Stanford
Center for International Development

Working Paper No. 356

The Political Economy of Successful Reform: Asian Stratagems

by

Dennis Arroyo[†]

June 2008

Stanford University

579 Serra Mall @ Galvez, Landau Economics Building, Room 153

Stanford, CA 94305-6015

[†]Visiting Fellow, Shorenstein Asia-Pacific Research Center, Stanford University

THE POLITICAL ECONOMY OF SUCCESSFUL REFORM: ASIAN STRATAGEMS

Dennis Arroyo[†]

June 2008

Abstract

Major economic reforms are often politically difficult, causing pain to voters and provoking unrest. They may be opposed by politicians with short time horizons. They may collide with the established ideology and an entrenched ruling party. They may be resisted by bureaucrats and by vested interests. Obstacles to major economic reform can be daunting in democratic and autocratic polities alike.

And yet, somehow, past leaders of today's Asian dragons did implement vital economic reforms. The paper recounts the political maneuvers used by leaders of economic reform in Asia during these pivotal eras: China under Deng Xiaoping; India in the 1990s; Thailand under General Prem Tinsulanonda; Vietnam's Doi Moi; South Korea under Park Chung Hee; and Singapore under Lee Kuan Yew.

The last part of the paper classifies these maneuvers as responses to the main political barriers to reform. It serves as a "playbook" of tactics for economic reformers. For example, to overcome ideological baggage, the reformers packaged reforms as means to strengthen the party in power. They reformed gradually, initially seeking win-win compromises. They blessed pro-market violations as pilot projects. They even created new provinces to dilute the anti-reform vote.

Keywords: Asia, economic reform

JEL Classification No.: N45

[†]Visiting Fellow of the Asia Foundation and the Shorenstein Asia-Pacific Research Center, Stanford University

1. INTRODUCTION

The 21st century has been described as the Asian century, for it is seen to be dominated by Japan, China and India, as well as by the smaller high-growth economies of the continent. The dynamism of this century builds upon the reforms of the preceding one. The last three decades have witnessed economic reform take hold of the nations of Asia. Central planning has given way to capitalism, monopolies have yielded to free competition, trade barriers have fallen and firms seek the world market. Asian nations welcome foreign investment and are closing their fiscal deficits as governments have become more responsible in collecting and spending revenue.

Economic reforms promote growth and reduce poverty but they tend to be politically difficult. Provoking unrest among voters, colliding with leaders' traditional mindsets, and challenging the monopolies of vested interests, they demand nimble political maneuvering by reformers. This paper seeks to answer the question, how did the high-growth nations of Asia pull off politically difficult economic reforms?

It will review cases of select Asian countries during their fairly recent reform eras or economic turning points. It will then harvest these stratagems and frame them into a toolkit. The research will emphasize the collection of stratagems; it will not review the whole epic sweep of each country's economic reform history. The reform-era country cases to be covered are as follows: China under Deng Xiaoping, India in the 1990s, Thailand under Prem Tinsulanonda, Vietnam's Doi Moi, South Korea under Park Chung-hee, and Singapore under Lee Kuan Yew.

One notes that the turning point regimes in these case countries were mostly authoritarian. This selection is not an endorsement of authoritarianism in the service of economic reform. The autocrats too, like the democrats, had to face challenges to reform. As the review will show, most of the creative maneuvers employed are useful to both autocrats and democrats. More to the point, an analysis of the merits of democracy and autocracy is far beyond the scope of this paper.

The scope of the stratagems is vast, but the report will aim for concise discussion, so **the main points will be written in boldface**.[1]

2. THE DIFFICULTY OF ECONOMIC REFORM

This paper uses a broad definition of economic reform: policy changes that can help boost a developing economy from low gross domestic product (GDP) growth to high growth of at least 7 percent per year.[2] At the core of economic reform is dynamism due to the unleashing of market forces in an environment of competition. This requires shifting from central government command to the free market, removing price controls, breaking monopolies and oligopolies, sweeping away industry quotas and licenses, and

[1] The research was funded by a fellowship grant from The Asia Foundation. The author thanks Prof. Donald Emmerson, Senior Fellow at the Freeman Spogli Institute, Emeritus, for his critical advice, insights, and encouragement in the preparation of the paper.

[2] Factors other than policy can fuel growth, like a rise in demand in trade partner countries, technological change, or even the vagaries of climate.

simplifying business entry by slashing red tape. Non-performing public enterprises must be sold to the private sector, in the name of efficiency. Reform also entails openness to the global market: lowering protectionist trade walls, encouraging exports, and welcoming foreign investment. Currencies must be allowed to seek their true market levels (Global Trade Negotiations homepage, Center for International Development, Harvard University).

Reform must include the fiscal arena as well; in fact it may even take priority as a first-order condition. To be effective, markets need a vast network of physical and digital infrastructure. And they must draw upon human capital, which implies the need for investing in education and health. All these rest upon a base of adequate state revenue, hence the need for fiscal reform for developing countries that continually run public sector deficits. [3]

These reforms help propel economies towards higher growth and global competitiveness. Because of rising incomes and employment, growth eventually leads to a decline in poverty. Nevertheless, Rodrik (1996) asks, if such reforms benefit society, why are they so often resisted? Very often, the logic of economic reform has to yield to political compromise. When he was India's finance minister, Manmohan Singh said, "In a large democratic setup such as ours, the dilemma of a reformer is compounded in as much as he has to balance economic logic with political and social acceptability" (Nayar, 1998, p. 355). Hence, the following section surveys the reasons why economic reform is typically politically difficult.

IDEOLOGICAL BAGGAGE

The reformers in China and Vietnam have had to contend with an ideology that centralized planning, eliminated enterprise, fed inefficiency, and discouraged production. They have gone up against long-standing practices, a massive state apparatus, and an entrenched party. Ideological baggage is not limited to socialism. Protectionism rests upon the appeal of the infant industry argument and clothes itself with the flag of nationalism. That in turn eliminates competition, keeps prices high, and constricts output.

Legislatures may also be ideologically polarized. This may result in cycles of extreme policy changes especially when the competing parties have a balanced chance of taking power (Haggard and Kaufman, 1992). Polarization may dampen reform initiatives because they may just lead to the dead-end of policy stalemate. Reformers will thus have to tread cautiously. The opposite view is that successor governments do not reverse deep reforms. Once an administration has already passed through the pain of a reform, the incoming rulers would be foolish to forego its economic benefits. After all, the opposition had already absorbed all that pain. A striking case is Chile. After defeating Augusto Pinochet's autocratic regime, the new Social Democratic government maintained much of the free-market reforms imposed by the general (Koromzay, 2004).

PATRONAGE

[3] Others may not subscribe to the need for these pro-market reforms under the general ambit of the Washington Consensus. This is not the place to debate or weigh the merits of these policy directions. The paper just takes the reforms as desirable for accelerating economic growth.

The term is generally defined as dispensing goods or services to individuals in exchange for political support. Such private benefits include jobs in the civil service, exemptions from fees and taxes, and subsidized credit. This track of keeping power stands in contrast to delivering broad public goods to society in general (Khan and Jomo, 2000). Patronage is more prevalent in low and middle-income countries than in the developed world. It tends to bloat civil service employment, public spending and government regulation, the last in turn feeding corruption. Shady officials maintain their monopoly power via discretion, pushing citizens to approach them as supplicants with bribes (Bardhan, 2003).

RENT-SEEKING BY VESTED INTERESTS

This is the reverse face of patronage: economic agents flout the spirit of market competition by deriving benefits from their political patrons. There are many types of abuse through connections. Inefficient manufacturers charge high prices for their goods by blocking the entry of imports. Utility providers keep their fees high by closing off the market to new players. A conglomerate corners the lion's share of government procurement deals.

Related to rent-seeking is regulatory capture or the capture of agencies by vested interests they are mandated to regulate. Officials in this case ignore their duty to be autonomous and objective. They sweep away set parameters and rules and make capricious decisions on fees of public utilities so as to appease their voters (Bardhan 2006).

Now, economic reform aims to boost growth by improving efficiency, implying the curtailment of rent-seeking. Pro-competition reforms will thus be resisted. These rents do not accrue solely to company officials or stockholders; they are shared by their employees. In monopoly industries, the workers tend to be the most organized in maintaining the rents and resisting reforms. This is true as well for self-regulated professions (Koromzay, 2006).

LACK OF SUPPORT FROM THE PARTY CENTER

Politicians do not see beyond their terms. A politician elected to a 3-year term may know that proposed reforms may bear fruit in 8 years. So why scuttle reelection by inflicting temporary economic pain? They would rather optimize over the short term (Keefer, 1999). The benefits of reform do not ripen fast enough to fit the political cycle (Alesina and Roubini, 1997). This horizon effect may be lessened though via democratic institutions, checks and balances, and an enlightened media.

Reformers do not have enough allies in the legislature. A President with an agenda needs a critical mass of seats occupied by his or her party members: the majority in a 2-party system or a plurality in a coalition government within a multi-party system. In turn, the party members should be responsive to the President's initiatives (Rius and de Walle, 2003). But party loyalty is a function of the electoral system itself: some electoral rules may encourage pandering to narrow local constituencies rather than serving the national interest.

The administration may be mired in political trouble. Those burdened by lingering public disapproval may find reforms entangled in implementation due to the people's lack of participation, minimum compliance, or even sabotage. Clouded regimes may succeed despite this handicap only if

they can raise living standards (Tsikata, 2001). That is, economic growth can result in a positive view of the regime in power at that time, or what is known as legitimation by performance (Emmerson, 1999).

