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CAN SUB-SAHARAN AFRICA LEARN FROM THE EXPERIENCES OF EAST ASIAN AND LATIN AMERICAN NEWLY INDUSTRIALIZING COUNTRIES (NICs)? [1]

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Abstract: *The spectacular development experiences of East Asian Newly Industrializing Countries (EANICs) and Latin American NICs (LANICs) is compared. Growth in EANICs was driven by non-dogmatic, export orientated policy based on adequate understanding of factor intensity. Export orientation came late in LANICs; was denied the course of comparative advantage; and also suffered from deficient leverage the state had enacting policies. Sub-Saharan Africa (SSA) is a total contrast to NICs in terms of development orientation and policy. Economic liberalization and stabilization promoted in the right sequence is considered key to success. This however needs a radical redefinition of the SSA state itself.*

1. INTRODUCTION

A newly industrializing country (NIC) is a country with its economy characterized by visible structural change: rising share of industry and industrial employment, accelerated growth of Gross Domestic Product (GDP) out pacing that of developed countries (DCs), falling share of agriculture in the GDP, and aggressive penetration of the world market by manufactured exports. Recently, structural transformation within manufacturing itself is added to this list [6, pp. 301-302]. Sustained high rate of growth in a group of East Asian and Latin American NICs (henceforth EANICs and LANICs) has called for closer scrutiny of the path traced in search of a workable alternative for ailing economies. Some theorists maintain every economy is a case of its own; economic actors and resources vary; and hence the stance hewn out of "success" cases is of little practical relevance; even more so with respect to SSA.

This paper attempts to look at the issues involved keeping allegiance to common sense. The particular NICs concerned will be Singapore, Hong Kong, Taiwan and South Korea from EANICs and Brazil, Mexico and Argentina from LANICs. The NICs group

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includes some others which remain controversial, and rather erroneously, a bunch of newly exporting countries (NECs). Some doubt the prospects of the latter group [(also called next tier NICs (NTNICs)] and would like to see NICs as special cases [6, pp. 301], [5, pp. 1].

2. EXPLAINING RAPID ECONOMIC PROGRESS

Excepting Argentina (3.4%), up until the 1980s, the NIC group grew by at least 2.5 percentage points more than DCs. Growth in EANICs and Brazil averaged above 9%. The last decade has seen considerable slow down in LANICs but EANICs continued to grow rapidly though the average growth rate was down to about 7%. Similarly, excepting Argentina, manufacturing value added (MVA) grew by more than half of the rate of growth

Table 1. Growth and Structural Change in NICs

NIC	Index of Structural Change	Growth Rate (%)		
		of MVA	GDP 1965-80	GDP 1980-91
Korea	31.37	18.99	9.5	9.6
Taiwan	n.a.	n.a.	9.8	7.5 [b]
Hong Kong	9.87	6.05	8.6	6.9
Singapore	48.32	11.41	10.1	6.6
Brazil	30.03	9.6	9.0	2.5
Mexico	14.83	7.09	6.5	1.2
Argentina	15.90	3.12	3.4	-0.4
DCs	10.40	4.66	3.9	2.9
World	10.60	4.85	3.5 [a]	3.0

NOTE: MVA = Manufacturing Value Added; GDP = Gross Domestic Product; n.a = not available; a = 1970-80; b = 1980-88.

SOURCE: Bradford, C., 1987, pp. 301.
World Bank, *World Development Report 1992.*
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"Book of Vital World Statistics", *The Economist*, pp. 44-57.

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in DCs. The index of structural transformation (details in [6, pp. 301]) was also two to three times higher as compared to DCs. In addition, according to statistics by *The Economist* [32, pp. 44-57], the NICs under concern are among the top 20 countries with highest manufacturing share of GDP (except Hong Kong whose economy is largely textile and service based); top 35 countries in volume of GDP (except Singapore).

