

The Center for International Economic Growth

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COMMUNISM, CAPITALISM, AND ECONOMIC DEVELOPMENT: IMPLICATIONS FOR U.S. ECONOMIC ASSISTANCE

INTRODUCTION

Dramatic changes unthinkable just a few years ago are shaking socialist nations. Having learned hard lessons about the inefficiency of their economic systems, the peoples of communist-run nations are now pressing for greater individual liberty and free enterprise. Free market reforms that contradict the basic tenets of Marxist-Leninist economic theory are being enacted in the Soviet Union, Poland, Hungary, and China. Free elections are demanded by the citizens of many of these nations as well.

Although heartening, this tide of change does not mean that the evils imposed by socialism are dead. Not only is violent repression possible, as has been the case in China, but some communist leaders might try to preserve socialism by introducing limited elements of the market system. In this way, they might think, social problems that they attribute, mistakenly, to the free market, such as slums and uneven distribution of wealth, can be avoided. And then there are critics in the United States and other developed countries who, while conceding that a market system will help economic growth in poorer countries, nevertheless believe that it will fail to meet what they call basic human needs, such as better health and lower levels of infant mortality.

Both the communist leaders and the Western social critics are wrong. This is clear from examining the evidence of the past four decades.

Relevant Factors. Socialism and capitalism each have had their chance. The results: democratic, free-market countries have higher living standards, better health and education, and faster growing economies than do socialist countries. Following World War II, Germany, China, and Korea were split into socialist and non-socialist parts, producing three pairs of countries with the same culture, language, history, birth rates, and standards of living when

they were divided. Thus, the major relevant factors determining their subsequent histories were their respective economic and political systems.¹

Astonishing Differences. The results of these probably unprecedented side-by-side comparisons highlight the deficiencies of the socialist model. In each of these country pairs, since 1950, the free market countries – West Germany, the Republic of China on Taiwan, and South Korea – have experienced far more rapid income growth, provided more education for a larger percentage of their citizens, have longer life expectancies and lower infant mortality rates, and fare better in other “quality of life” measurements, than their socialist counterparts East Germany, the People’s Republic of China, and North Korea. In some cases, the differences are astonishing. In 1986, the last year for which complete figures are available, Taiwan had an average income that was ten times higher than mainland China, over ten times as high a percentage of students in higher education, and around half the infant mortality rate.

Contrary to the conventional wisdom that population control is a necessary condition of development, in each of these pairs of countries, the faster-growing free-market countries have had more rapid population growth and substantially higher population density over the last four decades.

These findings should be of interest to members of Congress as they consider America’s \$5 billion foreign economic assistance program. Many members insist that this aid should be used primarily to promote such social goals as reducing poverty, infant mortality, malnutrition, and illiteracy rates in developing countries. There is little debate over setting such laudable goals; the question is how best to achieve them. The data show that in comparison with communist states, the democratic, free market countries have been most successful both in promoting economic growth and combating these social problems. Therefore, U.S. policy makers should direct foreign assistance to promoting market-oriented economic reforms in less developed countries as the best way to assure the highest living standards for the greatest number of people.

1 One possible influence on the growth rates of these pairs of countries since World War II is foreign aid flows. Yet, the impact of foreign aid on development is highly doubtful. For instance, according to a study of economic development in 17 countries between 1962 and 1982, Keith Marsden, former economist with the World Bank, found: "Economic performance was not significantly linked to financial flows from abroad. Foreign lending to African governments was generally much higher in relation to gross national product than for East Asian counterparts." Keith Marsden, "Why Asia Boomed and Africa Busted," *The Wall Street Journal*, June 3, 1985, op ed page.

SOCIALISM: THE FAILED ECONOMIC EXPERIMENT

In the early and middle 20th century, socialists criticized the free market for creating poverty for the majority of people. A planned economy without private ownership, they claimed, would produce prosperity for all. From the 1920s on, such classical free market economists as Ludwig von Mises and Friedrich Hayek had described the theoretical flaws of socialist economics. They predicted that centrally planned economies would suffer from low productivity, goods and services shortages, and, eventually, declining living standards. They also argued that economic freedom, individual rights, and democracy all ultimately would require one another.

Political and Economic Liberty. Recent theoretical statistical studies bear out these predictions. Social scientist Raymond Gastil of Freedom House, a New York-based human rights monitoring organization, has graded each nation of the world in terms of political, civil, and economic liberty. Economic liberty comprises two sub-measures – the extent of government intervention in the marketplace and the level of personal economic liberty.²

University of Texas economist Gerald W. Scully, in a study published last year, finds a strong relationship between each of these three variables and the rate of economic growth from 1960 to 1980 among 115 nations.³ He finds that nations characterized by Freedom House as “politically open, individual rights, and free market” had an average annual per capita growth rate of 2.73 percent, whereas those characterized as “politically closed, state rights, and command [economy]” had an average annual growth rate of 0.91 percent.

Other recent studies confirm this conclusion. A study by University of Chicago economist Gary S. Becker found that “political democracy” is positively related to economic growth.⁴

Similarly, an analysis by the U.S. Agency for International Development investigated the impact on economic growth of policies “that promote competition and individual opportunity” in 42 countries between 1980 and 1987.⁵ Countries with secure property rights, low marginal tax rates, sound monetary policies, and limited government regulations had growth rates about three percentage points faster than nations that fared poorly on this index.

2 Raymond Gastil, "Liberty and Economic Progress," *Journal of Economic Growth*, November 1988, pp. 3-10.

3 Gerald Scully, "The Institutional Framework and Economic Development," *Journal of Political Economy*, June 1988, pp. 652-662.

