

Creating Model Economy: African Building Knowledge from Global Champions

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Learning from Historical Success

Historical successful economic reforms show that smart nations have always learned from the strategy successes of other economies, adapting them to domestic situations. In economic development history, early nineteenth-century Prussia acquire knowledge from Britain; in the mid nineteenth-century Meiji Japan acquire knowledge from Germany; in the eighteenth-century Britain acquired knowledge from Holland; post-World War II Europe acquired knowledge from the United States; and recently Deng Xiaoping's China acquired their development knowledge from Japan. Through a process of institutional borrowing and innovative adaptation most underdeveloped economies have been transformed to advanced economies. This successful economic institutions and innovative technologies have spread round the world, and thereby boosting global growth. The developed economy growth policies have, actually, been time-tested and their durability is a strong signal for their reliability. The 'success' stories of the transition economies, may additionally be quite instructive to African economies if the continent can adopt it with better underlying economic policies. Nowadays, opportunities of this kind of "policy arbitrage" tend to arise, if African countries would only take the time to learn from other nations successes it will result in a remarkable economic transformation for the continent, that can led to another "regional miracle" like the "Asian miracle" but this time it will be the "African miracle".

Speaking of miracle, can Africa learn from the economic successes of these Asian countries miracle? Successful development often involves innovation rather than copying and results from combination of factors, which are not readily transferable in a cookbook fashion. Yet lessons can be learnt in six principles areas: agriculture, the role of the State, export diversification, pro-poor growth, pragmatic private/public sector cooperation, and balanced educational development. Here are also some lessons for donors: enhancing support to agriculture via rural infrastructure and input supply, overall infrastructure development, pragmatic strengthening of government capacity, more emphasis on growth and structural change and less on social targets, and the revival of higher education. Support may be required over a long period, given the apparent African institutional weakness as compared to these Asian countries. Many analysts want African to look east for lessons, but it is rather in Latin America we find the most similar obstacles to development. The key question now is whether Africa as a continent shares more common ground with Asia or Latin America when it comes to prerequisites for development. Africa is not doomed to suffer one hundred years of solitude, despite its similarities with Latin America. So for those who want to go to Asia to look for lessons for Africa is indeed to go there, but take the west-bound route through Latin America, in search of inspiration for development strategies that are adapted to the uniqueness and diversity of Africa.

Discovering Fresh Development Initiative

The role apportioned to Africa by forces of globalization, as a supplier of natural resources, looks worryingly similar to what Latin America has gone through over the centuries. The act of not being equal and divided socially does not only make it more challenging to build institutions, but also to handle the social tensions that surface when trying to reap the benefits of global markets. If the issue of

social, political and distributional dimensions of development are not addressed appropriately growth may not last. These dimensions are what experts find as the main obstacle to development during the historical period of the Latin American economic transitional era. Learning can come from failures and difficulties as well as from successes this is one key factor African should take into account during economic transition. If Africa would only take the same time to learn from other nation's successes it can create a positive impact in the continent and possibly earn them the title the next "Economic Powerhouse" of the world. On the part of job creation success stories, despite the fact that several nations are trapped with job crisis, one part of the capitalist world is just doing absolutely well: the western part of Europe, comprising of the Netherlands, Germany, Austria, Luxembourg and the Scandinavia. In July 2013, Austria unemployment rates were 4.8 percent, Luxembourg unemployment rates in the same year were 5.7 percent and Germany unemployment rate decreased to 5.3 percent in July 2013 from 5.4 percent in June 2013 and the nation youth employment rate was about 8 percent – which was remarkably on the low side when liken to several high- income countries.

