

Chris Tapscott,  
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**The Democratic  
Developmental State:  
North-South Perspectives**

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Tor Halvorsen, Teresita Cruz-Del Rosario (Eds.)

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## Toward a Conceptualization of the Democratic Development State in Principle and Practice

Chris Tapscott, Tor Halvorsen, and Teresita Cruz-del Rosario

Ever since the American political scientist Chalmers Johnson first coined the term “developmental state” to describe the economic successes of a number of newly industrialized East Asian countries in the aftermath of World War II, the concept has attracted considerable attention from scholars and practitioners around the globe. Of particular interest was the fact that these states, which came to be known as the East Asian Tigers, not only achieved rapid economic growth but they also managed to redistribute wealth and alleviate widespread poverty. Of further interest was the fact that they appeared to have followed a trajectory of capitalist growth, which differed significantly from that of economically advanced countries in the West. Unlike western countries that relied, at least in theory, on the self-regulatory mechanisms of the market and envisioned a restricted role for the state, the East Asian developmental states explicitly sought to influence markets in order to control and direct the orientation and pace of economic growth. However, while the economic achievements of the Tigers are indisputable, the key determinants of their success have been hotly disputed as has been the potential replicability of the model elsewhere in the developing world.

The state-led model of economic growth adopted by such states as Japan, South Korea, Taiwan, Singapore, and others has since been extensively analyzed in the literature. This has focused on what were considered to be the defining, and unique, characteristics of the East Asian developmental states, which included a capable, but autonomous bureaucracy (Evans 1995); a developmentally oriented political leadership (Fritz and Menocal 2007); a close and symbiotic relationship between certain key or “focal” agencies and key industrial capitalists; and policy interventions that promoted rapid economic growth (Beeson 2004). Key to the success of the Tigers was, indisputably, the establishment of a strong and relatively insulated state bureaucracy, manifesting what Evans (1995) has referred to as “embedded autonomy.” Governed by strict meritocratic

principles, an elite group of bureaucratic decision-makers, working together with counterparts from the corporate sector, were the drivers of state-led capitalist development. Small but powerful focal agencies, such as the Ministry of International Trade and Industry in Japan and the Economic Development Board in Singapore, played a pivotal role in coordinating the affairs of the developmental state. In particular, they were instrumental in creating a stable and predictable business environment, in shielding investors from risks, and in guaranteeing long-term returns on their investments. The autonomy that these agencies enjoyed stemmed from the fact that they were insulated from external social pressures and enjoyed protection from the cut and thrust of political life. The public respect enjoyed by this bureaucratic elite enhanced their legitimacy and ensured that they remain embedded in, rather than isolated from, society. In all East Asian developmental states, strong political leadership with an unwavering commitment to the developmental vision, typified by Park Chung Hee and Lee Kuan Yew, the presidents of South Korea and Singapore, respectively, ensured that the bureaucracy had the full support of the executive.

The establishment of a symbiotic relationship between the state and the industrial sector was a further distinctive feature of the developmental state. This relationship involved both regulation and support. Thus, while industrialists were encouraged to ensure that their production goals were in line with the developmental objectives of the state, the state formulated policies and created an environment conducive to industrial growth, including the sponsorship of investment in strategic sectors.

Further explicators of the success of the East Asian developmental states included discussion on the extent to which historical, sociocultural, and geopolitical contexts had played a role in shaping growth paths in these states. These included the unprecedented support received from the West as a consequence of the Cold War (which crucially included preferential access to western markets), the location of the East Asian developmental states (which favorably positioned them on key trade routes), and the fact that as they had, in differing degrees, been ravaged by war and/or a colonial past, their populations were more accepting of a centralizing state. The fact that they were able to sustain such extensive state involvement for a prolonged period has been ascribed to a system of highly au-



thoritarian rule and intolerance of public dissent (trade unions, in particular, were disallowed). However, with the progression of time their political orientation is now seen to be largely incompatible with the ideals of a modern democratic state. Under these circumstances, it has been argued, why would states today wish to pursue a politico-administrative model so out of keeping with international norms and trends and so likely to provoke social and political unrest.

While Japan, South Korea, and Taiwan, and subsequently Singapore, became the poster models of the developmental state and the benchmark against which such states were measured, there has been significant variance in the factors that contributed to economic growth in the region. Despite a tendency in the literature to treat East Asian developmental states as somewhat homogenous, it is evident that their social, economic, political, and cultural contexts differed significantly. Thus China, a latecomer to the developmental club, followed a socialist route and decentralized power to a greater extent than most recognized developmental states, but nevertheless made use of the state to coordinate economic growth. China emerged as what has been termed a “socialist developmental state” during the Cold War era and during this period of relative isolation it embarked on a program of industrialization which was to lay the platform for its future economic growth. Of significance in this case has been the strategic role played by the Communist Party of China (CPC) in transforming the path of the Chinese economy as well as in reshaping its foreign relations with other developing countries. While the CPC is not, in a strict sense, a bureaucratic structure, it is the supreme organ of the Chinese state and it is responsible for the political and economic policies followed in the country. It is also the only political party and consequently enjoys relative autonomy and insulation from competitive politics, enabling it to formulate policy unfettered by political opposition. In that respect, the function of the CPC was similar to that of the “focal unit,” which was key to steering developmental part in the other East Asian states. It is evident, furthermore, that there has been considerable variance in the levels of economic growth achieved among developmental states, with those making up the rear of the so-called flying geese skein, such as Malaysia and Indonesia, unable to sustain their initial momentum.

As a consequence of the particular, and arguably unique, circumstances that gave rise to the East Asian developmental state, a number of

authors have asserted that the model should be considered *sui generis* and hence not replicable elsewhere in the world. However, irrespective of their position on the transferability of the model, there is a broad consensus that common to all these developmental states was the fact that they implemented a process of industrialization and followed what has been termed a “plan rational” approach wherein the state intervened in the market over a sustained period of time. It is this commitment to pursue a purposeful economic growth path, supported by a highly skilled and professional public service that has come to be seen as a defining characteristic of the developmental state.

Nevertheless, there has long been disagreement between those who attribute the economic growth of the Asian Tigers to a statist approach and neoliberals who, while recognizing the significance of the state’s involvement, asserted that this was due to their ability to “get the prices right” and hence to maximize the impact of market forces, rather than to a heavy-handed guidance of the economy. It is this element of the developmental approach, some have argued, rather than the contextual factors unique to East Asian states in the post-Second World War, postcolonial era which gives continued relevance to the model. The neoliberal position, however, lost traction following the market crash of the 1990s and was further weakened by the global financial meltdown of 2008, which precipitated extensive and unprecedented state intervention in the economies of most major western countries and which seriously called into question the self-regulating capacity of the market. In this context, there has been broadening support for the adoption of a more state-centered approach in many emerging economies and renewed interest in the idea of a developmental state, notwithstanding the fact that the appropriateness of the model for countries located outside of East Asia remains a contested topic.

### **The Need for Greater Conceptual Clarity**

Despite renewed attention to the concept, usage of the term “developmental state” outside of East Asia has been vague and ill-defined. While some scholars continue to assess the extent to which such states conform to a set of criteria derived from East Asia, others have argued that this is a meaningless exercise since the model, at least in its formative phases,