4 Gary S. Becker, "An Environment for Economic Growth," *The Wall Street Journal*, January 19, 1989, p. A8.

5 *Development and the National Interest: U.S. Economic Assistance into the 21st Century*, Report by Alan Woods, Administrator, Agency for International Development, February 1989, p. 52.

LIMITATIONS OF SOCIALISM: ANECDOTAL EVIDENCE

Anecdotal evidence supports the case for the free market over socialism. One need only travel by bus across the Soviet Union's Karelian peninsula, which was wholly within Finland until World War II. The part still within Finland has remarkably better roads and more modern shops and facilities than the part that is now the Soviet Union. Or drive from West Berlin to East Berlin. Or take the train from Hong Kong's New Territories across the border to China. The differences in favor of a free-enterprise private-property society are unmistakable for all who are not totally masked by ideological blinders.

Patterns of immigration are another unmistakable indicator of the market system's superiority. Millions have voted with their feet, fleeing from communist countries to free countries, despite formidable barriers. Virtually no traffic goes in the other direction.

Results of Reforms. The results of recent economic reforms in China underscore the contrast between socialism and the free market. Under the collective production system that prevailed before 1979, there was little personal incentive for farmers to work hard and take risks. Food production plummeted during the "Great Leap Forward" from 1958 to 1960. Production fell so drastically that 20 million to 30 million Chinese died of starvation, certainly the worst food production performance of any country in modern times, and perhaps the worst ever.⁶ During China's agricultural reforms between 1979 and 1981, the 700 million people in the agricultural sector shifted from collective farms to individual enterprise. Between 1980 and 1985, Chinese agricultural production skyrocketed by 74.3 percent.⁷

Just as remarkable, rural incomes in China have doubled in a decade.

The failure of China's agricultural system under collectivization is not an isolated event. Swedish economist Sven Rydenfelt, in his 1983 book *A Pattern for Failure*, analyses the experience of fifteen socialist countries and finds a pervasive pattern of economic failure.⁸

6 Nick Eberstadt, *The Poverty of Communism* (New Brunswick, New Jersey: Transaction Books, 1988).

7 Alvin Rabushka, *The New China: Comparative Economic Development in Mainland China, Taiwan, and Hong Kong* (San Francisco: Pacific Institute for Public Policy Research, 1987) p. 206.

8 Sven Rydenfelt, *A Pattern for Failure* (New York: Harcourt Brace Jovanovich, 1983). See also Eberstadt, *op. cit.*

SOCIALISM VERSUS FREE MARKETS – A CROSS-COUNTRY COMPARISON

A more systematic examination of the respective results of socialism and the free market is found by comparing three pairs of countries – East and West Germany, mainland China and Taiwan, and North and South Korea – each pair with similar social-cultural backgrounds and economic starting points immediately prior to their separation after World War II. A comparison of other selected pairs of neighboring communist and non-communist countries with similar economic backgrounds – Austria and Czechoslovakia, Burma and Malaysia, and Yugoslavia and Greece – expands the study, and comparisons between the two prototype free market and socialist systems, the U.S. and the Soviet Union, round out the picture.⁹

The most comprehensive measure of national economic well-being is per capita income, which is the amount of Gross National Product (GNP) per person. The standard mode of measurement is to value a nation's products at its own prices, and then utilize exchange rates to put countries on the same footing. Figure 1 – drawn from Table 1 in the appendix, which contains data from 1960 to the present – shows the recent results for the paired countries using this method. In each case, the communist country has a lower income than the free country. Taiwan's per capita income is three or four times as high as mainland China's, South Korea's about twice that of North Korea's, and West Germany's is at least twenty percent higher than East Germany's.¹⁰

Causing Shortages. Table 2 and Figure 2 show the results for the three sets of formerly unified countries using the "purchasing power parity" (PPP) method, which values countries' products in terms of actual local prices and costs of living. The results are essentially the same as in Table 1, though the numerical differences are not quite so dramatic. These figures do not reflect the fact that leaders in the command economies often underprice basic goods and services, thus causing severe shortages and queues. If products are purchased on the black markets in these countries, their prices are much higher

9 For some of the socialist countries, reliable data are unavailable. This absence of data may in itself indicate backwardness in development. A sophisticated data-gathering and publication system is a hallmark of an advanced country. Furthermore, some of the data from the socialist nations represent the "official" records supplied by the central government; in these closed societies there is little opportunity to verify the accuracy of the data. In measuring growth rates, for instance, government officials may pad the data to improve their country's recorded performance. Hence, the differences in the achievements of the socialist and free market countries can be underestimated.

10 The comparison of West and East Germany needs some amplification. The real differences surely are greater than indicated by these statistics. Recent events in Berlin have shown that East Germany's currency is hugely overvalued. Furthermore, differences in product quality are obscured by these comparisons, but are important. Autos are an important example. The East German autos are clearly inferior to those in West Germany: they are smaller, less powerful, and lack modern accessories. Moreover, an eight-year-old used car may cost as much as a new car in East Germany because of burdensome licensing requirements in obtaining a new car. *The Wall Street Journal*, "Despite Closer Ties, The Two Germanys Grow Further Apart," September 4, 1987, pp. 1, 10.

and therefore purchasing power is much lower. There are very few good measures of the prices in black markets.

Another indicator of long-run economic development in a society is the proportion of the labor force employed in agriculture. The fewer needed to feed the population, the larger the number that can be employed in providing those goods and services that fulfill other human wants. Figure 3 shows the recent proportions for the three pairs of countries. It is apparent that the countries with freer markets — including freer labor markets and freer agriculture — need fewer people to feed the rest. Table 3 shows the history of this process since 1960. The conclusion that free market systems yield better results than centrally planned economies is reinforced by the other four country pairs.

DOES ECONOMIC GROWTH IMPROVE THE QUALITY OF LIFE?

