

Coun try	Thailand	Indonesia	Singapore	Malaysia	Vietnam	Misc
Econ Obje ctive	First priority: Post-War Economic rehabilitation - Rehab efforts at creating jobs and reducing poverty - essential to maintain social stability - Thai govt leveraged on strengths and sought to reinstate the export of key primary products such as rice,rubber,tin and teak Had initial control over the economy before liberalisation - Siam Rice Agency - dictated and influence the direction of econ change in the economy Siam Rice Agency - Govt assumed monopoly control over the export of rice, brought in considerable revenue for government , national finances strengthened and some stability achieved in post-war period. <u>Context of KW</u> - Created favourable demand conditions for trade and improved TH’s position as a exporter of key commodities temporarily - Increased American interest led to the establishment of SEATO, economy benefit from military and econ cooperation, - Close US relations facilitated econ change as TH received more than 1 billion in econ and mil aid to curb the spread of communism in light of of pol devts in IndoChina - However KW boom not sustained and prices for key commodities plunged -> Export revenue falls, BOT impacted FURTHER exacerbated when TH’s neighbours presented serious competition in commodity export -> huge oversupply for rice and more - TH’s lead eroded when facing competition from newly independent regional counterparts	First priority: Economic nationalisation and self-reliance Sukarno's government launched fierce attacks on Western interests and severed all economic and political ties with the West. - Decol Exp In an effort to dictate the nation's economic direction, Sukarno introduced the "Berdikari" campaign for national self-reliance, which included large-scale import-substituting industrial projects. The government also steered the country down a socialist path, focusing on the development of state-owned basic industries such as fertiliser, cement, paper, chemicals, spinning, and shipbuilding. However, the state-driven approach faced significant challenges. The shortage of expertise and capital severely hindered industrial development. As a result, Sukarno's state-directed economic policies led to a plummeting of industrial production and a significant decline in GNP. Ultimately, Sukarno's brand of economic nationalism, dictated by the state's ideological agenda, proved detrimental to Indonesia's economic development. This caused the country to fall behind other regional economies like Thailand, the Philippines, Malaysia, and Singapore, which, by aligning with the West, enjoyed generous assistance and investments that facilitated their economic growth. SHIFT Economic objectives: EG and pragmatism Suharto opportunistic in leveraging favourable external and internal circumstances to bring about growth	First Priority: Economic Survival and Growth - Tiny Island state without any natural resources to depend on - Unlike some of its neighbours who systematically dismantled the economic and financial systems put in place by the colonial rulers, and rejected the forging of economic ties with their colonial masters out of a fear of neo-imperialism, Singapore resisted the massive nationalisation drives seen elsewhere in the region (eg Sukarno's Indonesia) and leveraged on the existing systems and networks left behind by the British, seeking to establish itself as an international trade and financial hub. - sensitive to econ inequities - sought to blunt chinese domination through emphasis on meritocracy, which enabled entire population with equal access to various opportunities for political/ socio-economic devt <u>Strong Govt Intervention</u> - intended to control key sectors of economy and maintain tight control over macroeconomic indicators - However, in contrast with the other economies in the region, Singapore's model of economic development was more liberal from the get-go, allowing for foreign investors and private enterprises to play a bigger role in the economy at a very early stage, compared to other countries in the region - State still maintained strong oversight over non-state agents and regulated the private sector -> did not erode competition and innovation <u>Economic Strategy</u> Main objective : Build infrastructure, attract	First Priority: Revitalisation of Key Industry and Poverty alleviation Initially heavily reliant on rubber and tin exports, bumiputras engaged in low-wage agricultural activities, no opportunity for growth <u>Interventionist Role</u> Had initial control over the economy before liberalisation - MARA - dictated and influence the direction of econ change in the economy Majlis Amanah Rakyat (MARA) in 1966 as a strategic initiative to dictate and steer socio-economic development, particularly targeting the bumiputra population. MARA was instrumental in implementing state-directed policies aimed at reducing income disparities and promoting economic mobility. Through various MARA institutions, the government provided technical and vocational education specifically designed to equip the bumiputra population with the skills necessary to transition into higher-wage vocations and enter the burgeoning manufacturing sector. Pioneer status to attract FDI - granted tax relief, extensions for heftier investments - efforts to lure FDI successful - 60 percent of manufacturing sector financed by foreign capital <u>Participation of Private sector</u> Govt recognised that partnership with the private sector is crucial for growth and encouraged their participation. SHIFT 1969 Riots – A Key Turning Point: May 13, 1969 riots exposed deep	First Priority: Equity and Self-sufficiency True to the Socialist character of the regime Agrarian nature of economy - Sweeping land reforms, policy of collectivisation - eventually attain self sufficiency - Inspired by USSR and China, firmly believed that agricultural collectivisation is the way to attain higher productivity and production - However, when compared to regional neighbours, production is considerably low First Reconstruction and Land Reforms (1955-57): 810,000 hectares of land confiscated and redistributed to 8 million peasants. - Many landowners faced severe consequences (execution, imprisonment, or suicide). - The state aimed to move from small-scale peasant economies to collective ownership and eventual nationalisation of land. Industrialization Focus in the 1960s: - From the early 1960s, the DRV shifted to heavy industrialization to raise living standards and ensure the communist regime's political legitimacy. - The Socialist Transformation (1958-60) and First Five-Year Plan (1961-65) laid the groundwork for this, followed by Second Reconstruction (1965-75). Collectivization of Agriculture: Mutual Aid Teams (MATs) (1953-58) allowed peasants to support each other while maintaining individual ownership. - By 1959, MATs evolved into elementary agricultural producers' cooperatives (EAPCs), including 45% of peasant families. - Peasants were incentivized to join cooperatives via reduced taxes, cheap credit, and other	

