‘[T]he single most important factor in generating sustained development momentum in [developing countries] [is] the presence ... of a particular type of state, a ‘developmental state’ which must be understood politically’. (A. Leftwich 1995: 401). Review the literature on the ‘developmental state’ and critically appraise this statement.
‘[T]he single most important factor in generating sustained development momentum in [developing countries] [is] the presence ... of a particular type of state, a ‘developmental state’ which must be understood politically’. (A. Leftwich 1995: 401). Review the literature on the ‘developmental state’ and critically appraise this statement.

The model of the developmental state involves a much closer symbiosis between state and private sector, and has sometimes been called ‘managed capitalism’ or ‘governing the market’. The model was pioneered in Japan, and has been replicated in countries in other parts of East Asia, and in other parts of the world. These types of states have been successful in promoting growth, reducing poverty, and enhancing overall welfare. Countries that are very different, for example South Korea, Taiwan, Singapore, Malaysia, Thailand, Mauritius, Botswana, and more recently China and Vietnam, have enjoyed significant economic progress by marrying the state with the market. According to Adrian Leftwich, a developmental state concentrates sufficient power, autonomy, and capacity at the centre to shape, pursue and encourage the achievement of explicit developmental objectives, whether by establishing and promoting the conditions and direction of economic growth or by organising it directly. The main features of the developmental state have been described as: (a) a nationalist agenda; (b) state direction of finance for priority development projects; (c) an effective and technocratic bureaucracy; (d) partnership between the state and business; and (e) authoritarianism. Here, I will describe the model of the developmental state and review the works of key contributors to the topic. I will then discuss whether this type of state is the most important factor in generating sustained development.

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2 Ibid., p.235
3 Ibid., p.237
4 Ibid., p.468
5 Ibid., p.468
development in developing countries, and whether this type of state must be understood politically.

The account of the ‘Japanese Miracle’ given by Chalmers Johnson highlights the importance of nationalism in the developmental state. Chalmers Johnson was one of the pioneers of the theory of the developmental state, and his work focused on the role of the Japanese Ministry of International Trade and Industry (MITI). MITI was the leading actor in the Japanese economy as the country rapidly and successfully industrialised as part of what he called the ‘Japanese Miracle’, which he says began in 1962. Johnson observed that MITI constructed a Weberian ideal type of interventionist state that was neither socialist nor free-market but something different altogether, specifically the plan-rational capitalist developmental state that combined private ownership with state guidance. Johnson compares this plan-rational model with the free-market system and the socialist system in order to define the developmental state. In the developmental state, “economic interests are explicitly subordinated to political objectives”. The Japanese model came about in an effort to cope with the international economic order of the time, which was dominated by the developed economies of the West. Johnson writes that “the origins of the developmental state are in the situational nationalism of the late industrializers” and that “the goals of the developmental state were invariably derived from comparisons with external reference economies”. The creation of the model was motivated by Japan being a late developer relative to the West, and by the East Asian nationalism of

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8 Johnson, p.24
9 Ibid., p.25
the time. For Japan, economic nationalism was an attempt to correct status inconsistency with the United States and the European countries.\textsuperscript{10} Johnson notes that observers coming from a free-market style of system sometimes misunderstand the plan-rational system by failing to appreciate that it has a political and not an economic basis.\textsuperscript{11} It can be seen from Johnson’s remarks that the ability to rally the nation around economic development within a capitalist system is crucial. He stresses that the Japanese developmental state must first and foremost be understood politically, for its provenance lay in the essentially political and nationalist objectives of the late developer, concerned to protect and promote itself in a hostile world.\textsuperscript{12} Johnson’s work on MITI and the Japanese model highlights the importance of nationalism in the developmental state and provides backing to the claim that the developmental state must be understood politically.

Adrian Leftwich’s model of the developmental state gives great importance to the role of politics in the success of this type of state. Leftwich (2000) says, “Development is inescapably political”.\textsuperscript{13} According to Leftwich, the success of developing states is dependent on the role of politics in the state. Politics in terms of context and purpose have played a crucial role in determining the structure, aims and, most importantly, the performance of developmental states.\textsuperscript{14} As part of Leftwich’s model, the governing elite of the developmental state must be committed to achieving economic growth and fostering the development of the state. To do so, the elite must possess the

\textsuperscript{10} Meredith Woo-Cumings, \textit{The Developmental State}, (Ithaca: Cornell University Press, 1999), p.10
\textsuperscript{11} Johnson, p.24
\textsuperscript{14} Ibid., p.169
capacity to influence and set the terms of operation for private capital. An effective and competent bureaucracy is of prime importance, and distinguishes them from predatory states in other parts of the world, for example in South America and Africa. Of the states that Leftwich analyses, he also highlights the fact that the states had the ability to effectively manage not only domestic private economic interests, but international private economic interests too, for example through MITI in Japan.

