

THE DOWN TURN IN THE NIC'S

Taiwan, Singapore, Hong Kong and South Korea are countries whose 'growth' rates during the past 10 to 15 years have given rise to a new addition among the acronyms in the field of development economics - NIC's-Newly Industrialising Countries. Such performances have been cited by proponents of almost every strand of economic and political thought to promote their particular point of view. These range from the now ubiquitous supporters of

free trade and liberalisation who proclaim that these dynamic economies achieved their high growth rates by reducing government regulation, introducing incentives to industry and generally freeing the supply side of the economy; to those who believe that these countries have in fact had a substantial degree of government planning and control. Now however, these economies are faltering and again their experiences are being used by analysts of economic and political trends in support of their viewpoints. Both the original high growth rates and the recent downturns have been exhaustively documented. As this table from the 'Asian Wall Street Journal' of October 14 reveals nearly all of Asia's export dependent economies face depressed growth rates in 1985 and 1986. Therefore, it would perhaps be more useful to analyse those features of the dynamic nature of these economies as well as of the slowdown of the past year or so which would be of much relevance to the Sri Lanka situation.

	GDP (US\$bn) 1984	Real GDP Growth Rates (%)		
		1984	1985	1986
Japan	1,233	5.8	4.8	3.8
China	269	10.8	10.1	7.3
India	191	4.8	5.2	4.8
Australia	174	5.4	3.9	2.0
Indonesia	83.5	5.2	2.4	3.2
South Korea	83.2	7.7	4.1	4.7
Taiwan	57.5	10.4	4.8	4.8
Thailand	42.0	6.0	4.1	4.4
Malaysia	32.6	7.3	4.4	4.7
Philippines	32.5	-5.6	-3.2	0.8
Hong Kong	31.8	8.8	5.2	4.7
Singapore	18.4	8.2	-0.8	2.5

The Asian Wall Street Journal asked five economists to estimate growth rates for 12 Asian countries. Their predictions were averaged to construct this chart. Projections were supplied by Nomura Research Institute, Bangkok Bank Research Office, Eric Nickerson of Bank of America, Willard Sharpe of Chase Manhattan Bank and Thomas Layman of Crocker National Bank.

Are the conditions these countries compatible with those of a less developed nation like Sri Lanka? To what extent can we draw lessons from the economic developments in the NIC's. These and other allied issues will be examined and analysed in detail in our December issue.