Limited Industrial capabilities: Output remained relatively low,with most being low-value manufactures,which could not generate huge revenue for Thailand SHIFT The Thai government initiated the Green Revolution aimed at (1) introducing a greater variety of crops in Thailand such as maize, kenaf and cassava, thus reducing the risk of traditional over-dependence in rice and (2) modernising the agricultural sector through investment in irrigation and increased use of chemical fertilisers. - diversification by planting fast growing cash crops, rise in value and less vulnerable to external shocks Thailand's underdeveloped manufacturing industry also became a key focus of the government - efforts were initiated to attract foreign investment and MNCs to uplift Thai manufacturing capabilities by injecting competition and boosting efficiency DISSOLVED the national rice monopoly held under the Siam Rice Agency - realised solution not appropriate, flexibility and adaptability in governance Green Revolution and Agriculture ● High-Yielding Varieties (HYVs): ○ IR8 rice variety introduced during the Green Revolution. By the late 1970s, HYVs covered 50% of Thailand's rice-growing areas. ● Agro-industries: ○ Promoted by the government to modernise food production (canned fish, pineapples, tomatoes). ○ Creation of agri-businesses enhanced Thailand's global competitiveness by integrating food production with distribution chains. ● Contract Farming:	1. Restoring Fiscal and Monetary Discipline: ○ Suharto immediately focused on stabilising Indonesia's economy by imposing strict fiscal and monetary policies. ○ Prohibition on Domestic Financing: Money creation to finance government budgets was banned; any revenue shortfalls had to come from Official Development Assistance (ODA). ○ Inflation Control: The stringent policies helped curb inflation, which had soared under Sukarno. 2. Shifting from Centralised Control & Isolationism: ○ Reversing Sukarno's Foreign Policy: Suharto re-established ties with the USA, Britain, Australia, Japan, and ended Konfrontasi with Malaysia in 1966. ○ Joining Global Organisations: Indonesia rejoined ASEAN (1967), the UN, IMF, and World Bank, regaining access to international economic assistance crucial for recovery and securing new credit 3. Debt Rescheduling and Securing New Credits: ○ By 1970, agreements with Western creditors were made to cancel arrears and reschedule loans. ○ Foreign Direct Investment (FDI): Suharto's government adopted a liberal stance, reducing trade barriers and encouraging FDI, allowing transfer of skills and technology from more	FDI and EOI - hinged on continuing competitive edge of export expansion from colonial days 1. Coordinated search for viable external markets through the Economic Incentives Expansion Act in 1967, which offered various incentives to attract firms from advanced countries which had the requisite know-how and established marketing channels 2. Direct government planning came in the form of the Economic Development Board (EDB- founded in 1961), whose role was to identify international economic trends, conduct needs- analyses and make sector-specific interventions to respond to emerging trends and urgent needs in a pre-emptive and timely fashion 3. The Development Bank of Singapore (DBS) in 1968, to provide the much-needed finance for industrial expansion This was needed because the private sector did not possess the enormous capital needed to finance Singapore's ambitious industrial need, finance key areas of development as identified by the government <u>Disciplined and Skilled workforce</u> i. Industrial Relations Act - reduced the power of labour unions, brought collective bargaining under supervision ii.Education - Joint Training Programmes supported by SG govt, aligned to firm-specific needs for technically able personnel indicated by multinationals themselves and focused on in-firm training. -> continuously upgrade its curriculum in relation to its strategy updates. <u>EOI</u> Growing manufacturing activities would reduce the fluctuations characteristic of pure entrepôt re-export trade and provide a firmer basis for more rapid economic growth than was previously possible. Singapore's choice of goods to manufacture	racial and economic inequalities between the Malay bumiputera and the wealthier Chinese minority. ○ The violence was a reaction to economic disparities, especially in urban areas, where Chinese Malaysians dominated. ○ This event shocked the government and forced a reevaluation of Malaysia's economic and social policies. ● The riots directly led to the introduction of the New Economic Policy (NEP) in 1971, with the aim of: ○ Restructuring society to reduce racial economic disparities. ○ Eradicating poverty by elevating bumiputra ownership in the economy and reducing reliance on foreign capital. New Economic Policy (NEP): ● The NEP marked a fundamental shift in Malaysia's economic strategy. Through the policy, economic nationalism was promoted, decreasing foreign ownership while encouraging a shift from commodities (rubber, tin) to oil and gas. ● Key elements included: ○ Bumiputra ownership advantages (30% share of IPOs, government contracts). ○ Strengthening SOEs to provide more opportunities for Malays (e.g., PNB, Petronas). Factors Obstructing Economic Change: 1. Government Support for Bumiputera: ○ Redressing social imbalances led to bumiputra taking SOE positions, but lack of	benefits. Limitations of Agricultural Collectivization: ● From 1958-1975, paddy yield increased by only 3.9% despite collectivization efforts. ● The state misallocated resources by prioritising industry over agriculture. ● Peasants had little economic independence due to state control, limiting access to markets. ● The work-day and work-points system was flawed, leading to low productivity and lack of motivation. Peasants focused on their family plots, which yielded the majority of their income. Industrialization and Foreign Aid: ● Soviet and Chinese aid played a critical role in fueling North Vietnam's industrialization. ○ Between 1955-65, socialist countries provided 3,330 million rubles in aid, a mix of grants and long-term loans. ○ Aid also came in the form of technical specialists and training. ● Vietnam focused on heavy industries like mining, electric power, and machine tools, largely influenced by Maoist-style socialism. ● Despite impressive output growth in heavy industries, Vietnam's industrial base remained limited. By 1975, industry only accounted for 27.9% of Produced National Income, while agriculture represented 40.4%. Economic Development in Socialist Vietnam (1975-1986): ● The Communist Party rapidly unified North and South Vietnam after 1975, applying the Northern model of collectivization to the South, despite the latter's capitalist-oriented economy. ● South Vietnam's economy was heavily dependent on foreign aid, leading to budget deficits and collapse by 1975. ● Despite the South's advanced infrastructure (e.g., consumer industries, transportation systems), the over-hasty unification and Northern policies led to economic difficulties.	