The level of social development is also worth noting. The social development record was already better in EANICs. They managed to reduce infant mortality rates even further (by more than three-quarters); life expectancy has risen by about ten years from the levels 25 years ago, as the following table indicates.

Table 2. Social Development Indicators

NIC	L.E. 1965	L.E. 1987	IMR 1965	IMR 1991	ILL 1980	Unmp 1986	Gini Coef
Hong Kong	66	76	28	7	23	2.8	.396
Korea	57	69	63	16	13	3.8	.378
Singapore	66	73	26	6	17	6.5	.422
Taiwan	76	73	24	7[a]	10	2.7	.326
Argentina	66	71	58	25	6	4.4	.442
Brazil	57	65	104	58.	25	5.3	.569
Mexico	60	69	82	36	17	4.9	.523

NOTE: L.E. = Life Expectancy at birth; IMR = Infant Mortality Rate; ILL = Illiteracy Rate; Unmp = Rate of Unemployment; a = 1987 data.

SOURCE: Balassa, B., 1991, pp. 19-22.
Gillis, et al., 1992, pp. 76.
World Development Report, 1993.
UNICEF, *The State of the World's Children*, 1994.

Progress in LANICs is also similar, though, due to the low level of social development they started with, they still need to do a lot more. EANICs still boast a low rate of unemployment excepting Singapore, and have achieved equitable income distribution with growth.

2.1 The Background

2.1.1 History

Modern history of NICs is closely linked to the slave trade and Spanish/Portuguese colonization of LANICs and that of Japanese in Asia. Early independence of LANICs helped promote Latin American identity but also nationalism and the creation of structured class ideology which ranges from Populism (with occasional tilt to Marxism) to military dictatorship. Singapore and Hong Kong are primarily British and *entrepot* trade creation. Racial diversity in LANICs and the "Chinese factor" in EANICs is sometimes invoked for growth and income distribution argument [5, pp. 30 and 73], [8, pp. 1-64, 123-140, 205-215].

The Korean war is of some significance in explaining growth pattern in East Asia. It resulted in human loss of about one million to Korea alone; more than half of its manufacturing capacity, railway network and power generation capacity were destroyed. Though the war ended the Cold War did not. Korean industrialization, and for that matter development of EANICs as a whole, had to take account of this [5, pp. 46], [11, pp. 97-127].

2.1.2 Resources

LANICs are better placed with regard to natural resources endowment. They posses vast, wet-tropical agricultural land, strategic mineral and petroleum reserves and a favorable population/land ratio. Latin America as a whole commands 15 positions among leading mineral producers. On the other hand, Singapore and Hong Kong are mere city states; South Korea's mountainous terrain has little mineral resources and is ill-suited for cultivation; Taiwan has fertile land but also high population density, a common feature of Asia [8, pp. 50-64], [5, pp. 30 and 47]. The implications of resource abundance did not escape controversy as LANICs grew relatively slowly; evidence suggesting even higher resource intensity through time, perverse foreign exchange incentive and a "Dutch Disease" condition [6, pp. 302].

Technological capability and human resource development was better in EANICs prior to industrialization. This should be contrasted to resource based LANICs which displayed

weak artisan class accounting, in 1925, for only 10% of industrial employment, 4% of total output, and 30% of manufactured output when industry employed 4% of the total work force. In EANICs artisan employment exceeded factory employment long into the modern era. The impact of this on consumption patterns has to be particularly noted [14, pp. 1460]. In addition, Japanese export of important production units to Korea and Taiwan has had considerable impact on the growth of technology [26, pp. 110].

2.2 Institutional Matters

Secularism in thinking, egalitarianism in practice and nationalism in locating socio-cultural identity are linked to growth. These values characterize the Confucian ideology widespread in EANICs. Accordingly, work ethics, claim of community feeling and understanding of obligation are attributed to impacting growth and policy choice [26, pp. 108], [11, pp. 101], [30, pp. 1443-1453]. An unqualified blessing is but far from sight as Confucianism is also linked to authoritarian rule and adverse effect on motivation [3, pp. 280].