BUREAUCRATIC INERTIA

A change-resistant bureaucracy. Government employees may be lulled by "job security, the "easy life" or simply the pleasure of exercising bureaucratic power – that tend to make public administrations unusually change-resistant and conservative" (Koromzay, 2004, p. 2). It is true that the civil service has undergone reform from the days when staffing was dominated by political patronage. "But these entrenched, rules-based employment systems can also generate an administration that is singularly resistant to change and perpetuate a lot of inertia in public policies." (Koromzay, 2006, p. 4)

Too many veto points. The reformist national executive will have to get the cooperation of many bureaucrats, local governments, autonomous agencies, direct democracy mechanisms, and even the judiciary (Rius and de Walle, 2003). On the one hand, the greater number of veto players enhances policy stability. However, the relationship may not be simply positive and linear, it is probably U-shaped, implying a minimum threshold. "That is, having more than one veto player helps to reduce the likelihood of policy volatility, but there is some point of inflexion after which additional veto players become unwelcome, serving only to increase the likelihood of policy rigidity" (MacIntyre, 2001).

The bureaucracy succumbs to resistance in implementation. Policy in the Executive branch is typically crafted by Department or inter-agency committees with little participation from civil society groups. Hence, the latter cannot voice out their objections to or modifications of economic reforms during the planning stage. The groups thus assert their power during the implementation stage, at times resisting the reforms (Rius and de Walle, 2003).

ECONOMIC PAIN

The reforms are initially painful, and people are short-sighted. Currency depreciation leads to inflation, financial liberalization may hike interest rates, imports may undercut local manufacturers. Fiscal reforms in particular often impose risky political costs (Sobel 1998). They entail raising taxes, cutting program budgets, privatizing state enterprises, downsizing the civil service, removing subsidies on sensitive goods, and reallocating funds from one region to another. There will be winners and losers, but it is difficult to pinpoint who are the net gainers a priori (Tsikata, 2001). The people feel this short-term pain and ignore the long-term gain (Chhibber and Eldersveld, 2000). The poor in particular may not even understand that there are long-term benefits to the reforms.

Politicians do not spend their political capital early on. The conventional wisdom is that politicians should use the early honeymoon period to embark on the difficult reforms. The latter will yield fruit by the end of their terms, just in time for the campaign period for reelection. Surprisingly, reform governments do not often take advantage of this window (Koromzay, 2004). On a positive note, it is also possible that reformers know they have completely exhausted their political capital: they realize that they will not be reelected. So they have nothing to lose by embarking on the reform. This "suicide" option accepts that the party will just have to fight again in another election (Koromzay, 2004).

No follow-through in complementary reforms. Each policy shift should not be seen in isolation, as one is often intertwined with others. For example, breaking monopolies and oligopolies in an industry may entail liberalizing imports as well. Setting in place one reform should lead to other related changes (Rius and de Walle, 2003). However, complementary measures may be neglected in practice, and that may yield painful side effects.

3. CHINA IN THE ERA OF DENG XIAOPING

China's economic rise began in 1978 with the reforms unleashed by Deng Xiaoping after the death of Mao Zedong. The challenge of transforming China from a socialist into a capitalist economy was clearly ideological and daunting. The purges of 1976-1978 put the Communist Party machinery under the control of reformers who had been the main victims of the Cultural Revolution. The group, while convinced of the need for reform, had their moderate and radical wings. The moderates like Chen Yun and Peng Sen thought of the market only as a vital supplementary mechanism, covering only agricultural goods and non-important industries. Socialism must be maintained under the pillars of a planned economy and public ownership of the means of production. Chen Yun compared the economy to a bird and the official plan to a cage: “If the cage is too small, the bird will die; but if there is no cage at all, the bird will fly away unrestrained.” This faction wanted tight controls over the economy in concerns like investment and foreign exchange. They called for reform to be gradual and experimental (Guo, 2004).

On the other side, the radicals under Hu Yaobang and Zhao Ziyang were open to bolder reforms, making the market the central mechanism, even creating markets in all factors of production. They excluded a planned economy from the list of principles of socialism and were more flexible in defining public ownership, allowing for diversity in ownership structure. They pushed for faster change. While Chen proposed structural reform over 30 years, Hu wanted 3 to 5 years. “Deng Xiaoping often played the role of balancer between the two groups, resulting in a dual-tracked, phased, and gradualist pattern of transition" (Guo, 2004).

The foundation of the entire process was agricultural reform. The Communist Party introduced responsibility systems into the communes in 1978, hiked prices of agricultural products, and lowered those of inputs. By 1983, the government permitted a peasant to employ 7 workers. The year after, the peasant was allowed to sell his produce beyond his or her traditional borders. This was also the time when the communes were decollectivized, as families embarked into production contracts with the townships and the general government. In short, the market system was introduced (Yamamoto, 2003). Household production was entrenched by the mid-1980s.

Reforms in state-owned enterprises (SOEs) resembled those of agriculture. A responsibility system was introduced in 1981, where the SOEs were responsible for attaining targets. A share of what was earned above the quota would go to the SOEs. Each unit, team and worker within the enterprise would be responsible for fulfillment. Workers would be paid in relation to fulfillment (Yamamoto, 2003).

How then did the Communist Party leadership pull off pro-market reforms that countered the socialist orthodoxy? The following is a list of the measures taken by the Party.

The reforms were packaged as measures to strengthen the Party: "the economic reforms were an attempt to reestablish the hegemonic authority of the Communist Party. . . Success, it was hoped, would provide a new form of legitimacy for the regime" (White, 1993 p. 11). At the local government level, the Party's cadres were vital instruments in building local capacity to create the town and village enterprises. Oi (1999b) regards this model of local state corporatism as "a new form of development that is committed to growth and the market, but is led by a party-state with roots in a Leninist system and with the Communist Party still at the helm." Deng Xiaoping himself invoked the official ideology. He had stated that China was in the initial stages of socialism, and that the party had the duty to perfect "socialism with Chinese characteristics." He stressed that socialism was not tantamount to shared poverty.

The reforms were gradual -- covering more than 2 decades -- because of competition by factions in the Party (Yamamoto, 2003). "The entire process of China's economic transition has been incremental and experimental in nature" (Guo, 2004). What was remarkable was the way the reformers carefully navigated through the terrain to pull off the policy shifts. The process entailed extensive bargaining, taking into account many bureaucratic interests. "Almost all major party documents and policies reflected a compromise between the two groups on policy making" (Guo, 2004). Redistributive reforms were inclusive of these bureaucratic interests, involving much compromise. They were designed so that no one was left worse-off than before. Growth was thus widespread, extensive rather than intensive (Shirk, 1993). The early reforms added to the system; they did not replace it.

The reforms involved Mao-style piloting, as the market ran on a parallel track to state socialism. During the guerrilla war, Mao's army would pilot new tactics in their base areas, so it was not surprising that the Party adopted economic piloting (Oksenberg, 1974). Beijing would select many pilot areas for its economic experiments. If proved successful, the Party would scale up the innovations across all China. Those that failed were discarded or modified (Guo, 2004). The government also piloted autonomy among 6,600 state-owned enterprises. By 1980, the State Economic Commission recommended expanding autonomy to SOEs across China (Yamamoto, 2003). Pricing also ran on dual tracks. During the early stages of China's market reform, some goods were sold at state-defined rates while the excess was freely traded at market prices. The volume of free-market goods rose over time, and by the early 1990s, they covered nearly all products.

The Party blessed pro-market violations as official pilot projects. The peasants were already violating the rules and were producing in part for the market. The pressure for a return to family farming had gone on for decades. Farmers that suffered the most during periods of drought and after the Great Leap Forward wanted to shift from collectives back to household farming. The leaders in Beijing noticed the success of these areas and adopted the shift. By the time Party leaders officially declared their support for the household responsibility system, it had already scattered to most of China (Rozelle and Swinnen, 2007).

The reforms created constituencies, pro-reform vested interests. Peasants attained food

security, got control over the means of production, enjoyed a surge in economic growth, and escaped poverty due to the reforms in agriculture. Benefiting as well were brigade and team leaders who got most of their incomes from their farm work rather than from salaries. Having tasted higher incomes, these leaders and the peasants formed a broad constituency which prevented conservatives in the Politburo from turning back the clock and reinstituting the communes. The new rules allowed local authorities to retain township and village enterprises (TVEs), and that led them to active support of the reforms (Oi, 1995). Over 1979-1988, the direction and speed of other reforms depended on the success or failure of creating vested interests and building coalitions (Shirk, 1993).

Fiscal reform aligned the interests of local governments with those of the national reformers. According to Oi (1992) "local state corporatism" fueled economic dynamism as follows. Decollectivization raised the incomes of farmers, but it also took away from local governments a vital income source. However, fiscal reform gave to local governments the right to retain part of the extra tax revenue they generated. The greater their local economic growth, the higher their tax take. This stake induced local government officials to engage in entrepreneurial activities: they set up and managed rural enterprises, using the profits for reinvestment. In a way, the local governments resembled large corporations with a diverse portfolio of rural enterprises (Ma, 2000).

The reforms strongly involved the local political elite, the cadres. Beijing stressed Mao's "mass-line" doctrine that required the cadres to always keep in touch with the people on fundamental policy shifts. This applied to the economic reforms as it used to apply to the Cultural Revolution and the Great Leap Forward. The local elite benefited from the decentralization of fiscal authority and the retention of revenues from the TVEs. Their powers were enhanced as political decentralization went together with economic reform. The local elite were not only more powerful, they still remained in control over local resources, particularly those of the communes and brigades. Aware of the incentive structure, and witnessing the benefits of reform, they became allies of the new policies (Chhibber and Eldersveld, 2000).

Deng Xiaoping countered Party opposition by turning to the masses. In the wake of the 1989 Tiananmen protests, Deng's power weakened, and this opened up new factional Party opposition to his reforms. He thus reasserted his economic agenda via the 1992 southern tour of Shanghai, Shenzhen, Guangzhou and Zhuhai. President Jiang Zemin did not support the southern tour, which was ignored by the national media, then under the control of Deng's rivals. Deng responded by writing pro-reform articles in the Shanghai Liberation Daily, under the pen name "Huang Fuping." Eventually President Jiang joined the side of Deng and the national papers reported the tour (Zhao, 1993).