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	- Government support for contract farming in the 1980s led to business relationships between farmers and large corporations like C.P. Group and Big C Supercenter. - Benefits: Farmers gained access to stable markets, price stability, and technical assistance (e.g., access to better seeds, fertilisers). In return, they supplied agricultural produce in fixed quantities and qualities. - For resource-poor farmers, credit lines for inputs and investments were provided by businesses, creating a mutually beneficial system. Industrial Sector and Export Growth Austerity Measures (1970s-1980s): - Response to the economic crises of the 1970s and early 1980s, Thailand implemented unpopular austerity measures (e.g., budget ceiling, external debt controls). Monetary and fiscal discipline aimed to restore economic stability, enhance productivity, and reduce inefficiencies that developed in the 1970s. Export Orientation Shift: - Technocrats, influenced by global trends, promoted the export of light industrial products, particularly after the 1970s oil shocks. Foreign corporations, especially Japanese (e.g., Mitsubishi, Toshiba), were invited to invest and participate in Thailand's export industries. Local capitalists also played a major role in this transition. Baht Devaluation (1984):	advanced economies. Factors Driving Economic Change: Government's Interventionist Role: Technocrat Leadership (1966-1973): Aimed at macroeconomic stability through: - Halting hyperinflation. - Dismantling trade and exchange controls. - Debt rescheduling and encouraging FDI (open-door policy). Social Development Initiatives: Oil revenues (1970s) allowed investment in education, healthcare, and infrastructure (Repelita Plans I-III), prioritising rural transport and communications. Economic Deregulation in 1980s-1990s: - Following the oil boom, the government aimed to shift from Import Substitution Industrialisation (ISI) to Export-Oriented Industrialisation (EOI). - Policies included reducing tariffs, liberalising trade, and allowing foreign investors to retain majority ownership, thereby enhancing the private sector's role. Military's Role in the Economy: Monopolisation by the Military: The military controlled sectors like shipping, timber, and security services. State licences made military firms monopolies, stifling domestic competition and small enterprises. Pertamina Scandal: Under General Sutowo, Pertamina expanded into non-oil sectors	were reflective of its attentiveness to international demand as well as its swift response to emerging opportunities. eg: Oil refinery in Pulau Bukom in 60s, semiconductor production in response to consumer boom and shift to high tech growth in the west FDI - 1967 Econ Expansion Incentives (pioneer status, tax breaks and subsidies of more than 50 percent <u>Government Linked Companies</u> Unlike its regional counterparts where the state cultivated close ties with business elites and key industries, or where state-owned enterprises were created, Singapore's unique model was built on more semi-private companies known as Government Linked Companies (GLCs), in which the state owns a certain proportion of shares in these private companies Capital & Infrastructure: Key industries received necessary capital and infrastructural support to grow while remaining private, which fostered competitiveness and focus on productivity and profit maximisation. Government Connections: Policy formation and implementation were streamlined by government ties, reducing friction compared to purely private firms. Comparison with Indonesia: Singapore's model, unlike Indonesia's state enterprises, was more sustainable. Private companies couldn't rely on subsidies, leading to efficient and profitable GLCs, ensuring economic stability (important during the Asian Financial Crisis). Public Accountability: GLCs faced higher public scrutiny and accountability. Examples like SIA showed that these companies were expected to operate and compete globally like private firms. Competition: No government-created artificial barriers protected GLCs from competition, pushing innovation and diversification for sustained	expertise resulted in mismanagement, leading to deficits (e.g., KTM, Felda, NEB). Operational inefficiencies hindered industrialization efforts. Limited Technology Transfer: - Early FDI success did not translate to local expertise. Over-reliance on foreign technology limited Malaysia's industrial capabilities. Government policies were later revised to stimulate local involvement, but real impact was limited.	SHIFT Economic Unification under Socialist Principles (Objective) Truong Chinh's Vision: Economic unification would allow for redistribution of productive forces, support socialist industrialization, and national economic planning. Seizure of Compradore Assets (Sept 1975 - Dec 1976): - Nationwide campaign (X3) targeted speculators and monopolists, arresting those accused of profiteering and hoarding. - Compradore capitalists (many ethnic Chinese) controlled key sectors, and their assets were nationalised. - Outcome: Mismanagement led to declines in production and operations. Collectivization and Agricultural Challenges Mekong Delta Resistance: - Forced collectivization led to fierce resistance, including boycotts and destruction of property. - State procurement prices were too low, causing discontent and refusal to sell to the state. - Result: Agricultural output fell, with paddy production dropping significantly (6.37 million tons in 1976 to 5.03 million in 1978). 1979 Crisis: - Invasion of Cambodia and natural disasters led to food shortages and increased military conscription. - Vietnam imported 8-9 million tons of food during the Second Five Year Plan (1975-1980). End-product Contract System (1981): - Peasants could sell surplus in the free market, leading to modest increases in grain and paddy production, but overall agricultural output still fell short.	
