	27.6	30.5	25
Malaysia	21.7	17.3	27.1	22.3	30.2	27.8	40.7	36.3	42.2	21.8
Philippines	21.3	21.8	24.7	26.4	20.6	22.2	15.9	22.7	16	20.2
Thailand	18.7	20.5	22.3	25.8	26.5	29.4	35.3	36.3	31.6	25.9
China		20.9	30.4	29.6	35.4	36	41.2	39.1	45.9	41.3
Republic of Korea	8.6	18.9	22.1	28.5	30.9	30.4	36.3	35.4	31.6	29.5
Singapore	-3.6	19.7	29.1	38.6	42.4	40.9	48.7	33.8	47.7	23.7
Japan			35.1	34.3	31.4	29.5	30.3	28.8	23.9	22.7

a/ Savings (S) represent the Gross Domestic Savings and Investment (I) represents the Gross Capital Formation
Source: World Bank's World Development Indicator (July, 2012) Accessed on August 12, 2012

Appendix 6
Manufacturing, value added and Exports of goods and services (% of GDP)

Regions/Countries	Manufacturing, value added (% of GDP)					Exports of goods and services (% of GDP)				
	1960s	1970s	1980s	1990s	2000s	1960s	1970s	1980s	1990s	2000s
South Asia										
Bangladesh			13.8	14.9	16.6	9.7	5.7	5.2	9.9	16.8
Bhutan			5.7	9.3	19.6			19.7	34.3	40.6
India	13.8	15.2	16	15.8	15.3	3.9	5.1	5.8	9.7	17.6
Maldives				7.7	7.9			106.3	84.4	60
Nepal	3.6	4.1	5.2	8.8	8.3	6.8	8.2	11.4	19.5	16.2
Pakistan	14.3	15.9	16	16.4	17.2	9	10.5	12.1	16.4	14.7
Sri Lanka	15.6	19	15.4	15.7	18.2	24.3	28.2	27.3	33.7	31.9
East Asia										
Indonesia	9	10.4	15.3	23.7	27.8	10.4	22.4	25.4	30.1	32.4
Malaysia	9.5	16.8	20.4	27	28.8	42.6	44.1	57.2	91.2	110.4
Philippines	24.2	25.7	25	23.6	23.7	17	21.5	24.7	36.8	44.5
Thailand	14.2	19	23.3	29.5	34.4	16.3	19	25.9	43	69.9
China	29	37.2	36	32.9	32.4		4.7	11.8	19.6	31.1
Republic of Korea	15.6	21.6	27.5	27.1	27.2	7.8	24.6	33.9	30.8	40.7
Singapore		23.7	24.4	24.5	24.8	123.8	142.1	174.4	172.1	214.3
Japan			26.6	23.2	19.9	9.9	11.7	12.6	9.8	13.6
USA		23.9	19.9	17.2	14.1	5.2	7.5	8.5	10.5	10.8

Source: World Bank's World Development Indicator (July, 2012) Accessed on August 12, 2012

Appendix 7
Manufactures exports and High-technology exports (% of merchandise exports)

Regions/Countries	Manufactures exports (% of merchandise exports)					High-technology exports (% of manufactured exports)		
	1960s	1970s	1980s	1990s	2000s	1980s	1990s	2000s
South Asia								
Bangladesh		61.1	67.1	84.4	91	0.4	0.1	0.3
Bhutan				41.7	35.4			2.1
India	47.5	53.6	60.1	74.2	71	4.1	5.2	6.6
Maldives				25.3	20.7			
Nepal		31.7	48.6	81.1	69.1		1	0.2
Pakistan	39.1	56.5	62.3	82.4	81.7		0.1	1.1
Sri Lanka	1.0	5.5	34.4	67.5	71.4		1.3	1.5
East Asia								
Indonesia	1.3	1.6	14.5	47.3	48.5	1.5	6.6	14.3
Malaysia	5.2	13.2	30.8	70.8	73.6	39.5	45.4	53.8
Philippines	6	13.1	27.1	62.9	88.5		47.6	70.4
Thailand	2.6	14.4	36.8	70.3	75.5	19	25.9	28.4
China			49	81.8	91.3		11.3	26.2
Republic of Korea	55.8	84.1	91.4	92.5	90.4	16.9	23.6	31.3
Singapore	26.9	40.4	56.1	80.5	80.5	38.2	53.3	54.3
Japan	91	94.1	96	95.2	91.6	24.2	25.5	22.8
USA	64	66.2	68.4	78.4	78.4	32.2	32	29.4

