

Precis Writing

Original Passage:

There are three broad categories into which one can classify public intervention programmes in developing countries. First, public ownership of economic assets is the central component of Marxian, socialist society. In such a context, the private sector is either non-existent or plays a marginal role. A second category of state intervention may be referred to as corporatist. The state operates ~~as~~ ^{as an} adjunct to private capital. Indeed, in many cases the state helps to create entrepreneurs by starting industries and then handing them over to private ownership. Successful corporatist strategies have been followed in South East Asian countries such as Taiwan and Korea. A model of such intervention is provided by Japan. In between these conceptually clear rationales for public intervention is a third ~~strategy~~ category. This refers to public intervention in the context of mixed economics where the role assigned to the private sector is ambiguous. This also implies a lack of coherence regarding the role of the public sector. Quite often public intervention is arbitrary and subject to random political pressures. This

apparent lack of a strategy creates uncertainty and confusion. State-owned enterprises become a device for political patronage and are used to pay political debts, or to accumulate power. The managers of these state enterprises are recruited on the basis of loyalty rather than ability. The inevitable consequence is the creation of an inefficient, corrupt public sector. Not only does this eventually lead to unnecessarily high budget deficits, but it also entails monetary financing of this deficit, which has adverse inflationary consequences. An escalation in inflation often harms most severely, those classes which the government was trying to help through public intervention.

(Total words: 274)

Title: Classification of Public Intervention Programmes in Developing Countries

Precis:

Public intervention programmes in developing countries are classified into three groups: public ownership of economic assets as a basic part of socialist society, corporatist and mixed economic in private sector. In socialist society, the private sector is negligible. In corporatist strategies, state help people to start their own businesses and take control of them. These strategies are followed in Taiwan and Korea while provided by Japan. In mixed economies, the role of private sector is unclear and public intervention depends on political pressure which causes uncertainty. The managers of state-owned enterprises are recruited on the basis of loyalty, used for political support and pay debts. The creation of corrupt public sector leads to high budget deficit which causes inflation and impacts those classes which governments is trying to help through public intervention.

(Precis words: 91).

Idea is ok. Mistakes identified.