Defenders of socialism often acknowledge that a command economy may not offer the best method for accelerating economic growth, but compensates for this by creating greater economic equity. Some contend, for instance, that capitalist countries, despite their superior economic performance, fail to equalize income distribution, provide jobs to all workers, and offer all citizens health care and education. Socialist countries presumably fare better under these criteria.

Yet evidence suggests that economic growth is the key ingredient to solving most social and economic problems. A study last year by the U.S. Agency for International Development reveals that “the poor are almost certainly better off” in less developed countries with high GNP growth than in slow growing Third World countries.¹¹ It also found that income distribution is “more equal” in less developed countries with growing economies than in those with stagnant economies. Severe poverty is most prevalent in developing countries with slow or negative growth rates.

Equality Under Capitalism. And a survey of over twenty studies on income distribution by economists Thomas R. Dye of Florida State University and Harmon Zeigler of the University of Washington concludes that “We have good theoretical reasons and substantial evidence challenging the idea that socialist systems provide greater equality than market systems. Equality is primarily a result of economic development, not type of political or economic system. Capitalist systems are more successful in stimulating economic development than communist systems.”¹²

11 *Development and the National Interest*, p. 32.

12 Thomas R. Dye and Harmon Zeigler, "Socialism and Equality in Cross National Perspective," *Political Science and Politics*, Winter 1988, pp. 45-56.

Economic development also goes hand in hand with improvements in health and education. For example, a 1980 study by Stanford University economist Victor Fuchs found that one-third of the increase in life expectancy in a nation can be traced to per capita income growth alone.¹³

Similarly, literacy is directly related to raising income levels. The female literacy rate is 21 percent in nations with per-person income of \$200 per year or less, 60 percent in nations with income of \$800, and 88 percent in countries with \$2,000 per capita income.¹⁴

These data affirm the common-sense notion that by accelerating economic development, free market policies lead to broad improvements in the quality of life in a nation.

QUALITY OF LIFE IN SOCIALIST VERSUS FREE-MARKET COUNTRIES

The contrasting performance of socialist and free market countries provides additional evidence to refute the often-heard proposition that socialism is the system which best meets the basic human welfare needs of citizens. Almost without exception in these country profiles, life expectancy is longer, health care superior, education more universal, and material goods more affordable and available in the free enterprise countries than the socialist nations.

Health

One of the best measures of the living standards of a country is the life expectancy of its residents. This statistic captures improvements in health care, income levels, nutrition, and other key factors. Furthermore, the goods and services provided in an economy only have value if one is alive to enjoy them.

Table 4 shows the number of years that a person can expect to live, based on current mortality experience. The free-enterprise countries do better in each pair, even though each country pair started out with much the same life expectancy after World War II.

The same is true of the results for infant mortality, shown in Table 6 and Figure 4.

These results are particularly striking because public health has been one of the more successful activities of the socialized countries. Moreover, improvements in health care, such as the introduction of a new drug or vaccine

13 Victor Fuchs, "A Comment on Preston's Findings," in Richard Easterlin, ed., *Population and Economic Growth in Developing Countries* (Chicago: University of Chicago Press, 1980).

14 Melanie S. Tammen, "The Global Poverty Reduction Act: Ignoring the Key Ingredient," Heritage Foundation *Executive Memorandum* No. 213, September 9, 1988.

are easily and rapidly exportable; this allows poorer countries to “narrow the gap” with wealthier countries rather quickly.¹⁵

Widening Gap. Yet, the gap between free market and socialist countries on health measures is widening. Several decades ago the differences between the countries in each pair were smaller than at present. But throughout Eastern Europe, life expectancy has actually fallen in recent years. In a 1986 study on Soviet population trends, Hoover Institution economist Mikhail S. Bernstam found a “steep decline in life expectancy within the last twenty years.”¹⁶

By the mid-1980s, the advances of the late 1950s and 1960s have completely vanished....The USSR male life expectancy seems to have fallen below the mid 1950s level of 63 years to a remarkably low level of 60.8 years.”¹⁷ This slowdown, and in some cases reversal, in progress is not yet well-understood, but it certainly stems from a number of characteristics of socialized economies.¹⁸

Education

The proportion of potential students who are obtaining a higher education is a precursor to development in the future. The data are sparse, especially for the communist countries. Yet in all cases but one, the free enterprise countries generally provide greater higher educational opportunities than the command economies (see Table 5), with the one exception of the Germans. In fact, in 1960 West Germany was well behind East Germany in percentage of students in higher education; now they are virtually equal.

These figures, furthermore, do not reflect the quality of education. The communist countries actively seek to place their students in Western schools to have access to cutting edge research and discoveries not available in the communist world.

Material Well Being

A report on *Development and the National Interest* issued this year by the U.S. Agency for International Development observes that:

Being able to afford more than just the necessities of life such as food and shelter is the beginning of broad-based development. More purchasing power

15 *Development and the National Interest, op. cit.*, pp. 27-31.

16 Mikhail S. Bernstam, "Trends in the Soviet Population," in Henry S. Rowen and Charles Wolf, Jr., *The Future of the Soviet Empire* (New York: Institute for Contemporary Studies, 1986), pp. 186-199.

17 These life expectancy figures do not match the "official" statistics from the Soviet Union. This discrepancy is due most likely to inflated numbers released by the Soviet government.

18 Bernstam concludes his study by emphasizing that "declining Soviet life expectancy is not a health problem. It is an economic problem of living and working conditions..." He suggests that some of the causes of the reduction in life expectancy include: reduced safety, increased industrial injuries, and lagging sanitary improvements in the cities. Bernstam, *op. cit.*, pp. 193-195.

increases the ability of individuals to control their own future as well as improve the material quality of their life. It is an indication of how the range for individual choices increases.¹⁹

Data show that the citizens of free enterprise countries fare much better than those of socialist countries using various measures of material well-being. The number of telephones, for instance, is a good measure of the development of a country's infrastructure, and more particularly its crucial communications infrastructure. Table 7 shows how the communist countries have lagged substantially behind the development of the market-oriented countries.