On the other hand, weaker relative autonomy of states in LANICs is implicated for reluctant adjustment measures when such are believed necessary. Unlike Confucian subordination, interest groups manipulated governments. It is argued that, higher growth during repressive regimes in LANICs suggests the merits of decision making autonomy if not autarky [18, pp. 197-231].

2.3 Economic Policy Making and Government Intervention

Varying arguments with respect to NICs' policy making are sometimes considered analogous to "viewing the glass either half full or half empty" for even within EANICs there are discernible differences [20, pp. 45]. Policies and experiences are likewise diverse ranging from near *laissez faire* condition in Hong Kong (though Hong Kong is a very special case) to a more consistently upper handed Korean government, from substantial multinational companies (MNCs) involvement in Singapore to development of domestic based large scale companies focusing on heavy industry in Korea, to promotion of numerous small scale and medium sized industries in Taiwan [5, pp. 30-120]. But, is that all?

2.3.1 Choice of Trading Regimes before the 1960s

Most view EANICs and LANICs as having divergent trading policies. Differences in performance are ascribed to a dichotomy between inward-looking strategies of LANICs derived from a home grown structuralist paradigm, and outward orientated policies of EANICs. The dichotomy however needs further illumination.

Import substitution industrialization (ISI) is (and should be) pursued by all late industrializing countries. But the way it is done is of considerable significance. Experience of NICs indicates that too much of a focus on ISI to the point that other economic activities are discriminated against might actually lead to even more payment problems and economic decline.

LANICs, with the view to get rid of the allegedly bleak outlook of primary product prices and satisfy the ever increasing demand for manufactured products in the home market concentrated on massive state-led/supported ISI program. Protection from 'invasion' by foreign manufactures was accorded to industries producing consumer goods. Tariff and quota barriers were widely used. Favorable importing (intermediate and capital goods) arrangements were introduced to encourage investors. Government manipulation of factor prices (in the form of underpricing of investment goods) and differential access to financial resources was actively promoted (through controlled credit allocation and interest rate policy). Industrial targeting helped establish industries believed to be critically important. As a result, LANICs were able to produce most of manufactures at home. They were able to persuade foreign producers to relocate production units. In this regard, the motor industry in Brazil is frequently cited as an example [5, pp. 1-25], [23, pp. 160], [17, pp. 66-96].

The same was true for EANICs, apart from Hong Kong [3, pp. 282]. The pattern, however, differed slightly. EANICs were conscious of resource limitations and even scantier possibilities of using scale economies on the home demand only. The crucial difference even at this first stage of ISI was a non-dogmatic view on the extent of protection. Effective protection in EANICs remained well below that of LANICs even with declared ISI aim. For example, in the 1960s effective protection rate was four to ten times higher in Argentina as compared to Korea and Taiwan [23, pp. 156]. Selective protection measures can still be justified both theoretically and practically. Proven anti-dumping measures are the foremost

examples in this case.

2.3.2 Trading Regimes after 1960s

More divergence occurred in the early 1960s where EANICs shifted from first stage of ISI (i.e. labor intensive consumer goods production) to exports based on similar factor proportions. Further, financial reforms were undertaken to raise the domestic saving ratio. These two variables (saving to GDP and capital-labor ratio) were perceived as key indicators of competitiveness. In contrast, having observed that excessive ISI measures gave rise to a new set of payments problem, LANICs sought to cover the technological gap by producing intermediate goods at home. This went ahead despite wage rigidities and rising level of differential inflation (which resulted in negative real interest rates). In the words of Balassa [5, pp. 12], they "... shifted to second stage import substitution which proved costly as the commodities in question did not conform to the production possibilities of countries concerned." Such denial of capacity and neglect of scale economies and factor intensities tied LANICs to continued inward orientation. Whatever was left of the export impetus had thus to be entrusted to the primary sector or to the export of goods higher on the factor intensity scale, goods which least conform to competitiveness.