The reformers retooled the bureaucracy to favor reform. Early after the implementation of the household responsibility system, the reformers began a sweeping mandatory retirement program. This practically brushed away the old guard and promoted younger pro-reform bureaucrats (Rozelle and Swinnen, 2007). Then in the middle of the 1980s, bureaucrats were permitted to leave government and enter the business sector.

4. INDIA IN THE 1990S

India used to be known for its low "Hindu rate" of economic growth but this changed with the reforms of the Narasimha Rao government in 1991. Formerly, the country was entangled by sweeping bureaucratic regulations known as the "License Raj," which discouraged business activity and fanned corruption. Import licensing used to be extensive, and imports were also burdened by very high tariffs, among the world's steepest – the top bracket was 400%. The government imposed controls on both capital and current account transactions. State control extended to foreign investment, which was covered by severe restrictions. Corporations could not allow more than 40% foreign equity, save for those in the export or hi-tech industries. Telecommunications services used to be monopolized by the state as well. The reforms since 1991 have freed the economy from government control, removing state monopolies on almost all sectors. The top tariff rate has fallen to 45%, and the average has slipped to less than 25%. Foreign investment rules now compare with those of the rest of developing Asia. The telecom sector is now liberalized, with many cities providing phones on demand. Local and foreign companies have invested in the cell phone trade, unleashing a boom in the industry (Panagariya, 2001).

The challenge for the reformers was political terrain that stressed patronage and populism. Securing subsidies and welfare programs became key to winning at the polls. A fiscal crisis and inflation were caused by a bloated deficit due to the competitive bidding of sector groups for subsidies. As put by economic adviser I.G. Patel, "Inflation is essentially the result of a struggle between different sections of the community for a large share in the national cake than what others are prepared to surrender; and its outward manifestation generally is an excessive supply of money." (Nayar, 1998).

One of the major changes since 1989 was that Indian politics was no longer the domain of a single party but was a big contest among many. (In fact, the Bharatiya Janata party or the BJP, the Hindu nationalist party, would later defeat the Congress party in 1996.) Multi-party competition turned elections into a race for support from powerful sectors, like the upper and middle peasantry. The dominant Congress often had to form coalitions with the smaller parties. Party membership and the coalitions themselves were often shifting, depending on the winds of popular opinion. Reformers had to contend with myriad interests and cross-cutting interdependencies. (Task Force Report on Economic Reform in India, 2006). Related to this was the rise of regional parties and their ascent to power in various Indian states. As shall be argued later, the growth of the regional parties set the conditions for substantial policy reform. The following political factors supported economic change.

Politicians had a looser grip on policy. In 1991 Prime Minister Narasimha Rao recruited an economist rather than a politician as Finance Minister, Manmohan Singh, giving him full support for bold reforms (Wadvha, 2004). The Rao government then created powerful committees to put forward recommendations on deregulation, lending, tax reform, insurance, and the financial system. The maneuver of forming committees fostered public consensus through Indian-designed plans, gaining legitimacy for the reforms. (Nayar, 1998).

Regional parties supported unpopular policies to win state elections. The national parties formed alliances with the regional parties, setting off a strange but favorable dynamic. If the Congress party or the BJP stood alone in power in the 1990s, the reformers would have had to contend with quarrels with

their own members over difficult policies. The leadership would have had to accommodate particularistic interests. But the national parties were in coalition with regional parties who fielded candidates in state elections. The regional parties would agree to unpopular policies proposed by the leaders of the national parties -- because they would hurt the chances of the national party candidates who were competing against them in the state polls. Once the regional parties approved the proposals, it would then become easier for the national party leaders to get the support of their mass membership (Dossani, 2007).

The emergence of regional parties strengthened the bureaucracy. The coalitions between national and regional parties strengthened the power of local (state) politicians. Formerly, the national government would dictate state spending under the centralized system of budget formulation. Because of the national-regional party coalitions, the local politicians had a much greater say on local spending. These coalitions (and the sheer multiplication of parties) weakened the hold of national politicians over the bureaucrats. The latter learned that a change of ministers would not harm their careers, e.g. a resulting transfer to another department. They thus began to acquire a long-term horizon in their thinking. "No longer subject to the whims of the electorate, bureaucrats could recommend liberalizing policies to disinterested regional ministers who allowed them to go through" (Dossani, 2007). The large increase in bureaucrats' salaries in 1996 may have helped guide their priorities away from corruption and towards long-term growth.

Reform by Stealth. During the process, the government was aware of the power of groups that could block the reforms, like the workers who could strike, or the middle class who could riot. They seemed to have learned from Rajiv Gandhi's failed reform era (Nayar, 1998). Rob Jenkins's (1999) book devoted a full chapter, "Reform by Stealth," to the creative tactics used then. In general, the maneuvers shrouded policy change in the guise of continuity and furtively compensated selected interests. Jenkins noted "a talent for obfuscation, the use of intentional ambiguity, and the exploitation of other politically expedient means..." He stated that "stealthily introduced reforms succeeded largely because of the stealthy means through which they were introduced." The reforms were described as gradual, full of hesitation, and lacked grandiose statements about the final objectives and outcomes. The following are some examples cited in the said chapter.

The leaky subsidy system remained, but it was made almost obsolete. The Indian government sold basic subsidized commodities like wheat, rice, sugar and kerosene to the poor through ration cards. The World Bank recommended that the government curtail this public distribution system (PDS). The government resisted this call, scoring points with the public for its pro-poor rhetoric that opposed foreign impositions. The leaders would often mention that the budget for the food subsidy has increased or at least remained constant since the start of market liberalization. The government continued to maintain its network of "fair price" shops. However, the prices for these goods were brought closer to market prices. They also set up the revamped PDS or RPDS in 1992, which targeted the subsidies only to the most depressed districts, and which kept prices below those of the general PDS. The twin moves – raising prices for the PDS and creating the better targeted RPDS – in effect made the PDS almost obsolete.

Employment programs for the poor actually served the vocal middle class. Another example were the employment generation schemes like the national Jawahar Rozgar Yojana, which paid

little to the very poor who were willing to do physically difficult work. They toiled on rural public infrastructure, like roads and canals. The government spread these schemes extensively, enhancing its image of serving the poor. But the unstated clients of the projects were the rural rich and middle class landowners who needed smooth roads and desilted canals. There were even cases where the employment schemes catered to land belonging to the richer rural families. Hence, the programs that officially catered to the poor actually benefited the middle class that could be a vocal opponent of reform.

Banks were excused from directed credit via stretched definitions. A third example was directed credit: the regulations required that 40% of total outstanding credit should be allotted to priority sectors like small-scale trade and industry and agriculture. Officials often declared that they would not yield to IMF and World Bank calls to do away with directed credit. But the reality was that the banks were quietly allowed to miss their targets. The priority sectors were also flexibly redefined to include the larger firms. Export orientation allowed a company to qualify for priority status. The ceiling for priority sector housing loans was raised, from 5000 rupees to 200,000 rupees.

An industry monopoly was broken through the backdoor. Liberalizing the public monopoly in coal took the indirect route as well. The government had to contend with the Coal India Limited (CIL) labor sector long known for its militancy. For four years since the reform, the government kept denying that CIL would be privatized – it did not even risk some disinvestment of CIL shares. What it did was to bid out to the private sector the setting up of coal washeries, where low-grade material was separated from the coal. This yielded a short list of 20 companies. Then in 1994, it allowed heavy industry firms that consumed much coal, like those producing steel, cement, and electricity, to set up "captive" coal mines. This was due to the forceful lobbying of firms that included the companies bidding for the coal washeries. Later on, the government allowed firms to import coal if the supply from CIL was erratic, which was often the case.

In short, reform by stealth involved packaging change as more business-as-usual. It used protectionist rhetoric but redefined and stretched the rules to promote greater competition. It served the poor but quietly attended to the interests of vocal sectors. It was "remarkably well adapted to the need for satisfying groups other than the poor, as well as the need for a concealing mechanism to hide this fact" (Jenkins, 1999).

5. VIETNAM'S *DOI MOI*

Like China, Vietnam is an example of frenetic growth caused by market reforms that triumphed over the socialist canon. In the late 1970s, Vietnam's economy was strained by poor harvests as well as by isolation resulting from its invasion of Cambodia. The state had trouble supplying food and inputs to the people. This provoked the government to further re-centralize the economy in an era of what Fforde and De Vylder (1996) call "hard reform socialism." But the move did not work, as free-market prices diverged much from official prices. In fact, Vietnam suffered hyperinflation in 1986 as the policies of September 1985 hiked official wages and prices and introduced a new *dong*. State-owned enterprises saw their cash holdings fall steeply because

of the rise in input and labor costs. The resulting subsidies to the SOEs bloated the government's budget deficit (Ninh, 2003).

Finally, the economic problems pushed the Sixth Party Congress of the Communist Party in December 1986 to let go of hard reform socialism and to create a market economy. This package is known as *doi moi* or renovation: it liberalized trade, encouraged private sector participation, and dismantled central planning. Other reforms followed: inter-provincial trade barriers fell in 1987, and the government loosened the reins over SOEs, private enterprises, foreign trade, and foreign investment in 1987-1988. The reforms of 1989 were even more comprehensive. The government took apart the farming cooperatives and returned the land to the households. Investment and trade were further liberalized. State pricing for most consumer goods ceased, hence ending the dual pricing system. SOEs faced credit ceilings. Expenditures and subsidies to SOEs were held back, and the tax structure was revised to cut the budget deficit. Real interest rates rose to positive territory. Multiple exchange rates were unified, and the dong was devalued. All told, the reforms fueled GDP growth to 8% in 1989 (Ninh, 2003).

