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Abstract: Developmental state used to be and is still regarded as a very practical theory to explain why Four Asian Tigers—Taiwan, South Korea, Hong Kong, and Singapore enjoyed almost averagely double-digit economic growth rate each year from 1970 to 1990 as well as East Asian economic development. However, developmental state theory couldn’t tell why South Korea and Singapore’s economic development had done much better than Taiwan and Hong Kong’s in terms of GDP per capita after 2003 and 2004 respectively. The aim of the study is trying to use national identity perspective to explain why it happens like this, since Four Asian Tigers’ economic development more or less was troubled by national identity issue. The major difference between these two groups is that South Korea and Singapore have done better in dealing with national identity issue than Taiwan and Hong Kong.

Keywords: Developmental state, New statism, Asian financial crisis, National identity, Political and economic development

Introduction

Taiwan, South Korea, Hong Kong, and Singapore enjoyed almost averagely double-digit economic growth rate each year from 1970 to 1990, which was regarded as “Four Asian Tigers” by some Western economist who use developmental state theory to explain why those economies are successful stories of development (Bloomenthal, 2021). However, 1997 Asian financial crisis make developmental state theory lose its power of interpretation (Cumings, 1999). New statism more or less extended the boundary of developmental state theory and 2008 global financial crisis also made developmental state look not so bad, which means that it is still feasible to use developmental state theory to explain how Four Asian Tigers achieved economic success (Weiss, 1998). It is about time to re-examine the feasibility of developmental state theory after 10 years from global financial crisis and 20 years from Asian financial crisis.

Four Asian Tigers have not changed much about their political and economic system except the handover of Hong Kong’s sovereignty from United Kingdom to China, but their economic development have differentiated in terms of GDP per capita for the past 20 years. For example, South Korea’s GDP per capita was $7,000 in 1997 and $31,616 in 2017, but Taiwan’s GDP per capita was $14,000 in 1997 and $25,080 in 2017, which cannot be simply interpreted by developmental state theory (World Bank, 2020). At the same time, Hong Kong’s GDP per capita was $27,000 in 1997 and $46,165 in 2017, but Singapore’s GDP per capita was $26,000 in 1997 and $60,913 in 2017 (World Bank, 2020). The purpose of the paper is to explain why South Korea and Singapore’s economic development are much better than Taiwan and Hong Kong’s.

In order to answer the above question, first of all, the paper will pay attention to reviewing developmental state theory, which is regarded as the main stream for developing economy in Four Asian Tigers. Secondly, it is to analyze why the national identity issue becomes essential on understanding more recent economic development of Four Asian Tigers. Thirdly, it will use some cases to explain why national identity is more feasible than developmental state theory to know recent economic development of Four Asian Tigers. Finally, it concludes new findings and further study suggestions of the paper.
Developmental State Theory Revisited

Whenever discussing developmental state theory, the first scholar’s name seems to appear that would be Chalmers Johnson. In Chalmers Johnson’s work ‘MITI (Ministry of International Trade and Industry) and Japanese Miracle’, he raised four elements for Japanese developmental state (Johnson, 1999). First element is the existence of a small, inexpensive, but elite state bureaucracy; second element is a political system in which the bureaucracy is given sufficient scope to take initiative and operate effectively; third element is the perfection of market-conforming methods of state intervention in the economy; fourth element is a pilot organization like MITI (Johnson, 1999).

Although Chalmers Johnson use four elements to define the characteristics of Japanese developmental state, it is obvious that MITI plays very important role in developing Japanese economy, because all elements are related to the elite state bureaucracy-MITI. This not only happens in Japan, but also takes place in Four Asian Tigers. For example, South Korea set up economic planning board (current Ministry of Economy and Finance) in 1961 for economic development, (MOEF, 2021) similar organization named Council for Economic Planning and Development (current National Development Council) was established in charge of economic development in Taiwan (NDC, 2021).

Under Ministry of Trade and Industry, Singapore, there is an agency named Economic Development Board (EDB) and its mission is to create sustainable economic growth, with vibrant business and good job opportunities for Singapore (EDB, 2021). At the same token, there is an bureau named Commerce and Economic Development Bureau (CEDB) in Hong Kong and its goal is to enhance Hong Kong’s position as a leading international trade and business center; (CEDB, 2021) it also formulates and coordinates a range of economic, commercial, and industry policies through two branches: the Commerce, Industry and Tourism Branch and the Communications and Creative Industries Branch (CEDB, 2021).

