Preface and acknowledgements

As developing countries liberalize and open their economies to global trade, investment and technology flows, competitiveness becomes a growing policy concern. The concern is not confined to the developing world. In fact, the most visible manifestations of such concern are in the developed countries, where there is a continuous barrage of publications, policy initiatives, consultancy reports and debates on competitiveness. While all countries find it difficult to cope with the current pace of technological change, globalization and liberalization, however, it is the developing world that faces the most difficulties. In a competitive marketplace where skills and technological competence play a growing role, economies unable to provide appropriately skilled manpower and the ability to use new technologies can find their competitiveness confined to low value products facing stagnant markets.

While technologies are increasingly mobile, the ability to attract new technologies and use them at world best practice levels appears to be highly – and increasingly – concentrated in the developing world. The data suggest growing polarization between a small handful of successful and dynamic countries and a large number of poor or failing performers. The former set face the challenge of maintaining rapid rates of export and production growth by moving from simple products and technologies to sophisticated ones where they have to confront mature economies and develop completely new skills and institutions. The latter, with weak skills, capabilities and institutional structures, often find that liberalization does not lead to sustained growth but to growing marginalization at the bottom of the technology and skill ladder.

This book brings together some of my recent work on competitiveness in the developing world as a whole and on the two sets of developing countries separately. Some of the chapters have been published already, while others are drawn from unpublished studies and reports. Readers may be interested to know that since the early 1990s I have conducted several competitiveness-related country studies: on Malaysia, Indonesia, Sri Lanka, Mauritius, Jordan, Egypt, Thailand, the Philippines, Zimbabwe, Kenya, Tanzania and Pakistan. This is in addition to general research on trade and industrial policy in Asia (particularly on the Tiger economies) and Africa. Only a small part of this work is reproduced here, but many of the insights gained do show up in the analysis.
Most chapters focus on issues of technology and technology policy, but this is a broad area that encompasses trade policy, export structures, skills and international direct investment. The first three chapters are largely conceptual, dealing with the definition of 'competitiveness', the nature of technology policies and the conceptual underpinnings of trade liberalization. The fourth chapter deals with recent manufactured export performance by developing countries, providing a comprehensive mapping of their competitiveness in technological terms. It also points to deficiencies in received trade theory in explaining the diversity and dynamism of exports by developing countries, arguing that much more attention has to be given to technology factors. The fifth chapter deals with the skill needs of competitiveness and provides several useful indices of skill creation throughout the world.

The sixth chapter provides a survey of the impact of multinational corporations on technology transfer and export competitiveness in developing countries. The seventh surveys the recent literature on technological capabilities and how the mature Asian Tigers accumulated them. Then come four chapters dealing with country studies: India, three new Tigers (Malaysia, Thailand and the Philippines), Indonesia and two African economies (Kenya and Tanzania). While there is some inevitable repetition of material across these studies, particularly of figures on educational enrolment, foreign direct investment and R and D spending, I hope they give a flavour of their very different past evolution and future challenges. It was not possible to remove these repetitions without a great deal of rewriting – but I offer apologies in advance.

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