

CHAPTER 1

INTRODUCTION

Over the past decades, Taiwan has experienced one of the most remarkable records of economic development. Its development evolution from an agricultural society in East Asia (Figure 1-1) into a prosperous industrial world leader has been accompanied by rapid and sustained growth and fair income distribution. For this reason, the development strategies of Taiwan are a captivating topic of study for people around the world. The Taiwan experience is especially interesting for developing countries seeking to formulate better development strategies to improve their country's economies and the quality of life of their citizens.

The reason I selected this topic for my thesis is because after experiencing life in Taiwan for almost four years I have come to appreciate the effort this country has made to reach its economic status and bring prosperity to its people. I am fascinated by this country's culture and the discipline of the Taiwanese. The main motivation for this thesis was to explore the economic development of Taiwan and learn about the different strategies implemented during each phase of its development. As a citizen of a developing country I feel responsible to look at the experience of successful countries such as Taiwan in order to search for possible ways to help my country, Honduras, win the battle against poverty and improve its economic status.

To develop this thesis I researched the most updated available socioeconomic data for both Taiwan and Honduras. To obtain information about Taiwan, I reviewed journals and websites as well as relevant publications. As part of the research I obtained information describing the economic path Taiwan has followed during the last five decades. I also researched information about the macroeconomic framework, main determinants of economic growth, and other economic and social indicators that characterize the economic success of Taiwan.

Along the same line, I contacted government offices in Honduras to request information about the macroeconomic indicators and complemented the data gathering

by searching for documents generated by the Honduran government as well as by multilateral organization like the World Bank, the International Monetary Fund, and Inter American Development Bank. The resulting information was used to describe the economic strategies implemented in Honduras to combat poverty and improve the nation's economy.

The study looks at the individual geographical, historical, political, and economic course followed by both countries and compares how these two nations have faced their particular challenges and built their economies. Even though each country has its own particular characteristics and some circumstances are not reproducible, the exploration of Taiwan's development presents the possibility of deriving ideas that could be useful for policymakers in developing countries such as Honduras.

The purpose of the study was to examine the unique economic development strategy of Taiwan and obtain possible lessons-learned from the Taiwanese experience that could be helpful for Honduras. Especial emphasis was given to the strategies implemented during the initial phases of Taiwan's development as they relate more to the present condition of Honduras. Among the strategies implemented early on in the development of Taiwan and could be considered the most relevant points that Honduras could utilize in its own developmental strategies are agricultural and human capital development.

Honduran is currently facing the need to boost its rate of economic growth and prepare itself for the challenges of the new millennium and the needs of its growing population. In spite of its economic problems, Honduras has an enviable geographical position in the Central American Isthmus (Figure 1-2). It has access to both the Pacific and Atlantic oceans and it has the port infrastructure to facilitate trade. It is half way to the South and North American markets and has easy access to the Caribbean. In terms of natural resources, Honduras is implementing and exploring other potential development opportunities related to its renewable resources and tourism.

Honduras finds itself at a strategic time in history with the implementation of regional free trade agreements, debt relief opportunities, and other global economic policies that validate the efforts to analyze options to improve the national economic and social standards.

At the same time, careful attention should be paid to the process of development to avoid damaging the natural resources that sustain the economy itself. Another aspect to be included is the social component, ensuring that development satisfactorily includes all members of society, including women and ethnic minorities.

This document is organized in eight chapters describing the economic structure and strategies of both Honduras and Taiwan with the purpose of arriving at possible suggestions of lessons-learned taken from the Taiwanese experience that could serve as models or helpful recommendations for decision-makers in Honduras.

Chapter 1 gives a general introduction to the topic, while Chapter 2 provides a background of Honduras' macroeconomic framework including the social and economic aspects. Chapter 3 presents a summary of the economic development strategy adopted by Honduras and it also contains a political and economic history of the Central American region so the reader can better understand the situation of Honduras within a regional context.

Chapter 4 describes the social and economic aspects of the macroeconomic framework of Taiwan. Chapter 5 presents a detailed summary of the economic development strategy implemented in Taiwan including a discussion of the Taiwan Miracle and the main determinants of economic growth in Taiwan.

Chapter 6 extends the work to compare the social and economic contexts of Honduras and Taiwan and presents further historical and geographical information about both countries.

