PRACE NAUKOWE
Uniwersytetu Ekonomicznego we Wrocławiu

RESEARCH PAPERS
of Wrocław University of Economics

Nr 370

Redefinition of the Role of Asia-Pacific Region in the Global Economy

edited by
Bogusława Drelich-Skulska
Anna H. Jankowiak
Szymon Mazurek

Publishing House of Wrocław University of Economics
Wrocław 2014

Copy-editing: Agnieszka Flasińska

Layout: Barbara Łopusiewicz

Proof-reading: Magdalena Kot

Typesetting: Małgorzata Czupryńska

Cover design: Beata Dębska

Information on submitting and reviewing papers is available on
the Publishing House's website
www.pracenaukowe.ue.wroc.pl
www.wydawnictwo.ue.wroc.pl

The project has been cofinanced by the National Science Centre according to the decision
No. DEC-2011/01/D/HS4/00639

The publication is distributed under the Creative Commons Attribution 3.0
Attribution-NonCommercial-NoDerivs CC BY-NC-ND

© Copyright by Wrocław University of Economics
Wrocław 2014

ISSN 1899-3192
ISBN 978-83-7695-494-3

The original version: printed

Publication may be ordered in Publishing House
tel./fax 71 36-80-602; e-mail: econbook@ue.wroc.pl
www.ksiegarnia.ue.wroc.pl

Printing: TOTEM

Contents

Preface 9

Part 1. Current Trends and Perspectives in Economic Policy of the Asia-Pacific Countries

Katarzyna Żukrowska: The role of Asia-Pacific region in current stage of development of world economy 13
Elżbieta Czarny, Jerzy Menkes: Role and significance of Asia and Europe in the U.S. policy 28
Marcin Grabowski: The role of transnational integration in forming of Northeast Asian Community 41
Szymon Mazurek: Diversity of cluster policies in Asian countries 57
Tomasz Wojciech Wiśniewski: The concept of energy security – overall analysis approach 71
Magdalena Broszkiewicz: Corporate Social Responsibility as a new source of competitiveness in Asia 89
Joanna Kos-Łabędowicz, Sylwia Talar: South Korea model of development of Internet economy infrastructure 100
Po Kai Fang: Taiwan's position in Asia-Pacific economic integration after the ECFA 116
Sebastian Bobowski: Thai clustering – typology of the emerging market 127
Paweł Dobrzański: Government's role in Asia-Pacific market economies. Japan vs. China 138

Part 2. Prospects of Trade, Investment and Finance in Asia-Pacific Region

Elżbieta Majchrowska: New trends in the global trade: TPP – pivot to Asia? 153
Jerzy Dudziński: Remarks on export of developing countries of Asia, Africa and Latin America in the 21st century 164
Elżbieta Czarny, Paweł Folfas: Changes in trade introversion of Asian regional trade agreements as a measure of their openness to regional and global cooperation (comparative analysis) 176
Artur Klimek: Asian stock exchanges: Position and development 188

Ewa Trojnar: Taiwan's trade relations in the Asia-Pacific: Current stage and future challenges 197
Agnieszka Kukułka: Natural disasters and FDI inflow in the developing countries of South-Eastern Asia 208
Paweł Pasierbiak: International fragmentation of production and foreign trade of Japan 217
Iwona Pawlas: The role of India in the global economy in the beginning of the 21st century 228
Iwona Sobol: Islamic banking – the case of Malaysia 240

Part 3. The challenges for the Chinese economy in the 21st century

Marcin Jałowiecki: China's economy in the future till 2030 253
Anna H. Jankowiak: Economic differentiation of regions in China 267
Małgorzata Smagorowicz-Chojnowska: *Xiao* as a way to the future capital leadership of the Asian-Pacific region founded on Confucian values (based on the Chinese example) 281
Małgorzata Dziembała: Prospects for the development of economic cooperation between China and African countries 294
Kuang-yi Chao: Leadership or partnership – how China's Shanghai Pilot Free Trade Zone will promote RMB internationalization? 305
Łukasz Gacek: Challenges for the gas sector in China 313
Tomasz Bieliński: Development of human capital and governmental support as strategic advantages of Chinese high technology companies 326
Karolina Łopacińska: The competitive advantage of Chinese companies on the European market, and methods of building their market position 342

Streszczenia

Część 1. Współczesne trendy i perspektywy w polityce ekonomicznej regionu Azji i Pacyfiku

Katarzyna Żukrowska: Rola regionu Azji-Pacyfiku na obecnym etapie rozwoju światowej gospodarki 26
Elżbieta Czarny, Jerzy Menkes: Rola i znaczenie Azji i Europy w polityce USA 40
Marcin Grabowski: Rola integracji regionalnej w Azji w tworzeniu Wspólnoty Azji Północno-Wschodniej 55
Szymon Mazurek: Zróżnicowanie polityki klastrowej w krajach azjatyckich 70

Tomasz Wiśniewski: Pojęcie bezpieczeństwa energetycznego – podejście do całościowej analizy ... 88
Magdalena Broszkiewicz: Społeczna odpowiedzialność przedsiębiorstw jako nowe źródło konkurencyjności firm azjatyckich ... 99
Joanna Kos-Łabędowicz, Sylwia Talar: Południowokoreański model rozwoju infrastruktury gospodarki internetowej ... 115
Po Kai Fang: Pozycja Tajwanu w integracji ekonomicznej regionu Azji-Pacyfiku po ECFA ... 126
Sebastian Bobowski: Tajski klastering – typologia rynku wschodzącego ... 137
Paweł Dobrzański: Rola państwa w gospodarkach rynkowych Azji i Pacyfiku. Japonia vs. Chiny ... 150