Added to this was trade union action which exacerbated wage rigidities. On the contrary, a steady supply of migrant labor (Hong Kong and Taiwan), existence of unemployment (Singapore), low initial wages (Korea), and weak organized labor action in all of them kept real wages low (and hence labor market intervention minimal) giving EANICs a competitive edge [20, pp. 52-54]. Only Brazil managed considerable reform towards export orientation [5, pp. 12].

As real wages began to rise in EANICs, maintaining the lower capital-labor ratio was no longer possible as the initial labor surplus was absorbed. A recognition of this led them to concentrate on increasing savings. Some (example Singapore), however, intervened in the labor market to effect smoother transition into skill-intensive production [20, pp. 55].

It is now fairly established that outward orientation produces higher growth [12, pp. 39-58], [5, pp. 1-20]. Nevertheless, like most other interventions, it entails some degree of market distortions. But anti-growth distortions are associated to sustained discriminatory

incentives, whether outward or inward orientated, or for that matter, whether primary production or manufacturing. In this regard EANICs were particularly less tempted to use price (including interest rates) and administrative controls even when this meant potentially lower rate of growth [2, pp. 215].

2.3.3 Adjustment to Shocks and Investment Efficiency

External shocks are bound to affect an economy whether inward or outward orientated. Such shocks included the two oil price shocks, appreciation of real interest rates and the resultant debt crisis. The response to these shocks is believed to derive from the trade regime followed, financing versus adjustment.

EANICS resorted to stabilization measures to mitigate imported inflation. Taken in tandem were measures to improve savings to avoid debt (Korea, an adventurous borrower, being exception). They also avoided fluctuations in factor productivity/efficiency. The practice of EANICs has proved that control of the financial sector, but more importantly, control of inflation and hence financial outflow was critical for industrial efficiency [23, pp. 190], [5, pp. 4-6].

Contrary to such a practice, policies in LANICs after the first oil shock centered on external financing of payments problem at the then negative real interest rates or depletion of reserves. The uncontrolled inflationary differential was transmitted to exchange rate overvaluation and loss of export competitiveness. Overvalued currency resulted in the loss of domestic currency holding and undermined financial intermediation. In LANICs this problem was compounded by the weak leverage the government had in the financial market.

The second oil shock (1979) was accompanied by increased import bills and rise in real interest rates on existing debt as well as new drawings. Even sharper adjustment policies were needed to maintain competitiveness. LANICs were again reluctant or unable to undergo a shock treatment; in fact with the enormous servicing difficulties that ensued, they had to settle for reduced (or negative) growth rates. Commenting on the use of policy reforms in the two sets of countries in dealing with bad luck and managing good luck, Easterly and Pritchett [10, pp. 38-41] have stressed that good long-term sectoral and macroeconomic policies that lead to high educational enrollment rates, deep financial

markets, increased equipment investment, stable and undistorted prices and realistic interest rates are the only convincing foundations for future growth.

2.3.4 Government Intervention

Sound economics is the basis for growth, claims a World Bank comparative study on eight 'high performing' Asian economies, as these countries managed to get economic fundamentals right: unusually stable macro-economy providing the necessary framework for private investment, integrity of the banking system, investment in basic education, stress on agricultural productivity change as opposed to taxing the rural economy, keeping price distortions within reasonable bounds and productivity improvement in industry based on positive assimilation of foreign ideas and technology [27], [28, pp. 2-6].

The extent, form and economic impact of intervention in NICs remains controversial [22, pp. 10-37]. The discussion above depicts purposive government action yielding varied results even when they were in the desired direction. The aforementioned World Bank study accepts that, sound economics alone could not have produced the 'East Asian Miracle.' The 'miracle' has more to do with judicious combination of these fundamentals with purposive intervention to accumulate physical and human capital, and allocate this capital to highly productive areas by combining with skillfully acquired and mastered technology. A blanket application of these same policies in other countries are however doubted raising some pertinent questions on the assertion [27], [28, pp. 2-6], [13, pp. 2-4].