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	- Devalued by 15%, boosting the cost competitiveness of Thai exports compared to other Asian countries like Taiwan and South Korea. - The protectionist barriers were gradually lifted to increase competition. Export growth: 17.8% (1985), driven by devaluation and export incentives.	(steel, shipping) but suffered from chaotic management, amassing \$10.5 billion in debt. The government assumed its debts, diverting funds from development projects to bail out Pertamina.	competitiveness.	foreign expertise. Proton, Malaysia's car company, struggled due to over-reliance on imported components and a lack of local innovation.	
Foreign Investment and Government Policies Board of Investment (Bol): - Established in 1966 under the Sarit regime to attract private sector growth in manufacturing and services. - Bol offered a wide range of investment incentives, including tax and tariff exemptions, to foreign firms (especially Japanese and Taiwanese) and ensured no nationalisation of promoted firms. Import-Substitution Industrialization (1960s): - Bol played a pivotal role in fostering import-substitution industries in Thailand. By 1964, 86% of capital was derived from private enterprises. - However, the balance of trade deficit in the early 1970s prompted a shift to export promotion with incentives like bonded warehouses and streamlined customs procedures. Export Incentives: - Bonded warehouses, cuts in electricity costs, and streamlined customs processes were introduced to reduce the trade deficit and attract investment.	Crony Capitalism and State Partnerships: State Partnership with Indonesian-Chinese Businessmen (Cukong): 1970s-80s Crony Capitalist Triangle: The government, military, and ethnic Chinese businessmen formed close partnerships, with Chinese entrepreneurs supplying capital and business acumen. Sudono Salim’s Influence: Chinese businessman Sudono Salim (Liem Sioe Liong) was one of Suharto's key business allies, receiving monopolistic control over sectors like flour milling (Bogasari Flour Mills) and banking (Bank Central Asia). - Despite public pressure to encourage pribumi (indigenous) entrepreneurship, corrupt officials maintained partnerships with wealthy Chinese businessmen.	<u>CW context</u> Pro-capitalist disposition also brought about benefits in terms of access to productive technologies on advantageous terms to the USA, and an influx of investment from the USA and its Cold War allies in Western Europe and Japan. Wealth of opportunity to woo investors which the govt was quick to tap on - SG as part of global supply chain - used as production and export base for regional and intl distribution		Mismanagement of SOEs: Bank Bumiputra and Proton faced financial issues due to poor governance and over-reliance on bumiputra preferences rather than merit-based policies. Crony Capitalism: - Economic policies led to the rise of crony capitalism, where politically-connected individuals (e.g., Vincent Tan) benefited from government support, yet failed to deliver significant economic growth.	
					Industrialization and Limitations Neglect of Light Industry: - Heavy industry (energy, metallurgy) received most state investments, while consumer goods and light industry declined. - From 1976-1980, heavy industry grew by 31.4%, but consumer goods production dropped by 12.5%. Industrial output overall grew only 0.6% annually. Third Five Year Plan (1981-1985): - Despite a focus on heavy industry, modest growth (54%) in production was recorded, but quality remained low. <

	○ Electronics multinationals moved production to Thailand due to cheap labour, further enhancing export growth in labour-intensive industries. ● Comparative Advantage: ○ As the NICs (Newly Industrializing Countries) such as South Korea shifted toward capital-intensive industries, Thailand capitalised on its comparative advantage in labour-intensive products (e.g., textiles, electronics). Private Sector as a Driver of Growth ● Joint Ventures: ○ Thai businesses entered partnerships with foreign companies to modernise processes and expand (e.g., Siam Cement partnered with Japan's Mitsui to expand into chemicals and construction materials). ● Private Sector and Foreign Markets: ○ C.P. Group expanded beyond Thailand, leveraging connections with multinationals (e.g., Honda, Wal-Mart, and Tesco) and securing a 7-Eleven licence in Thailand. Cold War and the Vietnam War Impact ● US Influence: ○ Thailand's alliance with the US during the Vietnam War resulted in significant economic and military aid, especially in agriculture (e.g., USAID-funded projects, agricultural modernization). ○ American financial and military support helped develop infrastructure (air bases, roads,	● Over-reliance on Oil: The government became heavily dependent on oil revenues, with manufactured exports accounting for only 3% of total merchandise. ● Economic Collapse Post-Oil Boom: When oil prices fell in the early 1980s, Indonesia's economy was hit hard, leading to balance of payments issues and a drastic decline in GDP per capita growth. Japanese Foreign Direct Investment (FDI): ● Japan emerged as Indonesia's largest source of ODA during the 1970s, continuing into the 1980s as wages and production costs rose in Japan. ● Strategic Economic Ties: Japan's investment in infrastructure and export promotion aided Indonesia's transition to non-oil manufactured exports after the oil boom.			Domestic Conditions (1985-1986): ● Failed reforms and hyperinflation (500% in 1986) led to mass discontent. ● Food shortages affected 40% of northern Vietnam, pushing policymakers to embrace serious reform. External Pressures: ● IMF demands for structural reform and changes in the socialist bloc (China's decollectivization, Gorbachev's perestroika) influenced Vietnam's adoption of market reforms. - eventually Govt had to let go of socialist ambitions Fall of Eastern European Communism (1989): ● As communist regimes collapsed, Vietnam abandoned its loyalty to socialist dogma and embraced deeper market reforms to survive economically.	
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	railways) and stimulated local economies in cities like Udon Thani and Khorat. ● Green Revolution Support: ○ US assistance and the Rockefeller Foundation played a crucial role in advancing Thailand's Green Revolution, including rice biotechnology and modern agricultural practices.					
