

POLS 280:
Politics of Development
and Foreign Aid

Class 14:
Developmental states

Recap

- State capacity as a key driver of development
- *Longue durée* historical processes as the primary source of state capacity

Getting to Denmark

- Very weak or weak capability of almost half (49 of 102) of the historically developing countries
- Low and deteriorating state capability in over one-third of the countries (36 of 102)
- Negative growth in capability in over two-thirds (31 of 45) countries with middle levels of capability since 1996
- 1.7 percent (under 100 million of 5.8 billion) of people in historically developing countries currently live in high capability states
- Only eight of the historically developing countries have attained strong capability

• Andrews, Matt, Lant Pritchett, and Michael Woolcock. 2017. *Building state capability. Evidence, analysis, action*. Corby: Oxford University Press.

The eight

- Bahrain
- Brunei
- Qatar
- United Arab Emirates
- Singapore
- Bahamas
- Chile
- South Korea

What kinds of countries are
the eight?

Categorizing the eight

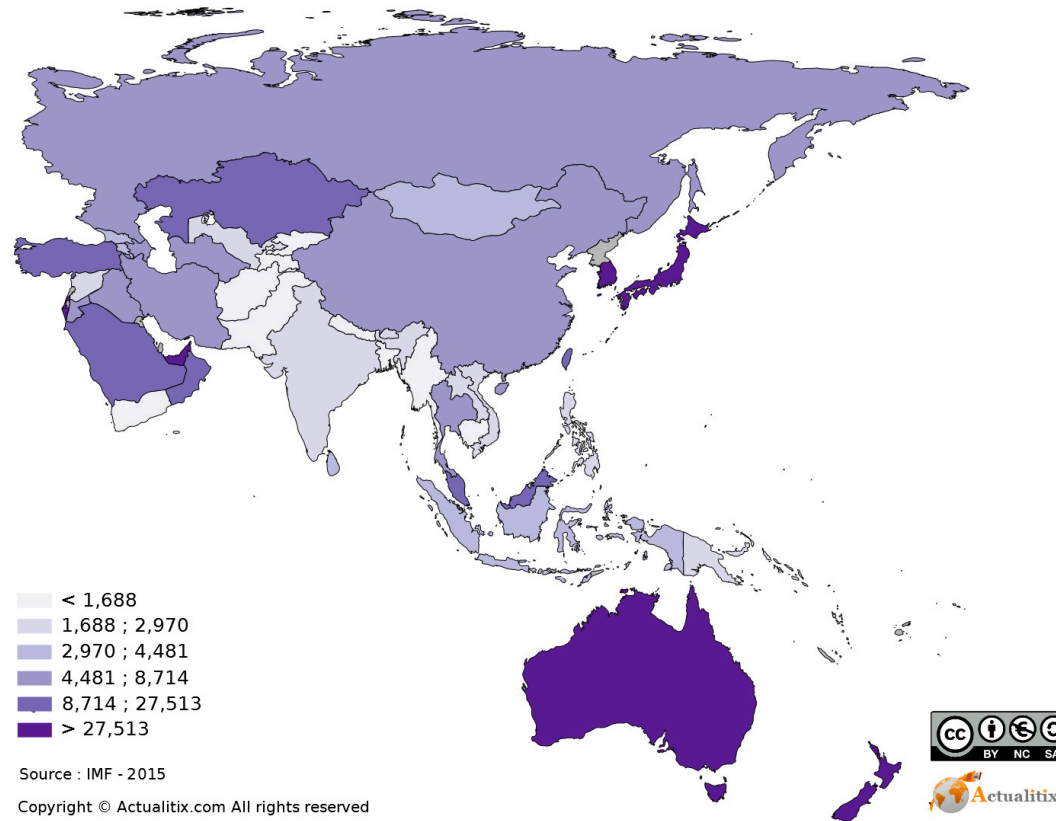
- Small oil-rich states:
 - Bahrain
 - Brunei
 - Qatar
 - United Arab Emirates
- Small island state: Bahamas
- City-state: Singapore
- Two large countries:
 - Chile
 - South Korea
- Total population: ~ 85 million

What successful countries
are excluded from
Andrews et al.'s list?

