What ever happened to the East Asian Developmental State? The unfolding debate

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Abstract The Developmental State (DS) has been central to East Asia’s rapid economic development over the last three decades. This analysis reviews the origins of the concept of the DS, the broader theoretical battles that provide the context in which the concept has been used, and the conditions that facilitated the emergence of the DS itself. The way in which the changing events in East Asia have influenced analyses of the DS will also be addressed with special attention paid to the onset of globalization, the end of the Cold War, and the impact of the Asian financial crisis. Finally, an assessment is undertaken of analyses of the DS that have appeared in the pages of The Pacific Review over the last twenty years.

Keywords Developmental state; East Asia; Cold War; globalization; industrialization.

The ‘Developmental State’ (DS) has been pivotal to analyses of the economic success of East Asia’s ‘miracle’ economies since the early 1980s. As a result it has been the topic of considerable debate. How this debate has unfolded is the subject of this analysis. The overview will take place in four parts. First, the origins of the DS and the broader theoretical battles in which the concept has been deployed will be discussed. Second, the various definitions of the DS, its main characteristics and the conditions that facilitated its rise will be outlined and assessed. Third, the way in which the changing events in...
East Asia have influenced analyses of the DS will be addressed with special attention paid to the onset of globalization, the end of the Cold War, and the impact of the Asian financial crisis. Finally, a review is undertaken of analyses of the DS that have appeared in the pages of *The Pacific Review (TPR)*.

**Origins of the concept**

The concept of the DS was first set out in detail by Chalmers Johnson in his 1982 book *MITI and the Japanese Miracle*. He described the essential features of the DS as first, ‘the existence of a small, inexpensive, but elite state bureaucracy staffed by the best managerial talent available’; second, ‘a political system in which the bureaucracy is given sufficient scope to take initiative and operate effectively’; third, ‘the perfection of market-conforming methods of state intervention in the economy’; and fourth, ‘a pilot organization like MITI’ that controls industrial policy through its influence over planning, the energy sector, domestic production, international trade, finance and government funds (Johnson 1982: 314–20 *passim*). The key was that the DS, which was committed to private property and the market, intervened in the economy to guide and promote economic development. In a series of publications during the 1980s, others took up this line of argument using South Korea, Taiwan and Singapore as their case studies (Deyo 1987; Gold 1986; Haggard and Moon 1983; Koo 1984; Lim 1983; Rodan 1989; Whang 1987).

Analyses of the DS reached something of a climax in the late 1980s and early 1990s. In 1989 Alice Amsden published a detailed analysis of South Korea’s ‘late industrialization’. She emphasized the extent to which it was the state rather than the market that directed capital into particular industrial sectors and selected groups of companies, while at the same time it imposed strict performance criteria to ensure that resources were used efficiently. In the same year Garry Rodan published a book on the role of the state in Singapore’s industrialization. He emphasized the way in which the state had engineered Singapore’s ‘Second Industrial Revolution’ in the late 1970s and the promotion of the service sector following the recession of 1985–86.

In 1990 and 1991 three other influential books appeared. Robert Wade published an exhaustive analysis of Taiwan’s extraordinary rate of economic growth (Wade 1990). Among other points, Wade noted the importance of capital accumulation and the high levels of investment in particular industries which resulted from government manipulation of the credit system and which gave a few key industries and companies a comparative advantage when they moved into the very competitive international marketplace. Wade also argued that in economies like that in Taiwan market failure was likely on a number of fronts and that the state, therefore, needed to step in and ‘govern the market’. In the same year Stephan Haggard (1990) produced an analysis that examined the internal political dynamics that allowed Hong Kong, Singapore, South Korea and Taiwan to move from an import-substitution strategy to an export-oriented industrializing strategy and then
combined elements of the market with strong state guidance to implement their industrial policies. And in 1991 Jung-en Woo’s book on the way in which the South Korean DS used its financial power to drive industrialization and rapid economic growth was published. It served to underscore the vital role that the DS was playing in the East Asian region’s amazing economic success (see also the review by Onis 1991).

But the emphasis on the state and its role in East Asia’s remarkable economic rise also needs to be placed in the context of two broader interconnected debates that were taking place in the social sciences. First was the debate surrounding prescriptions for ‘Third World development’. Much of the early work on East Asia’s economic success was undertaken in country studies commissioned by the US-based National Bureau of Economic Research under the direction of J. N. Bhagwati and A. O. Krueger (e.g. Bhagwati 1978; Krueger 1978) which were part of a wider, continuing attack by neo-classical economists, especially development economists, on the import-substitution industrialization (ISI) approach to economic development (e.g. Prebisch 1959). The neo-classical economists also wanted to counter the critique of development advanced by ‘dependency school’ theorists, such as André Gunder Frank, who championed the notion of the ‘development of under-development’ which was gaining popular appeal, especially in Europe and parts of the Third World (see the discussion in Higgott 1983: 47–52).