Changes and Continuities	Agricultural Sector Change: Modernization and Mechanization: The adoption of High-Yield Varieties (HYVs) during the Green Revolution increased rice yields significantly. Mechanisation by the 1990s, where 70% of rice farms were ploughed by machinery, also boosted agricultural productivity. Diversification of Crops: Thailand moved beyond traditional rice farming to include non-food crops like rubber, which became essential for both agricultural and industrial sectors. Continuity: Importance to the Economy: Agriculture remained labour-intensive and crucial to the rural economy, employing one-third of Thailand's labour force despite its reduced share in GDP. Dependence on Agricultural Exports: Even as industrial products became more prominent, the agricultural sector continued to provide raw materials, such as rubber, for manufactured goods.	Agricultural Sector Changes: 1. Shift from Import-Dependent Agriculture to Self-Sufficiency in Rice Production: During Sukarno's era (1950s–1960s), Indonesia's agricultural sector, especially rice production, was underdeveloped and mismanaged. Programs such as the Three-Year Rice Production Plan (1960–62) failed, leading to increased food imports that depleted foreign reserves. By the late 1960s, under Suharto's government, this trajectory changed drastically. With the implementation of the Green Revolution and the Bimas agricultural extension program, rice output surged. The use of high-yielding seed varieties (HYVs), fertilizers, and pesticides resulted in Indonesia achieving rice self-sufficiency by 1984. This was a major transformation for a nation previously reliant on rice imports. Comparative Context: Despite Indonesia's remarkable success in achieving rice self-sufficiency, it lagged behind regional peers such as Thailand and Malaysia. Thailand had long established itself as a surplus rice exporter and diversified into other cash crops. Indonesia's focus on rice came later, which meant it missed earlier opportunities to capture global agricultural markets for diversified crops. 2. Limited Success in Agricultural Diversification: While Indonesia succeeded with rice, efforts to promote cash crop smallholders	Industrial Sector Change: Shift Towards High-Technology Manufacturing (1980s-1990s): Singapore moved towards high-technology industries by providing incentives for technological upgrades. The Economic Development Board (EDB) played a key role by attracting companies like Seagate in the disk drive industry, enabling Singapore to dominate the global market for disk drive exports by the late 1980s. Increased Privatisation: In response to the 1985 recession, the government shifted its focus to Small and Medium Enterprises (SMEs) and opened up previously state-controlled sectors such as telecommunications. SingTel, originally a government monopoly, was privatised in 1993, and competition was introduced in 1997 with the entry of StarHub. Expansion of State-Owned Enterprises (SOEs): Companies like Singapore Technologies (ST) Engineering expanded into new sectors such as IT and semiconductors. Chartered Semiconductor Manufacturing (CSM), a joint venture with ST Engineering, successfully attracted multinational investments. Continuity: Government-Led Industrial Strategy: Throughout this period, the government remained heavily involved in economic planning	1. Agricultural Sector Changes: Diversification: Post-independence, Malaysia diversified from being a largely rubber-producing nation to including crops like palm oil, cocoa, and tropical fruits. Palm oil acreage quadrupled between 1963 and 1970 as concerns over synthetic rubber grew. Mechanisation & Green Revolution: The Green Revolution of the 1960s and 1970s introduced high-yield seeds, fertilizers, and pesticides, significantly improving agricultural output. Paddy production increased, though Malaysian yields lagged behind regional peers like Thailand. Bumiputra Involvement: Greater government focus on involving Bumiputra (ethnic Malays) in agriculture, leading them to manage rubber and oil palm schemes and irrigation projects aimed at rural households. Continuities: Importance of Agriculture: Despite the decline in agriculture's share of GDP (43% in 1960 to less than 10% in 2000) and employment (from 70% in 1960 to 16.7% in 2000), agricultural products like palm oil remain critical for exports, processed into manufactured goods. Dependence on Exports: The agricultural sector continued to rely on exports, although	Agriculture Continuities Preservation of Collectivization: After 1986, collectivization was retained, but its role shifted. Agricultural cooperatives still existed, primarily tasked with economic planning and providing technical services to peasant households. However, peasants were given more autonomy in production. State Emphasis on Agricultural Modernization: The government continued to allocate resources to agricultural development, particularly in high-yield paddy areas like the Mekong and Red River deltas. This included investments in water conservancy, fertilisers, pesticides, and new high-yield crop varieties, aiming for modernization akin to previous plans. Changes De-collectivization (1988): In a major policy shift on April 5, 1988, the state de-collectivized agriculture, granting peasants the freedom to decide what to produce, how much to produce, and how to sell their crops on state-allocated land. Cooperatives were no longer in control of production decisions, marking a key departure from centralized socialist agricultural models. Lightening the Peasant Tax Burden: Supplementary taxes were eliminated, leaving only the agricultural tax. However, many disguised taxes remained, leading to slow changes in peasants' economic burden. Famine and Reform: Following a famine in the northern provinces in early 1988 and declines in food staples	

	Outcomes: Mixed Economic Performance: The agricultural sector's contribution to GDP and export earnings declined due to low-value products, but mechanization increased productivity. However, growth was inconsistent, with fluctuations in the annual growth rate between -5% and 13% from 1965 to 2000. Sustained Importance: Agriculture continued to provide essential raw materials for the manufacturing sector, ensuring its sustained relevance in Thailand’s economy. ---	(e.g., rubber, coffee, coconut) met limited success. Unlike Malaysia, which had a strong tradition of commercial agriculture dating back to the colonial period (notably in rubber and oil palm), Indonesia's government efforts to raise productivity in cash crops through new technologies and subsidies were hindered by poor coordination and funding. Structural Change: The Sukarno administration’s attempts at modernization, such as introducing technology and flood control systems, largely failed due to lack of oversight and inefficiency. Under Suharto, the government took more structured approaches, but the competitive edge of neighboring countries like Malaysia in cash crops meant that Indonesia could not fully capitalize on opportunities in agricultural diversification.	and development, especially through the EDB and state-owned enterprises like ST Engineering. Reliance on Foreign Direct Investment (FDI): Despite efforts to build up local enterprises, Singapore continued to depend heavily on FDI to drive industrial growth. Multinational companies were pivotal in sectors like electronics, with Singapore hosting over 5,000 MNCs by the late 1990s.	Malaysia transitioned from exporting raw products to exporting processed agribusiness products.	production, agricultural reforms became more urgent. These reforms allowed greater market freedom for farmers, helping to stabilize grain production and alleviate food shortages.	