Partnership between the state and big business is a hallmark of developmental states. The much closer symbiosis between state and private sector has been referred to as ‘managed capitalism’. The state’s relationship with society has been described as ‘embedded’ by Peter Evans, and with his concept of ‘embedded autonomy’ he argues that the degree of success of any state depends on the form of state organisation, its bureaucracy, and its ties with societal interests. Evans describes the bureaucracy of developmental state as a ‘Weberian’ type of bureaucracy, as Chalmers Johnson did, and says that for the bureaucracy, “Highly selective meritocratic recruitment and long-term career rewards create commitment and a sense of corporate coherence”. It is this corporate coherence that gives the state its autonomy. Leftwich (1995) says that autonomy may be defined simply to mean that the state has been able to achieve relative independence from the demanding clamour of special interests, and that it both can and does override these interests in the putative national interest”.

15 Ibid., p.164
17 Leftwich 2011, p.227
19 Leftwich 1995, p.408
Rather than being insulated from society as Weber suggested the bureaucracy should be, the bureaucracies of developmental states are embedded in a concrete set of social ties that binds the state to society and provides institutionalised channels for the continual negotiation and renegotiation of goals and practices.\(^{20}\) For the bureaucracy to be called ‘developmental’, it has to be effectively ‘embedded’ in the society, through a concrete set of connections that link the state intimately and aggressively to particular social groups with whom the state shares a joint project of transformation.\(^{21}\) The state is not only autonomous but also embedded by being able to maintain contact with society’s interests. With few exceptions, developmental states have emerged in the context of a weak civil society. On this point, Leftwich (2000) says that “it seems that this weakness or weakening of civil society has been a condition of the emergence and consolidation of developmental states”.\(^{22}\) However, Woo-Cumings (1999) says the developmental state “is not an imperious entity lording it over society but a partner with the business sector in a historical compact of industrial transformation”.\(^{23}\) Rather, in the developmental state, “connections with society are connections to industrial capital”, and to hardly anything else.\(^{24}\) Evans’ concept of embedded autonomy confirms that relations between the state and society were limited to certain interest groups that were seen by the state as being essential to the achievement of their set of developmental goals.

South Korea is a state that exhibited embedded autonomy as it industrialized after the coup d’état of 1961, which allowed South Korean politics to be dominated by the

\(^{20}\) Evans, p.12  
\(^{21}\) Ibid., p.15  
\(^{22}\) Leftwich 2000, p.164  
\(^{23}\) Woo-Cumings, p.16  
\(^{24}\) Woo-Cumings, p.16
military until 1992. The military was committed to the nation’s development, and the
direction of the Korean developmental state by the military meant that, like in Japan,
Korea’s development was driven by a strong nationalist agenda. Despite the state’s
aim of developing capitalist enterprises, it was insulated from excessive pressure by
those interests, freeing it to pursue long-term development goals. However, it also
exercised its power to override those interests in order to further national
development. The independence of the state from special interests gave it its
autonomy, while the state’s ties with non-state actors, through which it was able to co-
ordinate the economy and implement development objectives, meant that this was a
type of embedded autonomy. Korea’s development was based on strong nationalist
motivations, and these motivations along with the very clear partnership between state
and business means that the case of Korea provides further backing to the claim that
developmental states must be understood politically.

The case of Korea also provides a good illustration of another characteristic of
developmental states, namely state direction of finance. Woo-Cumings (1999) writes
“Finance is the tie that binds the state to the industrialists in the developmental
state”. Furthermore, Woo-Cumings draws on the work of Chalmers Johnson, and
notes that Johnson argues that state control of finance was the most important, if not
the defining aspect of the developmental state, followed by other aspects such as
labour relations, autonomy of the economic bureaucracy, the combination of
incentives and command structures, and the existence of business groups like the
Korean Chaebols. The Chaebols are family-based business groups or conglomerates

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25 Leftwich 2011, p.469
26 Woo-Cumings, p.10
27 Ibid. p.11
that benefitted from government favouritism. The favouritism that they received allowed them to grow to be very rich, and this made them widely resented in Korea.\footnote{Leftwich 2011, p.469}

This government favouritism came in the form of financing, which remained the preserve of state banks, and state compensation for \textit{Chaebols} if government misdirection led to them making financial losses.\footnote{Leftwich 2011, p.469} Woo-Cumings writes that the developmental state of South Korea channelled capital, subsidized through foreign loans or low interest rates, to Korea’s big business and in the process buttressed its own power by creating political interest groups that could be moulded into a developmental coalition.\footnote{Woo-Cumings, p.12} State direction of finance is a political action, and the state’s role in fostering the growth of domestic firms was a very significant one.