By the end of the 1970s and into the early 1980s the neo-classical economists, led by the World Bank’s Bela Balassa, were publishing a steady stream of analyses which used the success of countries like South Korea and Taiwan to press their case for greater adherence to market-oriented development policies and, more generally, for the rapid liberalization of developing economies (e.g. Balassa 1980, 1981; Hughes 1980; Little 1982). In these studies the private sector and free trade were argued to be the engines of rapid economic growth (Islam 1992). This interpretation of the economic success of South Korea, Taiwan, Hong Kong and Singapore continued to be favoured by Western-trained economists through the 1980s and 1990s. The general consensus among neo-classical scholars and practitioners was, as James Riedel has put it, ‘that neo-classical economic principles are alive and well and working particularly effectively in the East Asian countries’ (Riedel 1988: 38).

Johnson’s *MITI and the Japanese Miracle* book quickly became caught up in this debate although he came to recognize that his ‘book was an ideological red flag to the bull of Anglo-American cold war orthodoxy about economic correctness’ only well after it was published (Johnson 1999: 34). However, a number of authors of case studies that appeared in the late 1980s and early 1990s did explicitly counter the arguments of the neo-classical economists, although they did so from rather different perspectives. Some emphasized the market-conforming nature of the DSs’ interventionist policies. Johnson (1982), for example, was generally in this group, as were the noted economists Seiji Naya and Pearl Imada, who, writing in *TPR* (1990: 302), argued that
‘while governments intervene strongly’ they ‘followed economic principles, maintained a relatively open economic environment, and “got prices right” so that they could be competitive in a world market.’ Others took a different tack. For example, Amsden (1989: 139) famously argued that one of the keys to South Korea’s economic success was that not only had ‘Korea not gotten relative prices right’, as the economists insisted was necessary, but had ‘deliberately gotten them “wrong”’ (see also Wade 1990, 1992). The market versus state debate was further fuelled by the publication of a World Bank (1993) research report. The report appeared to support a market-friendly neo-classical economic position but much of the data in the report, as well as some throw-away lines, provided ample evidence for those who argued that it was the DS that was responsible for East Asia’s remarkable economic success (Amsden 1994; Kwon 1994).

The second debate that was taking place in the social sciences and which had an impact on the emergence of the DS concept was the idea of ‘Bringing the State Back In’ (Evans et al. 1985; Krasner 1984; Skocpol 1985). A reconsideration of the role of the state in social science analyses was prompted by a growing interest among social scientists in how to evaluate the state, and especially its relations to the broader society. This interest resulted in the establishment of the US-based 1982–83 Social Science Research Council Committee on States and Social Structures which brought together scholars from different disciplines in a coordinated examination of the topic (Berger 2004: 198). Interestingly, scholars such as Alice Amsden and Peter B. Evans, who were later to contribute to the debate about the role of the state in East Asia, were contributors to the book that came out of the Committee’s work (Evans et al. 1985; see also Amsden 1989, 1994; Evans 1992, 1995).

However, for the purposes of this review of the impact of the ‘State Back In’ debate on the evolution of the concept of the DS, two analyses of state–society relations are of particular relevance. First, Joel S. Migdal’s 1988 book Strong Societies and Weak States was especially helpful in addressing the question: why, while most newly independent Third World countries had weak states and strong societies, did the successful economies of East Asia, as most analysts agree, have strong states and weak societies? Migdal’s analysis sets out what he sees as the four conditions which produce strong states: first, ‘a world historical moment in which exogenous political forces favour concentrated social control’; second, ‘the existence of a serious military threat from outside or from other communal groups inside the country’; third, ‘the existence of a social grouping with people sufficiently independent of existing bases of social control and skilful enough to execute the grand designs of state leaders’; and, finally, ‘skilful top leadership must be present to take advantage of the conditions to build a strong state’ (1988: 271–5).

The second general analysis of state–society relations that is of relevance to this review of the DS is Charles Tilly’s 1992 book Coercion, Capital, and European States, AD 990–1992. Tilly, in expanding on his aphorism that ‘war makes states’ (1985: 170), emphasizes that over the many centuries
of European state development the interaction of coercion and capital in state making is crucial. In particular, the origins of the resources used by the state in preparing for war or actually conducting war, and how they are mobilized, have an impact on the state’s development. Indeed, it is clear from Tilly’s analysis that strong states cannot emerge unless sufficient resources, in the form of money, skilled manpower, and organizational and technical knowledge, are available. This point is supported by Johnson (1989: 5–6), who states that

> even the society perfectly organized for development must still find, squeeze out, or borrow funds that it can invest in more productive facilities. The ultimate need of the developing society is capital, that is wealth in whatever form that is not consumed but used to produce more wealth.

This excursion into aspects of the sociology of knowledge surrounding the emergence of the DS as a major feature of analyses of East Asia’s political economy is important in that it provides an explanation as to why it is so difficult to pin down a definition of the term. Different authors define the DS in different ways, often because they are employing it as part of a broader continuing debate. Similarly, the swirl of various competing trends in social science analyses meant that no clear consensus emerged as to the main characteristics of the DS.