Część 2. Perspektywy handlu, inwestycji i finansów w regionie Azji i Pacyfiku

Elżbieta Majchrowska: Nowe trendy w światowym handlu: TPP – zwrot w stronę Azji? ... 163
Jerzy Dudziński: Uwagi o eksporcie rozwijających się krajów Azji, Afryki i Ameryki łacińskiej w XXI wieku ... 175
Elżbieta Czarny, Paweł Folfas: Zmiany wewnętrznej orientacji handlowej azjatyckich ugrupowań integracyjnych jako miary ich otwarcia na współpracę regionalną i globalną (analiza porównawcza) ... 187
Artur Klimek: Azjatyckie giełdy papierów wartościowych: pozycja i rozwój ... 196
Ewa Trojnar: Stosunki handlowe Tajwanu z regionem Azji i Pacyfiku: bieżący stan i przyszłe wyzwania ... 208
Agnieszka Kukułka: Katastrofy naturalne a bezpośrednie inwestycje zagraniczne w krajach rozwijających się Azji Południowo-Wschodniej ... 216
Paweł Pasierbiak: Międzynarodowa fragmentaryzacja produkcji a handel zagraniczny Japonii ... 227
Iwona Pawlas: Rola Indii w globalnej gospodarce początku XXI wieku ... 239
Iwona Sobol: Bankowość islamska – przykład Malezji ... 250

Część 3. Wyzwania dla gospodarki Chin w XXI wieku

Marcin Jałowiecki: Gospodarka Chin do roku 2030 ... 266
Anna H. Jankowiak: Zróżnicowanie ekonomiczne regionów Chin ... 280
Małgorzata Smagorowicz-Chojnowska: *Xiao* jako droga wiodąca do przywództwa regionu Azji i Pacyfiku, oparta na wartościach konfucjańskich (na przykładzie Chin) ... 293

Małgorzata Dziembała: Perspektywy rozwoju współpracy gospodarczej Chin z krajami Afryki 306
Kuang-yi Chao: Przywództwo czy partnerstwo – jak pilotażowa szanghajska strefa wolnego handlu będzie promować internacjonalizację RMB?..... 312
Łukasz Gacek: Wyzwania stojące przed chińskim sektorem gazowym 325
Tomasz Bieliński: Rozwój kapitału ludzkiego oraz pomoc rządowa jako przewagi strategiczne chińskich firm sektora wysokich technologii..... 341
Karolina Łopacińska: Konkurencyjność firm z kapitałem chińskim na rynku europejskim i sposoby jej kształtowania 355

PRACE NAUKOWE UNIWERSYTETU EKONOMICZNEGO WE WROCŁAWIU
RESEARCH PAPERS OF WROCŁAW UNIVERSITY OF ECONOMICS nr 370 • 2014
Redefinition of the Role of Asia-Pacific Region in the Global Economy ISSN 1899-3192

Paweł Dobrzański
University of Wrocław
pawel.dobrzanski@prawo.uni.wroc.pl

GOVERNMENT'S ROLE IN ASIA-PACIFIC MARKET ECONOMIES. JAPAN VS. CHINA

Abstract: The main goal of the article is to present the role of government in two different Asia-Pacific economies – Japan and China. Both analysed countries nowadays play big role on the global stage. For this purpose variances and resemblances of state interventionism in Japan and China are presented. The article also offers an assessment of government activity in the countries studied. Due to the complexity of the topic the research requires usage of diverse methodological approaches. The main method is comparative analysis using data collected from The Global Competitiveness Report, Index of Economic Freedom and Human Development Index. Method employed was also historical case studies used to present the role of government in studied countries.

Keywords: Asian economies, market economy system, state capitalism, government efficiency, competitiveness.

DOI: 10.15611/pn.2014.370.10

1. Introduction

The role of government in the economy is one of the fundamental problems of economic theory and policy. Government activity in the economy is also one of the most controversial economic matters. There is no universally accepted socio-economic theory that evaluates the government role in the economy. Every economy has specific economic system. It is a set of institutions and mechanisms for coordinating and controlling the implementation of the decisions taken and the country.[1]

There are two basic views on the role of government. The first is liberalism with minimal interference of government in the economy. It is based on privately--owned enterprises, low levels of regulation and relies heavily on the free-price

[1] D.W. Conklin, *Comparative Economic Systems*, University of Calgary Press, Calgary 1991, pp. 1, 2.

system to allocate resources. The second model is state intervention, also called "regulated market economy," where economic management is carried out mainly with indirect control through financial parameters, etc. In fact, nowadays the most popular is a mixed model. It combines a system of market economy with state intervention. Today we can observe new trend that even the most liberal economies are progressively approaching the model controlled market economy.[2]

However, the market mechanism does not solve all economic problems. Therefore, the state should also play the important role in the economy. According to D.C. North the most important function of government is to secure the rights and freedoms of individual citizens, protect the economy against monopolies, provide public goods, restrict access to socially harmful goods, counteract the negative external effects of production and consumption, redistribute income, stabilize the economy and protect the environment. Even though the role of government is similar in all economies, government's size and methods of its impact are different.[3]

2. The role of the state in Japan and China

2.1. Japan

Despite its market character the Japanese economy is significantly different from other Western economies. Modern history of Japan shows that the Japanese government has been one of the most important players in the economic development of Japan by using governmental investment and various type of assistance in order to establish and to develop many of leading industrial sectors. State intervention aided in development of Japanese economy, so it has become one of the most powerful in the modern world. Japan is the leader of the developmental state model. Before 1868, Japan represented the feudal system similar to medieval Europe. In this system, there were social classes, the special position of the nobility, a weak central government, a regional breakdown into provinces ruled by hereditary rulers, customs borders between provinces, lack of freedom of movement of people. All these features caused that Japan was in the stage of development as Europe hundreds of years ago. Seizure of power by Emperor Meiji resulted in dynamic modernization of the country. Meiji eliminated the power of shoguns and centralized economic and political power.[4]

After World War II Japan was economically backward country. Therefore it introduced three basic objectives of economic policy: the modernization of

---

[2] P.R. Gregory, R.C. Stuart, *Comparing Economic Systems in the Twenty-First Century*, Houghton, Boston–New York 2004, p. 31.

