

**STRUCTURE, TECHNICAL CHANGE AND GOVERNMENT INTERVENTION:
THE DEVELOPMENT OF THE INFORMATION
HARDWARE ELECTRONICS INDUSTRY IN TAIWAN**

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I. INTRODUCTION

Taiwan achieved rapid economic development over the past half century. Its GDP and per capita income grew in real terms by 44 and 16 times respectively: from US\$1.7 billion and US\$196 respectively in 1952 to US\$282 billion and US\$12,678 respectively in 2001. It was all the more remarkable, as the spectacular growth rates were achieved under conditions of low income inequality until 1980. In addition, unlike the Republic of Korea, which succumbed to the Asian financial meltdown, Taiwan's GDP declined by only 2% in 1998 and achieved positive growth in the years 1999-2000.

Taiwan's rapid economic growth was spearheaded by industrialization. Taiwan's manufacturing production, which accounted for 84% of industrial production in 1986, expanded by 130% (in real terms) over the period 1986-2002. The electronics industry grew in real terms by the largest margin, expanding by 410%. The share of the electronics and information industry in manufacturing production rose from 16% in 1986 to 37% in 2001, which accounted for about half of total exports of Taiwan in 2001. Taiwan has become the fourth largest information hardware producing country in the world since 2000.