	Change: Shift to Export-Oriented Industrialization (EOI): Beginning in the 1960s, Thailand transitioned from an agriculture-based economy to an industrial one, focusing on export-led growth, particularly in sectors like textiles, electronics, and automotive. Growth of Foreign Direct Investment (FDI): FDI, especially from Japan, the U.S., and Europe, spurred rapid industrial growth. The share of manufactured exports increased from 3.8% in 1966 to 65% in 1990. Continuity: Protectionism: Despite embracing EOI, Thailand continued elements of Import-Substitution Industrialization (ISI).	3. Impact of Agricultural Development on the Broader Economy: By contributing to the rural economy’s income growth and the release of underemployed labor, the agricultural sector supported Indonesia’s wider industrialization drive. Export revenue from agriculture provided crucial capital for investments in other sectors, such as manufacturing, facilitating Indonesia's structural transformation. Continuities: Long-term Dependence on Rice: Despite agricultural diversification efforts, rice remained central to Indonesia's food security and agricultural policy. This emphasis on rice production continued through the Suharto era, with less progress made in diversifying to other sectors such as animal husbandry or fisheries. Persistent Inefficiencies in Cash Crop Production: Both the Sukarno and Suharto administrations struggled with inefficiencies in the cash crop sector. Smallholders, particularly in rubber and sugar, faced limited success, even with state intervention. However, larger estates (especially those tied to foreign or Chinese-Indonesian investors) fared better, particularly in crops like cocoa and oil palm,	Outcomes: Technological Leadership: Singapore positioned itself as a regional hub for electronics production by the 1990s, specializing in high-value-added activities. The success in sectors like disk drives and semiconductors boosted its global reputation in technology. Growth of SMEs and Local Enterprises: The SME Master Plan of 1989 and the nurturing of local companies like Creative Technology helped diversify Singapore’s industrial base, though SMEs remained relatively small compared to MNCs. Continued State Dominance: Despite privatisation efforts, state-linked companies retained dominance, with key sectors like telecommunications, transport, and media largely controlled by Temasek Holdings. --- Foreign Investment Change: Attraction of FDI: The government’s incentive programs, including tax breaks and subsidies, successfully drew large amounts of foreign investment into Singapore. From 1980 to 1990, Singapore attracted more FDI per capita than any other developing country. Liberalisation of Services: Singapore extended its incentives to service industries, treating them similarly to manufacturing firms. This included	Outcomes: Decline in Agricultural Role: The sector's significance within the economy and employment sharply decreased, contributing less to overall GDP over time. Increased Efficiency: The Green Revolution boosted agricultural productivity, particularly in rubber, helping Malaysia maintain competitiveness. Partial Success of Bumiputra Involvement: While Bumiputra managers found success in certain agricultural schemes, broader success in expanding rural households’ economic prospects was limited by their focus on operations rather than market growth. --- 2. Industrial Sector Changes: Rapid Growth in Manufacturing: Industrialization, supported by government incentives and protectionist policies, took off after independence, with the manufacturing sector registering 9.9% growth between 1965 and 1970. By 1997, manufacturing contributed 36% to GDP. Shift to Export-Oriented Manufacturing: The country moved from import substitution industrialization to an export-oriented approach, with electronics and other manufactured goods dominating exports. By 1997, electronic exports amounted to \$20.7 billion. Greater Bumiputra Involvement: After the NEP was implemented, more Malays began managing state-owned enterprises (SOEs), which were supported through licensing practices and subsidies.	Outcomes Despite the initial focus on agriculture, resource allocation remained disproportionately in favor of industry, causing food production to stagnate. Even with reforms, technical assistance fell short, and disguised taxes hindered rapid improvement in peasant incomes and output. --- Industry Continuities State-Run Enterprises: State-run enterprises (SOEs) continued to be the backbone of Vietnam’s industrial sector after 1986, with central planning still in place. However, they operated with greater autonomy, and there was more emphasis on profit-driven decision-making. Changes Greater Autonomy for SOEs (1987): New regulations allowed state-run enterprises more independence in their daily operations. SOEs could now set their labor and wage policies and use profits to reinvest in their operations, similar to the USSR and China’s contract responsibility systems. Reduction of State Subsidies (1992): By 1992, state subsidies, which had long discouraged risk-taking and profitability among SOEs, were drastically reduced. This forced SOEs to become more competitive and efficient in their operations. Growth of Private Enterprises: The state encouraged the development of small private enterprises and handicrafts to boost consumer goods production. The Corporate Law and Private Enterprise Law (1990) promoted entrepreneurship, and by 1994, over 17,400 private firms had been established. Private Sector Growth: By the mid-2000s,	

	High tariffs on consumer and intermediate goods protected inefficient local industries, limiting competitiveness. Dualist Production Structure: The industrial sector remained divided between efficient, technologically advanced foreign firms driving exports, and low-tech, inefficient domestic firms producing for the local market. Outcomes: Economic Diversification: Thailand diversified its exports to include higher-value manufactured products like textiles, electronics, and jewelry. This structural change helped cushion the economy from commodity price fluctuations. Slower Transition to EOI: The persistence of ISI and protectionism hindered Thailand's competitiveness in the global market. High tariffs on local products stunted innovation, while local firms struggled to link with the dynamic export-oriented foreign firms. Industrial Dualism: Local firms remained stuck in low-value industries, with little technological upgrading, limiting Thailand's ability to compete in higher value-added production and