[3] D.C. North, *Government and the American Economy. A New History*, University of Chicago Press, Chicago 2007, pp. 1–13.

[4] *Japan – patterns of development*, http://www.country-data.com/cgi-bin/query/r-7176.html (retrieved: 10.07.2014).

technology, the means of production and the conditions of competition. The basic task of the Japanese government declared the promotion of export-oriented industries. Effectiveness of Japanese industrial policy was made possible thanks to a preferential tax system, credit and insurance.[5]

Nowadays the extent of direct state participation in economic activities is limited, the government's control and influence over business are stronger and more pervasive than in most other countries with market economies. This control is exercised primarily through the government's constant consultation with business and through the authorities' deep indirect involvement in banking. There is little government ownership of industry, but the private sector is rigidly guided and restricted by bureaucratic government elites.[6] Constant element of the government activity in Japan is the support of economic development. On the other hand, the country is poor in natural resources, and therefore must lead an active policy of import. For this reason, Japan is cooperating in the region of South-East Asia, where it purchases most of the required raw materials, sells goods and invests half of foreign investment. Japan strengthens its economic and political position in Asia by concluding bilateral free trade agreements.[7]

Currently, the Japanese economic system is a combination of independent private companies with a significant degree of state control exercised by several major state agencies. There are few government agencies that are engaged in aspects of the economy as exports, imports, investment, and prices, as well as with overall economic growth. The most important of these agencies is the Economic Planning Agency which is under the authority of the Ministry of Economy, Trade and Industry. This agency, apart from monitoring the daily running of the economy, is also responsible for long-term planning. The practice of long-term planning has been a major force in the functioning of the Japanese economy.[8] The second semi-independent agency is the Agency of Industrial Science and Technology. It is responsible for the development of technology and collecting data, what is important for Japan's scientific and technological development. The third agency is the Ministry of Economy, Trade and Industry which played a major role in the post-war modernization of Japan, using tax incentives, low-interest loans and other financial incentives. Its primary purpose is to

---

[5] M. Klamut (ed.), *Polityka ekonomiczna – współczesne wyzwania*, Wydawnictwo Naukowe PWN, Warszawa 2007, pp. 90–95.

[6] A. Leftwich, *The Developmental State*, Working Paper no. 6, University of York, Heslington 1994, p. 10.

[7] B. Drelich-Skulska, Proces integracji ekonomicznej Japonii i ASEAN. Zarys tematyki, [in:] B. Drelich-Skulska, M. Domiter, W. Michalczyk (eds.), *Globalizacja i regionalizacja w gospodarce światowej. Księga jubileuszowa prof. Jana Rymarczyka*, Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu, Wrocław 2012, pp. 266–282.

[8] P. Skulski (ed.), *Competitiveness of Economies in the Asia-Pacific Region. Selected Problems*, Research Papers of Wrocław University of Economics, no. 192, Publishing House of Wrocław University of Economics, Wrocław 2011, pp. 140–142.

indicate development paths to the Japanese industry. Furthermore, it is the consultant of other government agencies and is responsible for providing funds for preferred industries and is mandated to provide licences and patents.[9]

2.2. China

China has maintained for years policies that kept the economy very poor, stagnant, centrally controlled, vastly inefficient, and relatively isolated from the global economy. Since opening up to foreign trade and investment and implementing free market reforms in 1979, China has been among the world's fastest-growing economies, with real annual gross domestic product (GDP) growth averaging nearly 10% through 2013. In recent years, China has emerged as a major global economic and trade power. It is currently the world's second-biggest economy, largest trading economy, second major destination of foreign direct investment (FDI), leading manufacturer, and the largest holder of foreign exchange reserves. The Chinese government views a growing economy as vital to maintaining social stability. However, China faces a number of major economic challenges which could dampen future growth, including distortive economic policies that have resulted in over-reliance on fixed investment and exports for economic growth, government support for state-owned firms, a weak banking system, widening income gaps, growing pollution.[10]

China has been a socialist country since 1949, and, from that time, the government has played a predominant role in the economy. After reforms in the early 21st century the role of the central government in managing the economy has been reduced and the role of both private initiative and market forces has increased. Today Chinese system is called "state capitalism." This is a hybrid form of public and private business and it is built on sovereign governments corporations.[11]

The role of the government is huge. The government sets the prices for key commodities, determines the level and general distribution of investment funds, prescribes output targets for major enterprises and branches, allocates energy resources, sets wages' levels and employment targets and controls financial policy and the banking system. The foreign trade system became a government monopoly in the early 1950s.[12]

Thanks to five-year planning, state banks and state budget the Chinese government can decide what direction the economy should take. The state planning body – National Development and Reform Commission – accepts five-year plan. Other agency –

---

[9] *Japan's Economic Outlook 2007–2008*, Mitsubishi Research Institute, November 2007, http://www.mri.co.jp/REPORT/ECONOMY/2007/er071103.pdf (retrieved: 20.07.2014).