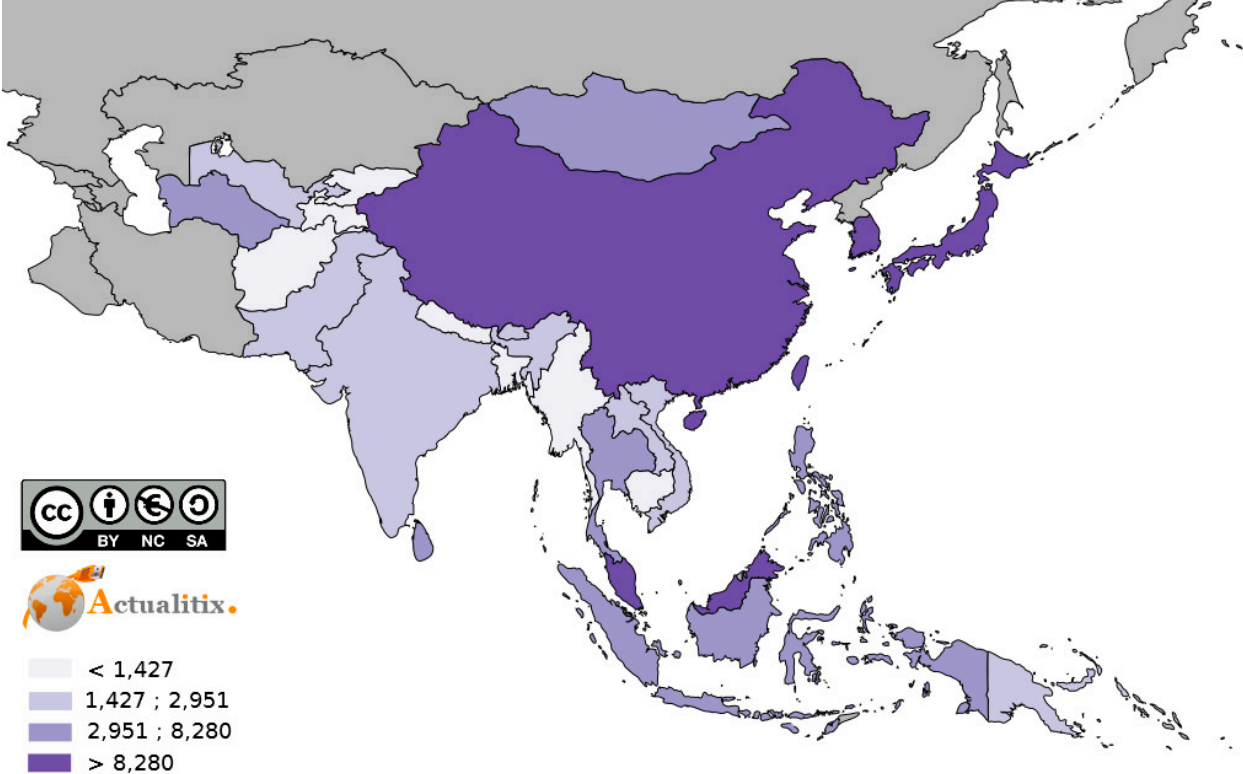
What do most such successful countries have in common?