What is the secret? All these western European countries apply active labor market policies, comprising of school-to-work apprenticeships, flex time (particularly Germany), and extensive job training and matching. In the period of chronic budget crisis countries like Germany, Sweden and Switzerland were running the near-balanced budgets which depend on budget rules that called for regular adjusted budget balance. These three European economies take a basic precaution to keep their entitlement expenditure under control: a retirement age cap of at least 65 years old. This tends to keep costs much lower than in other European countries like Greece and France, for instance, where the retirement age is 60 years or below, and where pension's outlays result was soaring. In a period where the debate for climate change is rising globally, numerous nations are demonstrating how to move to a low-carbon economy. On average, the wealthy nations emit 2.3 kg of carbon dioxide (CO₂) for every kilogram (kg) of oil-equivalent unit of energy. But France was emitting just 1.4 kg, due to the country success in deploying safe, low-cost nuclear energy.

Promoting R&D and Innovation

In an era of technological acquisition, countries are leap frogging to catch up with others and where there is also intense technological competition; nations that combine private and public research and development (R&D) funding are outpacing others. China and India

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are considered two of the top destinations for foreign R&D expansion. The experienced of China has showed a strong growth in scientific research, surpassing any country, whether developed or developing. India has built up prominent research records, with an extraordinary expansion of peer-reviewed studies in material sciences. The export of information, communication and technology (ICT) has been the key driver to the Southern Asia economic success, mostly in China and India. The United States is another example of this development and it remains on top, with huge current developments in Mars explorations and genomics. For the moment, South Korea who receives skills training in management from the Philippines and Pakistan is presently developing economically on the same GDP rate with Sweden on the foundation of R&D outlay of about 3.5 percent respectively, while Israel's Research and Development (R&D) spending stand at a significant rate of 4.7 percent of its GDP. In a period of rising inequality, at least some countries have narrowed their wealth and income gaps. Brazil is currently the pacesetter, markedly expanding public education and systematically attacking remaining pockets of poverty through targeted transfer programmes. As a result, income inequality in Brazil is declining. Additionally, in the period of persistent anxiety, Bhutan is asking a serious question about what it means to find true happiness. In pursuit of a more stable society that goes with economic prosperity, environmental sustainability and social cohesion, Bhutan famously pursue Gross National Happiness rather than Gross National Product. Numerous nations like the United Kingdom are presently following Bhutan's footsteps of surveying their citizenry about life satisfaction. The nations that are topping the list of life satisfaction are Norway, Finland and Denmark. But there is hope for those at the bottom as well. Ranked near the happiness league is Costa Rica. The fact is that all of the happiest nations stress on solidarity, equality, democratic accountability, strong public institutions and environmental sustainability.

Although there is no simple 'one-size-fits' formula for economic development, there are broad policy orientation that can make a

difference in a region and country's economic transformation. Policies like this focus on what economic development is all about: building wealth and creating additional value to resources is one sure way to economic development. This is for the reason that it no longer an issue whether a country contains or does not contain natural resources beneath the surface of its land. What matters in today's increasing globalized and competitive world is another kind of resource, in fact one of the world's greatest resource: human capital. One of the countries that got it right was Taiwan. It realized that investing in human capital should be a top priority to develop a skilled and talented labor force which can transform the country into a sophisticated modern economy with relatively fair and inclusive growth. Taiwan recognized early that its people were its most valuable resource and invested in education, healthcare and skill-training. Due to its strong leadership, effective economic policy, competence and strong institutions, Taiwan was able to channel its then meager resources into harnessing the potential of its people. The outcome of that investment act created the pathway for Taiwan to specialized in high value production and also engage in manufacturing the world most consumers electronics like telephones and personal computers.

Way Forward

African needs to take lessons from the above global champion's success stories. The continent can draw on range of experience of policy mixes to drive an agenda of structural transformation and decent work. Countries in Africa can design a mix of policies best fitting national circumstances and priorities. Africa countries also need a more supportive external environment driven by fairer globalization and greater policy coherence. African can partner with donors, international and regional organizations to create a new era for economic development in the continent. It is true that back in the real world, most nations will not have attained such bliss anytime soon. But, by opening their eyes to policy successes overseas, it would certainly hasten that path to national development in nations around Africa and the world. Of course, knowledge can, thus, come from unusual places.