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**Discussion Paper**

by

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on

Sidney Klein's

**ECONOMIC DEVELOPMENT IN HONG KONG AND SINGAPORE**

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DISCUSSION PAPER ON ECONOMIC DEVELOPMENT  
IN HONG KONG AND SINGAPORE ( COMMITTEE IV )

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I. Professor Sidney Klein's View

(1) In his conference paper "Economic Development in Hong Kong and Singapore", Professor Klein has analysed, very clearly and concretely, both the causes and the process of the post-World War II economic development of the two mini-states.

His analysis gives meaningful suggestions to all who have either an academic or a practical interest in the socio-economic development of the LDCs in general.

(2) Professor Klein points out that the two countries have, on the one hand, many similarities:

- small size of territory and population, paucity of natural resources,
- strategic location commanding important sea lanes in Asia,
- colonial history and commercial development before the Second World War,
- industrial development and rapid GDP growth after the war, due, mainly, to their hard-working and educated populations, and
- prevalence of a free-market economy, dominance of the private sector and government encouragement of investment and exports,

But, on the other hand, are very different from each other in the following ways:

- the composition of the industrial sector (while Hong Kong industry is still concentrated in the labor-intensive textile and clothing industries, Singapore has already established capital-intensive heavy and chemical industries, including an overall establishment that is the second largest oil refinery in the world),
- the role of government in economic development (while in Hong Kong government, based on a classic laissez-faire approach, taxes and regulates lightly, gives less assistance to business, and does not seek to control it, but provides the population with many social services, in Singapore, government with a somewhat authoritarian, paternalistic style, taxes and regulates heavily, gives much more assistance to and, at the same time, implements centrally planned and socially oriented control of business and provides fewer social services for the population).

(3) Professor Klein, cautiously refraining from judging which of the two approaches is superior, mentions that no one model of economic development is suitable for all nations.

However, at the same time, he clearly attributes the success of the two countries to common virtues --- an emphasis on education and hard work.

He writes, "The only factors which appear to be common to all national economic success stories are that the populations involved placed extremely high value on education and hard work".

## II. Role of Clean Government and Hard Work

(1) While entirely agreeing with the above-mentioned conclusion, I rather doubt whether those virtues of hard work and an emphasis on education can be transplanted to all LDCs and wonder why, where people in an LDC already work hard and are very conscious of the importance of education, their efforts do not give their countries economic development like that enjoyed by Hong Kong and Singapore.

(2) On the basis of my own observation and experience, I believe that the ordinary people of the LDC countries, e.g., the paddy farmers of Java, the becak drivers in Jakarta, the fishermen on the Thai coast, or the forest workers in East Malaysia, invariably work very hard to earn their living. Even in modern factories, the efficiency of local labour is said to be not so low when compared with that of industrialized countries as far as normal day-to-day operation is concerned.

(3) It seems to me, then, that it depends very much on the character of the upper structure of society whether the ordinary people's efforts lead to national economic development or not, in other words, the existence or non-existence of clean and honest administration is one of the decisive factors determining the success or failure of national development efforts.

(4) Nobody doubts that government in Singapore is honest and clean, its officials efficiency and achievement-orientedness are well-known.

Under such administration one can expect that harder work will naturally produce better results.

On the contrary, under corrupt and dishonest government consisting of status-oriented and lazy officials, there is no guarantee for the ordinary people that their efforts will enjoy a fair reward. In many cases, honest behaviour leads to personal disadvantage, while the dishonest and cunning prosper. There can be no doubt that such a situation works as a disincentive to hard work and constitutes a prime obstacle to development.

(5) In most cases, as described by Professor Syed Hussein Alatas in his famous study "The Sociology of Corruption" (1975), corruption usually originates in the upper echelons of government and big business, eventually pervades all strata of the administration and finally becomes widespread throughout the whole society.

It is, therefore, only logical that the cure must also start with purification of the upper echelons themselves, not with moral preaching to the common people, and the following diagnosis by Wang An Shih (AD 1021-1086) quoted by Professor Alata is still applicable today, "The two absolute prerequisites against corruption are power-holders of high calibre and rational and efficient laws. Neither can function without the other. The one conditions the other. Both have to be present for any effort to be successful."

### III. Role of Value System and Education

(1) Why do people in Singapore and Hong Kong work so hard?

In addition to a favourable environment for hard work, the result, mainly, of the existence of clean government mentioned above, traditional cultural attitudes would appear to play a very important role as motive power for their hard work.

The role of traditional cultural attitudes, in other words, the value system of a society, must not be overlooked when studying a society's development.

(2) The eminent cultural anthropologist, Professor Koencaraningrat of the University of Indonesia, describes, in his book "Kebudayaan, Mentalitet dan Pembangunan (Culture, Mentality and Development )" (1974), the features of the value system of the Javanese "priyai" (upper middle class administrative officials originally employed by the Javanese feudal dynasties ) which still influence Javanese cultural attitudes and retard the society's economic development, as follows.

- They ( the Javanese priyai ) attach prime importance to their status, authority and social power and the consequent material comfort, not on achievement in their profession. (status-oriented, not achievement-oriented )
- Even when faced with a situation that clearly calls for urgent and drastic measures, they avoid realistic discussion or criticism, particularly with or of their superiors, as rude and impolite, and regard meetings rather as social gatherings than as having a business function.  
(unwillingness to face reality, prevalence of wishful-thinking, confusing of Sollen, Wollen and Sein)
- Being extremely vertical-oriented, they always seek their superiors' blessing before doing anything.  
Without supervision from above, no self-control.  
(lack of built-in self-discipline and personal initiative)
- They want to obtain good results quickly and easily, neglecting the necessary, unavoidable process of cumulative efforts which alone could give the desired results and also forgetting the importance of the quality of the work done.  
(easy going society, to use Professor Koencaraningrat's term)

(3) If we merely reverse the above, perhaps over-simplified description of the cultural attitudes of the Javanese priyais, we have a model of the modern official with the opposite virtues, those conducive to the development of a society.

I believe that this type of official already exists in Singapore and Hong Kong, constituting an essential factor in its success. It would appear to be obvious that education and training in the LDCs, particularly of administration officials, should emphasize the production of such achievement-oriented, well-disciplined people, able to face bitter reality with courage and clear minds, free from wishful-thinking and confusing of Sollen, Wollen and Sein.

It may well be that education and training are even more important and fundamental than technology or knowhow transfer from industrialized countries.