Variation in development outcomes in Asia-Pacific

Gross domestic product per capita (Dollars)



Variation in development outcomes in Asia

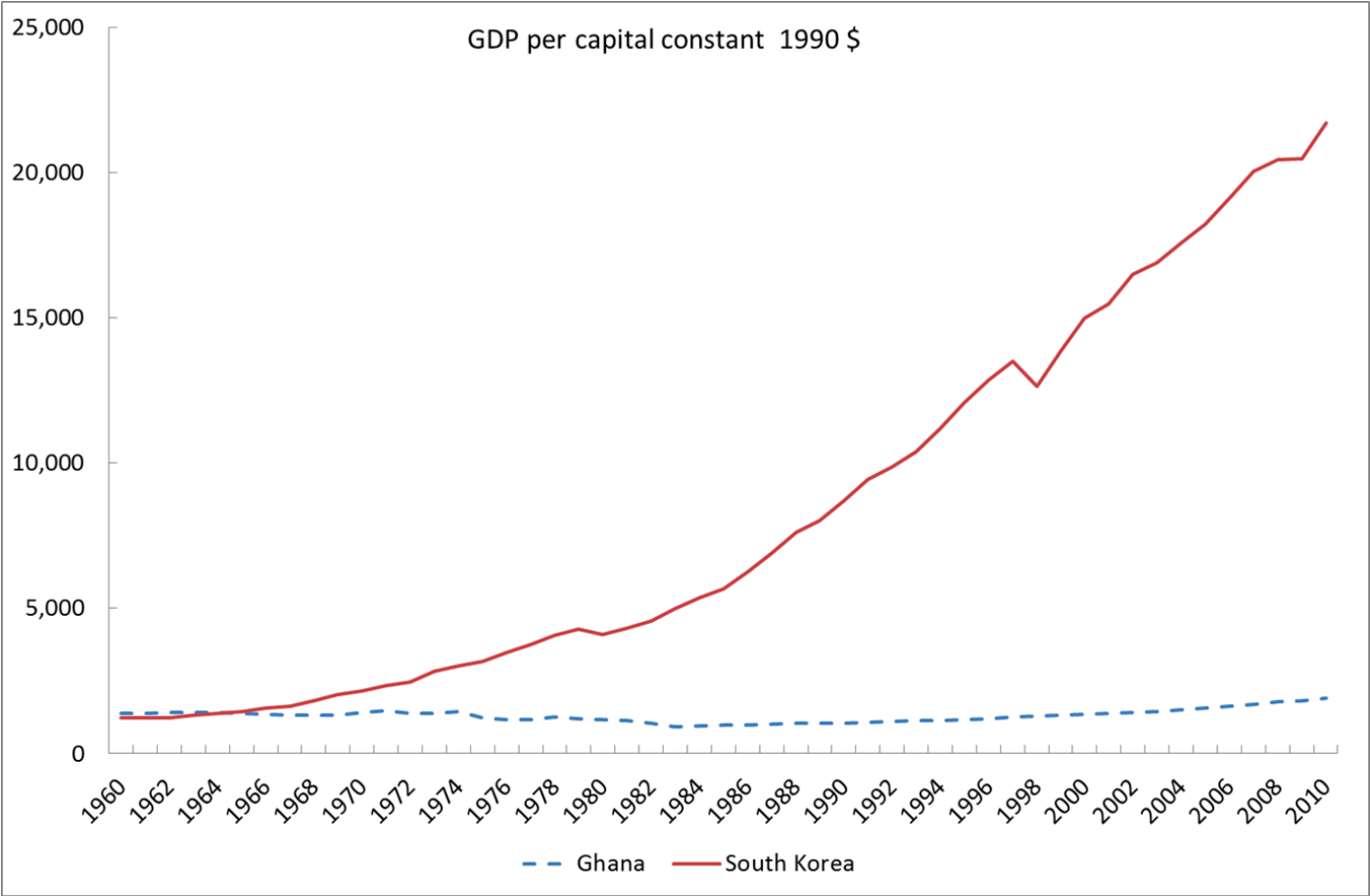


< 1,427
1,427 ; 2,951
2,951 ; 8,280
> 8,280

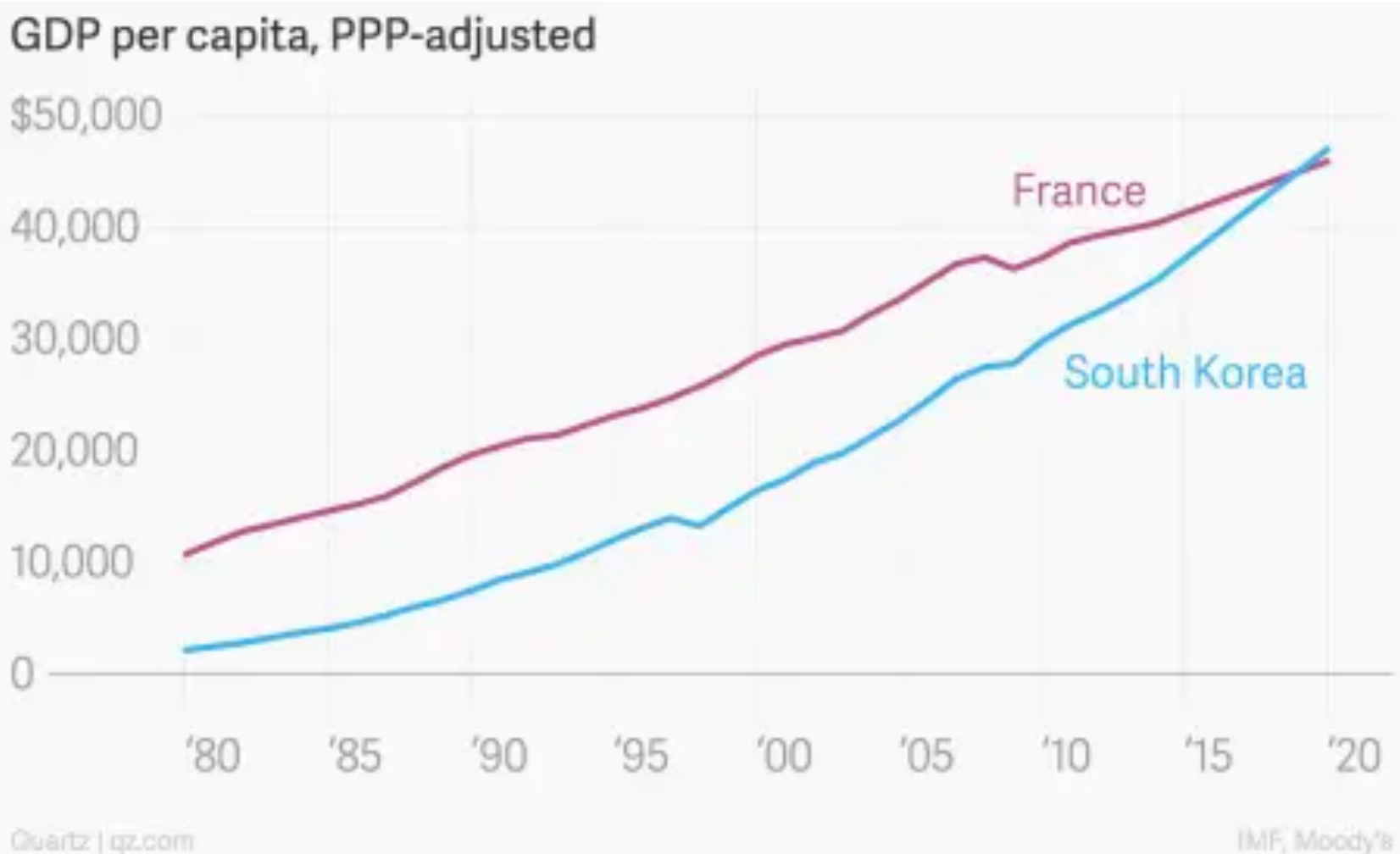
Gross domestic product per capita (Dollars)