Newsprint and autos are two good indicators of the level of consumption in a country. Tables 8 and 9 show that the communist countries lag far behind in both these categories of consumer wealth.

Working Longer for Basics. The shortage of consumer goods combined with the low income levels in socialist countries means that the citizens of these countries must work longer to obtain basic goods and services than the citizens of free market countries. In Czechoslovakia — one of the wealthier socialist countries — the average factory employee must work 2.5 times longer to purchase meat than the average worker in Austria, twice as long to purchase shoes or a car, and five times as long to purchase a television set.²⁰

Similarly, an East German must work six times longer to earn enough money to buy a car than the average West German, seven times longer to buy a refrigerator, and five times longer to buy a suit. *The Wall Street Journal* in 1987 reported that in East Germany "sought after items like color television sets can be staggeringly expensive. According to one East German the only color set recently available in his region was going for the equivalent of the average yearly income in his country."²¹

In sum, these data for the paired-country experiments in political and economic systems confirm that by any measure of well being, communism is a failure.

POPULATION GROWTH AND DENSITY AS INFLUENCES ON DEVELOPMENT

Since the early 1960s, the U.S. Agency for International Development, the World Bank, and various United Nations agencies have focused on high levels of population growth, arguing that this is a key factor hindering economic development. A.W. Clausen, the World Bank President in 1985,

19 *Development and the National Interest, op. cit.*, p. 29.

20 "Austrian, Czech Towns So Near, Yet So Far Apart," *The Washington Post*, September 18, 1988, p. A25.

21 "Despite Closer Ties, The Two Germanys Grow Further Apart," *The Wall Street Journal*, September 4, 1987, pp. 1, 10.

echoed the feeling of many policy makers when he said that: "The international community has no alternative but to cooperate, with a sense of urgency, in an effort to slow population growth if development is to be achieved."²²

Yet this focus on population has turned policy makers' attention away from the central factor determining a country's economic well-being — its economic and political system — and led to a misdiagnosis of the causes of poverty, problems such as starvation, illiteracy, and pollution. This in turn has led to unsound economic advice for developing nations.

Positive Effect. The paired-country data in Table 10 and Figure 6 shows that in each pair, the centrally planned country has a lower population density per square kilometer compared to the corresponding free enterprise country and thus less population "pressure." Moreover, the population growth in the free market countries generally has outpaced the socialist countries (see Table 11 and Figure 7). Contrary to the notion that population growth inhibits economic growth, the free-market countries, each with faster expansion in population, experienced more rapid development — on a per-person basis — than their neighboring socialist nations. If anything, the data show that more people have a positive effect on development.

Hong Kong is a vivid example of this phenomenon. In the 1940s and 1950s, it seemed impossible for Hong Kong to surmount its problems — huge masses of impoverished people without jobs, lack of exploitable natural resources, more refugees pouring across the border each day. Today, Hong Kong enjoys high living standards, low unemployment, modern high-rise apartments and office buildings and one of the world's most modern transportation systems. Hong Kong demonstrates that a very dense concentration of human beings does not prevent comfortable existence and exciting economic expansion, as long as the economic system gives individuals the freedom to exercise their talents and to take advantage of opportunities. And the experience of Singapore demonstrates that Hong Kong is not unique.

CONCLUSION

The superior performance since World War II of free-market countries compared to socialist nations has, after four decades experience, become too pronounced for defenders of socialism to ignore or explain away as due to "bad weather." The markedly higher living standard today in West Germany than in East Germany, South Korea than in North Korea, and Taiwan than in China has exposed the failures of socialism for all to see.

It is not surprising then, that communism is under attack from within. The recent astonishing developments in China, the Soviet Union, and Eastern Europe not only signal a mounting dissatisfaction with socialism, but an increased recognition among the peoples of these countries that political and

22 As quoted in *The Washington Post*, "Population Explosion Forecast," July 16, 1985, pp. A1, A10.

economic freedom go hand in hand in generating meaningful improvements in material well being and human happiness.

Assuring Better Living Standards. U.S. policy makers in both Congress and the Administration are reevaluating America's foreign aid program. Some are focusing attention on meeting the basic human needs of the poorest of the poor in less developed countries. U.S. policy makers are also considering ways to help Eastern Europe as the Eastern and Western Europeans both ask whether socialism can be reformed or whether it must be abandoned entirely. Some Americans suggest that direct grants and assistance, such as food handouts, population control programs, or funds for more hospitals are the answer to Third World poverty. Yet the data show that a free market system with private investment and economic opportunity and liberty for every individual – not government transfers – are the best way to assure better health, education, and living standards.

The battle over the best economic system for Eastern Europe seems to be over. Communists and opposition leaders alike say that socialism has failed and that a new, more market-oriented system is necessary. But in less developed countries, the allure of socialism still lingers. Government controls and central economic planning still restrict the freedom of individuals to profit from their productive activities and to create for themselves a prosperous life.

Promoting Economic Freedom. As U.S. policy makers consider reforms for America's foreign assistance program, they should heed the lessons of economic records of China, Germany, Korea each divided into a free market and socialist part.

The free market has proved superior by every economic measure. Market economies can best meet the basic human needs of their people. U.S. foreign aid thus should promote worldwide economic growth and prosperity, to the limited extent that it can, first and foremost by promoting economic freedom.

