

# THE REMARKABLE ECONOMIC GROWTH OF SOUTH EAST ASIA AND THE STAGNATION OF LATIN AMERICA

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## **Abstract:**

*The Latin American countries have developed rapidly during the period of 'import substitution'. The differences between the stagnation in Latin America and the remarkable growth of South East Asia have made researchers come to conclusions referring to the relative efficiency of their commercial policies. Many economists have noticed the major differences of the accession policy, of the openness and free trade, all referring to «the import substitution » in Latin America versus «the export promotion » in Asia.*

In the '50s and '60s it was believed that the underdeveloped countries could develop the bases of an industry only by substituting the products manufactured domestically by means of imports. After the '60s another way of industrial development appeared: the export of manufactured goods, especially towards the developed countries. The countries developed following this pattern, countries that are referred to by the World Bank as « recently industrialised economies », have obtained spectacular growth, even 10% yearly in some cases.

The Asian example establishes the advantages of a free trade without any governmental interference; for others, the example shows what a sophisticated governmental interference means; yet, there are some that consider that neither the commercial nor the industrial policies had significant outcome.

The countries of Latin America rapidly developed during the « import substitution » decades. Nevertheless, at the beginning of the 1980s they were in difficulties: they had to declare themselves unable to pay back their debt and the Continent entered the « lost decade » when the growth ceased and the income per capita decreased. The economic growth rate attaining 6% yearly in the 1970s in Latin America decreased to zero in the 1980s. The differences between the stagnation in Latin America and the remarkable growth in South East Asia determined specialists to draw conclusions about the relative efficiency of their commercial policies. The contrast did not seem explicable by global factors and resources, but by the policies followed in each region. Numerous economists noticed the major differences of the accession policies, of the openness and free trade, all referring to «the import substitution» in Latin America versus «the export promotion » in Asia.

The interdependences between national economies and the world economy as a whole are, nevertheless more complex, exceeding their interdependence. National economies also interact with other actors of world economy such as trans-national societies or regional integration organisations or international organisations. They are part of world governance structures as well.

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