Source: World Bank's World Development Indicator (July, 2012) Accessed on August 12, 2012

Appendix 8
Glimpse of Situation of Infrastructure, Latest 2010

	Road density (km of road per 100 sq. km of land area	Roads,paved (%of total roads)	Telephone lines (per 100 people)	Mobile (per 100 people)	Access to electricity (% of pop.)
South Asia					
Bangladesh	166 (2003)	9.5 (2003)	0.6	46	41 (2009)
Bhutan	20 (2003)	62 (2003)	3.6	54.3	
India	125 (2008)	49.5 (2008)	2.8	61.4	66.3 (2009)
Maldives	29 (2005)	100 (2005)	15.2	156.5	-
Nepal	14 (2008)	53.9 (2008)	2.8	30.7	43.6 (2009)
Pakistan	32 (2009)	65.4 (2006)	2	57.1	62.4 (2009)
Sri Lanka	148 (2003)	81 (2003)	17.1	83.2	76.6 (2009)
East Asia					
Indonesia	25 (2009)	56.9 (2009)	15.8	91.7	64.5 (2009)
Malaysia	30 (2004)	81.4 (2004)	16.1	119.2	99.4 (2009)
Philippines	67 (2003)	9.9 (2003)	7.3	85.7	89.7 (2009)
Thailand	35 (2006)	98.5 (2000)	10	103.6	99.3 (2009)
China	40 (2009)	53.5 (2008)	21.9	64	99.4 (2009)
Republic of Korea	105 (2009)	79.2 (2009)	59.2	105.4	-
Singapore	473 (2009)	100 (2009)	39.2	145.2	100
Japan	320 (2009)	80.1	31.9	95.4	-
USA	67 (2009)	67.4 (2008)	48.7	89.8	-

Source: World Bank's World Development Indicator (July, 2012) Accessed on August 12, 2012

Appendix 9
Glimpse of Inflows of Foreign Resources

Regions/Countries	Net ODA received/Capita (cur.US$)					Net ODA received (%of GNI)					FDI, net inflows(%of GDP)			
	1960s	1970s	1980s	1990s	2000s	1960s	1970s	1980s	1990s	2000s	1970s	1980s	1990s	2000s
South Asia														
Bangladesh		8.6	14.9	13.0	9.5		6.1	6.4	4.1	2.1	0.0	0.0	0.1	0.8
Bhutan	0.3	7.1	54.3	115.6	136.6			13.6	21.0	11.6				1.4
India	2.0	1.8	2.4	2.0	1.4		1.1	0.8	0.6	0.2	0.0	0.0	0.4	1.6
Maldives	4.2	21.0	80.7	130.6	122.3			13.6	9.9	3.4		0.5	2.3	4.7
Nepal	1.2	4.0	15.8	19.2	18.7	2.1	4.0	9.6	9.8	6.1	0.0	0.0	0.2	0.1
Pakistan	7.7	8.3	10.2	8.7	11.1	7.0	4.6	2.9	2.0	1.6	0.1	0.3	0.9	1.8
Sri Lanka	2.2	11.1	30.6	31.3	31.2	1.5	5.2	8.5	5.2	2.5	0.2	0.8	1.2	1.3
East Asia														
Indonesia	1.4	4.6	6.1	7.9	6.0	3.9	2.7	1.2	1.2	0.6		0.4	1.1	0.5
Malaysia	2.3	5.7	12.4	4.8	5.1	0.7	0.7	0.7	0.2	0.1	3.0	3.2	5.8	2.9
Philippines	1.7	5.0	11.6	14.1	5.8	0.9	1.3	1.9	1.5	0.5	0.6	0.6	1.8	1.4
Thailand	1.5	3.2	9.0	12.4	-1.4	1.1	0.8	1.1	0.6	0.0	0.4	1.0	2.6	3.6
China			0.9	2.2	1.2		0.0	0.4	0.5	0.1		0.6	3.9	3.6
Republic of Korea	8.7	7.1	1.3	-0.9		6.3	1.5	0.1	0.0		0.2	0.3	0.6	0.7
Singapore	1.6	7.9	11.0	4.1		0.4	0.5	0.2	0.0		5.9	9.8	11.6	14.2

Source: World Bank's World Development Indicator (July, 2012) Accessed on August 12, 2012