One could group the pro-market reforms into four waves: from minor tinkering with the plan in 1979, to the reforms after the 1986 Sixth Congress of the Communist Party, to the Big Bang market reforms of 1989-1991, to more tinkering in 1992-1994 (Gainsborough, 2002; Gates, 2000). It should be noted that early on, the market reforms did not face opposition from economic vested interests. The revolution unleashed land reform and abolished feudal holdings. Vietnam thus did away with extremes in both poverty and wealth. The level field of incomes prepared the way for market reforms by laying out a level playing field of opportunities (Seibel, 1992).

Fence-breaking: the government legalized violations as pilot projects. *Doi moi* combined initiatives from below with official sanction and action from the top (Tu, 1995). In 1978-79, SOEs, cooperatives and individuals found new ways of getting access to resources (Fforde and De Vylder, 1996). The authorities quietly permitted this, as free-market prices diverged widely from the official prices (Ninh 2003). The government would then classify the areas with such violations as “pilot projects,” and reform would follow. This phenomenon of “fence breaking,” or blessing violations as pilots, protected the authority of the Party, respected consensus-building, and expressed sensitivity to local demands. It also revealed the vulnerability of the central leadership to the power of the local governments (Painter, 2005).

The flexibility of the government, which recognized bottom-up initiatives, enabled the Party to remain in power, in contrast with the East European communist bloc that delayed reform as much as possible. As noted in Seibel (1992), “Precisely *because* it was the Communist Party which … implemented the changes, the Party stayed in power… and the political system retained the capacity of carrying out reforms with unpopular side effects.”

Reforms concerning SOEs respected their political power: the center accommodated emerging local state-business alliances. The backdrop for this was the landscape of highly fragmented and decentralized state institutions. While Party control was wide-ranging, the administrative structures in both the central and provincial governments were fragmented and with flat hierarchies. There was the phenomenon of "double subordination," where local line units reported to local general purpose control as well as to central line management. The local governments had a strong ethic of self-sufficiency due to scarcity in resources and the lack of funding from the center. Local governments filled their funding needs via fees and charges from local economic activity. This strengthened local autonomy and

weakened the national government's authority (Painter, 2005).

The market reforms from the 1980s further scattered power to the local governments. Line bureaucrats and local production units seized the opportunity to acquire assets and build up their wealth. Local units of line ministries as well as local governments earned income from their SOEs. The managers of SOEs themselves piled up profits and became wealthy. Some SOEs independently attracted and forged deals with foreign investors. Many SOEs were practically share-owner companies, semi-privatized firms. The managers enjoyed the benefits accruing to SOE legal status, like easier credit access, job security, title to land, fringe benefits for the workers. As they grew richer, the SOEs wielded political power as the state-business bloc. They could not be boxed into neat categories of pro-reform or anti-reform; this varied by circumstance. Some SOEs were defensive about the reforms in the 1990s as they might emasculate their protected status or threaten their hold over the assets they had appropriated. Others welcomed access to more foreign investment. And there were managers who felt confident that they could discard the shell of state protection (Painter, 2005).

The government embarked on equitization to formalize SOE ownership rights. The national government had to accommodate the SOEs in the drive for market reforms. The World Bank spoke of stagnation in SOE reform, warning about inefficiencies, unhealthy relations between the authorities and the enterprises, corruption, and slower growth (World Bank 2002). The government had been reforming SOEs, as mentioned earlier, but further SOE reform favored the interests of the managers. Part of the reform was equitization, or selling shares of stock to the public. In actual fact, however, most of the potential buyers were the incumbent managers themselves and their employees, who were already the informal owners. The equitization, which had been pushed by the international financial institutions, thus preserved and formalized previously loose ownership rights. Between 2001 and 2003, fully 1,800 out of 5,571 SOEs were put under reform, mostly via equitization (Painter, 2005).

The center used ODA to control the local governments. Reform success reinforced the legitimacy of the Party but it undermined the center's control over local governments. How then could the national government reassert its control? As Painter (2005) argues, it used official development assistance (ODA). After relations with the United States were normalized, and after the World Bank began lending in 1993, ODA flows into Vietnam rose sharply. ODA accounted for 27 percent of national government spending and 80 percent of capital expenditure by 1999. Aid allowed the national government to engage more with the local units, opening up channels of control via disbursement and accounting. The center thus rode on the donor community's project management requirements. ODA followed the priorities of the center rather than those of local officials.

Reformers created new provinces to dilute the anti-reform vote. The SOEs and their political allies were, in certain ways, obstacles to further reform. They charged monopoly prices and dominated admission to the export markets. They could block cuts in entry costs for the fledgling private sector, keeping start-up fees high and bureaucratic procedures cumbersome. They could slow down privatization and protect their markets with trade barriers. How then did the reformers get around their power in the Communist Party Central Committee? They created new provinces or engaged in what Edmund Malesky (2006) calls gerrymandering, Vietnamese style.

The term was defined by Bernard Groffman as "Fragmenting or submerging the voting strength

of a group to create districts in which that group will constitute a near certain minority." Provinces which had a strong SOE presence were cut up into two: provinces that were still dominated by SOEs and those that were not. In other words, new provinces were created where the SOEs did not hold sway. And with that came new Party seats for officials more open to reform. The conservatives agreed to the arrangement because it was to their benefit. A new conservative province brought to its officials political prestige and economic opportunities. Substantial money flowed in to construct the new administrative buildings and new infrastructure, nurturing patron-client relations (Malesky, 2006).

As the conservatives were bought off, fully 24 new provinces were created from 1990-2004, or a 60 percent increase in the number of provinces. Starting in the 7th Party Congress, delegates from the new provinces became members of the Central Committee. With the dilution of the conservative vote, the Central Committee became more and more pro-reform. By 2001, the unprecedented happened, as the Party unseated Le Khai Phieu, the conservative bet of the Politburo for Secretary General (Malesky, 2006).

6. THAILAND UNDER PREM TINSULANONDA

This section on Thailand will focus on just one important stratagem. The electoral system of around 1979 did not provide much incentive for forming national parties. The result was multiple and factionalized parties in parliament forming coalition governments. Worse, each party consisted of 2 or more blocs, leading to extensive fragmentation. With around 12 parties sitting in Parliament, this could only result in coalition government, often formed by around 6 or more parties. "This meant that there were typically at least six (collective) veto players" (MacIntyre, 2001). Dispersed power required the cooperation of many parties, creating inertia or even setting up some to block reform. Candidates could not claim credit for reform either as they were the fruit of coalition governments, not parties nor individuals. Parties were weak and undisciplined national organizations, so party labels were not vital assets for candidates. (Hicken, 2004).

Parties were more accurately described as temporary networks of patrons and clients bound together by the law that required candidates to belong to parties. Hence, the candidates relied more on patronage and pork barrel spending, benefits they could deliver to targeted constituencies, for their political survival. Pork provided the strong incentive for the parties to take policy positions that were distinct from one another – so as to build up the leverage needed to secure side payments. Coalition politics was thus a zero-sum bargaining game over who got the pork. This turned each member of the coalition into a de facto veto player. The prime minister would not want to risk collapse of the coalition if he tried to override persistent opposition by a party member (MacIntyre, 2001).

> Given the nature of Thai parties, the expectation (and empirical reality) is that most Thai politicians are more concerned with channeling benefits to a narrow group of supporters than with pursuing a national-level reform agenda. These supporters can include both the voters in a politician's electoral district and any groups or individual that helps finance campaigning (business interests, political patrons, etc.). In short, the incentives for elected politicians and parties to pursue reform have been fairly anemic. (Hicken, 2004, p. 6)

Pork-Policy Compromise. The impasse in governance was resolved in the 1980s via institutional deals arranged by Prime Minister Prem Tinsulanonda. Hicken (2004) calls this the "pork-policy compromise." Prem was not an elected member of parliament, he was commander of the Army. The party leaders believed that military support was vital for stability, so they selected General Prem for the task. Respected for his integrity, Prem maintained a balance between the military and the political parties. He insulated his economic team from politics, opening the window for reforms during his 8-year leadership. That led to investor confidence, bearing fruit in much more investments and exports (Bunbongkarn, 1999).

The development provided a clear advantage for governance: since he was not an elected politician, he did not have to kowtow to the narrow constituencies of traditional politicians. But he still had to work with the politicians, their parties and coalitions. Prem and his advisors needed the politicians for policy support and legitimacy, while the politicians needed the military for stability. But the politicians wanted to maintain the spoils of being in power.

The symbiosis led to the pork-policy compromise. Prem's technocrats would handle macroeconomic policy and be insulated from politics. His appointees would also have the power to set limits on pork-barrel spending. The politicians in turn would have control over the sectoral ministries like Agriculture, Industry, Commerce, and Education. They would handle these ministries with little meddling from Prem (Hicken 2004).

Prem also kept the budget process from political interference; rather, it was centralized under the Budget Bureau. Under this “quasi-democracy,” the key agencies in macroeconomic policy were insulated from politics. He appointed the heads of the National Economic and Social Development Board (NESDB), the Budget Bureau, and the Ministry of Finance. (The Minister of Finance appointed the head of the Bank of Thailand.) As a result, the technocrats enjoyed the freedom to craft macroeconomic reform without opposing pressure from the parties. Stabilization from prudent macroeconomic policy served as the base for Thailand's success which began in the late 1980s (Bunbongkarn, 1999).

The Prem reforms unraveled though in 1988 when Chatichai Choonhavan, leader of the Chat Thai party and a member of parliament, became Prime Minister. This was the first time since the 1978 constitution that a politician -- subject to typical constituency pressures -- was chosen as PM. More actors were involved in policy as Chatichai went on to politicize the formerly insulated economic bodies. Almost all Cabinet posts when to an elected politician. Under Chatichai, the NESDB was expelled from the Cabinet, and its monitoring and coordinating powers were removed. Even its powers over government contracts were taken away and handed over to the other ministries. The director general of NESDB resigned in protest. (Hicken, 2004).