making the economy vulnerable to competition from other developing countries. --- Financial Sector Change: Financial Liberalization: From 1990, Thailand pursued financial reforms, including lifting	albeit lagging behind Malaysia in oil palm production. Industrial Sector Changes: 1. From Import-Substitution Industrialization (ISI) to Export-Oriented Industrialization (EOI): Indonesia's industrial sector, particularly under Suharto, underwent significant transformation from state-led import substitution to export-oriented industrialization in the mid-1980s. Initially, Suharto's government focused on developing heavy industries through import substitution, protecting local industries from foreign competition with tariffs and subsidies. This helped develop basic industries such as steel, cement, and textiles. However, inefficiencies arose due to overprotection, lack of competitiveness, and failure to upgrade technology. In the mid-1980s, facing declining oil revenues, Indonesia shifted its focus towards manufactured exports. The government introduced trade liberalization policies and reduced protectionist barriers, encouraging private sector investment in export-oriented industries such as textiles, garments, and footwear. By 1997, manufactured goods represented 73% of Indonesia's exports, compared to 72% for oil and gas in 1980. Comparative Context: By the time Indonesia transitioned to export orientation, neighboring countries like Thailand, Malaysia, and Singapore were already deeply entrenched in producing value-added products like electronics and automobiles. Indonesia's late entry meant it focused primarily on labor-intensive, low-tech industries, and this comparative disadvantage slowed its ascent to higher-value sectors. 2. Foreign Direct Investment (FDI) as a Driver of Industrial Growth: Suharto's policies aimed to attract foreign investors, particularly through the 1967 Foreign Investment Law. This	offering subsidies for land and finance, which helped attract major MNCs in finance and services. Continuity: FDI as an Economic Pillar: Foreign investment remained central to Singapore's economic strategy, with MNCs like Bosch, Sony, and P&G contributing to its industrial and service sectors. The reliance on foreign capital was a consistent feature of its economic model. Outcomes: Regional Hub for MNCs: By the late 1990s, Singapore had established itself as a major base for multinational enterprises, attracting global companies across multiple sectors. This contributed to sustained economic growth and high employment rates. Global Competitiveness: Singapore's ability to attract large amounts of FDI helped maintain its competitive edge in the global economy, reinforcing its position as a leading destination for foreign capital. --- Financial Sector Change: Development of a Regional Financial Hub (1960s-1980s): Singapore liberalised its financial sector earlier than many other countries in the region, attracting major foreign banks like Bank of America in 1968. This openness allowed foreign currency deposits and capital flows into Singapore, establishing it as a key financial centre. Financial Liberalisation in the 1980s: Singapore continued to liberalise its financial markets in the 1980s, opening up areas like insurance and securities to foreign competition. These reforms accelerated the growth of its financial sector and positioned it as a leader in Southeast	Continuities: Government Protectionism: Persistent protectionist policies in industries like steel and pharmaceuticals slowed innovation and contributed to inefficiencies. Local companies, such as Perwaja Steel, faced financial difficulties despite high import duties. Dependence on External Trade: Despite a focus on building domestic industries, Malaysia's industrial growth remained highly dependent on global demand and foreign direct investment (FDI), particularly from multinational corporations (MNCs). Outcomes: Modernisation of Economy: The manufacturing sector became the main engine of growth, leading Malaysia's transition into a modern economy. Inefficiencies in Protected Industries: Government intervention in industries like steel and pharmaceuticals, while fostering growth, also led to inefficiencies and debt accumulation (e.g., Perwaja Steel's \$2.3 billion debt). Limited Bumiputra Success: While many Bumiputra managers contributed to the economy, their ability to scale large businesses was constrained by a lack of experience and competition with international firms. --- 3. Financial Sector Changes: Liberalization & Expansion: In the 1980s, Malaysia aimed to position Kuala Lumpur as a global financial hub, lifting restrictions on capital flows, foreign shareholding, and bank lending. Local banks like CIMB and Public Bank expanded their services, and foreign banks	privately-owned firms made up 20% of industrial output, compared to 50% by SOEs and 30% by foreign-invested firms. This growth was notable in light industries like porcelain, paper, and tea production. Outcomes Despite increased autonomy, SOEs struggled with inefficiency, corruption, and market instability. Growth was hampered by four-digit inflation in the late 1980s, bureaucratic red tape, and corruption. Industrial production improved post-reform, especially light industry (e.g., 31.2% growth in production from 1985-1988). However, persistent issues in consumer goods shortages and inefficiencies in some sectors (e.g., cotton fabrics, cigarettes) remained. By the mid-1990s, the private sector became a significant player in Vietnam's industrial landscape, employing nearly a quarter of the workforce by the late 1990s. --- Foreign Investment Policies Continuities Focus on FDI Attraction: Vietnam continued its emphasis on attracting foreign direct investment (FDI) after 1986, as FDI was critical for industrialization and economic growth. However, the measures became more liberalized to compete with neighboring countries.(reactive rather than visionary) Changes New Law on Foreign Investment (1987): The Law on Foreign Investment, passed in December 1987, was among the most liberal in Southeast Asia, offering foreign investors favorable conditions, such as low taxes and the ability to repatriate profits. Encouragement of Joint Ventures: The state encouraged joint ventures between Vietnamese and foreign partners, providing tax incentives to attract more foreign capital. Focus on Strategic Sectors: Certain sectors, such as high-tech industries, labor-intensive production,	