Evidence from Latin America shows negative but inconclusive impacts of government expenditure suggesting some form of crowding out [9, pp. 60]. On the other hand, the Brazilian economic 'miracle' is associated with the repressive military junta which also invested heavily in some sectors of the economy, especially mining [17, pp. 83-88]. Extensive investment in infrastructure gave EANICs the needed springboard while state-owned companies operated as market driven units [16, pp. 2-6].

The controversy is likely to persist for some time until further studies shed light on the various aspects. Part of the problem is methodological as the diversity of experience, variety of interventions and differences in policies used preclude authoritative judgement. Nevertheless, getting economic fundamentals right, the EANICs experience suggests, may

be augmented by other institutionally demanding strategies based on specific understanding of and the confidence on circumstances that may make them viable. The capacity to do so becomes the critical variable in this regard.

Most agree that EANICs were more suited to keep generally positive real interest rates on deposits with prudential regulation and supervision concurrently with a mild financial repression which included directing credit based on performance while creating the infrastructure and investment friendly tax and incentives atmosphere. Production and export subsidies were the chief means of attaining investment targets while the theoretically inefficient measures of trade restrictions have been kept low and used rather sparingly to protect domestic industries that would eventually 'grow' into export orientation [27], [28, pp. 2-6].

The essence of these policies, against what the long list suggests is targeting minimalist intervention without being fetters to the market. Lindauer and Roemer [24] have clearer message in this regard after reviewing the experiences of Indonesia, Malaysia and Thailand which have also industrialized rapidly as outward looking economies. African governments might find it advantageous to intervene even less to establish credibility for the new policies after decades of poor performance [24].

3. LESSONS TO AFRICA

3.1 Experience So Far and Constraints

The following, unless otherwise mentioned, is based on Killick [19, pp. 1-55], which is a fairly detailed account of post independence experience of SSA.

3.1.1 Domestic Policy and Performance

Africa (SSA) stands in clear contrast to NICs in terms of growth performance. Though a paucity of data and enormous diversity precludes generalizations, it can be said that SSA is moving in the opposite direction to what its people hoped for. Half of its population live in persistent poverty and private consumption is falling. Structural change is very low; gradual move away from primary production; low and stagnating energy consumption, small

overall economic size, heavy dependence on foreign aid signifying lack of savings, and similar structural constraints [19, pp. 1-7].

A persistent macroeconomic imbalance has resulted in huge import cuts since 1986, 30 countries visited IMF [25, pp. 20-24], a further 5 denied access because ineligible; and unmatched, growing current account deficit indicate severe financing problem [19, pp. 7-8].

Many poor countries, several of them in SSA, are closer today to meeting most basic needs of their population than many considerably wealthier countries. Mean life expectancy has increased by a fifth, mortality is down by a third. Mauritania, Zambia, Tanzania and Madagascar have even achieved the reduction of malnutrition, measured in terms of low birth weight, below 15% which is less than half of the average for developing countries [33]. In this sense , the dismal performance in economic growth goes opposite to improvements in the social front, calorie intake always being an exception. In recent years, there has however been stagnation even decline (Niger, Rwanda, Eritria, Ethiopia, Guinea-Bissau and Nigeria being the examples), in the social development sector [33]. In SSA as a whole, still more than half of the population has no access to health services, two-thirds lack potable water, preventable diseases claim lives, and currently the spread of AIDS presents a real threat. Adverse calorie supply, reflecting poor agricultural record and import capacity, declining quality of education as well as declining returns to education costs pose serious obstacles to human capital development. Even then, there is discrepancy between women and men, nations, nationalities and ethnic groups. The effects of population pressure, desertification, expansion of the Sahara and global warming may remain debatable but the environmental threat is nowhere more serious than in SSA [19, pp. 42-43].