[10] W.M. Morrison, *China's Economic Rise: History, Trends, Challenges, and Implications for the United States*, Congressional Research Service, Washington, DC, 2014, p. 2.

[11] T. Saich, *The Changing Role of the State in Reform China*, Harvard University, Cambridge, MA, 2001, pp. 23–25.

[12] S. Wang, Learning by debating: The changing role of the state in China's economy and economics theories, *Policy Studies Journal* 1995, vol. 23, no. 1, p. 5.

state-owned Assets Supervision and Administration Commission (SASAC) – was established in 2003 as a means of strengthening the central government's control over the economy. The SASAC controls the flow of investments to the SOEs and tries to make sure that the economy runs along the lines laid down by the five--year plan. Moreover only the Chinese Communist Party has the right to make broad decisions on economic priorities and policies, but the State Council is responsible for running the economy. The State Planning Commission and the Ministry of Finance also are concerned with the functioning of nearly the entire economy.[13]

3. Index of Economic Freedom

Japan's economic freedom score in 2014 was 72.4, making its economy the 25th freest in the Index. Its score was 0.6 point higher than the last year, reflecting improvements in trade freedom, investment freedom, and control of government spending. Worse ranked were such indexes as freedom from corruption, monetary freedom, and business freedom. Japan is ranked 6th out of 42 countries in the Asia--Pacific region and 25th out of 186 countries in the world rank. Japan continues to be one of the "mostly free" economies. However, over the 20-year history of the Index, Japan's economic freedom has regressed, with its score falling by nearly 3 points. Japan continues to fall behind other countries in pursuing and implementing critical reform measures. A large and growing public debt, which is now 240% GDP, significantly affected the private-sector economic activity, preventing more dynamic growth. Moreover Japan has lagged behind other countries in pursuing free trade agreements.[14]

China's economic freedom score in 2014 was 52.5, making its economy the 137th freest in the 2014 Index. Its overall score was 0.6 point higher than in 2013, with modest improvements in investment freedom, business freedom, and monetary freedom outweighing declines in freedom from corruption, labour freedom, and the management of government spending. China is ranked 29th out of 42 countries in the Asia-Pacific region, and 137th out of 186 counties in the world rank. Its overall score continues to be lower than the global and regional averages. Over the 20-year history of the Index China's economic freedom has been almost unchanged. However, major changes have been made in some categories: trade freedom has improved by over 50 points, while scores for investment freedom, financial freedom, property rights, and the control of government spending have noted double-digit declines. Although the improvement in trade freedom has certainly helped China's high overall growth, the aggravation in other categories indicates that major economic reforms are still needed for China to become a more sustainable economy.

---

[13] J. Clyne, *The Chinese Economic Miracle – A Triumph for Capitalism or the Planned Economy*, 2010, p. 12. https://docs.google.com/viewer?a=v&pid=sites&srcid=a2FybG1hcngubmV0fG9wZW-58Z3g6MThmOTVhNTg0NGVhMGQyYw (retrieved: 15.07.2014).

[14] *2014 Index of Economic Freedom*, *The Heritage Foundation*, http://www.heritage.org/index/pdf/2014/book/index_2014.pdf (retrieved: 15.07.2014).

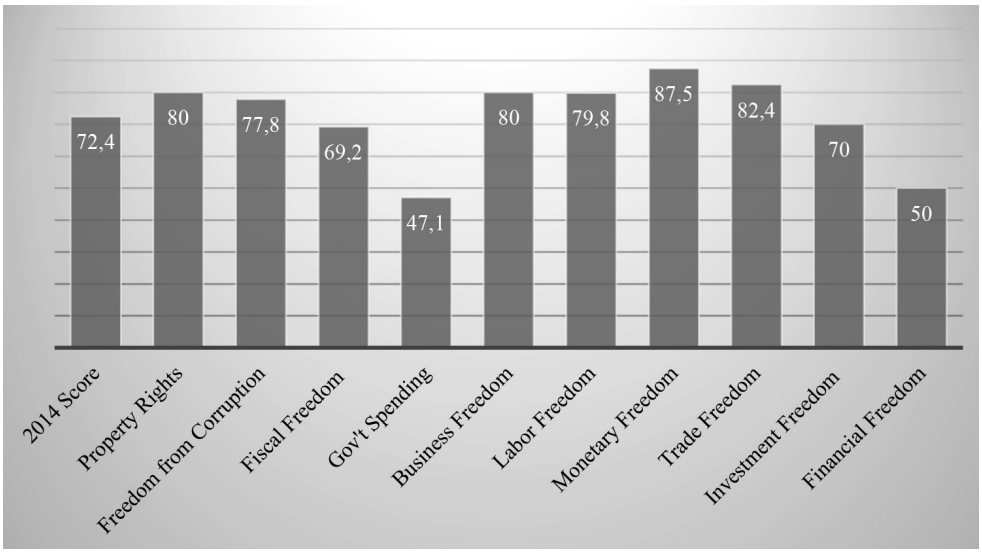

Figure 1. Index of Economic Freedom 2014 – Japan

Source: author's own study based on *2014 Index of Economic Freedom*, *The Heritage Foundation*, http://www.heritage.org/index/pdf/2014/book/index_2014.pdf (retrieved: 15.07.2014).