7. SOUTH KOREA UNDER PARK CHUNG-HEE

President Park Chung-hee, who came to power via a coup d`etat in 1961, was the driving force of South Korea’s economic revolution. Within weeks of the coup, he created 3 key economic agencies to pursue his agenda: the Economic Planning Board to craft economic strategy, the Ministry of Trade and Industry to promote exports and industrial policy, and the Ministry of Finance to harness sovereign credit for the economic plans. Park also formed the Korea Central Intelligence agency, guided by the US CIA (Watkins, San Jose State University, online).

The government nationalized the banks and compelled strict control over foreign exchange. This move was geared to direct resources towards priority sectors. Obtained via sovereign credit, foreign currency was used to subsidize export industries and to support the state's industrial policy. Taking advantage of Cold War tensions, Park got preferential access to the American market. Because the country needed the investment, the government normalized relations with Japan in 1965 despite massive protests from Korean students. The regime relied on the support of the chaebol or huge conglomerates controlled by the wealthiest families. (Hyundai's enterprise in ship building is one among many success stories.) However, it reserved basic industries like steel for the state-owned enterprise sector, most notably, the Pohang Iron and Steel Company. The government shifted its orientation towards centralized import-substitution in the early 1970s following the promulgation of martial law. The thrust for Heavy and Chemical Industries (HCI) achieved greater industrialization, but this was at the cost of economic distortions (Watkins, San Jose State University, online).

Strongman rule was imposed in pursuit of growth. South Korea under Park could be classified as a *developmental state*, or a pro-development mix of authoritarian political stability and bureaucratic competence (Kim, 2005). Military rule was quasi-civilian and personal, rather than direct and institutional. Power was centralized around Park, rather than around the military, deviating from the bureaucratic authoritarian model of Latin American states. The parties grew weaker and the bureaucracy got stronger, leading to the turning point of amending the constitution in 1969. Park was then eligible for a 3rd term, and this led to more formidable institutional arrangements to buttress autocracy (Kim, 2004). Then in October 1972, the president imposed martial law and pushed for another charter, the Yushin (Revitalization) constitution, which was "legitimized" via a pseudo-democratic referendum. This concentrated power in his hands via the National Assembly.

With the declaration of the Yushin system, the veneer of democracy vanished, and South Korea formally entered one-man rule. Park justified this, stressing the need for efficiency in pursuit of growth. The authoritarian order entailed the repression of opposition politicians and civil society, and the mobilization of the citizenry into a type of garrison state, citing the security threat from North Korea. The regime coined the term for this: the Total Security System. The presence of a real danger weakened the opposition and helped prolong his rule (Kim, 2004).

The government forged an alliance with big business: privileges bought compliance with economic priorities. Soon after the coup, Park arrested 24 leading businessmen for profiting from corrupt deals with the previous government. The founder of Samsung agreed to cooperate with the regime's economic program, and other magnates offered to donate a large portion of their fortunes; they paid fines but kept their businesses (Watkins, San Jose State University, online). This led to a unique relationship between the state and the chaebol. The Korean government provided rents to its business allies, but it differed from the rent-dispensing behavior shown by other states, like those of Latin America and Africa. Park's regime explicitly linked the rents to their allies' participation in risky 5-year development plans, including investment projects and pioneer exports. The arrangement became more complex after 1973 when Park returned to heavy chemical industrialization as his main priority (Kim, 2002). The exchange promoted a unique type of competition: competition in global markets was replaced by competition for state subsidies following clear economic goals (Kong, 2000). The problem

though was that the arrangement resulted in some over-investment and excess capacity.

Park derived political support from the countryside via the Saemul Undong or the New Village movement. The backdrop of the village development program was the growing gap between average urban and rural incomes. They were on equal levels in 1965, but rural incomes dropped to 67 percent of urban incomes by 1970. The state embarked on correcting the imbalance. Saemul started in the winter of 1970-1971, when government distributed to each of the nation's villages 335 bags of cement for small developmental projects. It is possible that they did this to dispose of a surplus of cement. Even so, the villagers appreciated the program and built their roads, drains, and houses, contributing their own labor and cash. Real incomes in the countryside rose significantly (Moore, 1985).

Park became very interested in Saemul and expanded it in 1972 with another infrastructure wave. The government gave 500 bags of cement and a ton of steel rods to each of half the villages. The target villages were those that made the best use of the resources dispensed in the first round. The new arrangement tapped intra-village rivalry via competition for the building materials. From then on, the government defined criteria for classifying the communities as underdeveloped, developing, and developed (Moore, 1985).

Success in the countryside expanded the Saemul label into diverse government activities. They went above the village level, and morphed into, for example, the School Saemul, the Urban Saemul, and the Factory Saemul. In fact, Saemul units were formed even within the government's own administrative structures. Expenditure on Saemul as a fraction of total government development spending shot up from 4 percent in 1972 to 38 percent in 1978. It seems that the government invested in Saemul partly to turn it into some sort of mass party. There was competition between parties even during the Park regime, but these groups were seen as factions of the elite. Even the opposition was more involved with elite concerns like the constitution; none of the parties wielded a true mass base. The rural areas used to deliver the votes for whatever government was in power up to the early 1960s. But with rising urbanization, and the widening urban-rural income gap, the government could not take the rural vote for granted. It thus made sense to tap Saemul for mobilizing the rural folk (Moore, 1985).

The regime used deferred compensation to foster excellence in the bureaucracy. The term refers to opportunities for post-retirement jobs. The framework of Dongryul Kim (2005) outlines the symbiosis between the bureaucracy, the military, state firms, and the private sector, all revolving around the benefit of deferred compensation. After the 1961 coup, the new order was fragile in its political legitimacy. The top leadership keenly needed the support of the military officers, and their slightest complaint might have undermined the stability of the regime. Park knew that he had to attend to their needs. The first half of the 1960s was the time when the regime was constructing new public firms and restructuring the old. Hence, deferred compensation originally took the form of military transfer: many retiring officials got new posts in the public firms. The ex-generals were best suited for positions over large groups of personnel – 10,000 employees were equivalent to an army division. Their management skills were thus wanted by labor-intensive firms, like those in the extractive industries and for processing agricultural products.

Over time, the transfer of military officers to public firms grew into a stream of government officials pursuing second careers in the private sector. This coincided with the multiplication of public firms since 1963 and joint government ownership with private firms or "half-privatization." The state also formed new enterprises, put them under the jurisdiction of the investors, but still controlled them as subsidiary firms. Owning enough shares to control decisions over personnel, the government opened up more opportunities for their retiring elites. Facilitating the phenomenon of deferred compensation was the creation of districts among those seeking posts in the public firms. The division depended upon job specialty. For example, the ex-military officers were channeled to labor-intensive duties, while bureaucrats went to firms that required particular professional skills. Private firms in turn wanted ex-military and ex-bureaucrat executives because of the network of connections they bore. All told, the system worked neatly to ensure military loyalty and bureaucratic performance (Kim, 2005).

8. SINGAPORE UNDER LEE KUAN YEW

The lion's share of the credit for Singapore's progress goes to one man, former Prime Minister Lee Kuan Yew. As put by an award citation from the Australian National University (2007), "Mr. Lee has made an unparalleled contribution to the development of his country. Indeed, few leaders have had such a singular impact on their country's history."

Newly independent in 1965, Singapore then was challenged by its minute market and lack of physical resources. It had to look outward, welcoming foreign investment and pushing exports. The authorities' framework was pro-business, including channeling state investments into government corporations (US Department of State, online). Lee's cabinet believed in Europe's social democratic ideals, so his People's Action Party (PAP) relied on a strong state and government intervention to industrialize Singapore (Asean Focus Group, online). Initially, the leadership looked at the country's cheap labor as an attraction for foreign direct investments. But as the 1970s ended, the government shifted to high-wage policies and an emphasis on high-technology industries. The world recession of the 1980s blunted this drive, and Singapore moderated its wage policies in line with export orientation. (Milne and Mauzy, 1990).

The PAP has stressed foreign investment long before it caught on in other countries. At the same time, the government owns or controls many firms through its state-owned investment company (Asean Focus Group, online). As labor relations were fixed in 1969, the government launched the Jurong Town Corporation for the development of industrial estates. The corporation offered unrestricted repatriation of capital and profits in certain industries, as well as tax relief for 5 years. Foreign investors found these conditions attractive, so by late 1970, there were 271 factories in Jurong and more than a 100 under construction. The government turned the crisis of the withdrawal of the British bases into an opportunity. It transformed the naval facilities for industrial use, and the former King George VI Graving Dock became the Sembawang Shipyard. The country ventured into shipping by setting up its own Neptune Orient Line. A container complex rose, and made the country Southeast Asia's container transshipment hub. Hence, by 1975, Singapore had become the world's 3rd busiest harbor (www.country-data.com).

The political dynamic consists of paternalism for performance. The PAP continues to deliver excellent social services and economic performance, in exchange for society's submission to a paternalistic and authoritarian government. As stated in some commentaries, the PAP has made it hard for opposition parties to come to power. The PAP has been effective in nipping dissent in the bud. Because the opposition had drawn on students and labor groups as their bases, these sectors were closely watched (www.country-data.com). In 1963 Lee used the Internal Security Act to jail around a hundred key members of the leftist Barisan Sosialis party. He later set them free and co-opted them into harmless administrative positions. Singapore is known for its tight control of the press. In the early 1970s, the government closed the newspapers, and the Printing Press Ordinance obliged publishers to get a permit, whose annual renewal depended on their obedience to content rules (George, 1973). Today the government controls the local media, and censors foreign media, expressing concern about the West's moral pollution of the youth via culture (Asean Focus Group, online).