It is obvious that Four Asian Tigers all have similar organization like Japanese MITI in charge of economic development and have done a good job in boosting economic growth from 1970s to 1990s before Asian financial crisis happened in 1997. Even though developmental state theory had been challenged by some scholars, (Johnson, 1999). it is still quite feasible to explain how fast economy could grow in East Asia, especially for Four Asian Tigers. Nonetheless, this theory cannot elaborate why Four Asian Tigers economic growth has been at a different pace in terms of GDP per capita since 1997. This is the question this paper would like to answer.

South Korea and Singapore

Korea has been divided into two parts, North Korea and South Korea, since the end of Korea War in 1953. However, South Korea has never sought full independence from North Korea and become a new country in the world after separation for nearly 70 years and its national goal is still to unify with North Korea as one Korea. This goal is very easy to understand from the establishment of Ministry of Unification (MOU) on March 1, 1969 (MOU, 2021). According to the brief information of MOU, it is a government body responsible for all issues pertaining to inter-Korean relations and unification and its existence reflects the unique reality of the Korean peninsula, which still remains divided since the end of the Korean War. If South doesn’t want to unify with North Korea, there is no need to set up a government body to show its determination of unification as one Korea someday. Therefore, it is hardly to see a split national identity happening in South Korea.

Even though you may see some social tension between original South Korean and North Korean defectors, such as the latter experiencing mistreatment, discrimination, alienation and suspicion by the people of their new host country and struggling to acculturate to the capitalistic society’s culture, language, politics and lifestyle, (Yang, 2018) it has nothing to with national identity issue. In other words, you may hardly hear a voice that South Korea wants to go for independence from North Korea.

Besides, if you search for South Korea independent in Google, it comes out with National Liberation Day. The Day is also known as ‘Gwangbokjeol,’ which translates to ‘bringing back the light.’ (Noname, 2021). It represents the end of the darkness of Japan’s rule over South Korea; Gwangbokjeol is one of the few national holidays that is shared with North Korea, which also observes its Liberation Day on August 15. (Noname, 2021). The developmental state of South Korea was not distracted by national identity issue from developing economy, so that its economic growth bounced back very fast after being hit very hard by 1997 Asian financial crisis.
It is easy to see how good the growth of South Korean GDP per capita is compared with Taiwan from 1998 to 2017 from Table 1. South Korean GDP per capita was far behind than that of Taiwan in 1998, but the former had overtaken and never been behind the latter’s GDP per capita ever since 2003. It must have some elements other than developmental state theory to explain why it would happen like this, since institutions of economic development had not been changed much both in South Korea and Taiwan.

Table 1 Comparison of GDP per capita between Taiwan and South Korea US$

<table>
<thead>
<tr>
<th>Year</th>
<th>Taiwan</th>
<th>S Korea</th>
<th>Taiwan</th>
<th>S Korea</th>
<th>Taiwan</th>
<th>S Korea</th>
<th>Taiwan</th>
<th>S Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>12,820</td>
<td>8,281.7</td>
<td>13,804</td>
<td>10,672.4</td>
<td>14,908</td>
<td>12,257.0</td>
<td>13,397</td>
<td>11,561.2</td>
</tr>
<tr>
<td>2000</td>
<td>14,066</td>
<td>14,672.9</td>
<td>15,317</td>
<td>16,496.1</td>
<td>16,456</td>
<td>19,402.5</td>
<td>11,561.2</td>
<td>13,165.1</td>
</tr>
<tr>
<td>2002</td>
<td>18,081</td>
<td>21,350.4</td>
<td>16,933</td>
<td>19,143.9</td>
<td>19,402.5</td>
<td>23,087.2</td>
<td>20,866</td>
<td>25,096.3</td>
</tr>
<tr>
<td>2008</td>
<td>21,973</td>
<td>27,182.7</td>
<td>22,874</td>
<td>29,249.6</td>
<td>22,780</td>
<td>28,732.2</td>
<td>23,091</td>
<td>25,466.8</td>
</tr>
</tbody>
</table>


At the same token, Singapore is a multietnic city state, but national identity had seldom become a controversial issue in society since it became independent from Malaysian union in 1965. The reason for that is Singapore government made every effort to building new national identity through multi-official languages as well as the production of ritual and spectacle. As Lily Kong and Brenda S.A Yeoh (1997) pointed out, National Day parades succeeded to a large extent in creating a sense of awe, wonderment and admiration, which were helping social constructing national identity and avoided racial riots threatened the fabric of society.