**Definitions, characteristics and facilitating conditions**

Intriguingly, many discussions of the DS fail to provide a definition of the key concept (e.g. Pang 2000). For those authors who do define the DS the definitions vary considerably. Moreover, in many cases scholars who use the concept simply lay out what they see as its main characteristics rather than simply defining it. Mark Beeson (2007: 141) points out that in some respects the ‘DS’ has become ‘a generic term to describe governments that try to actively “intervene” in economic processes and direct the course of development rather than relying on market forces’. Similarly, Linda Weiss (2000: 23) has noted that ‘the term “DS” is so loosely applied that it has become virtually synonymous with “the state in East Asia”’. However, most authors who use the term in connection with the political economy of East Asia since the Second World War allude to three key ingredients, either emphasizing one or stressing some combination. One ingredient is essentially institutional. According to this view, crucial to the DS is a cohesive set of institutions with a relatively autonomous capacity to implement a planned strategy for capitalist economic growth. Johnson’s (1982: 314–20) original exposition of the DS is primarily, although not of course exclusively, institutionalist. A second ingredient is the relational aspects of the DS. Hence, for example, Meredith Woo-Cumings (1999: 1) writes of the DS as ‘a shorthand
for the seamless web of political, bureaucratic, and moneyed influences that structure economic life in capitalist Northeast Asia.’ Finally, some definitions emphasize the ideational aspects of the DS with particular attention being paid to nationalism, (neo-)mercantilism, economic transformation, rapid industrialization, performance legitimacy or some amalgam of a number of these ideas. For example, Castells (1992: 56–7) argues that a ‘state is developmental when it establishes as its principle of legitimacy its ability to promote and sustain development’.

Those who list the characteristics of the DS tend to allude to the institutional, relational and ideational aspects of the concept. For example, Weiss (2000: 23) lists three criteria for distinguishing the DS during its high-growth period: transformative priorities, such as ‘enhancing the productive power of the nation’; organizational arrangements, ‘such as a relatively insulated pilot agency’ and ‘elite bureaucracy’; and institutional linkages with organized economic actors, which emphasize cooperation and which are key to policy development and implementation. For his part Adrian Leftwich (1995: 405) argues that six major components define the DS model: a determined developmental elite; the relative autonomy of a powerful, competent and insulated bureaucracy; a weak and subordinated civil society; the effective management of non-state economic interests; and performance-based legitimacy. In a similar vein, Phil Deans (2000) refers to the blurring of the public–private distinction, the importance of a state ideology, developmental legitimacy, plan rationality, an autonomous economic technocracy, and a favourable international context. There is clearly some overlap here but also each author tends to add an extra dimension or two which limits any attempts to find a common set of characteristics for the DS.

As Deans’ list suggests, the characteristics of the DS often get intertwined with the conditions that facilitate its emergence. However, these conditions are essential to an understanding of the concept of the DS. Importantly, Chalmers Johnson (1989: 4), in an article on South Korea, suggests four key elements that are necessary for the rise of the DS. In order – and he notes that the order is important – they are ‘(1) a receptive social environment; (2) determined leadership; (3) technical competence; and (4) money (i.e., capital).’ Building on Johnson’s proposal, a set of four conditions can be identified as crucial to the formation of a DS in East Asia. Two conditions are tied to internal domestic factors. First, state–society relations are critical. A weak society which is unable to offer any concerted resistance to the rise of a relatively strong state is important. In the case of the East Asian states the events of the Second World War and its immediate aftermath generally dislocated the region’s communities and severely weakened the economic and political networks that had dominated regional societies. A weak society makes it much easier for a strong state to develop not only a talented autonomous bureaucracy capable of planning and implementing an industrialization strategy but also an effective coercive institutional capacity that is able to maintain domestic social order and provide
any necessary territorial defence. Second, there is a need for a set of ideas circulating within the society or region that promotes the concept of the DS and can be picked up and acted on by ‘determined’ political leaders (Fallows 1994).

The other two conditions are concerned with the regional and international environment. First, the international and regional security environments invariably provide an impetus for the development of a DS. For East Asia the threat from Asian communism and the general context provided by the Cold War was a key factor in the rise of the region’s DSs (Woo-Cumings 1998; Zhu 2002, 2003). Certainly, the general public in the DSs of East Asia were willing to cede authority to a centralized state in order to repel the external threat. Moreover, the dominant player in the region, the United States, actively promoted strong states as bulwarks against the spread of Asian communism (Cumings 1984). Second, the international and regional economic environment was conducive to the formation of DSs in East Asia. Most importantly, the United States was willing both to flood the region with capital, mostly in the form of military and economic aid, and open up its rapidly expanding domestic markets to manufactured goods from its East Asian allies. The United States was also able to pay the inflated prices for the raw materials and industrial products that were needed to fight the wars in Korea and Vietnam. This proved to be a major factor in the emergence of DSs in Japan, South Korea and Taiwan as well as in the Southeast Asian countries of Singapore, Malaysia and Thailand (Harland 1993: 11, 14; Stubbs 2005).