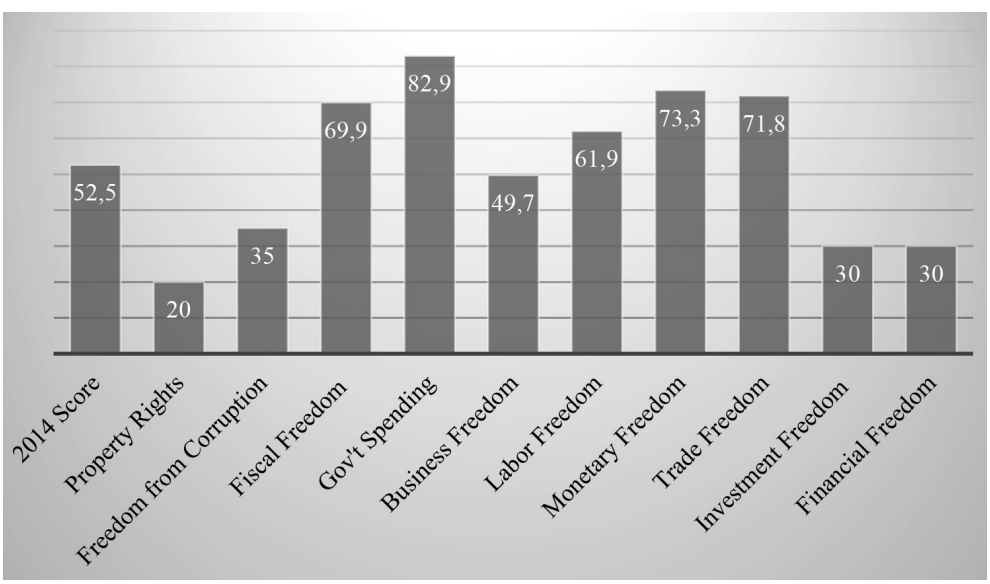

Figure 2. Index of Economic Freedom 2014 – China

Source: author's own study based on *2014 Index of Economic Freedom*, *The Heritage Foundation*, http://www.heritage.org/index/pdf/2014/book/index_2014.pdf (retrieved: 15.07.2014).

4. Global Competitiveness Report

The Global Competitiveness Report (GCR) is a report published each year by the World Economic Forum. According to report definition competitiveness is "the ability of countries to provide high levels of prosperity to their citizens. This in turn depends on how productively a country uses available resources. Therefore, the Global Competitiveness Index measures the set of institutions, policies, and factors that set the sustainable current and medium-term levels of economic prosperity." In 2004 World Economic Forum designed new index which combined the Growth Competitiveness Index and the Business Competitiveness Index. New methodology was developed by X. Sala-i-Martin and E.V. Artadi. GCI integrates the macroeconomic and the micro/business aspects of competitiveness into a single index.[15]

In the ranking of 2013 Japan and China have achieved good results and were ranked on 9th and 29th place, respectively.

Table 1. Japan and China in *The Global Competitiveness Reports 2000–2013*

Country	Score (1–7) 2013	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Switzerland	5.67	1	1	1	1	1	2	2	4	4	8	7	5	15	9
Singapore	5.61	2	2	2	3	3	5	7	8	5	7	6	7	4	2
Finland	5.54	3	3	4	7	6	6	6	6	2	1	1	1	1	5
Germany	5.51	4	6	6	5	7	7	5	7	6	13	13	14	17	14
United States	5.48	5	7	5	4	2	1	1	1	1	2	2	2	2	1
Sweden	5.48	6	4	3	2	4	4	4	9	7	3	3	3	9	12
Hong Kong	5.47	7	9	11	11	11	11	12	10	14	21	24	22	13	7
Netherlands	5.42	8	5	7	8	10	8	10	11	11	12	12	13	8	3
Japan	**5.40**	**9**	**10**	**9**	**6**	**8**	**9**	**8**	**5**	**10**	**9**	**11**	**16**	**21**	**20**
United Kingdom	5.37	10	8	10	12	13	12	9	2	9	11	15	11	12	8
Norway	5.33	11	15	16	14	14	15	16	17	17	6	9	8	6	15
Taiwan	5.29	12	13	13	13	12	17	14	13	8	4	5	6	7	10
Qatar	5.24	13	11	14	17	22	26	31	32	46	n/a	n/a	n/a	n/a	n/a
Canada	5.20	14	14	12	10	9	10	13	12	13	15	16	9	3	6
Denmark	5.18	15	12	8	9	5	3	3	3	3	5	4	4	14	13
China	**4.80**	**29**	**29**	**26**	**27**	**29**	**30**	**34**	**35**	**48**	**46**	**44**	**38**	**39**	**41**

Source: http://www.weforum.org/reports?filter[type]=Competitiveness (retrieved: 15.07.2014).

[15] X. Sala-i-Martin, E.V. Artadi, *The Global Competitiveness Index. Global Competitiveness Report*, World Economic Forum 2004, http://salaimartin.com/media/pdf/1.3_The_Global_Comp_Index.pdf (retrieved: 12.07.2014), p. 51.

Studied countries during the period 2000–2013 presented different trends in international competitiveness. Japan, despite large fluctuations in 2000–2003, since 2004 has stabilized its position in the top 10 most competitive economies in the world. China after a period of growth from 2006 for the last 6 years has remained steady. Between Japan and China difference in score in competitiveness index is 0.56 point. Countries achieved respectively Japan 5.40 and China 4.84 out of 7 achievable points.