To build new national identity through the production of ritual and spectacle is so important in Singapore that there is no room for a multiethnic state to create national identity by focusing on ethnic identity (citizenship is inherited from birth) rather than civic identity (citizenship is voluntaristic and can be acquired), because the former would favor one ethnic group over another and create tensions among them (Ortmann, 2009). Therefore, creating national identity should be based on civic symbols like the constitution, an oath of allegiance, or the flag (Ortmann, 2009).

However, Singapore government did not start the project of building national identity at the very beginning after being independent in 1965, but it put more effort on developing economic growth, which was regarded as the major source of legitimacy of the regime. Furthermore, the more Singapore prospered, the more Singaporeans wanted to have more than just economic growth, which is the reason why Singapore government shifted its focus more on the project of building national identity in order to meet the people need in 1980s (Ortmann, 2009).

Stephan Ortmann (2009) further stated, ‘since the 1990s the government has become even more active in directly promoting national identity, which is reflected in the relative increase in academic studies and government reports on the topic. The reasons for this are the need for legitimacy that goes beyond mere economic performance and the idea that a “branding” of Singapore would be a competitive asset.’ (Ortmann, 2009). As a result, it is fair to say that Singapore government has been working very hard in building national identity, so that national identity has not become an issue damaging economic growth.

Therefore, it is easy to see how good the growth of Singapore GDP per capita is compared with Hong Kong from 1998 to 2017 from Table 2. Singapore GDP per capita was behind than that of Hong Kong in 1998, but the former had overtaken and never been behind the latter's GDP per capita ever since 2004. Singapore government put so much effort in building national identity, which should have some impacts on strengthening economic performance; otherwise, it is hard to explain why Singapore economic development is much better than Hong Kong, since economic development institution had not been changed much both in Singapore and Hong Kong.
Table 2 Comparison of GDP per capita between Hong Kong and Singapore

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>21,829.3</td>
<td>21,796.1</td>
<td>23,852.3</td>
<td>21,700.0</td>
<td>22,159.7</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>25,809.0</td>
<td>25,091.7</td>
<td>25,756.7</td>
<td>25,230.2</td>
<td>24,665.6</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>2004</td>
<td>2005</td>
<td>2006</td>
<td>2007</td>
</tr>
<tr>
<td>Singapore</td>
<td>23,730.2</td>
<td>27,608.5</td>
<td>29,961.3</td>
<td>33,769.2</td>
<td>39,432.9</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>23,977.0</td>
<td>24,928.1</td>
<td>26,649.8</td>
<td>28,224.2</td>
<td>30,594.0</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>2009</td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Singapore</td>
<td>40,007.5</td>
<td>38,927.2</td>
<td>47,237.0</td>
<td>53,890.4</td>
<td>55,546.5</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>31,515.7</td>
<td>30,697.3</td>
<td>32,550.0</td>
<td>35,142.5</td>
<td>36,730.9</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>Singapore</td>
<td>56,967.4</td>
<td>55,062.5</td>
<td>55,046.6</td>
<td>56,828.3</td>
<td>60,913.7</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>38,403.8</td>
<td>40,315.3</td>
<td>42,431.9</td>
<td>43,731.0</td>
<td>46,165.9</td>
</tr>
</tbody>
</table>


In a word, South Korea and Singapore GDP per capita could overtake and never been behind that of Taiwan and Hong Kong from 2003 and 2004 respectively, the key reason for that probably was national identity issue. Not like Taiwan and Hong Kong, South Korea and Singaporean economic development have seldom been distracted by national identity issue. As a result, it is fair to point out that national identity issue plays a very important role in influencing economic development.