Stephen Moore
Grover M. Hermann Fellow in
Federal Budgetary Affairs

and

Julian L. Simon
Professor of Business Administration
University of Maryland

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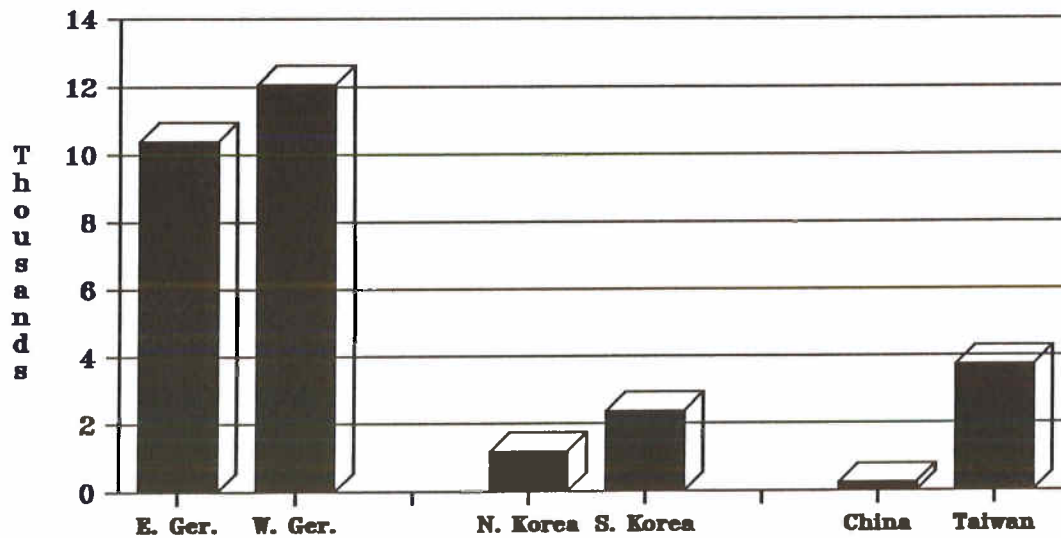
APPENDIX

Table 1
Per Capita Gross National Product in Current Dollars

| | East Germany | West Germany | North Korea | South Korea | Mainland China | Taiwan | USSR | USA |
|------|----------------|--------------|-------------|-------------|----------------|--------|-------|--------|
| 1960 | 1,200 | 1,301 | 140 | 156 | 65 | 221 | 1,100 | 2,818 |
| 1986 | 10,400 | 12,080 | 1,180 | 2,370 | 250 | 3,748 | 7,265 | 17,480 |
| | Czechoslovakia | Austria | Burma | Malaysia | Yugoslavia | Greece | | |
| 1960 | N.A. | N.A. | 60 | 215 | 300 | 429 | | |
| 1986 | 8,700 | 9,990 | 200 | 1,830 | 2,300 | 3,680 | | |

Source: World Bank, *World Development Report*, 1988.

Figure 1
Per Capita Gross National Product
1986



Source: World Bank, *World Development Report*, 1988.

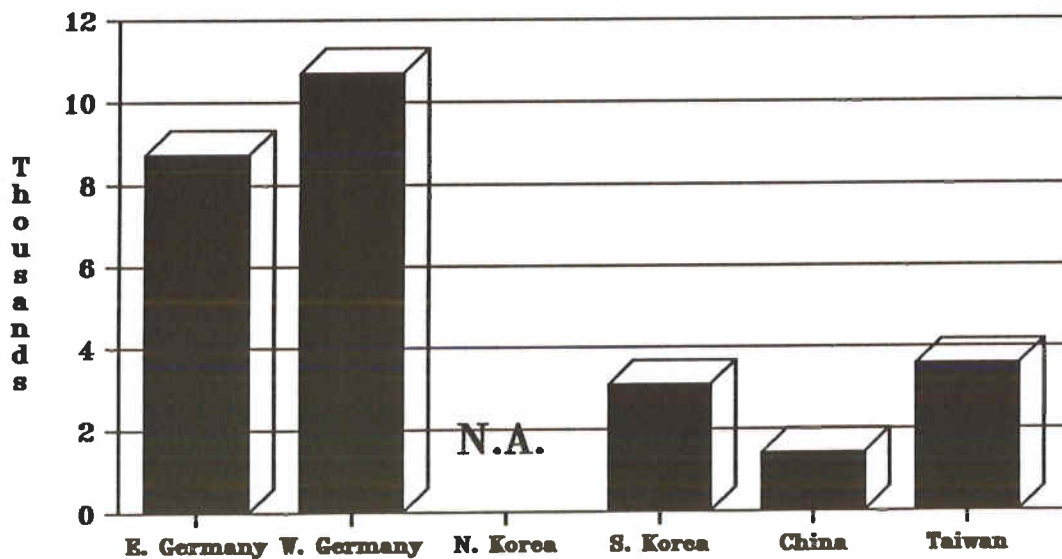
Table 2
Per Capita Gross Domestic Product
Using the Purchasing Power Parity Method*

| | East Germany | West Germany | North Korea | South Korea | Mainland China | Taiwan | USSR | USA |
|------|----------------|--------------|-------------|-------------|----------------|--------|-------|--------|
| 1965 | 5,016 | 6,203 | N.A. | 808 | 644 | 1,133 | 3,568 | 8,634 |
| 1985 | 8,736 | 10,712 | N.A. | 3,082 | 1,419 | 3,581 | 6,263 | 12,526 |
| | Czechoslovakia | Austria | Burma | Malaysia | Yugoslavia | Greece | | |
| 1965 | 4,913 | 4,680 | 399 | 1,314 | 2,262 | 2,134 | | |
| 1985 | 7,420 | 8,987 | 562 | 3,426 | 5,060 | 4,499 | | |

*The purchasing power parity method values countries' products in terms of actual local prices, rather than using currency exchange rates.