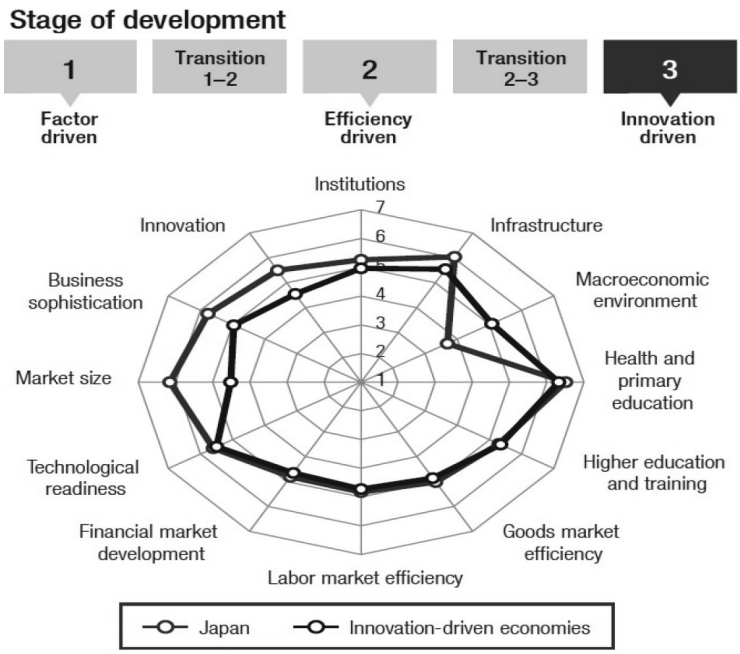

Figure 3. Japan – assessment of the economy in the Global Competitiveness Index 2013–2014

Source: K. Schwab, *The Global Competitiveness Report 2013–2014*, World Economic Forum, Geneva 2013, p. 230.

Japan rised one place to rank 9th in 2013, with a performance similar to that of the last year. The country continues to be the most competitive in business sophistication and innovation, ranked 1st and 5th. Spending on R&D is still high (2nd). Japan also benefits from "availability of talent" (4th) – many scientists and engineers build up a strong capacity for innovation in world-class research Institutions. Innovation output pays off with the fourth-highest number of patents per capita. Moreover, companies are producing high-value-added goods and services. However Japan's overall competitive performance continues to be cut down by macroeconomic weaknesses (127th), with the 10% of GDP budget deficit and public debt representing 240% of Japan's GDP. Also index of labour market efficiency has dropped from 13th in 2010

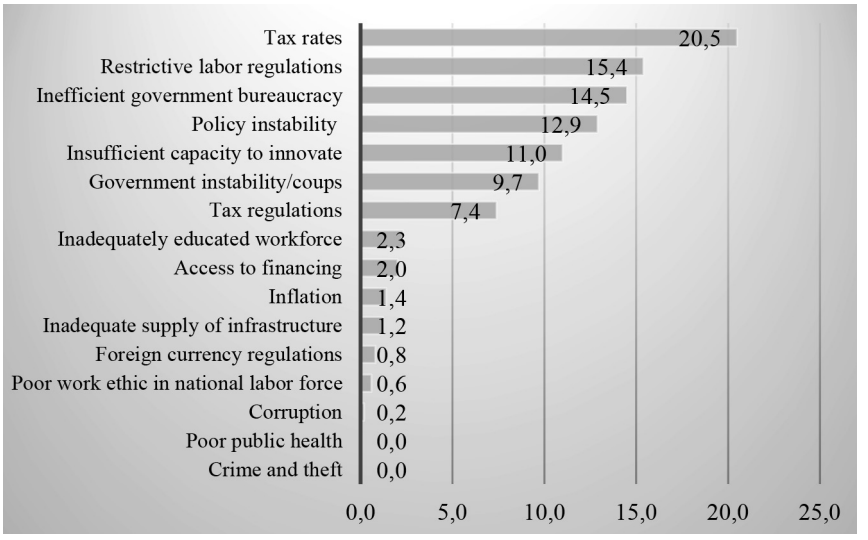

Figure 4. The most problematic factors for doing business in Japan

Source: K. Schwab, *op.cit.*, p. 230.

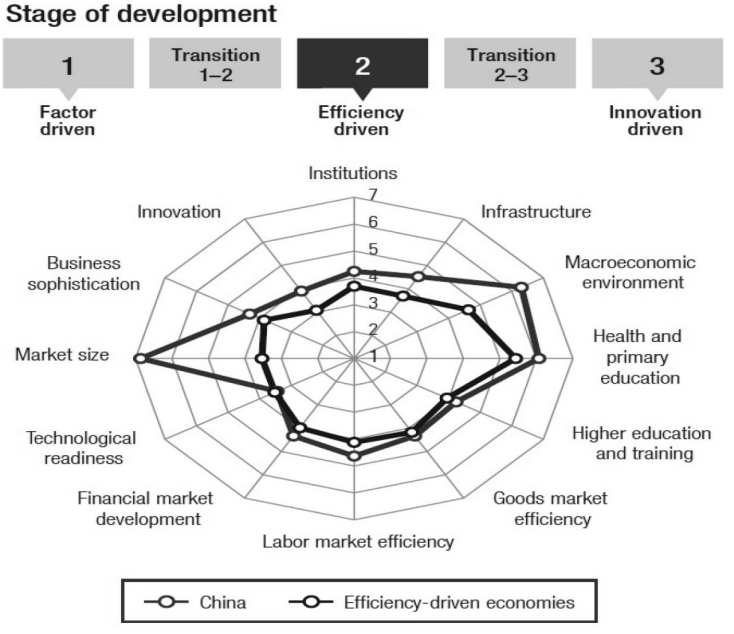

Figure 5. China – assessment of the economy in *the Global Competitiveness Index 2013–2014*

Source: K. Schwab, *op.cit.*, p. 156.