The question of the conditions that facilitate the emergence of the DS raises two other issues that need to be addressed. The first question concerns which countries may be said to have had DSs. Clearly, Japan, South Korea and Taiwan are consensus candidates (see, for example, Pempel 1999), with many analysts also including Singapore and Hong Kong (e.g. Johnson 1999: 40). The main area of disagreement is in categorizing the non-communist Southeast Asian states other than Singapore – i.e. Indonesia, Malaysia, the Philippines and Thailand (ASEAN-4). Unfortunately, some analysts want to generalize across the ASEAN-4 and exclude them from any consideration as DSs (Doner and Hawes 1995). Intriguingly, this willingness to dismiss the ASEAN-4 as DSs is most noticeable among those analysts who specialize in Indonesia (e.g. Booth 2001; MacIntyre 1994: 6), while those who specialize in Malaysia are more sympathetic to the idea of including them among the ranks of the DS (e.g. Jomo 1997, 2001). One reason for considering Thailand, Malaysia and Singapore DSs is that they all had strong state administrations which intervened in their respective economies to promote various strategies of industrialization in the late 1960s and into the 1970s (Chan 1975; Esman 1972; Nuechterlein 1967; Riggs 1966; Stubbs 2005).

Other scholars see the reach of the DS a little differently. For his part, Chalmers Johnson (1998: 653–4) dismisses the idea that Thailand, Indonesia and Malaysia can be classified as DSs but inexplicably suggests that the Philippines will become one given the departure of the Americans. He agrees
with Linda Weiss (1998) that there is a difference between the ‘transformative states’ of Northeast Asia and what he calls the ‘pilotless states’ of Southeast Asia. This is a distinction that ignores the piloting role that could be said to have been performed by, for example, the Economic Planning Unit in Malaysia and the Economic Development Board in Singapore (Stubbs 2005). In another analysis, Rhodes and Higgott (2000b) take a middle position, labelling Malaysia a ‘semi-DS’. The main point for the purposes of this review, however, is that the different definitions of the DS and the different assumptions about the applicability of the concept across various states underscores the problems of assessing the extent to which the DS is still a relevant approach to understanding the political economy of East Asia.

A second issue which needs to be addressed is the one of motivation. Why was it that a number of East Asian leaders chose ‘developmental’, export-oriented, growth-promoting policies while others around the world did not (Haggard 1994: 273)? Johnson (1989: 6) argues that the states usually undertake programmes of intentional economic development for non-economic motives such as national security, political ideology, or overcoming colonialism. Some analysts see culture, and particularly Chinese culture and the Confucianism ethic, as central to solving the motivational conundrum. William McCord (1989: 209–11), for example, pays considerable attention to this animating factor in East Asia’s economic success (see also Harland 1993:10, 13; Lingle 1996: 390–1). Haggard (2004: 70–1) takes a different approach and puts forward four possible explanations: the spread of ideas throughout the region, mostly emanating from Japan, about how to approach development; international pressure, including concerns about security, which pushed elites to adopt similar sets of economic policies; elites’ interest in adopting economic growth promotion because they themselves benefited from this policy; and developmental policies that were a combination of a weak or non-existent labour movement and a particular set of state–business relationships.

Some analysts have attempted to combine some of these points. For example, Doner et al. (2005) speculate that developmental institutions and policies in East Asia are the result of industrial upgrading that elites entered into in order to generate the resources so as to ‘deliver side payments to restive popular sectors under conditions of extreme geopolitical insecurity and severe resource constraints.’ However, their argument, as with so many attempts to shoehorn the DS into a specific theoretical model, neglects what actually happened on the ground and is consequently seriously flawed. The key point is that the DSs did not face resource constraints but were the recipients of massive amounts of US military and economic aid or benefited from spikes in the prices of key commodities, as in Singapore and Malaysia (Stubbs 2005). It was this very inflow of capital that provided the resources needed to put in place the institutional infrastructure for the DS. Hence, not all attempts to combine a number of factors in deducing motivation for stressing rapid industrialization are successful.
 Nonetheless, it is important to keep in mind that a mix of the motivational factors, as suggested by Haggard (2004: 70–1), can be helpful in understanding how East Asia’s industrialization-promoting DSs came about. Neo-mercantilist ideas were clearly important, as was the rising tide of nationalism which is invariably a consequence of war or the threat of war. The external and internal threat from communism also drove governments and their leaders to push for rapid economic growth as a means of making their societies strong, more stable and more independent (Zhu 2002: 18–20). And it was around the hegemonic project of warding off the threat of communism and strength through economic development that leaders could rally the support of relatively weak societal interests (Pempel 1999: 160). To some extent, then, the threat of communism and the need to rapidly develop the economy imposed on the leaders of the DS a measure of discipline because failure in either case was widely believed to invite catastrophe.

Overall, then, a number of conclusions can be drawn from this overview of how the DS as a concept has been interpreted. First, there is no consensus around a particular definition, set of characteristics, or facilitative conditions which can be applied to the DS. Second, in the main, the concept is most often employed as part of a larger theoretical debate around the role of the state in economic development and, therefore, uses of the term have to be approached with some caution. This certainly applies to the many analyses of the perpetuation, death or transformation of the DS that have appeared in the literature over the past twenty years or so. Third, despite all its problems, the concept of the DS remains an important feature of analysis of the political economy of East Asia. Whatever analysts think of it there can be no doubt that it is still crucial to understanding the evolution of East Asia’s economies.