Source: U.S. Agency for International Development, Computer File, 1988.

Figure 2
Per Capita Gross Domestic Product*
Using the Purchasing Power Parity Method
1985



*1975 world prices.

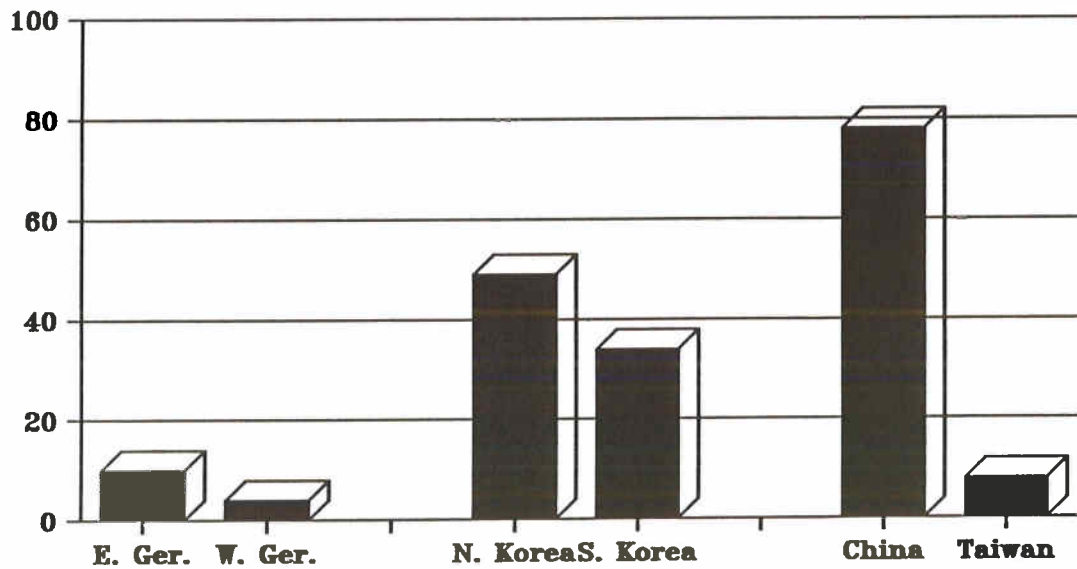
Heritage InfoChart

Table 3
Percent of Workers in Agriculture

| | East Germany | West Germany | North Korea | South Korea | Mainland China | Taiwan | USSR | USA |
|------|----------------|--------------|-------------|-------------|----------------|--------|------|-----|
| 1960 | 18 | 14 | 62 | 66 | 78 | N.A. | 42 | 7 |
| 1980 | 10 | 4 | 49 | 34 | 71 | 19 | 14 | 2 |
| | Czechoslovakia | Austria | Burma | Malaysia | Yugoslavia | Greece | | |
| 1960 | 26 | 24 | N.A. | 63 | 63 | 56 | | |
| 1980 | 11 | 9 | 67 | 50 | 29 | 37 | | |

Source: World Bank, *World Development Report*, 1988.

Figure 3
Percent of Workers in Agriculture
1980



Source: World Bank, 1988.

Heritage InfoChart

Table 4
Life Expectancy
(in years)

| | East Germany | West Germany | North Korea | South Korea | Mainland China | Taiwan | USSR | USA |
|------|-----------------------|---------------------|--------------------|--------------------|-----------------------|---------------|-------------|------------|
| 1960 | 70 | 70 | 55 | 55 | 50 | 65 | 69 | 70 |
| 1988 | 76 | 76 | 65 | 68 | 69 | 73 | 69 | 75 |
| | Czechoslovakia | Austria | Burma | Malaysia | Yugoslavia | Greece | | |
| 1960 | 70 | 69 | 45 | 56 | 70 | 65 | | |
| 1988 | 71 | 75 | 54 | 67 | 72 | 77 | | |

Source: U.S. Statistical Abstract, 1989; and CIA Handbook, 1988, for data on North and South Korea.

Table 5
Percent of 20 to 24-Year-Olds in Higher Education

| | East Germany | West Germany | North Korea | South Korea | Mainland China | Taiwan | USSR | USA |
|------|-----------------------|---------------------|--------------------|--------------------|-----------------------|---------------|-------------|------------|
| 1960 | 16 | 6 | N.A. | 5 | N.A. | N.A. | 11 | 13 |
| 1985 | 31 | 30 | N.A. | 32 | 2 | 13 | 21 | 57 |
| | Czechoslovakia | Austria | Burma | Malaysia | Yugoslavia | Greece | | |
| 1960 | 11 | 8 | 1 | 1 | 9 | 4 | | |
| 1985 | 16 | 27 | 5 | 6 | 20 | 21 | | |