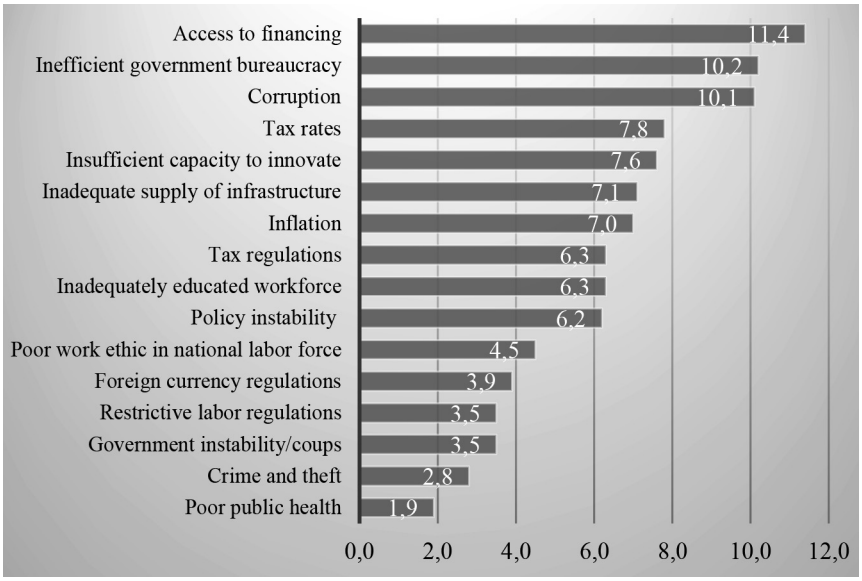

Figure 6. The most problematic factors for doing business in China

Source: K. Schwab, *op.cit.*, p. 156.

to 23th in 2013 due to persisting rigidities and inefficiencies, including the lack of female participation in the labour force. Major weaknesses of the Japanese system are the tax rate, restrictive labour regulations, inefficient government bureaucracy and policy instability.[16]

China in 2013 was ranked 29th with score 4.84. The country continues to lead the BRICS economies, ahead of South Africa and Brazil. In the overall ranking China dropped from 26th place in 2011 to 29th in 2013, this fall was noticed in every pillar of the GCI except market size. The downturn is more noticeable in those areas that are critical for China's competitiveness: financial market development (54th, down 6), technological readiness (88th, down 11), and market efficiency (59th, down 14). On the other hand, China's macroeconomic environment is in top 10 countries in the ranking. China noted relatively high scores in market size (2nd) and health and primary education (6.1 out of 7 points). According to GCR the most problematic factors of Chinese economy are access to financing, inefficient government bureaucracy, corruption and tax rates.

[16] K. Schwab, *op.cit*.

5. Human Development Index

The Human Development Report (HDR), created by the Pakistani economist Mahbub ul Haq and the Indian economist Amartya Sen in 1990, is yearly published by the United Nations Development Programme. HDI was created to present both social and economic development. The HDI is a summary measure for assessing a long-term progress in three basic areas of human development: a long and healthy life, access to knowledge and a decent standard of living. According to authors of the report "strong, proactive and responsible state develops policies for both public and private sectors – based on a long-term vision and leadership, shared norms and values, and rules and institutions that build trust and cohesion."[17]

Table 2. Human Development Index trends, 1980–2012

	Human Development Index (HDI) Value				Average annual HDI growth rate (%)		
	1980	1990	2000	2012	1980/2012	1990/2000	2000/2012
Japan	**0.788**	**0.837**	**0.878**	**0.912**	**0.16**	**0.48**	**0.32**
China	**0.407**	**0.495**	**0.590**	**0.699**	**0,71**	**1.78**	**1.42**
World	0.561	0.600	0.639	0.694	0.24	0.64	0.68
Very high human development	0.773	0.817	0.86	0.905	0.17	0.59	0.36

Source: http://hdr.undp.org/en/reports/global/hdr2010/chapters/ (retrieved: 15.07.2014).

Table 3. Human Development Index and its components

		Human Development Index value	Life expectancy at birth (years)	Mean years of schooling	Expected years of schooling	Gross national income (GNI) *per capita* (PPP US$)	GNI *per capita* rank minus HDI rank	Non-income HDI value
HDI rank	Country	2012	2012	2012	2012	2012	2012	2012
1	Norway	0.955	81.3	12.6	17.5	49	4	0.977
2	Australia	0.938	82.0	12.0	19.6	34	15	0.978
3	United States	0.937	78.7	13.3	16.8	43	6	0.958
10	**Japan**	**0.912**	**83.6**	**11.6**	**15.3**	**33**	**11**	**0.942**
101	**China**	**0.699**	**73.7**	**7.5**	**11.7**	**8**	**–11**	**0.728**

Source: http://hdr.undp.org/en/reports/global/hdr2010/chapters/ (retrieved: 15.07.2014).

[17] *Human Development Report 2013*, Published for the United Nations Development Programme (UNDP), http://hdrstats.undp.org/images/explanations/DEU.pdf (retrieved: 17.07.2014).

Japan's HDI value for 2012 is 0.912, what ranked Japan at 10th position out of 187. From 1980 to 2012, the value of HDI in Japan increased from 0.788 to 0.912. The biggest raise was noticed between 1990 and 2000 – average annual growth rate was 48% or average annual increase of about 5%. Compared to Japan China result was much worst with value 0.699 for 2012 and 101st position. Positive notice for Chinese economy is that annual growth rate is very high – between 1990 and 2000 almost 18% yearly.[18]

Japan noticed good score of Human Development Index – above 0.9. China was ranked 101st out of 187 countries, with result smaller by 0.2 points rather than Japan. This poor result was mainly due to very low Gross National Income *per capita*, which was 4 times lower than in Japan. Also life expectancy in China is much lower (almost 10 years) and number of years of schooling was low. China obtained negative value for "GNI per capita rank minus HDI rank", what means that the country is better ranked by GNI than by the HDI. Positive fact for China is that its yearly growth of HDI is one of the fastest from ranked countries.