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Source : IMF - 2015

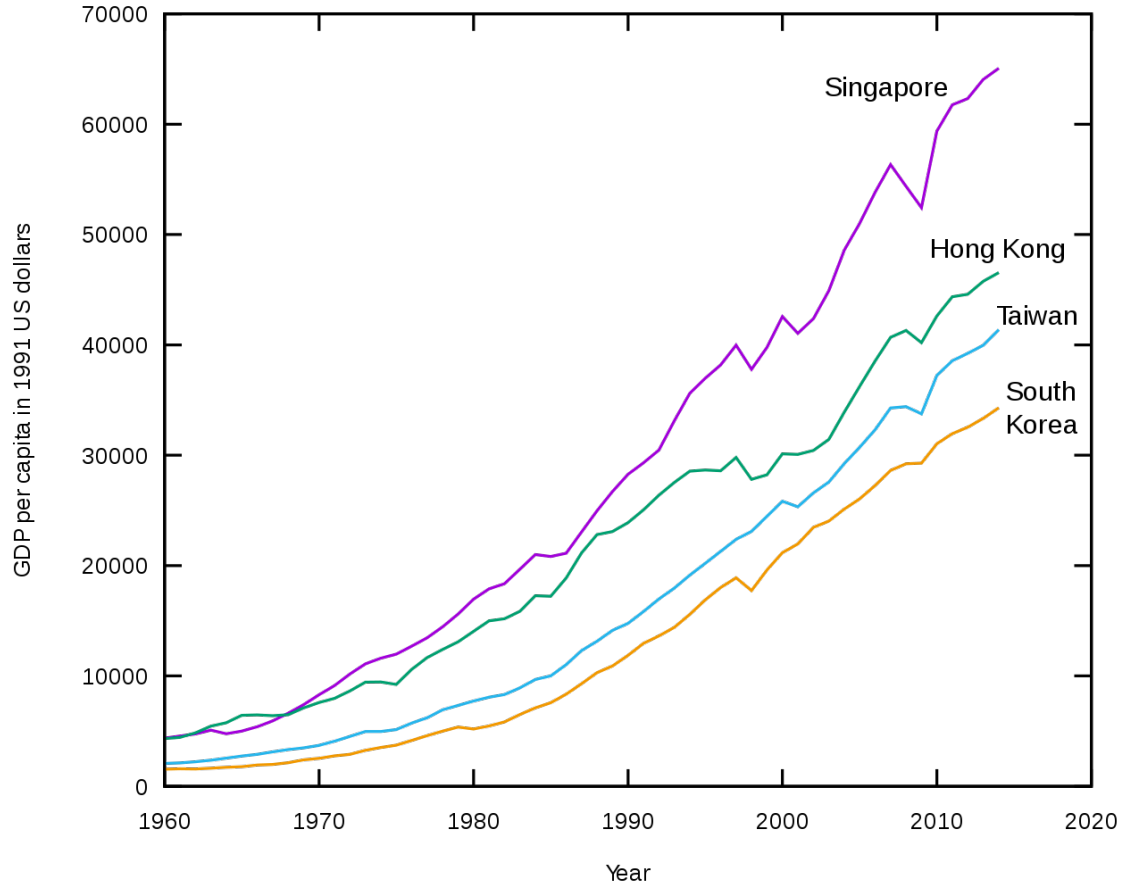
Korea and Ghana



Korea and France



Asian Tigers



What explains Asian Tigers' developmental success?

Developmental states

- “Organizational complexes in which expert and coherent bureaucratic agencies collaborate with organized private sectors to spur national economic transformation”
 - Doner, RF, BK Ritchie, and Dan Slater. 2005. “Systemic Vulnerability and the Origins of Developmental States: Northeast and Southeast Asia in Comparative Perspective.” *International Organization* 59: 327–61.