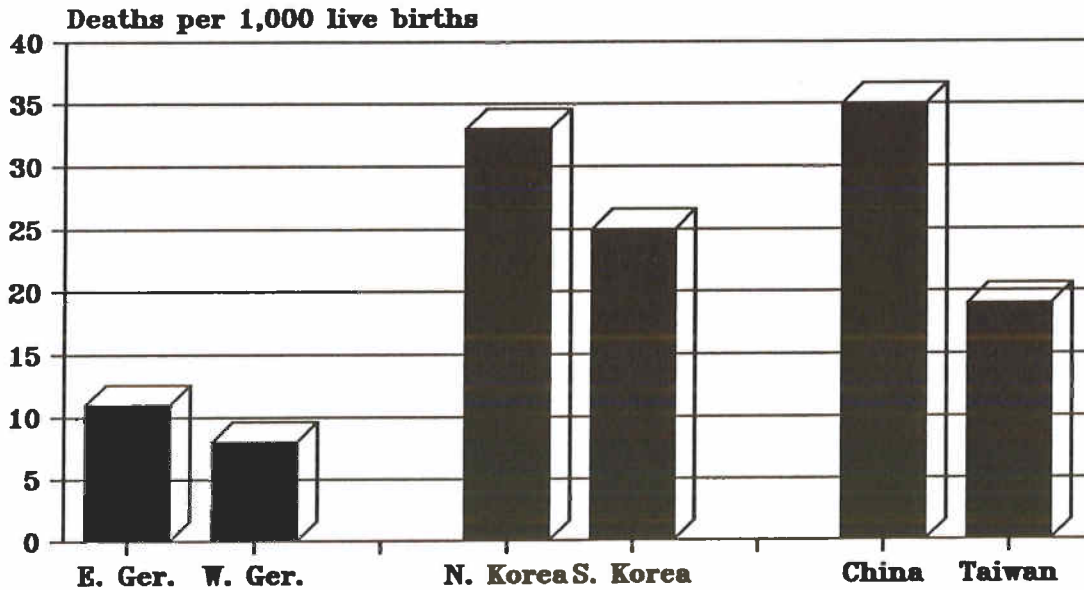
Source: World Bank, *World Development Report*, 1988.

Table 6
Infant Mortality Rate
Deaths per 1,000 live births

| | East Germany | West Germany | North Korea | South Korea | Mainland China | Taiwan | USSR | USA |
|--|-----------------------|----------------|--------------|-----------------|-------------------|---------------|------|-----|
| | 31 | 28 | N.A. | 70 | 121 | 32 | 32 | 26 |
| | 11 | 8 | 33 | 25 | 35 | 19 | 25 | 11 |
| | Czechoslovakia | Austria | Burma | Malaysia | Yugoslavia | Greece | | |
| | 24 | 32 | 150 | 63 | 92 | 40 | | |
| | 14 | 9 | 100 | 34 | 26 | 12 | | |

Source: U.S. Statistical Abstract, 1989.

Figure 4
Infant Mortality



Source: U.S. Statistical Abstract, 1988.

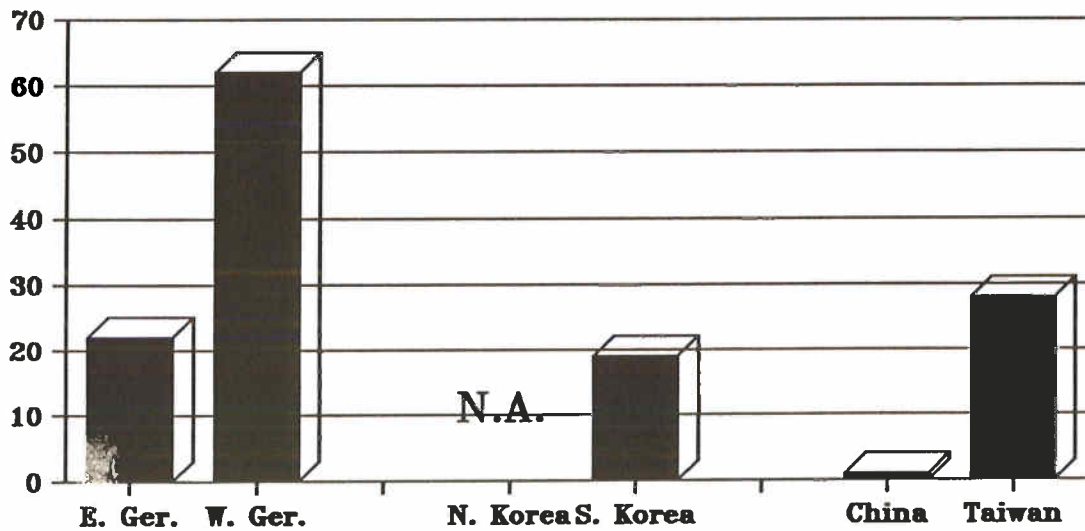
Heritage InfoChart

Table 7
Number of Telephones Per 100 Persons

| | East Germany | West Germany | North Korea | South Korea | Mainland China | Taiwan | USSR | USA |
|------|----------------|--------------|-------------|-------------|----------------|--------|------|-----|
| 1985 | 22 | 62 | N.A. | 19 | 1 | 28 | 10 | 76 |
| | Czechoslovakia | Austria | Burma | Malaysia | Yugoslavia | Greece | | |
| 1985 | 23 | 49 | 1 | 8 | 13 | 36 | | |

Source: U.S. Statistical Abstract, 1989.

Figure 5
Telephones Per 100 Persons
1985



Source: U.S. Statistical Abstract, 1989.

Heritage InfoChart

Table 8
Pages of Newspaper Print Per 1,000 Persons

| | East Germany | West Germany | North Korea | South Korea | Mainland China | Taiwan | USSR | USA |
|------|-----------------------|---------------------|--------------------|--------------------|-----------------------|---------------|-------------|------------|
| 1985 | 12,943 | 62,390 | 172 | 10,679 | 2,758 | N.A. | 5,530 | 11,540 |
| | Czechoslovakia | Austria | Burma | Malaysia | Yugoslavia | Greece | | |
| 1985 | 10,341 | 11,810 | 517 | 4,692 | 11,402 | 11,540 | | |

Source: U.N. Yearbook, 1988.