6. Conclusions

After the analysis of the results of the Global Competitiveness Reports it can be concluded that Japan, representing market economy chosen for the analysis, achieved rather better results than the Chinese economy. China is classified in the second stage of development as an efficient-driven economy, as opposed to Japan, which is classified under innovation-driven economies. The greatest challenges for the Chinese economy are: limited access to financing, inflation, policy instability, inefficient government bureaucracy and corruption. In the Index of Economic Freedom China is ranked 136th out of 177 countries, while Japan is ranked in the top 25. Improvement in trade freedom has certainly helped China in high overall growth in Economic Freedom Index, but the aggravation in other categories indicates that main economic reforms are still needed to make Chinese economy more sustainable. Concluding: China achieves good results in terms of macroeconomic indicators, but does not provide good quality of life. This was confirmed by achieving only 101st position in Human Development Index.

References

2014 Index of Economic Freedom, *The Heritage Foundation*, http://www.heritage.org/index/pdf/2014/book/index_2014.pdf (retrieved: 15.07.2014).

Clyne J., *The Chinese Economic Miracle – A Triumph for Capitalism or the Planned Economy*, 2010, https://docs.google.com/viewer?a=v&pid=sites&srcid=a2FybG1hcngubmV0fG9wZW58Z3g-6MThmOTVhNTg0NGVhMGQyYw (retrieved: 15.07.2014).

[18] *Ibidem.*

Conklin D.W., *Comparative Economic Systems*, University of Calgary Press, Calgary 1991.
Drelich-Skulska B., Proces integracji ekonomicznej Japonii i ASEAN. Zarys tematyki, [in:] B. Drelich-Skulska, M. Domiter, W. Michalczyk (eds.), *Globalizacja i regionalizacja w gospodarce światowej. Księga jubileuszowa prof. Jana Rymarczyka*, Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu, Wrocław 2012, pp. 266–282.
Gregory P.R., Stuart R.C., *Comparing Economic Systems in the Twenty-First Century*, Houghton, Boston–New York 2004.
http://hdr.undp.org/en/reports/global/hdr2010/chapters/ (retrieved: 15.07.2014).
http://www.weforum.org/reports?filter[type]=Competitiveness (retrieved: 15.07.2014).
Human Development Report 2013, Published for the United Nations Development Programme (UNDP), http://hdrstats.undp.org/images/explanations/DEU.pdf.
Japan – patterns of development, http://www.country-data.com/cgi-bin/query/r-7176.html (retrieved: 10.07.2014).
Japan's Economic Outlook 2007–2008, Mitsubishi Research Institute, November 2007, http://www.mri.co.jp/REPORT/ECONOMY/2007/er071103.pdf (retrieved: 20.07.2014).
Klamut M. (ed.), *Polityka ekonomiczna – współczesne wyzwania*, Wydawnictwo Naukowe PWN, Warszawa 2007.
Leftwich A., *The Developmental State*, Working Paper no. 6, University of York, Heslington 1994.
Morrison W.M., *China's Economic Rise: History, Trends, Challenges, and Implications for the United States*, Congressional Research Service, Washington, DC, 2014.
North D.C., *Government and the American Economy. A New History*, University of Chicago Press, Chicago 2007.
Saich T., *The Changing Role of the State in Reform China*, Harvard University, Cambridge, MA, 2001.
Sala-i-Martin X., Artadi E.V., *The Global Competitiveness Index. Global Competitiveness Report*, World Economic Forum 2004, http://salaimartin.com/media/pdf/1.3_The_Global_Comp_Index.pdf (retrieved: 12.07.2014).
Schwab K., *The Global Competitiveness Report 2012–2013*, World Economic Forum, Geneva 2012.
Skulski P. (ed.), *Competitiveness of Economies in the Asia-Pacific Region. Selected Problems*, Research Papers of Wrocław University of Economics, no. 192, Publishing House of Wrocław University of Economics, Wrocław 2011.
Wang S., Learning by Debating: The Changing Role of the State in China's Economy and Economics Theories, *Policy Studies Journal* 1995, vol. 23, no. 1.

ROLA PAŃSTWA W GOSPODARKACH RYNKOWYCH AZJI I PACYFIKU. JAPONIA VS. CHINY

Streszczenie: Głównym celem artykułu jest prezentacja roli państwa w Chinach i Japonii – krajach regionu Azja-Pacyfik, które obecnie odgrywają wiodącą rolę w gospodarce światowej. W artykule przedstawiono współczesną rolę państwa w gospodarkach Japonii i Chin. Dokonano również oceny działalności państwa. Ze względu na kompleksowość badanego zagadnienia niezbędne było zastosowanie różnorodnego podejścia metodologicznego. Główną wykorzystaną metodą badawczą była metoda porównawcza wykorzystująca dane z Globalnego Rankingu Konkurencyjności, Indeksu Wolności Gospodarczej oraz Wskaźnika Rozwoju Społecznego. Wykorzystana została także metoda historyczna w celu przedstawienia działalności państwa w badanych krajach.

Słowa kluczowe: gospodarki azjatyckie, system rynkowy, kapitalizm państwowy, efektywność państwa, konkurencyjność.