The evolution of the DS

For many analysts the DS is the product of a particular period in history. Chalmers Johnson (1982, 1999: 33), for example, sees that period for Japan as 1925 to 1975. For most analysts the key period for the DS in East Asia generally is thought to be roughly from the late 1950s through to the early 1980s. By the early 1990s the crucial facilitating conditions were changing. Most often emphasized is the fact that globalization was starting to take hold and that domestic political economies were maturing. A point that is significant, but not always noted, is that the Cold War started to wind down, although in East Asia, of course, it did not totally disappear (for exceptions to this see Johnson 1998: 660; Rhodes and Higgott 2000b: 4). However, against these forces for change can be arrayed a number of factors which tended to promote the continuity of the DS. Most importantly, ideas and institutions have a ‘stickiness’ or resilience, usually referred to as ‘path dependency’, that ensures that they continue to be influential in terms of policy making even after the circumstances that elevated them to prominence have changed. The ideas and institutions that were associated with the period of the emergence
of the DS became highly entrenched because they were associated with
the transformation of the economy from poverty and social dislocation to a
measure of prosperity few had dreamed could be attained.

The external facilitating conditions began to change markedly during the
1980s. The Cold War became less of a dominant factor in global affairs as
the forces of globalization took over. These changes to the global security
and political economy environments had profound implications for the do-
mestic political economies of the DSs. First, while the threat from Asian
communism was not altogether extinguished, the winding down of the Cold
War reduced the fear of communism. As a result, nationalism began to wane
somewhat and the legitimacy of the state’s centralized authority, which was
built around mobilizing resources to ward off the threat from communism,
was undermined. Certainly, there was a lessening of the social unity that the
threat from communism had created within the prosperous economies of
East Asia. Moreover, societies tended to fragment as the anti-communist
hegemonic project became less relevant as a rallying cry for collective ac-
tion and economic cooperation. Similarly, the perception that the exter-
nal threat was diminishing tended to undermine the rationale that govern-
ments used in order to intervene to regulate and direct their economies and
societies.

Second, with the end of the Cold War the United States no longer felt
obliged to favour ‘concentrated social control’, as Migdal (1988: 272) puts it,
within the societies of East Asia. In other words, the United States started to
put considerable pressure on its allies to move down the road to democrati-
ization and greater respect for individual human rights. Just as importantly,
the end of the Cold War meant that the United States no longer felt it could
ignore the neo-mercantilist protectionist economic policies of its regional al-
lies. The US government commenced a campaign to liberalize the economies
of East Asia. Using its own levers of persuasion as well as its institutional
muscle within the IMF, the World Bank and the OECD, the United States be-
gan to put considerable pressure on the governments of Japan, South Korea,
Taiwan and Thailand to liberalize all facets of their economy, especially the
financial sectors. In good part this meant that Washington actively promoted
deregulation and privatization within the DSs of East Asia.

Third, the fallout from the end of the Cold War tended to undermine the
independence of the bureaucracy and in some instances reduce its profes-
sionalism and skill levels. As democratization took hold in places like South
Korea and Taiwan so politicians found it difficult to gain a consensus and
to provide bureaucrats with the political space to develop and implement
policies independent of emerging political interest groups. The result was
that bureaucracies around the region were not always able to develop the
coherent set of policies they had fashioned and followed during the Cold
War. Moreover, as the expressions of nationalism and the priority given to
security during the Cold War era ended so the appeal of a career in the bu-
reaucracy also began to fade. In addition, corrupt practices began to become
more of a problem in some bureaucracies of the region as the unifying goal of repelling the immediate threat from communism was lifted by the end of the Cold War. Moreover, new ideas about the best economic policies to pursue were brought into regional governments by technocrats trained overseas, especially economists who were educated in US or British universities. These neo-liberal ideas, often associated with globalization, contradicted the state interventionist ideas of the DS. Overall, then, the collapse of the Cold War and the onset of globalization tended to transform parts of the once powerful bureaucracies of East Asia.

Fourth, with the end of the Cold War the all-embracing hegemonic project of facing down the communist threat began to crumble. As a result, mobilizing a population around a common goal was much more difficult. Moreover, with globalization came the spread of ideas, such as democratization. When combined with the major social changes that were taking place to domestic social groupings and their relationships to government (see, for example, Robison and Goodman 1992), these ideas challenged the authoritarian and semi-authoritarian nature of some of the DSs. And, of course, with democratization came competition for public attention as well as lively debates about the best set of economic and social policies to be followed. Also, with democratization came a greater turnover in political leadership in a number of countries. For example, in South Korea, Roh Tae Woo won the December 1987 presidential election to become the first civilian president. He was followed at regular intervals by Kim Young Sam (1993–98), Kim Dae Jung (1998–2003), Roh Moo-hyun (2003–04, 2004–08) and the current incumbent, Lee Myung-bak. Thailand experienced much the same revolving door for prime ministers with Chuan Leekpai coming to power in 1992 and eight different politicians holding power since then. There were obviously major benefits from the process of democratization that came with the ending of the Cold War; however, political liberalization also had a significant impact on the role of the state in managing some of the key political economies of the region. The continuity of leadership that had characterized the East Asian DS in its prime and produced consistent policies was lost.