3.1.2 Government Intervention

Heavy Government intervention overextended the sphere of the state, but with a good deal of substandard performance both in efficiency or weighed against expectations it created. After political independence, inspired by the then influential view of structuralism and apparent success of planned intervention in the former USSR, SSA governments heavily resorted to medium term planning. Market failure and resource mobilization arguments are invoked even in those countries reluctant to embark on ambitious state capitalism (or

socialism). Extremists resorted to 'dependency' rhetoric: import protection, Africanisation, nationalization and economic independence [19, pp. 29-33].

But Africa failed to see what now hindsight suggests: inappropriateness of the socio-political foundations on which such interventions were carried out, illegitimacy of its rulers, and perhaps redrawing of its arbitrary boundaries. Most African nations derive polity defining their nationhood from the colonial background or annexation and ethnic domination. In search of legitimacy, its rulers sought the cover, or yield to the pressure, of clientalist based politics. The economic good of patrimonial, personal, unrepresentative states, unlike other authoritarian states, boils down to being predatory [19, pp. 32-41], [7, pp. 293-416].

Moreover, most suffer from "synthetic nationalism" - working class militancy, replacing markets by the state, 'delinking' and ultimately, selective patronage to their interest groups and sympathizers [30, pp. 1443-1453]. Some define goals clearly, but forget the basics of economic motive. The result, awkward it might seem, as remarked in the Tanzanian case, "never was there a more noble social experiment, never was there a (more) miserable failure. Apparently, we have here that is fairly rare in human history - a perfect failure" [35, pp. 839-849].

3.1.3 Trade Policy

Trade and investment regime following this background was discriminatory against exports (primary or manufactured) and agriculture. A lax fiscal system coupled to sub-market interest rates, tax on export trade, overvalued currency and rising inflation meant decreasing saving rates, worsened budget and payments deterioration. Existence of parastatals operating under x-inefficiency (roughly, increasing overhead costs) sent wrong signals to markets. Investment is politicized; direct control and pro-urban bias complicated the system. Entrepreneurship is gradually replaced by rent seeking. The result was a complete failure; for instance, manufactured exports of SSA fell from 9.3% to 0.4% of share of developing countries [19, pp. 24-37].

What characterizes African development can be seen from the table below. Even in Africa countries like Kenya, Cote d'Ivoire, Malawi, Mauritius, Togo and Cameroon (division by Balassa [4]; note that this division excludes countries like Botswana which are considered

even better but special too) fared better as compared to the other group which has barely moved since the 1960s. The small growth (1965-85) was said to be the result of market-oriented, peasant based development strategies which embodied adoptive research, and encouragement to entrepreneur farmers [1]. The domestic saving-investment relationship strongly suggests that in the statist group governments were major economic actors.

Table 3. Economic Performance in Selected SSA Countries

	GDP Per Capita $ /Growth Rate % a				GDI/GDS/ Deficit % in GDP
	60-78	65-83	65-85	80-91c	1991
Ethiopia	120/1.5	120/0.5	120/-0.1	-1.6	10/0/10
Somalia	130/-0.5	250/-0.8	170/0.5	-2.2d	34/3/...e
Sudan	320/0.1	400/1.3	480/0.0	-4.2d	10/7/...e
Tanzania	230/2.7	240/0.9	160/-0.5	-0.8	22/-11/33
Mozambique	140/0.4	...	100/...	-1.1	42/-10/52
Zaire	120/1.1	170/-1.3	170/-2.1	-2.1d	11/8/...e
Kenya	330/2.2	340/2.3	370/1.9	0.3	21/19/1
Cote d'Iv.	840/2.5	840/2.5	770/0.9	-4.6	10/15/5b
Malawi	180/2.9	210/2.2	170/1.1	0.1	20/9/11
Mauritius	830	1160/2.8	1800/2.9	6.1	28/23/5b
Togo	320/5	280/2.1	370/0.0	-1.3	19/10/9
Cameroon	460/2.9	820/2.7	1010/3.7	-1.0	15/15/0

NOTE: a = GDP per capita figure is for the final year in the range; b = Budget surplus; c = Figure denotes growth rate; d = 1980-88; e = 1988.