Leftwich’s distinction between the bureaucracies of developmental states in East Asia and predatory states in other parts of the world is also made by Ben Ross Schneider (1999), who ascribes four characteristics to what he calls the \textit{desarollista} states of Latin America, particularly Brazil and Mexico. These are (1) political capitalism, where profits and investment depended on decisions made in the state; (2) a dominant developmental discourse on the necessity of industrialization and of state intervention to promote it; (3) political exclusion of the majority of the adult population; and (4) a fluid, weakly institutionalised bureaucracy in which appointments structured power and representation.\footnote{Ross Schneider, p.278} While the first three characteristics of the \textit{desarollista} states are shared by the East Asian developmental states, the main distinction between the two types of states is in the nature of their bureaucracies. While the Latin American states had a form of ‘appointive bureaucracy’, the type of bureaucracy seen in Japan or
Korea is very different, and is a professional, meritocratic bureaucracy. Japan is governed by its elite state bureaucracy, which is appointed from the best candidates in the country, is unaffected by election results, and “drafts virtually all laws, ordinances, orders, regulations, and licenses that govern society”. The bureaucracies of developmental states also show rationality and give a high level of prestige to officials. Officials are also motivated by the incentive of promotion. The country’s elites afford the bureaucracy the authority that it needs to act effectively as it pursues the development goals that it is entrusted to achieve. These characteristics set the type of bureaucracy seen in developmental states apart from the bureaucracy seen in Latin America and other parts of the world, and as already shown by the writings of various writers on the subject of the developmental state, this type of bureaucracy is of prime importance in fostering developmental success. When the success that this type of bureaucracy has brought to developmental states is contrasted with the vastly inferior performance of the *desarollista* bureaucracies, then its importance is accentuated.

A key characteristic of developmental states that lends support to Leftwich’s political description of this type of state is their often undemocratic, authoritarian nature. Human rights have not always been adhered to, and there has been political repression particularly in undemocratic developmental states. While there is no necessary connection between authoritarianism and development, there is a sort of elective affinity between the two. Chalmers Johnson has said that authoritarianism can sometimes “inadvertently solve the main political problem of economic development using market forces – namely, how to mobilise the overwhelming majority of the

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32 Woo-Cumings, p.13  
33 Ibid., p.13  
34 Ibid., p.20
population to work and sacrifice for developmental projects”.\textsuperscript{35} The state’s ability to perform grants it its legitimacy. On this, Johnson writes “In the true developmental state, the bureaucratic rulers possess a particular kind of legitimacy that allows them to be much more experimental and un-doctrinaire than in the typical authoritarian regime”.\textsuperscript{36} Leftwich says that while most of the developmental states were undemocratic and had poor records of adhering to human rights, they tended to enjoy widespread support and a high level of legitimacy because they were sufficiently focused on development.\textsuperscript{37} This is the legitimacy that comes from devotion to a widely believed-in revolutionary project.\textsuperscript{38} Woo-Cumings (1999) says that “the power of the developmental state grows both out of the barrel of the gun and its ability to convince the population of its political, economic and moral mandate”\textsuperscript{39} The authoritarianism seen in Japan between the two World Wars, in Korea following the Korean War, and in post-war Taiwan combined with strong nationalism to give legitimate political power. The widespread political support for these regimes in spite of their often authoritarian nature means that there is a very political aspect that must be taken into account to allow us to understand developmental states.

On the point of whether the single most important factor in generating sustained development momentum in developing countries is the presence of a developmental state, the success of the East Asian states that have followed this model, as well as Botswana, lend support to this claim. After all, Botswana, South Korea, Taiwan, Singapore, China, Indonesia, Thailand and Malaysia have achieved average annual rates of growth in excess of four percent between 1965 and 1990, while many other