Lee called an election to get the mandate for painful reform. January 1968 was a watershed, as the British announced that they would withdraw their bases from Singapore within 3 years. This would impact not only on defense but also on the economy: around a fourth of GNP came from the facilities, and they employed 21,000. Worsening the threat to jobs was the country's reputation for worker strikes. The government thus called for elections to get the mandate needed to resolve the labor problem. The PAP swept the polls, getting all 58 parliamentary seats. By August, the government passed laws that required more sacrifices from both employers and employees. Management had to raise their contributions to the provident fund, and had to provide, for the first time, sick leave. Workers had to put up with longer working hours, fewer holidays, and more management power over hiring, firing, and promotions. Because of these reforms, productivity rose and strikes disappeared in 1969 (www.country-data.com).

The government has emphasized tripartism, or the cooperation between labor, management, and government. In fact there has been only 1 strike in Singapore during the past 15 years. The National Trades Union Congress (NTUC) accounts for almost 99 percent of all organized labor. It is the only labor union federation (US State Department, online). After independence, the PAP was a strong ally of the Singapore Trades Union Congress (STUC). When the party cracked into two opposing ideological factions in 1961, so did the STUC: the NTUC and the leftist Singapore Association of Trade Unions (SATU). Lee's PAP gave solid support to the NTUC and banned the SATU in 1963 after the latter mounted a general strike against the government. The NTUC got to control the labor movement and has since backed the PAP (US Department of Labor, 2003).

Tripartism is operationalized within the National Wages Council (NWC), which includes the employers. The NWC presents wage recommendations to the government. For example, the boom challenged Singapore with a tight labor market in the late 1970s. Workers were afraid of being trapped at low wage levels. The NWC thus recommended in 1979-1981 that wages be raised; this was a unanimous decision. The intent of the move was to make production more capital-intensive and to hike productivity. The policy worked, for productivity growth of 2-3 percent in the 1970s went up to 4 percent in the 1980s (Leggett, 2005).

Lee gave the people a stake in nation-building via the provident fund and mass housing. The Central Provident Fund (CPF) has resulted in a very high savings rate, as employers and employees are bound to contribute up to 40 percent of salaries into this pension fund. The savings in turn have provided housing for the people. In 1959, most citizens lived in decrepit housing, but today, the country enjoys the highest home ownership on earth (Asean Focus Group, online).

CPF used to be a simple savings plan for old age. Under British rule, the initial CPF contributions in 1955 stood at 5 percent each for employer and employee. But this started to climb 3 years after Lee took over. The funds provided the state with a pool of credit for economic and social ends. In fact, for many years, the authorities channeled CPF collections almost entirely to government bonds. The year 1968 was a milestone because it marked the start of official policy to raise home ownership. Attempts in 1964 by the Housing and Development Board (HDB) to encourage this via low-interest rate loans did not interest the public. What did work was amending the CPF to allow members to use their savings for housing down payments and amortization. As a result, the CPF withheld a rising fraction of employee contributions. The CPF also expanded into health care; e.g. MediShield was an insurance plan (Wong, 1993).

Home ownership helped in the process of nation building, for it gave the citizens a stake in their country (Toh, 1996). In fact home ownership was a primary goal under Lee's CPF. In an interview with the South China Morning Post, November 27, 1993 (cited in Wong, 1993), he said:

> Singapore had no choice. We must have a defence capability. That means man must have something to fight for. He's not going to fight for somebody else's Rolls-Royce or Mercedes 600. He's got to fight for what he or his family owns. So we had to devise a system which gave everybody a home, which he owns. Everyone has something substantial in property. Everyone has a retirement account and medical-cost account.

The goals of family security remain the same today, while allowing for more flexibility. As the official CPF website puts it, one should plan the use of CPF savings to guarantee the following: "Sufficient savings to see you through your retirement. A property that is fully paid-up when you retire. Sufficient savings to meet your medical needs in your old age" (Central Provident Fund online, Government of Singapore).

9. CONCLUSION: A TOOLKIT FOR ECONOMIC REFORMERS

This last section sums up the tactics used by the various Asian leaders to pull off politically difficult economic reforms. It will refer to the previously mentioned hurdles that made reform challenging. The review showed a wide range of reform styles and approaches, depending on each country's political backdrop. Institutions are hard to transform in the short term, so reforms need to be conceived in ways feasible and apropos to these given parameters (Keefer, 1999).

Nevertheless, reformers in all types of regimes must deal with the main political actors. They should make the reform politically acceptable to the military, the bureaucracy, the private sector, labor unions, and rural interests. They must obtain mass political support to sustain the reforms. The local politicians and bureaucrats should be brought into the fold (Chhibber and Eldersveld, 2000). For democracies in particular, shepherding reform demands skills of political persuasion, negotiation, and consensus-building (Democracy Forum for East Asia, 1999). [4]

OVERCOMING IDEOLOGICAL BAGGAGE

Ideological baggage in these cases was not limited to the Marxist mindsets in China and Vietnam. One could find it as well in protectionism as seen in India. The problem here is how to overcome the intellectual and emotional burdens imposed by decades of tradition. Parties built around an ideology may feel threatened by direct attacks on the received wisdom. The Asian review uncovered these stratagems for maneuvering against ideological baggage.

- Package the reforms as measures to strengthen the party in power, and invoke the official ideology. Deng Xiaoping had stated that China was in the initial stages of socialism, and that the party had the duty to perfect "socialism with Chinese characteristics." He stressed that socialism was not tantamount to shared poverty.

- At the initial stages, reform gradually through win-win compromises. Policy changes in both China and Vietnam reflected the compromises between the reformist and conservative camps. Early on, the Chinese reforms produced only winners, no losers, as they added to the system rather than replaced it.

- Try reforms first in pilot projects, then scale up. Economic pilot projects were justified as being similar to the Maoist tradition of piloting military tactics.

- Copy fence-breaking ala Vietnam. Certain regions will violate the anti-market rules, so recognize them officially as pilot projects. This also involves formalizing informal ownership rights, as in the case of state-owned enterprises in Vietnam.

- Run on dual tracks. During the early stages of China's market reform, some goods were sold at state-defined rates while the excess was freely traded at market prices. The volume of free-market goods rose over time, and by the early 1990s, they covered nearly all products.

- Even if the old rules are maintained, stretch the definition of the terms. Widening loopholes under India's protectionist regime allowed for more competition in real terms.

- Consider resorting to gerrymandering. New provinces were created in Vietnam to dilute the anti-reform vote within the Party leadership.

[4] Clearly, one cannot apply the stratagems in sweeping cookie cutter terms, naively assigning equal priority to each measure. The Asian cases have shown much diversity. The toolkit merely presents reformers with a menu of options to be applied as the circumstances warrant.

- Once the administration has welcomed the reforms and their framework, it is necessary to educate the public. Deng Xiaoping's trip to the south in 1992 set off a whirl of entrepreneurial activity, as the people heard the catchphrase "to get rich is glorious." The public at large needs to understand the new market environment and the new rules of the game. This points to the necessity of training public communicators (Osiatynski, 1997). Reformers must explain continually the importance and rationale of the reforms to avoid public misunderstanding (Chhibbers and Eldersveld, 2000).

OVERCOMING PATRONAGE

Patronage is a common phenomenon across the world. It seems almost natural for politicians to dole out benefits to target groups in exchange for their votes. However, governments may have to rein in subsidies for the sake of fiscal discipline: they should be channeled to poor sectors that need them the most rather than leak to the party faithful among the non-poor. As the Indian case notes, competition for subsidies tends to bloat the national budget deficit. Pork barrel politics also warps economic policy: pro-growth reforms are sacrificed for populist programs. The following stratagems were used to sidestep patronage.

- Loosen the grip of politicians on policy – appoint a non-politician to handle fiscal concerns. The Indian government did this in 1991 by appointing economist Manmohan Singh as finance minister. The Thais in turn chose the respected general Prem Tinsulanonda to serve as prime minister.

- Consider the pork-policy compromise of Thailand: politicians could still benefit from pork barrel, but they were insulated from economic policy-making. The latter was the preserve of technocrats under Prem.

- If the popular and leaky social programs are to be maintained for political ends, make them practically obsolete by setting up an improved parallel version. This was an Indian maneuver under the broad ambit of reform by stealth.

- Well-targeted programs for the bottom poor can be directed to serve the politically critical middle class as well. India's employment schemes like the Jawahar Rozgar Yojana did create jobs for the bottom poor, who built roads and took the silt out of irrigation canals. But the program also catered to the middle-class farmers who needed the roads and desilted canals.

OVERCOMING VESTED INTERESTS

Reforms against vested interests cast a net wider than the sectors directly affected. Trade liberalization impacts not only on protected importers, it also affects manufacturers and commodity producers who do not engage in foreign trade. Privatization does not only affect protected underperforming state firms. It is also felt in the interest rates charged by banks. The

process will generate winners and losers. Because the benefits of reform are seen only in the medium and long term, the government must be committed (Tsikata, 2001).

It is possible to defeat weak vested interests by expropriating and politically isolating them (Shleifer 2000). But governments often cannot just quash the sectors that resist reform; they sometimes must be co-opted as a second-best solution. Reducing slowly their rents or excess revenue may serve the same purpose over time while silencing the opposition (Koromzay, 2006).

- Break monopolies via the backdoor, as in the case of India's coal industry. This involves privatizing industries that complement the target monopoly either upstream or downstream. The competitive sister industries will later exert much pressure to break the monopoly.

- Stretch the definitions even while using protectionist rhetoric. India's protectionist banking rules directed 40% of credit to priority sectors like small scale industries. "Priority sectors" were thus redefined to include large export-oriented corporations.