Table 9
Automobiles Per 100 Persons

| | East Germany | West Germany | North Korea | South Korea | Mainland China | Taiwan | USSR | USA |
|------|-----------------------|---------------------|--------------------|--------------------|-----------------------|---------------|-------------|------------|
| 1960 | 1 | 8 | N.A. | 1 | 0.01 | 0.1 | 1 | 34 |
| 1984 | 19 | 41 | 0.9 | 1 | 0.1 | 3 | 4 | 56 |
| | Czechoslovakia | Austria | Burma | Malaysia | Yugoslavia | Greece | | |
| 1960 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | | |
| 1984 | 18 | 33 | 0.2 | 9 | 13 | 16 | | |

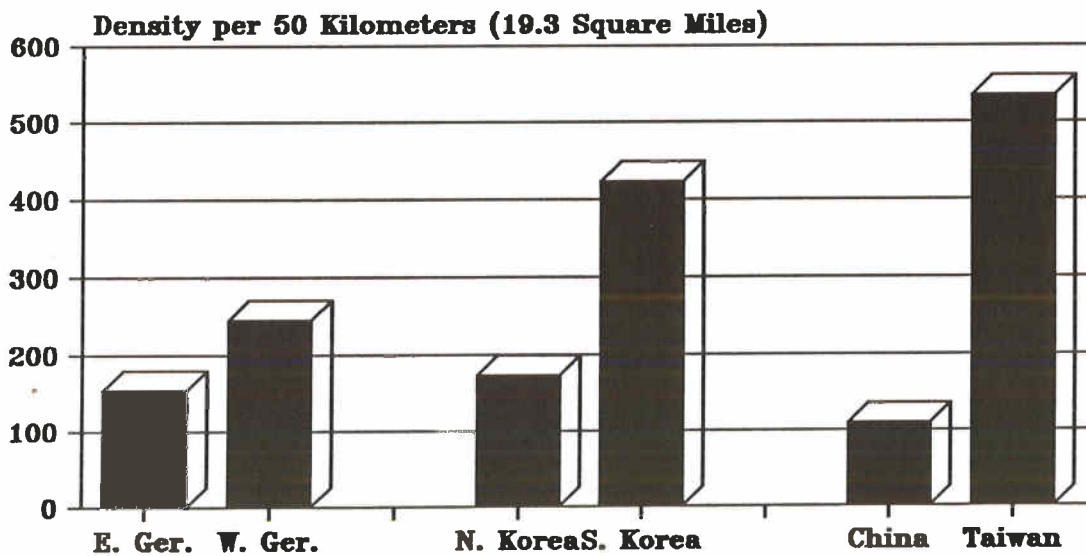
Source: U.S. Statistical Abstract, 1988.

Table 10
Population Density
Density per 50 Kilometers (19.3 Square Miles)

| | East Germany | West Germany | North Korea | South Korea | Mainland China | Taiwan | USSR | USA |
|--|-----------------------|---------------------|--------------------|--------------------|-----------------------|---------------|-------------|------------|
| | 175 | 200 | 75 | 210 | 56 | 22 | 8 | 17 |
| | 154 | 245 | 173 | 423 | 110 | 535 | 12 | 26 |
| | Czechoslovakia | Austria | Burma | Malaysia | Yugoslavia | Greece | | |
| | 97 | 84 | 28 | 16 | 64 | 58 | | |
| | 121 | 90 | 56 | 49 | 94 | 76 | | |

Source: World Bank, *World Development Report*, 1988.

Figure 6
Population Density
1986



Source: World Bank, 1988.

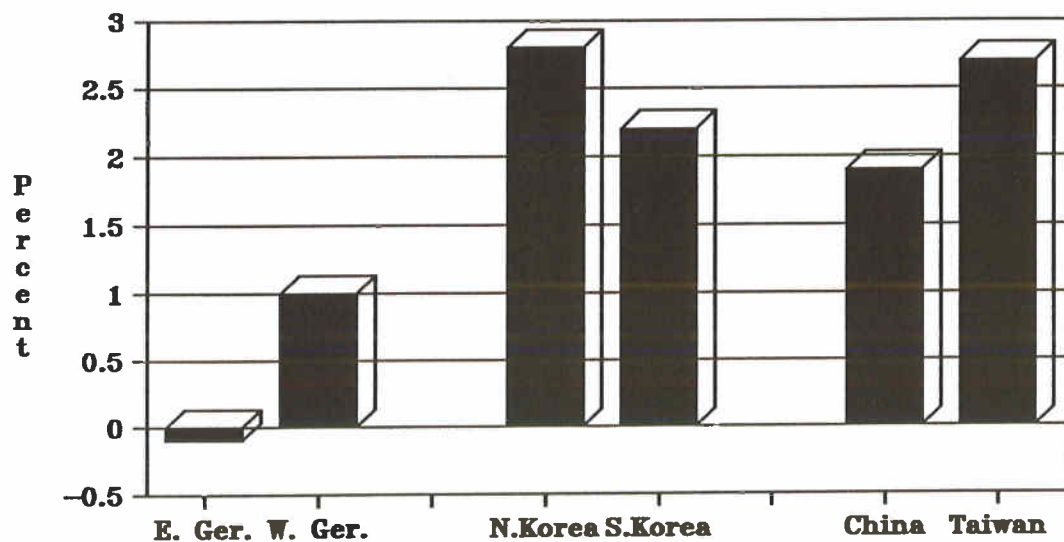
Heritage InfoChart

Table 11
Annual Population Growth Rate 1960-1980
(percent)

| | | | | | | | |
|-----------------------|---------------------|--------------------|--------------------|-------------------|---------------|-------------|------------|
| East Germany | West Germany | North Korea | South Korea | China | Taiwan | USSR | USA |
| -0.1 | 1.0 | 2.8 | 2.2 | 1.9 | 2.7 | 1.1 | 1.2 |
| Czechoslovakia | Austria | Burma | Malaysia | Yugoslavia | Greece | | |
| 0.6 | 0.3 | 2.3 | 2.6 | 1.0 | 0.7 | | |

Source: World Bank, *World Development Report*, 1988.

Figure 7
Annual Population Growth Rate
1960-1980



Source: World Bank, *World Development Report*, 1988.

Heritage InfoChart