\textsuperscript{35} Ibid., p.20
\textsuperscript{36} Ibid., p.20
\textsuperscript{37} Leftwich 2000, p.174
\textsuperscript{38} Woo-Cumings, p.20
\textsuperscript{39} Woo-Ibid., p.20
developing countries have registered negative average rates of growth.\(^{40}\) Leftwich (1995) says “Few societies in the modern world will make speedy transitions from poverty without states which approximate this model of a developmental state (ideally, but not necessarily, the democratic kind)”.\(^{41}\) He also says “without such states, transitions may be slow but the human cost immense”.\(^{42}\) A very different model of development to the developmental state is the neoliberal model. An interesting case to take into account is that of the neoliberal development of Chile. Following a military coup in 1973, the new military regime transformed Chilean society with definitive neoliberal reforms. Chile has often been held up by neoliberals as a neoliberal success story due to the great levels of economic growth that neoliberal reforms produced. However, there are important omissions to this account of Chilean development. The neoliberal reforms enacted put many Chileans into poverty, widened inequality, and had a very detrimental effect on real wages.\(^{43}\) The standard of living of many Chileans declined massively as a result of these reforms. However, the reforms have allowed the country to experience sustained growth and prosperity, to such an extent that neoliberal policies, originally negatively associated with the brutal military dictatorship, have continued to be used by successive democratic Concertación governments since the transition to democracy in 1990 and command wide political support. There has, however, been the important addition of a ‘social safety net’ that was not present under the military dictatorship, and a set of policies aimed at achieving ‘growth with equity’.\(^{44}\) The reintroduction of the state into Chilean politics has helped reduce the poverty level in Chile from 40 percent of Chileans in

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\(^{40}\) Leftwich 1995, p.400  
\(^{41}\) Ibid., p.421  
\(^{42}\) Ibid., p.421  
1990, at the end of military rule, to 15 percent in 2010.\textsuperscript{45} The case of Chile adds to the discussion of whether the developmental state is the single most important factor in generating sustained development momentum in developing countries because it shows that while sustained economic growth can be brought about by following a very different type of development strategy, the neoliberal path to development had a very detrimental effect on the welfare of many Chileans. This is in stark contrast to the more equitable development experience of the East Asian developmental states, which as stated previously, has promoted growth, reduced poverty, and enhanced overall welfare.\textsuperscript{46} The comparison of developmental states with Chile’s neoliberal model supports Leftwich’s claim that without developmental states, the human cost will be immense. The improvements in the welfare and standard of living of large numbers of Chileans since the switch to a more neo-structuralist model confirms that “development requires not less state, but better state action”.\textsuperscript{47}

By analysing the key features of developmental states here, the primacy of politics in this type of state is made clear. As Leftwich says, “their provenance is everywhere traceable to the socio-economic structures, histories and especially political struggles which constituted the formative processes of these states”.\textsuperscript{48} Chalmers Johnson’s account of the Japanese path to development drew attention to the nationalist motivations of the model, which was a shared characteristic in other developmental states, for example Korea and Taiwan. Peter Evans’ concept of ‘embedded autonomy’ shows that the autonomy of the developmental state comes from its political origins

\textsuperscript{46} Leftwich 2011, p.235  
\textsuperscript{47} Leftwich 1995 p.421  
\textsuperscript{48} Ibid., p.421
and the political entity that is the elite bureaucracy. This autonomy of the main formulators of economic policy in the developmental state, which comes from the independence of the state bureaucracy from special interests, is only possible due to the political power and support of the central political executives. The embeddedness of the state, i.e. its ability to deal with civil society and certain local and foreign interests, but on its own terms and in a limited way, shows that politics is integral to the state’s ability to formulate the economic relationships that have been so important in the hugely impressive performance of developmental states.

In conclusion, I believe that Leftwich’s statement that the developmental state ‘must be understood politically’ has great merit. By analysing the work of a number of writers on the subject, Leftwich’s statement has been given backing by showing the key role that politics has played in developmental states. Leftwich has said that the developmental states of East Asia have concentrated “a considerable amount of power, authority, autonomy and competence in the central political and bureaucratic institutions of the state, notably their economic bureaucracies, to generate pervasive infrastructural capacity”. There is little doubt that this is true. The state and its political institutions have played the leading role in bringing about the dazzling performance of the East Asian developmental states, and it has been allowed to do so by wielding political support. The importance of the bureaucracy in developmental states has already been highlighted, and the fact that the bureaucracy is based on a strong political ideology lends support to Leftwich’s claim. Politics can be seen in all aspects of the developmental state, from its ideological underpinnings, its autonomy, the key role and political protection of the bureaucracy, and the political relationship

49 Ibid., p.421
50 Ibid., p.401
between state, civil society and both domestic and foreign special interests. It is for this reason that I believe Leftwich’s statement that the developmental state “must be understood politically” to be true.
References