Chapter 7 investigates the possible economic lessons from the Taiwanese experience that could be useful for Honduras policy-makers. It discusses the Taiwan Model and the emphasis Taiwan has placed on agricultural and educational development and how these two development policies influenced the successful transformation of Taiwan.

Finally, Chapter 8 presents the conclusions derived from the thesis and discusses possible policy recommendations based on the development strategies implemented in Taiwan that could complement the efforts Honduras is making to overcome its present economic situation and improve the quality of life of its citizens.



Figure 1-1 Map of Taiwan

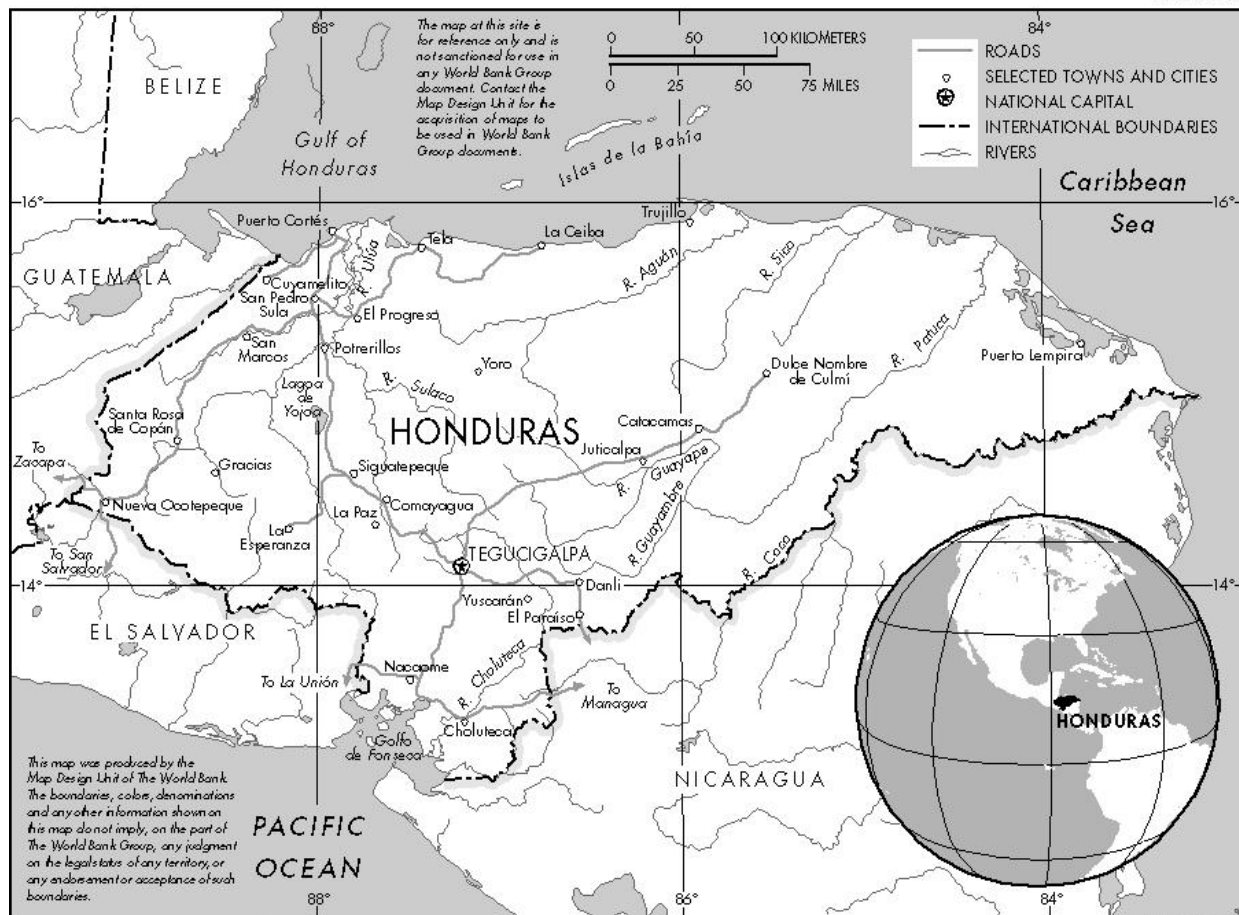


Figure 1-2 Map of Honduras