**Taiwan and Hong Kong**

Not like South Korea, national identity has been a very sensitive issue in Taiwan political and economic development since general presidential election was held and the first Taiwanese President was elected in 1996. There were only indirect elections of the President with proportional representation and most Presidents were Mainlander (born in China and moved to Taiwan after 1949) except President Lee Teng-hui before 1996. Taiwanese national identity became a very good issue to mobilize supporters to vote for pro-Taiwan independence candidate during general presidential election campaign.

Nonetheless, to reunify with Mainland China as one China used to be the Taiwan's national policy goal, National Unification Council (NUC) was set up at the presidential office in 1990. NUC not only passed the resolution of Guidelines for National Unification at its third members meeting in 1991 (MAC, 2021) but also passed the resolution of the 'meaning of one China' at its eighth members meeting in 1992 (Office of the President, ROC, 2012). Setting up NUC and passing some resolutions related to one China show the determination of Taiwan government to reunify with Mainland China someday. Nonetheless, the theme of reunification with China had been changed since 1996.

As Lee Teng-hui addressed the closing ceremony of the First Plenary of the Fifth National Unification Council in 1997, he emphasized that "avoiding haste, exercising restraint, treading gingerly to attain long-lasting stability" should remain our guiding principle in managing cross-strait exchanges at the present stage (Office of the President, ROC, 1997). It apparently means that Taiwan side decided to slow down the pace toward cross-strait integration and focus more on enhancing Taiwanese national identity, not to mention NUC ceased to function and Guidelines for National Unification ceased to apply in 2006 (Office of the President, ROC, 2006).

It is understandable for former President Chen Shui-bian to let NUC not function and Guidelines for National Unification not apply, because he came from the pro-independence party-Democratic Progress Party (DPP) whose ultimate target is to put Taiwan independence into practice. Apart from dropping out the goal of unifying with China, both Lee Teng-hui and Chen Shui-bian took the policy of building Taiwanese national identity by changing primary and high school's textbooks in order to cut the historical connection between Taiwan and China.
Figure 1 Changes in Taiwanese/Chinese identity of Taiwanese (Election Study Center, 2021).

It is obvious that Taiwanese national identity had sharply increased a lot since 1996 from Table 1; the trend had not been reversed even though pro-unification President Ma Ying-jeou was in power. Due to more and more people with strong Taiwanese national identity, cross-strait economic interaction could no longer be decided by solely economic factors which affected government policy of pushing for cross-strait economic integration very much, because it would be considered by certain Taiwanese people as selling out Taiwan to China (Figure 1).

For example, Taiwan government faced a lot of criticism from opposition party and civil organizations before signing Economic Cooperation Framework Agreement (ECFA) with China in 2010. Based on ECFA, two sides of Taiwan Strait planned to sign Service Trade Agreement, Commodity Trade Agreement, and Dispute Settlement Understanding in order to reach full Economic Cooperation Agreement eventually within ten years. Although Service Trade Agreement was signed in 2013 according to the timeline, it had been stuck in Legislative Yuan since then because of the obstruction from the opposition party.

Young people and student even occupied and gathered outside Legislative Yuan to protest against Service Trade Agreement with China being ratified without going through due process by ruling party legislators in 2014. Because most young people and student were holding sunflower during protest, it was called “Sunflower Student Movement”. There has been no progress at all on cross-strait economic agreement since “Sunflower Student Movement”. China side even stopped tourist from visiting Taiwan to protest pro-independence President Tsai Ying-wen not to accept 92 Consensus, which regarded two sides of Taiwan Strait as one China with different definition respectively.

As mentioned above, Singapore government built national identity by focus more on civil identity rather than ethnic identity. However, Taiwan government took a different approach to build national identity by focusing more on ethnic identity, which kept Taiwan away from joining China-center Asian economic circle, because China constrained Taiwan from signing any free trade agreement with other countries with sovereign implication. Besides, Taiwan government was distracted by national identity issue very much without putting more effort on economic development. This could explain why Taiwan GDP per capita would have been overtaken by South Korea since 2003.