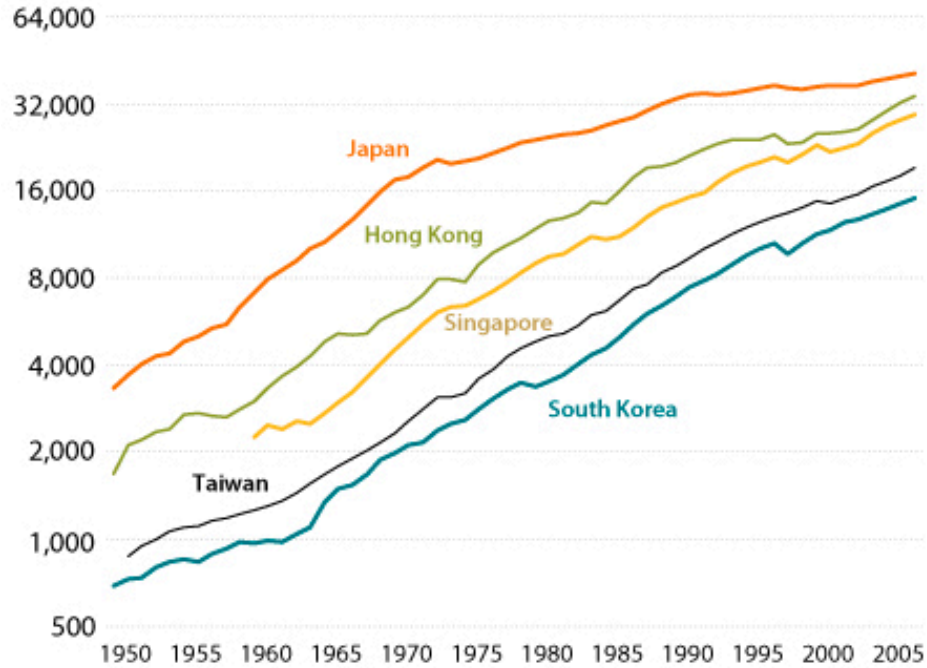
Developmental states

- State development capitalism:
 - State autonomy
 - State intervention in the economy, extensive regulation and planning
 - Collaboration of the state with the private sector
 - Export-oriented industrialization

Export-led industrialization vs. ISI

Figure 2
Per Capita GDP of East Asian Countries

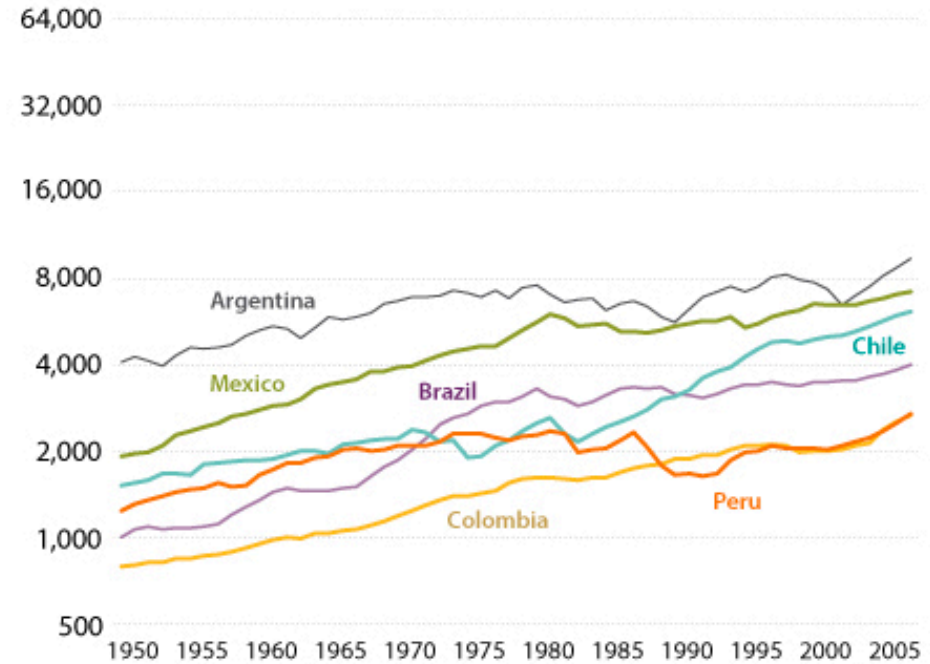
Constant 2000 U.S. Dollars



SOURCE: World Bank Global Development Indicators.