- Create new vested interests who will benefit from the reform, or constituencies of reform. In the Chinese case of market reform, these were the local officials who were allowed to retain ownership of township and village enterprises. The importance of building pro-reform coalitions is mentioned in Buchanan (1993).

- If strong vested interests will be recognized, at least engage them in an explicit economic partnership. South Korea gave privileges to the chaebol provided that they venture into risky new industries of the official economic plan.

- To broaden the previous point, one option is to offer strong vested interests more economically efficient forms of rent. For example, banks can be offered high-interest financial instruments if they forego managing direct subsidies to corporations (Shleifer 2000). Anti-rent reforms in one sector may actually set up the conditions to promote similar reforms in others. Product market reform may cut the rents that flow to some sectors of workers. That in turn will make it easier to embark on labor market reforms (Koromzay, 2006).

OVERCOMING THE LACK OF SUPPORT FROM THE PARTY CENTER

In the legislature, the size of the fraction held by the president's party, and the compliance of these legislators to the president's agenda, are important resources to a reformist executive (Rius and de Walle, 2003). But what if the ruling party itself is lukewarm about reform? Politicians may have short horizons bounded by their terms. And they do not spend their political capital early on, announcing unpopular reforms during the honeymoon period.

- Begin reform at the periphery. Among the earliest market reforms in China were those in agriculture, which took place in areas far from Beijing. The sheer distance may have helped lull conservatives at the Politburo, as reforms crept at a pace that did not alarm

them. Quiet success in the periphery will gather momentum, as local governments copy the innovations from each other. Eventually the reformist areas will acquire critical mass.

- Consider tapping the regional parties as a counter-force. India's reform wave in the 1990s benefited much from the milieu of strong regional parties. The regional parties weakened the hold of national politicians over the bureaucrats. The bureaucrats in turn realized that their jobs would survive despite a change in ministers. This allowed them to take the long-term reformist view.

- Align the interests of local governments with the interests of national reformers. This was the case of China and India. "Any linkage between the national government and the masses occurs through the local political elite, cadres in China and politicians and bureaucrats in India..." (Chhibber and Eldersveld, 2000, p. 8).

- If the local governments and parties misbehave and deviate from the reformist agenda, use national government funds to keep them in line. Official development assistance may be useful for this measure, as shown by Vietnam.

- Turn to the masses to cement support within the ruling party center. In the wake of the 1989 Tiananmen protests, Deng Xiaoping's power weakened, and this opened up new factional Party opposition to his reforms. He thus reasserted his economic agenda via the 1992 southern tour of Shanghai, Shenzhen, Guangzhou and Zhuhai.

- Treat the media as vital allies. Rivals to Deng got the national media to ignore his southern tour. Knowing the importance of the media, Deng responded by writing pro-reform articles in the Shanghai Liberation Daily, under a pen name, so the national papers eventually reported on the event.

OVERCOMING BUREAUCRATIC INERTIA

A camel is said to be a horse put together by a committee. One can thus appreciate reformers' worries about the shape of reform when it passes through the bureaucracy. Reform may have to wind through too many veto points among government officials. The rank and file staff in turn may resist implementation for fear of the new. The following Asian lessons may help one navigate through the maze.

- Embarking on pilot projects, ala China and Vietnam, helps kick-start the reform despite bureaucratic resistance.

- Rationalize the bureaucracy to marginalize the older officials who resist change. This will entail bringing in a fresh crop of younger leaders, as in the case of China.

- It is also necessary to build up the capacity of the bureaucracy. This is vital for reform ownership, which entails both political commitment and the presence of technocrats who can work through the details of the reform. Foreign technical assistance in the form of

policy advice and staff training can help fortify reform ownership (Tsikata, 2001). State capacity is all the more vital for reform as it correlates negatively with patronage. Lower levels of capacity enable more corrupt government officials and staff to pull off their acts of fraud. Rent seeking thrives in a milieu of lax record taking, poor accounting standards, inaccurate statistical systems, and an underfunded judiciary. The corrupt, conversely, have the incentive to decrease the level of state capacity (Rius and de Walle, 2003).

- Nurture officials with post-retirement incentives, like a second career in the private sector. As seen in South Korea, the carrot of high-paying posts in the corporate world motivates excellent performance among bureaucrat officials. Government can deploy its best managers to the business world, which is in turn eager for their network of connections.

OVERCOMING ECONOMIC PAIN

There is a consensus that subsequent policies matter to the effectiveness of reforms (Rius and de Walle, 2003). Pure macroeconomic policy changes in trade, fiscal issues, and foreign exchange would indeed lead to growth. But they would reduce poverty only through slow trickle-down effects. The economic reforms would generate more support if they were packaged together with social reforms: those concerning drinking water, child nutrition, health, education and others.

- The greater the potential pain unleashed by economic reforms, the more urgent are complementary social reforms. Economic reforms cannot stand alone. Social reforms buy time for the economic reforms to work.

In cases beyond the scope of this paper, popular support for reform resulted from the state's ability to forge coalitions across social groups stretching from the cities to the countryside. Rural residents supported the administration during elections because of patronage programs, while the urban voters gave their assent to the liberal reforms (Chhibber an Eldersveld, 2000).

- In particular, adjustment programs should include steps to dampen the short-run pain of reform on the losers, most often the poorest. These safety nets include cash compensation and well-targeted subsidies to protect the consumption of basic commodities by the lowest classes, in the wake of inflation. Then there are work-related measures like severance pay, low-wage public works projects, and unemployment benefits. These are meant to counter the temporary loss of jobs triggered by the reforms (Agenor, 2004).

This Asian review cites various social programs that built support for the governments pursuing economic reform. Singapore's housing program is outstanding. South Korea mobilized a rural base through the Saemul Undong. India had its Revamped Public Distribution System.

- Construct consultative mechanisms for greater public ownership. The Indian government created powerful committees to craft recommendations on economic reforms. These committees advanced public consensus through Indian-designed plans.

> It is clear that reforms are most likely to succeed when the population is involved in setting the priorities of the reforms, and is kept fully informed of progress. This creates the necessary consensus for reform, and a sense of participation in the nation-building process. Consensus and participation, as well as open access to information about government actions, are also necessary to cement transparency and accountability in public affairs, because they create the basis of the regular oversight, supervision and control of government actions. (Oattara, 1999, p. 8)

- Set up mechanisms for tripartism or the partnership between government, labor and employers. Singapore's apparatus for tripartism is its National Wages Council which recommends salary levels. As a cautionary note, tripartite consultations are useful "if not allowed to become a kind of second government outside electoral validation" (Koromzay, 2004).

- Call an election to get the mandate for painful reform. Singapore did this due to labor problems foreseen after Britain announced it would remove its military bases.

- Turn international organizations into lightning rods for unpopular economic policy. The Indian government used the cover of the World Trade Organization. Other global organizations like the European Union or the Organization for Economic Cooperation and Development can play a substantial supporting role, or may even kick off the reforms themselves (Koromzay, 2004). However, the opposite side of the argument is that donors' frequent use of conditionality may dampen reform ownership by the government (Tsikata, 2001).

- Consider tactics of reform by stealth, as practiced by India, like intentional ambiguity. Politicians do not run their election campaigns offering economic pain to the voters. It may make sense for them to keep some of their reform plans hidden during the campaign, move away from certain promises when elected, and use their term to explain to the public the real problems (Koromzay, 2004).

All told, the recent history of Asia shows that nations can shift from low to high economic growth despite tough political obstacles. Outstanding leaders have overcome patronage, bureaucratic inertia, and anemic support from their parties. They have maneuvered around the hurdles of ideology, vested interests, and economic pain through sheer dint of imagination. Harnessing the resource of imagination may be fitting for economic reform. As a Korean proverb puts it, land is limited, but imagination has no bounds.

REFERENCES

Agenor, Pierre-Richard. **The Economics of Adjustment and Growth.** Cambridge, Mass.: Harvard University Press, 2004 .

Alesina A., N. Roubini: **Political Cycles and the Macroeconomy**, Cambridge, Mass. and London: The MIT Press, 1997.

Asean Focus Group, online (www.aseanfocus.com).

Australian National University, citation for Minister Mentor Lee Kuan Yew, March 28, 2007.

Bardhan, Pranab. "Governance Matters in Economic Reforms in India." Lecture at the Brookings Institution/NCAER, India Policy Forum conference in New Delhi. July 2006.

Bardhan, Pranab. "The Politics of Economic Reform in India." in P. Bardhan, **Poverty, Agrarian Structure, and Political Economy in India**, Oxford University Press, New Delhi. 2003.

Bunbongkarn, Suchit. "Thailand's Successful Reforms." National Endowment for Democracy and the Johns Hopkins University Press. **Journal of Democracy** 10.4, 1999.

Buchanan J.M. (1993): Public choice after socialism, **Public Choice**, vol. 77, 1993. pp.75-83.

Central Provident Fund online, Government of Singapore http://mycpf.cpf.gov.sg

Chhibber, Pradeep and Samuel Eldersveld. "Local Elites and Popular Support for Economic Reform in China and India." **Comparative Political Studies** 2000; 33; 350. Ann Arbor: University of Michigan.

Countrydata. www.country-data.com

Democracy Forum for East Asia. Report of the Working Conference. "The Politics of Economic Reform and Civil Society Responses" Sejong Institute, Sungnam, Korea. December 11-12, 1999.

Dossani, Rafiq. **India Arriving**. New York: American Management Association, 2007.

Emmerson, Donald K. "A Tale of Three Countries: Southeast Asia After the Crisis." **Journal of Democracy** 10.4, 1999. 35-53. National Endowment for Democracy and the Johns Hopkins University Press.

Emmerson, Donald K.. Americanizing Asia? **Foreign Affairs**, May/June 1998.

Emmerson, Donald K. "Singapore and the "Asian Values" Debate." **Journal of Democracy** 6.4 (1995) 95-105. National Endowment for Democracy and the Johns Hopkins University Press.