Final column is introduced as proxy indication of government intervention in the economy.

GDP = Gross Domestic Product; GNP = Gross National Product; GDS = Gross Domestic Saving; GDI = Gross Domestic Investment.

SOURCE: World Bank, *World Development Report*, 1978, 1980, 1990, 1993.
UNDP, *Human Development Report*, 1991.
IMF, *International Financial Statistics*, January 1992.

It was demonstrated that economic behavior of small actors in Africa is not perverse [34, pp. 7-8, 72-73]. Africa's growth is shown to be sensitive to changes in export earnings. Despite the fact that SSA's social record is the worst, it has been indicated that human development gaps can be closed in a relatively short period of time [19, pp. 9-15, 17]. Above all, as the above table shows, resource constraint is less binding as against common conception. With or without the state, gross domestic investment is more than 10% of GDP in almost all African countries. What excessive government consumption did was to aggravate the resource balance. Contemplating as to what would have happened had expenditure been lower, would require investigation into the structure of such expenditures. Even without such a scrutiny, it is readily observable that very little has translated into growth. This signifies the need to attach considerable significance to investment efficiency with rise in the actual volume and opening up of the domestic market to global competition.

The experience of LANICs suggests that, one consideration deserves cautioning, i.e., social and institutional capability of catching up can be a more binding constraint. Ways devised around the problems of SSA's late colonization, limited capital stock (material and human), small market size, and initial low income need to be especially effective [19, pp. 37-46].

3.1.4 External Environment

Though to a lesser extent, external economic environment contributed to the dismal performance of Africa. The terms of trade outlook has not been favorable for primary exports. Growing evidence attests to this [29, pp. 1485-1496]. But a similar deterioration in prices of food, a growing import category for SSA, needs to be taken into account. On the other hand, the deleterious effect of aid dependency and debt overhang must be weighed against Africa's consistently better deal in DCs markets and aid. Similarly, considerable evidence of export earnings instability, to have emanated from supply fluctuations, forbids sweeping generalizations [19, pp. 16-21].

3.2 Conclusion

The primary lesson of NICs' experience to SSA is that growth should come from the best of the impetus exploited based on comparative advantage and this is better achieved through export orientation. In addition this will remove market constraints and facilitate the use of scale economies. Even with larger domestic markets, opening up forces domestic firms to be competitive and innovative. Total factor productivity is shown to grow faster with export orientation [3, pp. 274-290].

Dissenters hold the view that this would represent a "fallacy of composition" since all should not resort to export promotion of presumably same articles at the same time. But the question should rather be "can all do it at once?" [21, pp. 457-474]. As it appears, it would be too simplistic to assume that all SSA countries have the capacity and can engage in export orientation overnight.

Secondly, macro policy management requires discipline, that is, pragmatism should win over dogma. Continuous flexibility in responding to the conflicting effects of policies is necessary. EANICs experience of having no real (dogmatic) preference over either strategy, state or private capital, or if need be factor market interventions under the overall guidance of market forces is particularly worthwhile. Ensuring adequate infrastructure, investment in human capital development, stability of the incentive system, and bureaucratic efficiency will promote state market relations [3, pp. 274-290], [31]. Structural distortions should be kept under careful scrutiny. The state and market should not conflict. It is necessary to stress that there is ample scope to ride in tandem 'getting policies right' and 'getting prices right' as they are less contradictory than often understood [6, pp. 314].

Finally, institutional and political reorganization of SSA is long overdue. A radical shift in attitude and work ethics is necessary to clean up decades of rent seeking, personal aggrandizement and internal colonialism. Such a shift can only give patrimonial Africa the right institutional atmosphere where reward depends on entrepreneurship, and not on kinship.

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