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	interest rate ceilings, relaxing exchange controls, and creating the Bangkok International Banking Facilities (BIBF). These reforms facilitated easier access to foreign capital and investment, integrating Thailand more deeply into global financial markets. Continuity: Regulatory Weaknesses: Despite the financial sector’s liberalization, regulatory oversight remained inadequate. This exposed the economy to risks, such as capital flight, particularly during periods of economic instability like the 1997 Asian Financial Crisis. Outcomes: Capital Inflow and Growth: The financial reforms attracted significant foreign investments, with capital inflows doubling from US\$9.475 billion in 1992 to US\$19.486 billion in 1996. This supported continued economic growth in the early 1990s. Vulnerability to Crisis: The lack of regulation led to unchecked foreign borrowing and increasing private debt, making Thailand highly vulnerable to capital flight. This played a key role in the economic collapse during the 1997 crisis, revealing the long-term risks of financial liberalization without corresponding regulatory safeguards.	legislation offered incentives such as protection against nationalization and tax holidays. Consequently, Indonesia attracted significant investments from global firms like Toyota and Freeport. These investments not only brought capital but also technological expertise and organizational skills, propelling Indonesia’s industrial sector. Comparative Context: Indonesia’s reliance on FDI-driven industrial growth paralleled the experiences of Malaysia and Thailand but was distinct from Singapore’s more government-led approach. However, Indonesia’s integration of FDI into its industrial policy faced challenges due to corruption, protectionism, and inefficiency, unlike its neighbors who more successfully diversified and moved up the value chain. Continuities: Protectionism and Inefficiency: Even as Indonesia embraced export orientation, significant protectionist measures remained in place. The powerful political-business elite maintained vested interests in ISI industries, hindering full-scale liberalisation. This overprotection stifled competition, prevented technological upgrades, and hindered the competitiveness of Indonesian products in the global market. The inefficiencies that plagued ISI industries continued, albeit in different forms, into the EOI phase. Slow Technological Development: Despite some success in export-oriented industries, Indonesia's manufacturing base remained largely concentrated in labour-intensive, low-technology sectors. While neighbouring countries were climbing the technological ladder, producing electronics and other high-tech goods, Indonesia’s industrial growth was held back by its slower adoption of advanced technologies and dependence on low-wage labor. Financial Sector	Asia. Continuity: Strong Government Regulation: Despite liberalisation, the Singapore government maintained strong oversight of the financial sector, ensuring stability and preventing the speculative excesses seen in other economies during the Asian Financial Crisis. Attraction of Foreign Financial Institutions: The continuous flow of foreign financial institutions into Singapore highlighted its ongoing strategy of leveraging foreign capital for economic growth. Outcomes: Growth as a Financial Centre: By 1984, Singapore was the third most important financial centre in Asia after Tokyo and Hong Kong. The financial sector grew rapidly, with international financial operations increasing at a rate of 22% per annum during the 1980s. Increased Capital Inflows: By 1993, foreign capital accounted for 66% of all assets in banks in Singapore, reflecting the success of its liberalisation policies. The country became a regional hub for foreign exchange and financial services, further bolstering its economic position. --- Tertiary Sector Change: Expansion into Services: Singapore diversified its economy by moving into the tertiary sector, particularly finance, communications, and services. The financial sector reforms of the 1980s and 1990s were pivotal in turning Singapore into a global financial hub. Privatisation of Telecommunications: The government privatised the telecommunications	like Citibank and HSBC increased their presence. Stock Market Boom: Fueled by increased foreign equity investment, the Kuala Lumpur Stock Exchange (KLSE) became the third largest in Asia by the mid-1990s, behind Tokyo and Hong Kong. Continuities: Foreign Investment Influence: Foreign investors continued to play a significant role in the Malaysian stock market, even after deregulation. This made the financial sector vulnerable to foreign investor behavior, particularly during economic crises. Lack of Regulatory Oversight: Despite deregulation and liberalization, regulatory oversight remained inadequate, particularly in Bumiputra-owned financial entities like Sime Bank, which later collapsed. Outcomes: Growth of Financial Services: The financial sector expanded rapidly, becoming a key driver of the economy, and Malaysia emerged as a regional financial hub. Vulnerability in the Asian Financial Crisis: While the stock market boom attracted significant investment, inadequate regulation contributed to Malaysia's vulnerability during the 1997 Asian Financial Crisis. Resilience Post-Crisis: Despite initial challenges, the financial sector proved resilient, with sustained trading activities and investor confidence allowing the economy to weather the crisis without systemic collapse.	infrastructure development, and foreign-currency-earning services (e.g., tourism), were earmarked for increased FDI. Increased FDI Inflows (1990s): Vietnam experienced a surge in FDI during the early 1990s, with FDI contributing 10% of GDP by 1994, making Vietnam a key FDI destination among developing countries. Outcomes Challenges in Sustaining FDI Growth: Despite the initial success, attracting FDI proved difficult by 1996. Competition from neighboring countries with more efficient bureaucracies, along with unresolved issues of corruption and red tape in Vietnam, hindered long-term FDI growth. Exploitation of Labor: Foreign firms often took advantage of cheap labor and outdated technology, limiting the positive impact of FDI on national growth. By 1996, only 90,000 jobs had been created by FDI, a small portion of the non-agricultural labor force. Impact of the Asian Financial Crisis (1997): The 1997 Asian financial crisis, along with issues like bureaucratic inefficiency and unclear legal standards, led to a decline in FDI commitments, particularly from the US.	
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