Fforde, Adam and Stefan de Vylder, **From Plan to Market: The Economic Transition in Vietnam.** Boulder, CO: Westview Press, 1996.

Gainsborough, Martin. "Political Change in Vietnam: In Search of the Middle-Class Challenge to the State." **Asian Survey**, 42:5, pp. 694–707. 2002. University of California.

Gates, C., "Vietnam's Economic Transformation and Convergence with the Dynamic ASEAN Economies," **Comparative Economic Studies** 42 (4) (Winter) 2000.

George, T. **Lee Kuan Yew's Singapore**. London: Andre Deutsch. 1973.

Global Trade Negotiations homepage, Center for International Development, Harvard http://www.cid.harvard.edu/cidtrade/issues/washington.html

Guo, Sujian. "Economic Transition in China and Vietnam: a Comparative Perspective Vol. 32, No. 5 **Asian Profile** October, 2004.

Haggard, Stephan. and Robert Kaufman, editors. **The Politics of Economic Adjustment**. Princeton, NJ: Princeton University Press. 1992.

Hicken, Allen. "The Politics of Economic Reform in Thailand: Crisis and Compromise." William Davidson Institute Working Paper Number 638 January 2004.

Jenkins, Rob. Democratic Politics and Economic Reform in India. Series: Contemporary South Asia, Number 5. Cambridge University Press. 1999.

Keefer, Philip. "Does One Size Fit All? Fitting Economic Reforms to Political Institutions." Development Research Group, the World Bank. December 1999.

Khan, Mushtaq, and Kwame Sundaram Jomo (eds.) **Economic Development: Theory and Evidence in Asia**. New York: Cambridge University Press. 2000.

Kim, Dongryul. "Bureaucratic Institutions and Economic Reforms: Effects of Disrupting Post-retirement Incentives in Performance of Korean Officials." Paper presented at the American Political Science Association Annual Meeting, September 1-4, 2005, Washington DC.

Kim, Yung Myung. "Patterns of Military Rule and Prospects for Democracy in South Korea." In R.J. May and Viberto Selochan, editors. **The Military and Democracy in Asia and the Pacific**. Canberra: Australian National University Press: 2004.

Kim, Byung-Kook. "The Leviathan: Economic Bureaucracy under Park Chung Hee" Paper presented at the annual meeting of the American Political Science Association, Boston Marriott Copley Place, Sheraton Boston & Hynes Convention Center, Boston, August 28, 2002.

Koromzay, Val. "The Political Economy Of Radical Economic Reform." Comments at the seminar on Economic Growth Strategy of The Czech Republic, 11 January 2006, Paris.
Koromzay, Val. "Some Reflections on the Political Economy of Reform." Country Studies, Economics Department. OECD 2004.

Kong, Tat Yan. **The Politics of Economic Reform in South Korea: A Fragile Miracle.** London and New York: Routledge, 2000.

Leggett, Chris. "The Fourth Transformation of Singapore's Industrial Relations." Paper presented at the 19th Annual Conference of the Association of Industrial Relations Academics of Australia and New Zealand, Sydney, 9-11 February, 2005.

Lupia, Arthur and Mathew D. McCubbins. “Political Credibility and Economic Reform.” A Report for the World Bank. July 4, 1998.

Ma, Shu-Yun. “Understanding China’s Reform: Looking Beyond Neoclassical Explanations.” **World Politics.** July 2000.

MacIntyre, Andrew. “Institutions and Investors: The Politics of the Economic Crisis in Southeast Asia.” **International Organization** 55, 1, Winter 2001. The IO Foundation and the Massachusetts Institute of Technology.

Malesky, Edmund. “Gerrymandering – Vietnamese Style: The Political Motivations behind the Creation of New Provinces in Vietnam.” University of California San Diego, Graduate School of International Relations and Pacific Studies. Presentation at the Annual Meeting of the American Political Science Association, Philadelphia PA, September 3, 2006.

Milne, R.S. and Diane K. Mauzy. **Singapore: The Legacy of Lee Kuan Yew**. Boulder Colorado: Westview Press. 1990.

Moore, Mick. “Mobilization and Disillusion in Rural Korea: The Saemaul Movement in Retrospect.” **Pacific Affairs**, Vol. 57, No. 4., Winter, 1984-1985, University of British Columbia.

Nayar, Baldev Raj. “Political Structure and India's Economic Reforms of the 1990s.” **Pacific Affairs**, Vol. 71, No. 3., Autumn, 1998. Institute of Pacific Relations. Vancouver Univ. of British Columbia.

Ninh, Le Khuong. “Investment of rice mills in Vietnam : the role of financial market imperfections and uncertainty.” Ph.D. dissertation. University of Groningen. 2003.

Oksenberg, M., “Methods of Communication within the Chinese Bureaucracy,” **China Quarterly**, Vol. 57, Jan.-Mar., 1974.

Oi, Jean C. “Two Decades of Rural Reform in China: An Overview and Assessment**.” The China Quarterly**, No. 159, Special Issue: The People's Republic of China after 50 Years. (Sep., 1999).

Oi, Jean C. **Rural China Takes Off: Institutional Foundations of Economic Reform.** Berkeley: University of California Press, 1999.

Oi, Jean. “The role of the local state in China’s transitional economy.” **China Quarterly**, *144*, 1132-1149. 1995.

Oi, Jean C. “Fiscal Reform and the Economic Foundations of Local State Corporatism in China,” **World Politics.** October 1992.

Ouattara, Alassane D. "The Political Dimensions of Economic Reforms—Conditions for Successful Adjustment." Keynote Address (Deputy Managing Director International Monetary Fund). Berlin, Federal Republic of Germany, June 9, 1999.

Osiatynski, Jerzy."Economics Reforms And Their Social And Political Implications." International Institute for Democracy and Electoral Assistance. Stockholm, Sweden. 1997.

Painter, Martin (2005) 'The Politics of State Sector Reforms in Vietnam: Contested Agendas and Uncertain Trajectories', **Journal of Development Studies**, 41:2, 261 - 283

Panagariya, Arvind. "India's Economic Reforms What Has Been Accomplished? What Remains to Be Done?" ERD Policy Brief Series Economics and Research Department Number 2. Manila: Asian Development Bank. 2001.

Rius, Andres and Nicolas van de Walle. "Political Institutions and Economic Policy Reform." Document presented to the Global Development Network: Understanding Reform. August 15, 2003.

Rodrik, Dani. "Understanding Economic Policy Reform." **Journal of Economic Literature**, *34*(1),1996.

Rozelle, Scott, and Johan F. M. Swinnen. "Why Did the Communist Party Reform in China, But Not in the Soviet Union? The Political Economy of Agricultural Transition." Working Paper, Freeman Spogli Institute for International Studies, Stanford University. January 10, 2007.

Seibel, H.D. "The Making of a Market Economy: Monetary Reform, Economic Transformation and Rural Finance in Vietnam." Saarbrücken, Breitenbach 1992.

Shin, Gi-Wook. **Ethnic Nationalism in Korea: Genealogy, Politics, and Legacy**. Stanford: Stanford University Press, 2006.

Shirk, Susan L. **The Political Logic of Economic Reform in China**. University of California Press. 1993. Berkeley, CA.

Shleifer, Andrei and Daniel Treisman. **Without a Map: Political Tactics and Economic Reform in Russia.** Cambridge, Mass.: MIT Press, 2000.

Sobel R.S.: "The Political Costs of Tax Increases and Expenditures Reductions: Evidence from State Legislative Turnover." **Public Choice**, vol. 96 (1-2), 1998.

Task Force Report: Economic Reform in India. Sandeep Ahuja, Jaime Allentuck, Jimin Chung, Charles Corrigan, Ian Hathaway, Christopher Martin, Micki O'Neil, Benjamin Reeves, Carolina Rojas, Lisa Rushing, Daniel Swift Jennifer Yeaw. January 2006. International Policy Practicum, 2005. Professor Charles Wheelan, Harris School of Public Policy, University of Chicago.

Toh, K. "The Statecraft of Singapore's Lee Kuan Yew." National War College, 300 5th Avenue,

Fort Lesley J. McNair, Washington, DC. September 1996.

Tsikata, Yvonne M. “Owning Economic Reforms: A Comparative Study of Ghana and Tanzania.” Discussion Paper No. 2001/53. World Institute for Development Economics Research. United Nations University. August 2001.

Tu, Nguyen Minh. **Ten Years of Economic Reform in Vietnam: Selected Macroeconomic Key Issues.** Occasional Paper 4. Zentrum für Ostasien-Pazifik. 1995.

US Department of Labor. “Labor Rights Report: Singapore.” 2003.

US State Department website (www.state.gov).

Wadhva, Charand. “India Trying to Liberalise: Economic Reforms Since 1991.” In **The Asia Pacific, A Region in Transition.** Jim Rolfe, editor. Asia-Pacific Center for Security Studies. Honolulu. HI. 2004.

Watkins, Thayer. Website c/o the Department of Economics, San José State University.

White, Gordon. **Riding the Tiger: The Politics of Economic Reform in Post-Mao China**. Stanford University Press, 1993.

Wong, Richard. “Lessons of the Singapore Central Provident Fund.” **HKCER Letters**, Vol. 22, September, 1993.

Yamamoto, Hiromi. "The Evolution of Economic Reforms in China." China's Economic Development and Structural Change in East Asia. H. Yamamoto ed. Shanghai Center for Economic Research, Graduate School of Economics, Kyoto University, 2003.

Yang, Sung Chul. **Korea and Two Regimes: Kim Il Sung and Park Chung Hee**. Cambridge, Mass.: Schenkman Publishing, 1981.

Zhao, Suisheng. “Deng Xiaoping’s Southern Tour: Elite Politics in Post-Tiananmen China.” **Asian Survey**, 1993. University of California Press.