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**RACING TO THE BOTTOM OR WINNERS ALL ROUND?  
SOUTHEAST ASIA'S ECONOMIC DEVELOPMENT IN  
THE 1990s**

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# Abstract

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Is Southeast Asia “racing to the bottom” in its march to become industrialised? This thesis examines and compares economic and social development in developing Southeast Asia – Indonesia, Malaysia, Thailand, the Philippines, Cambodia, Lao’s People’s Democratic Republic, Myanmar and Vietnam – focusing on the 1990s, and finds that in absolute terms there is no race. That is, whilst competing for foreign direct investments with other developing economies, economic development has not led to a downward pressure on income levels and nor has it increased poverty. However, despite being modelled on the Northeast Asian (export-oriented) development model, Southeast Asian economic development has been less successful and more varied with the more developed economies of Malaysia, Thailand, Indonesia and the Philippines benefiting most. These successes are due in part their political stability in contrast to the conflict disrupted economies of Cambodia, Lao’s People Democratic Republic, Myanmar and Vietnam. In all of these countries, globalisation, through trade and attracting foreign investments was, and remains, vital to economic development. At the same time, industrial policies have been adopted to protect developing domestic industries from foreign competition. Also, governments’ promotion of basic education and healthcare has contributed to economic development. This results in a more productive and healthy population, and the economic development achieved in turn ensures continued social development. This thesis shows that in the 1990s and at the turn of the new millennium there is evidence of declining poverty, improved healthcare and education facilities, i.e. an improved standard of living. It therefore concludes that there is no race to the bottom in developing Southeast Asia, nor is the economic

model of development adopted by the respective governments based solely on free-market economics (Neoliberalism) or is it purely protectionist (Keynesian); instead it has components of both. Importantly, the progress in developing Southeast Asia over the last 30 years, particularly in the 1990s, refutes anti-globalist claims that globalisation always leads to greater impoverishment in the developing world.