At the same token, Hong Kong had been bothered by national identity issue very much since city sovereignty transferred to People’s Republic of China (PRC) since 1997. Hong Kong was a colony of Great Briton before 1997, the major concern for Hong Kong citizen was to make money, because they had no interest and no role to play in political affairs. That is the reason why Hong Kong used to be called as the brightest jewel on queen’s crown of United Kingdom. Hong Kong citizen had no problem identifying themselves as Hong Kong citizen with freedom of speech, press, and publication.
However, Hong Kong citizen started to get into trouble with national identity issue under “one country, two system” formula designed by PRC to govern the Special Administration Region (SPR). They could no longer identify themselves as Hong Kong citizen, but had to take Chinese national identity into consideration, because power of final adjudication of Hong Kong was in Beijing’s hand based on Hong Kong Basic Law, not to mention more and more constraint on freedom of speech, press, and publication posted by both SPR and PRC.

As Albert Cheng pointed out, a survey on identity issues showed that only 17 percent of people polled identified themselves first as 'Chinese citizens', a new low since 2000; the identity index of being a 'Hong Kong citizen' reached a 10-year high, at 8.23 on a 10-point scale (Cheng, 2012). Kevin Tze-Wai Wong et al., 2020 found that both cohort and period effects have contributed to the strengthening of local identity in the past decade; those born in the 1980s or later are more likely to identify as Hongkongers than as Chinese.

A June 2013 poll shows that identification with Hong Kong has even increased since the handover, 62 percent of the population identify primarily with Hong Kong and 38 percent exclusively; the proportion is 84.3 percent among the 18 to 29 group (of which 55.8 percent identify exclusively with Hong Kong (Veg, 2013). Also an influx of tourists from mainland China and a decrease in satisfaction with the central government have also contributed to the rise of a local over a national identity (Wong, Zheng & Wan, 2020).

Due to more and more dissatisfaction with economic situation and the central government, it is unusual not to see people protesting on the streets. Apart from protesting with million people on a proposal to amend extradition laws to allow suspects to be transferred to mainland China for trial in 2019, one of the most significant and remembered protests would be Umbrella Movement with demands for reform of Hong Kong’s electoral system in 2014 (Gunia, 2019). The movement got its name from the umbrella’s protesters used as shields against police pepper spray (Gunia, 2019).

All of Hongkongers’ protests on the streets are something to do with fighting for freedom and local identity for the past two decades. Protest with not allowing suspects to be transferred to mainland China for trial, with demands for reform of Hong Kong’s electoral system are related to the freedom and local identity issues, not to mention protests against national security reform, and Moral and National Education in 2003 and 2012 respectively. (Gunia, 2019) However, the more Hongkongers fought for freedom and local identity, the more doubt of losing control of Hong Kong rose in the mind of the central government, and the more limit of freedom posted on Hongkongers by the central government naturally.

Because both Hong Kong citizens and city government put much efforts in dealing with local and national identity issues, they lacked of energy on economic performance accordingly. This could explain why Hong Kong did better in terms of GDP per capita than Singapore from 1998 to 2003 and had done worse than Singapore since 2004 from Table 2. Whether national security law passed by the central government would ease the tension between local and national identity remained to be seen, but it can be assure that Hong Kong GDP per capita will not look good, if identity issue cannot be settled.

Conclusions

Developmental state theory used to be and still is regarded as a very good way to explain why Four Asian Tigers had done so well in developing economy for the past thirty or forty years. However, it cannot completely analyze why Taiwan and Hong Kong would do worse than South Korea and Singapore in economic development in terms of GDP per capita, since there are no major changes on institutions, which is the key to developmental state theory. This paper found that identity issues played very important role in affecting economic performance.

Four Asian Tigers all faced challenges of national identity issues. Taiwan and South Korea are divided countries; it is naturally for them to identify themselves as different part from the other sides. Hong Kong and Singapore government are dealing with different types of national identity, the former is trying to reach the balance of local and national identity, and the latter is building new national identity to avoid identity conflict between different ethnic groups. Both South Korea and Singapore have done better in settling national identity dispute than Taiwan and Hong Kong, which was proved by index of economic performance in terms of GDP per capita.

Taiwan and Hong Kong have done better in economic development in terms of GDP per capita than South Korea and Singapore before 2003 and 2004 respectively, because national identity issue did not affect economic
performance then. Nonetheless, Taiwan and Hong Kong have been distracted by national identity issues, which obstructed them from putting more efforts on economic development. If Taiwan and Hong Kong would like to catch up with South Korea and Singapore economically, national identity issue has to be well dealt with. Otherwise, it will be unrealistic to expect that Taiwan and Hong Kong will do better than their counterparts in the future.

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