Figure 3
Per Capita GDP of Latin American Countries

Constant 2000 U.S. Dollars



SOURCE: World Bank Global Development Indicators.

Is export-led industrialization
a panacea for the lack of
development?

Export-led industrialization

- Successful developmental states
- But also Philippines, Puerto Rico, etc.

What made developmental
states' export-led
industrialization efforts
successful?

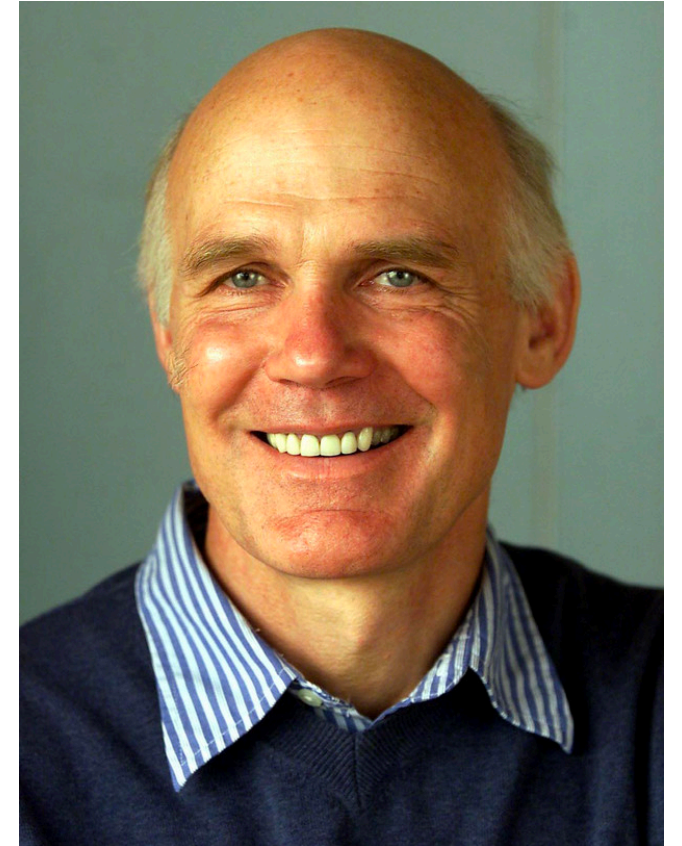
Other explanations of developmental states' developmental success

- Governed market
- State autonomy
- Embedded autonomy

Governed market

- State-corporatist political arrangements (e.g. control over financial systems) →
- State capacity to lead the economy through the use of incentives, control over unions, and mechanisms to spread risk →
- High levels of productive investments
- Combination of protectionism with export orientation

• Wade, Robert. 1990. *Governing the Market*, Princeton, N.J.: Princeton University Press.



What characteristics of developmental states made the success of their export-led industrialization efforts possible according to Kohli?

State autonomy

- Concentration of power at the apex and use of state power to discipline society
- Authoritarianism
- Repression of labor
- Control over society
 - Atul Kohli. 2004. *State-Directed Industrialization: Political Power and Industrialization in the Global Periphery*. Cambridge: Cambridge University Press.