Fifth, the end of the Cold War brought an end to the massive military and economic aid that had helped to promote strong states in key East Asian countries. This aid had, of course, been channelled through the state and had therefore given governments a tremendous advantage when dealing with the major societal players in their respective economies. Moreover, the downgrading of the threat from Asian communism reduced the need to maintain the massive military and police forces that had been found around East Asia up until the late 1980s. Indeed, in places such as South Korea, Taiwan and Thailand the military were slowly forced to withdraw from their long-standing role at the centre of their country’s politics. Certainly, the military became much less influential in all aspect of society. In some cases the beginnings of a civil society began to emerge. The previously all-powerful states were markedly weakened.
Finally, the shift from a Cold War environment to a globalization environment changed the way capital entered the DSs. Dwindling amounts of aid were replaced by a flood of foreign direct investment (FDI) as multinational corporations sought to restructure their export manufacturing to take advantage of the increasingly highly productive, low-cost export production platforms in the East Asian economies. The major consequence of this development was that key industrial sectors grew and prospered and the balance of political power shifted with the state no longer the automatic director of the economy through its control over the distribution of capital. Of course, this trend was accentuated with the liberalization of the financial sectors around East Asia that occurred in the late 1980s and into the 1990s and the transfer into a number of DSs of short-term loans, or ‘hot money’, as investors from around the world looked to exploit the region’s high growth rates. As a result, the political economy, and most importantly the domestic political balance, within East Asia’s DSs began to change, in some cases quite markedly.

Just as the external environment was changing and reshaping the internal political economy of the DSs so major shifts in the domestic economies were, similarly, building up pressures for change. The success of the DSs in promoting rapid economic growth meant that the weak society that had allowed for the rise of the strong states was noticeably strengthened. As the economy grew so, of course, businesses of all sizes expanded. Major corporations, in particular, developed increased economic and political leverage. As a result the state’s relationship to business could not remain as it was in the early days of the DS. The economy, some argued, had become too complex to be run so comprehensively and directly by the state (Cheng and Lin 1999). Moreover, the state could no longer be an effective intermediary with a rapidly globalizing world market economy. The balance in the relationship between the state and the economy had to change in order for the economy to continue to prosper. In addition, an increasingly educated and rapidly expanding middle class also strengthened the role of societal forces and slowly reoriented the political relationship between the state and society. The introduction of elections was but one manifestation of the changing balance of power.

Yet, despite these changes, the DS has proved to be particularly durable. This ‘stickiness’ is the result of a number of factors. First, the neo-mercantilist ideas that underpinned the DS and its policies became deeply embedded in the formal institutions and informal practices of government. They continue to have their adherents in key locations in the bureaucracy and in many firms and quasi-governmental institutions that have benefited from the state’s interventionist policies. Second, the DS became central to the political economy of many East Asian countries because, compared to the immediate post-Second World War years, it produced widespread prosperity, social stability and security against external attack. The overall result was a virtuous circle of economic development. Third, while the period during which the
DS was incontestably dominant varied from country to country, depending on its location in relation to the Korean and Vietnam Wars (Stubbs 2005), it generally lasted for around twenty-five years or so. This was enough time for a set of institutions and relationships that buttressed the DS to be formed and themselves to become entrenched. It was more than simply a set of key institutions and policies that were put in place under the label of the DS; a whole system of social, political and economic institutions became embedded in the life of specific countries. Certainly, increased prosperity underscored the legitimacy of the DS and its policies. And with their success and the widespread support that DSs and their policies received came increased pressure to continue the trajectory they had set to further rapid economic growth. One interesting way of looking at this process was, as Weiss (1995) has argued, to acknowledge that the strong state now had to deal with a strong industry but to also note that the two need not necessarily be seen as antagonistic; rather, that the capacities of both were generally enhanced.

**TPR’s contribution**

Obviously, from the many citations to *TPR* articles in the discussion of the DS up to this point, the journal has played an important role in the debate about the rise and current fate of the DS. Certainly, the contributors to *TPR* have approached the question of how to assess the origins and evolution of the DS from nearly every angle. In that sense *TPR* is no different from many other journals. However, there are a number of advantages that *TPR* appears to have enjoyed which have given readers a better understanding of how the DS has fared over the last twenty years. First, because the focus of *TPR* has been the Asia Pacific/East Asia, and is generally considered an ‘area’ journal, it has been more empirically based than most economics journals or comparative politics or international relations journals. This is not to argue that theory has been avoided. Rather, the point is that articles in *TPR* have tended to be more concerned with what has actually happened to the DS on the ground and less interested in using the East Asian DS as a pawn in the theoretical battles that have so preoccupied social scientists.

Second, *TPR* has been a home for those analyses that make use of an ideational or an institutional approach to analysing the DS as well as other topics. The willingness of those who take an ideational approach to East Asian security and regional political economy issues to submit papers to *TPR* appears to come out of Richard Higgott’s obvious interest and expertise in this line of enquiry. His editorship of the special issue (1994) on ‘Ideas, Identity, and Policy Coordination in the Asia-Pacific’, followed almost immediately by his taking over as Editor with the January issue of 1995, meant that *TPR* was seen as an obvious place to send articles which used an ideational approach. Similarly, Higgott’s background in public policy and international relations appeared to suggest that an institutionalist approach might also be appreciated by *TPR*. 
It should also be noted that despite the fact that from its inception *TPR* was a journal that published articles on both security and international political economy issues, it did not really attract articles that acknowledged the mix of security and economic factors that were crucial to the genesis and evolution of the DS. There are, of course, exceptions, most notably Johnson’s 1989 article. But by and large *TPR* has not brought its two clear topic threads together as one might have expected. Recently, and certainly since the 9/11 attacks on landmarks in New York and Washington and the 12 October 2002 bombings in Bali, the relationship between security and international political economy has become a topic of analysis. The fate of the DS in these changed security circumstances needs to be addressed and *TPR* would appear to be an excellent venue for this to take place.

