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The Newly Industrialized Countries (NIC): Internal Political Transformations

Newly industrialized countries (or NICs) are developing economies that have advanced towards industrialization and might become developed, at some point, in the near future. Geopolitical factors together with internal political changes and economic issues contributed significantly to the NIC formation. Thus, the Asian geopolitical axis provided an access towards important worldwide regions, built a defensive shield for economies and stimulated interest among international key players.

Noteworthy, such push and pull factors as successful political strategy and economic performance, internal political transformations, modernization, education reforms, cheap labor, know-how, patents, licenses, import-substitution policy, an increase in export potential and political stability of NIC built on their own ‘economic miracle’. From the NIC’s historical perspective, economic and political crisis has always been the main stimulus for NIC transformations. To be more precise, Singapore faced labor and social rebellions, considerably enhanced infrastructure development, speeding up economic growth, increasing wages and cutting down on unemployment in the post-war period. It was Lee Kuan Yew, who resolved this situation and successfully ruled the country.

It should be articulated, that the process of industrialization began from Southeast Asia, Japan. Afterwards, the Asian Tigers inherited its economic and political model. Generally speaking, the Asian model was based on the country’s emulation of the foreign market experience. Its practice was spread among neighbor states according to the scheme ‘flying geese’. First wave countries fully realized a necessity to transmit their economic and political experience to the industries of poorer Asian countries. For instance, Taiwan prosperity during Chiang Kai-shek great services and his political tactics to develop the traditional land sector of economy. He restricted bureaucrats' business activity, strengthened state institutions, ran over economic policy-making and engaged with foreign partners for consultations about government regulation.

Thus, the “first wave” countries became an example for the next generations. We can trace it in Malaysia's policy since its authorities inherited the method of state regulation, investments in traditional agrarian sector, the attraction of foreign investors and labor,

import substitution policy, new technologies and fiscal policy. However, the "second wave" significantly differs from the previous one. "First wave" countries have abundant supplies of natural resources. Definitely, this factor effected and accelerated investment policy.

The "third" and "fourth waves" of industrialization have a great deal more special features. Currently, Turkey and Iran possess extensive development and still are in the middle of transformations that undoubtedly delay a real progress. Crisis in the late 1970s was the main reason for a considerable economic rise. On the other hand, Turkish government played an important role as well. The Deputy Prime Minister of Turkey Turgut Özal and his reforms was aimed at increasing the numbers of export, the Human Development Index, developing the farm and service sectors. However, the underside of positive changes was the process of "economic miracle illusion". It was characterized by high growth rates along with the low standards of living conditions.

The same situation was in Iran. The constant coups, armed revolutions and insurrections undermined the country's potential. First of all, economic growth was provided by enormous oil and gas reserves. Iran's modernization process started along with Reza Shah's government. He centralized government for taking total control over the economy, provided the rapid development of large-scale industries by the methods of capital intensity and new technologies, prioritized the development of traditional agrarian sector and engaged with foreign advisers. The core problem was that only high society felt the real consequences of modernization. Peasants, students and traders still stayed beyond the wall.

New industrial countries have demonstrated different scenarios of possible economic development under the influence of political factors. That is why it is still important for Ukraine to emulate foreign countries experience in dealing with political and economic issues by taking into consideration its distinctive features.

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Анотація

Дана стаття спрямована на аналіз особливостей внутрішньополітичних трансформацій в Нових індустріальних країнах. Основними фокусами статті є: опис геополітичних факторів економічного зростання та хвиль індустріалізації НІК, вплив процесу індустріалізації на сучасний стан міжнародних відносин та вивчення основних причин політичного розквіту та ефективності економічної моделі НІК.