Embedded autonomy

- “*Autonomy* is fundamental to the definition of the developmental state but not sufficient. The ability to effect transformation depends on state- society relations as well. Autonomous states completely insulated from could be very effective predators. Developmental states must be immersed in a dense network of ties that bind them to societal allies with transformational goals. **Embedded autonomy, not just autonomy, gives developmental state its efficacy**”

- Peter Evans. 1995. *Embedded Autonomy: States and Industrial Transformation*. Princeton: Princeton University Press.



Embedded autonomy

- Necessity of the state—and highly developed, coherent bureaucracy—for the mobilization of capital and coordination of industrial development
- Embeddedness of the bureaucracy in informal networks
- Embeddedness provides sources of intelligence and channels of implementation that enhance the competence of the state
- Autonomy prevents state capture

- Peter Evans. 1995. *Embedded Autonomy: States and Industrial Transformation*. Princeton: Princeton University Press.



Why do the developmental states,
and not other states, have these
characteristics according to
Kohli?

The origins of developmental states according to Kohli

- State intervention in support of investor profits as precondition of industrialization among late-late-developers
- State institutions in developing countries as a product of colonialism:
 - Cohesive-capitalist states (developmental states): e.g. Korea
 - Fragmented-multiclass states: e.g. India
 - Neopatrimonial states: e.g. Nigeria
 - Atul Kohli. 2004. *State-Directed Industrialization: Political Power and Industrialization in the Global Periphery*. Cambridge: Cambridge University Press.

Why did Korea become a
cohesive-capitalist state?

The origins of developmental states according to Kohli

- Japanese colonialism as the source of South Korea's success:
 - Transformation from a corrupt and ineffective institution into a highly authoritarian, penetrating organization, capable of simultaneously controlling and transforming Korean society
 - Evolution of production-oriented alliances involving the state and dominant classes →
 - Increase of the state's capacity to both control and transform →
 - Manufacturing expansion
 - Systematic control (and brutal repression) of the lower classes by the state and dominant classes
 - Atul Kohli. 2004. *State-Directed Industrialization: Political Power and Industrialization in the Global Periphery*. Cambridge: Cambridge University Press.

The origins of developmental states according to Doner et al.

- Investment in developmental institutional arrangements only when political elites confronted with '**systemic vulnerability**':
 - Credible threat that any deterioration in the living standards of popular sectors could trigger unmanageable mass unrest
 - Heightened need for foreign exchange and war materiel induced by national insecurity
 - Hard budget constraints imposed by a scarcity of easy revenue sources
- Systemic vulnerability in Singapore, South Korea, and Taiwan, but not in Indonesia, Malaysia, the Philippines, or Thailand
 - Doner, RF, BK Ritchie, and Dan Slater. 2005. "Systemic Vulnerability and the Origins of Developmental States: Northeast and Southeast Asia in Comparative Perspective." *International Organization* 59: 327–61.

Are developmental states exclusively East Asian?

Table 2. *Average growth rates 1967–80 of the best performing countries*

Country	Average growth rate
1. Botswana	14
2. Singapore	10
3. Korea, Rep.	10
4. Brazil	9
5. Ecuador	8
6. Gabon	8
7. Hong Kong	8
8. Dominican Republic	7
9. Paraguay	7
10. Lesotho	7
11. Thailand	7
12. Kenya	7
13. Malaysia	7
14. Cote d'Ivoire	7
15. Indonesia	7
16. Seychelles	7
17. China	7
18. Belize	7
19. Mexico	7
20. Swaziland	6
21. Fiji	6
22. Costa Rica	6
23. Congo, Rep.	6
24. Rwanda	6
25. Guatemala	6
26. Colombia	6
27. Nigeria	6

Developmental states in Africa according to Mkandawire

- ‘Developmentalist’ states in Africa in the 1960s and 1970s
- Destruction of state capacity through structural adjustment policies
 - Mkandawire, Thandika. 2001. “Thinking about Developmental States in Africa.” *Cambridge Journal of Economics* 25 (3): 289–314.



Can the characteristics of the developmental states be replicated elsewhere?