Articles in *TPR* on the DS went through a series of distinct phases. In the early years the preoccupation was with the factors that created the East Asian DS and how it handled particular issues. Early articles in *TPR* examined the causes of the economic success of East Asia and the role played by the DS, with various explanations being advanced. Whether it was working with the market (Naya and Imada 1990), the context provided by the state’s export-led growth policy (Bloom 1993), the influence of Confucianism on the state (Harland 1993; McCord 1989), or the autonomy of the state in state–capital relations (Y.-h. Lee 1996), the journal offered a variety of ways of looking at the role of the state in East Asia’s economic success.

One particularly interesting discussion that took place in the pages of *TPR* during this period was the relationship between the DS and democracy. In the first year of *TPR* John Girling (1988) discusses the relationship between economic development and democratization in Southeast Asia and is cautiously optimistic. For his part, Chalmers Johnson (1989) is exercised by the question of the democratization of South Korea. He notes that not all capitalist DSs are authoritarian. He argues that the key in South Korea was that a revolutionary situation of sorts was created that produced a form of parliamentary democracy (Johnson 1989: 8). C. H. Lee and K. Lee (1992: 13) point out that what they refer to as the ‘partial political liberalization implemented with the birth of the Roh regime in 1987’ produced a ‘so-called democratization cost’ that ‘has strained economic performance as every social stratum has demanded compensation for its past “sacrifices”’. Robison and Goodman (1992) approach the issue from a slightly different angle in their introduction to a special edition of the journal which examines the consequences of the region’s rapid economic development for the distribution of wealth in a number of the region’s societies. Interestingly, they argue, somewhat presciently perhaps, that any democratization that may result from these developments will not reflect Western liberal democratic norms but will likely be tinged with authoritarianism.

After the first five years, articles in *TPR* started to turn to questions of industrial restructuring and the impact of globalization on the DS. Articles became concerned with the need for the original DSs – Japan, South
Korea and Taiwan – to reorient their developmental strategies so as to bring about a restructuring of their industrial capacity. This was viewed as crucial to economic survival in the face of the rise of techno-nationalism as well as the emergence of the second-tier DSs, namely Singapore, Malaysia and Thailand, and their increasing ability to produce manufactured products for export to Europe and North America at very competitive prices (see, for example, Simon and Soh 1994). Changes in the regional political economy, especially the 1985 Plaza Accord and the rapid movement of the Japanese low-skilled, low-cost manufacturing base to Southeast Asia (Stubbs 1992), were clearly the catalyst for such analyses. Lingle (1996), for example, insists that the DS and interventionist policies must give way to markets as a means of allocating resources and setting prices. Yoshimatsu (1998) argues that there is a demand for an open market in Japan that comes out of increasing interdependence. Importantly, firms with multinational operations push to open up domestic markets so as to give them greater leverage when requesting overseas governments to open up their markets.

Yet most authors see a strong, continuing role for the state in any restructuring exercise. Weiss (1995) argues that it should not be assumed that an increasingly strong industrial sector automatically means a weakened state. It is possible, she suggests, to have both a strong state and a strong business sector and she lays out variations of what she calls ‘governed interdependence’. Yeon-ho Lee (1997) points out that there are limits to economic liberalization in Korea that were imposed by the form of ownership and the financial structure of the chaebol and the fact that state intervention in the South Korean economy went much deeper than in Japan and would, therefore, be more difficult to eradicate. Lovelock (1998: 92) examines the information infrastructure within the DSs and points out that the state endures as the dominant shareholder of recently privatized carriers in most of Asia. Moreover, he notes that there are wide variations within the general state-dominant model and that governments continue to play a strong coordinating role.

The advent of the Asian financial crisis (AFC) was clearly an important watershed in analyses of the DS in TPR. Two special issues of TPR provide excellent general overviews of the AFC and its consequences. In ‘Beyond the Miracle and Crisis’ Jayman Lee and Sakong (1999a) present an edited collection that generally suggests that mercantilism should give way to liberalism. But the editors (1999b: vii) in their introduction point out that in Europe and North America this process took many decades and cannot be achieved simply by ‘withdrawing some role for government’. In the special issue edited by Rhodes and Higgott (2000a) the general consensus is that a convergence of East Asian political economies on the US economic model is not likely (e.g. Reich 2000). Rather, most of the authors agree that the DS is being transformed and adapted but in no way can it be said to be totally disappearing (e.g. Yeon-ho Lee 2000; Nesadurai 2000; Weiss 2000; Yeung 2000).
Most of the articles in *TPR* that examine the impact of liberalization and the consequences of the AFC on the DS and the political economy of the region concentrate on South Korea. This interest in South Korea appears to be based on the assumption that it is the DS that has moved furthest away from its original form. Moon (1999), for example, contends that although the DS was key to the country’s past rapid economic development, the structured rigidity of the DS was one of the precipitating factors in South Korea’s financial crisis. Jaymin Lee (1999) points out that liberalization led to the dismantling of the DS system but that it was not replaced by a new systematic approach to economic development. Yon-ho Lee (2000) echoes this point, indicating that South Korea’s failure to put in place a coherent strategy was one of the key factors in the onset of the crisis. Cherry (2005) argues that the ‘Big Deal’ industrial realignment policy was symptomatic of the evolution of the DS. With the dismantling of the state’s powers and the emergence of the ‘transformative’ state, the state acted more as a senior partner than, as in the past, commander-in-chief. She also notes that, in the wake of the AFC, the state regained some of its old powers but that mutual distrust soured state–business relations and made the chaebol resistant to reform. Pirie (2005) presents a rather different picture arguing that, ironically, strong state intervention has led to the creation of a generally successful neo-liberal economy.

Other authors have contrasted South Korea’s approach to liberalization to the approach taken by Taiwan. Thurbon (2001), for example, agrees with others who have pointed out that it was the dismantling of the DS in South Korea that was key to the financial crisis in that country. She goes on to compare the South Korean experience to that of Taiwan where she finds that financial liberalization was combined with re-regulation ‘to enhance the capacity to strategically intervene in the economy to developmental ends. As such, liberalization does not necessarily dissolve the nexus between finance and developmentalism’ (Thurbon 2001: 261). Zhang (2002) sheds further light on these two distinct paths to economic reform, pointing out that each has been shaped by different sets of domestic institutions that aggregated and articulated private preferences and public-sector interests in financial liberalization. In South Korea financial liberalization was captured by domestic elites who attempted to use the process to their advantage. In Taiwan, however, the private sector was too fragmented to bring concerted pressure on the reform process, which was then conducted by relatively autonomous technocrats in a manner reminiscent of that employed by the DS. Kondoh expands further on this point, indicating that the South Korean state failed to maintain the old developmental policy networks. As a result, economic policies became ‘inconsistent, short-term oriented, over politised and poorly monitored’ (Kondoh 2002: 241). Taiwan, on the other hand, expanded and developed its sets of policy networks and made use of them to coordinate long-term-oriented economic policy in a coherent and carefully monitored manner and to maintain financial control. Both Zhang (2002) and Kondoh
support the argument of C. H. Lee and K. Lee (1992: 13) when they suggest that there was a distinct initial cost to South Korea’s process of democratization.

Singapore has also been the subject of some debate about the way in which the DS has dealt with aspects of globalization. For example, Low (2001) has raised the issue of a state’s need to adapt to a globalizing environment and the difficulties that this raises for government-controlled agencies that move into the international marketplace. In a sense, she perceptively anticipates the current debate about sovereign wealth funds. She also questions the resilience of DSs in the face of advances in information and communication technology, knowledge-based economies and hyper-competition. On the issue of new technologies in monitoring and policing political debate within DSs, George (2007) notes that the Singapore government has made fundamental changes to its modes of control by moving away from more blunt instruments such as newspaper closure and arrests and has successfully ‘intervened in the media by structuring the newspaper market and the architecture of the Internet in ways that predetermine the range of possible outcomes, which are then attributed to commercial or technological realities’ (George 2007: 143).

Finally, over the twenty years of TPR there has been a series of interesting analyses which look at whether or not China should be considered akin to a DS. At various times articles have appeared which discuss the extent to which local government in China may be considered developmental. For example, writing in the second volume of TPR, Blesher (1989: 103) outlines the way in which some county-level state governments played the role of development planner and administrator ‘overseeing and elaborating the economic environment in which others – state enterprises, cooperative firms, and local businesses – can operate and compete’. Along the same lines, Duckett (1996) describes the government of the city of Tianjin in the early 1990s as what she calls the ‘entrepreneurial state’ and sees it as a form of the DS that is the product of market-induced structural transformation and the resulting incentives and demands on local officials. Similarly, a special issue of TPR (Li 2006) is devoted to various aspects of the ‘local’ state in China. Analysis of such issues as the privatization of public resources and the problems of corruption at the local level in China appears to have some relevance for discussions of the evolution of the DS if only because the many variations of state authority structures in China appear to mirror the many types of DS that can be found in the rest of East Asia.

In conclusion, then, the concept of the DS still has currency although its existence and value continue to be hotly contested. Much depends on how the DS is defined. The narrower the definition the easier it is to pronounce the death of the DS. The broader the definition the more aspects of the original construction can be located in contemporary societies around East Asia. Clearly, the old, pre-1980 DSs have been transformed. However, the exact nature and extent of this transformation is different, depending on
the domestic political, social and economic configurations of each society and also on the way in which the state has been influenced by changes to external facilitating factors. The analyses in TPR would suggest that the DS in South Korea has changed the most while Taiwan and Singapore have changed the least. But the consensus position would be that a transformed DS has survived and that, indeed, a relatively strong central state capacity is necessary in order for East Asian states to continue to enjoy the economic success they achieved in the past.

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