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Developmental State: A Theoretical and Methodological Critique

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ABSTRACT

This article aims to critically assess the theoretical and methodological premises of the developmental state. It is argued that developmental state as a theoretical framework is misleading in terms of grasping the nature of the state by regarding it existing above the social relations, particularly class conflicts, and separating it from the international context within which it flourished. Moreover, in an attempt to explain the inherent contradictions of the developmental state, which have largely been obscured within the statist theoretical framework, I argue that the concept of the developmental state mystifies the exploitative nature of the capitalist state on the one hand, while overlooking the contradictions intrinsic to capitalist development on the other.

Keywords

Developmental state,
Class conflict,
Statism,
Methodological
nationalism

JEL Classification

O100, P110, B410

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Kalkınmacı Devlet: Teorik ve Metodolojik Bir Eleştiri

ÖZ

Bu makale kalkınmacı devletin temel teorik ve metodolojik öncüllerini eleştirel bir biçimde yeniden değerlendirmeyi amaçlamaktadır. Kalkınmacı devletin, bir teorik çerçeve olarak devleti toplumsal ilişkilerden, sınıf çelişkilerinden ve kalkınmacı devletlerin ortaya çıkmasına ve gelişmesine imkan veren toplumsal koşullardan yalıtılarak devletin doğasına ilişkin yanıltıcı bir perspektif sunduğu iddia edilmektedir. Bu bağlamda, kalkınmacı devletin, devletçi teorik çerçeve içinde ihmal edilen içsel çelişkilerini açıklamak amacıyla, bir taraftan kapitalist devletin sömürücü doğasını, diğer taraftan kapitalist kalkınmaya içkin çelişkileri gözden kaçırdığını öne sürüyorum.

Anahtar Kelimeler

Kalkınmacı Devlet,
Sınıf Çatışması,
Devletçilik,
Metodolojik
Milliyetçilik

JEL Kodu

O100, P110, B410

1. Introduction

This article aims to critically assess the relevance of the concept of the developmental state as a theoretical framework. To do so, utilising the distinction made by Ben Fine (2006, 2011), two schools within the literature, the political and the economic, will be introduced, highlighting the key defining features of the developmental state, with particular emphasis on the concept of “state autonomy”, and how the developmental state has been conceptualised by its proponents. Subsequently, I will seek to criticise the statist underpinnings of the developmental state, arguing that the way in which the developmental state is conceptualised is misleading in terms of grasping the nature of the state, as it has been characterized as separate from class conflicts by developmental state theorists; therefore the conflicts that have taken place during the process of a state’s development have been obscured to the extent that the state is neutralised in terms of class relations. As such, developmental state theorists treat the state as a technocratic body separate from class relations, which obscures the contradictory nature of state-led development. Moreover, I argue that the conceptualisation of the developmental state is marked by methodological nationalism which leads to its proponents obscuring the global context of the developmental process, thereby reproducing a superficial external-internal contradiction; this therefore means theorising the international context as an external factor, which affects the state from the outside. Finally, in an attempt to explain the inherent contradictions of the developmental state, which have largely been obscured within the statist theoretical framework, I

argue that the concept of the developmental state mystifies the exploitative nature of the capitalist state on the one hand, while overlooking the contradictions intrinsic to capitalist development on the other.

2. Conceptualisation of the Developmental State

The concept of the developmental state is used to identify a specific form of state that is said to enjoy high levels of autonomy from different segments of the capitalist class as well as labour unions, and have strong institutional capacity, both of which allow this specific form of state to implement a set of successful state-interventionist policies in pursuit of developmental goals. The concept was first coined by Chalmers Johnson (1982) with reference to the Japanese state. In his seminal work, Johnson makes a distinction between two forms of state: developmental and regulatory. According to this, the Western states that were first to industrialize hardly intervened in the markets and since the late nineteenth century, these states have undertaken regulatory functions; whereas “[i]n states that were late to industrialize, the state itself led the industrialization drive, that is, it took on developmental functions” (Johnson, 1982). Johnson, therefore, describes the United States as an exemplar of a “regulatory state”, while the Japanese state is depicted as a “developmental state”. The key difference between these two different forms of state lies in their divergent rationales with regard to state-market relations. The rapid industrialization of the Japanese economy was rendered possible through a “planned rational” strategy of the Japanese state. Contrary to the neo-classical view that free market mechanism is the only way to development economically, the Japanese case demonstrates that a state-led development strategy could lead to rapid industrialization and high levels of economic growth for late developing countries. In this reading of development, a pilot agency planning long-term developmental goals autonomously from political pressures - which was the MITI (Ministry of Trade and Industry) in the case of Japan - is of central importance.

Ben Fine (2006, 2011) identifies two variants within the theory of the developmental state: the political school and the economic school. While the political school focuses on the nature of the state itself in an attempt to comprehend the necessary features of the state, thus allowing it to be developmental, the economic school is concerned with the policies enacted by the state that produce state-led industrialisation and economic growth. Accordingly, the political school, whose members generally come from political science, are more interested in the

conceptualisation of state-society relations, in which a productive collaboration between state elites and the capitalist class takes place, allowing the state to intervene in the market successfully, whereas the economic school focuses on what policies to adopt in order to achieve developmental goals. Although their focuses are directed on different aspects of the concept of the developmental state, their understanding of such is informed by similar institutionalist-statist accounts of state-society relations in general (Song, 2011).

Following Johnson's core assumptions, the institutionalist authors, coming from either political science or economics, have made substantive contributions to the theory of the developmental state. Seeking an answer to the question why the state failed in its pivotal role in the development process in some cases, with regard to the states such as India and Brazil while proving to be successful in South Korea, Peter Evans (1995), by drawing on historical-institutionalist understandings of state-society relations, put forward the concept of "embedded autonomy" in explaining the distinctive features of a successful developmental state. According to Evans, who is regarded as a leading figure in the political school, developmental states consist of rational and meritocratic bureaucracies in the Weberian sense, that is, autonomous from the demands and pressures of various sections of society. Members of the bureaucracy are tied to one another through informal networks, which ensure an internal coherence to the bureaucracy. One further feature of the developmental state is its "external network connecting the state and private" (Evans, 1992), which the collaborative links between the state and private sector, together with the internal coherence of the rational and meritocratic bureaucracy, forms the necessary conditions of the "embeddedness" of state autonomy. Therefore, "embeddedness", in Evans's formulation, "implies a concrete set of connections that link the state intimately and aggressively to particular social groups with whom the state shared a joint project of transformation" (Evans, 1995). Without being embedded in society, an interventionist state would be a predatory state "in which the preoccupation of the political the political class with rent-seeking has turned society into its prey" (Evans, 1992). Thus, embeddedness is regarded as being just as important as autonomy in determining the necessary conditions of the developmental state.

According to Evans, South Korea, where traditionally its state bureaucrats are selected through meritocratic national examination and having effectively cooperated with the *chaebols*,

exemplifies the developmental state; whereas the state of Zaire was characterised as an archetypal case of a predatory state due to its weak internal coherence amongst political elites and individualized external ties with the private sector. Brazil and India form intermediary cases between these two forms of classifications. Evans's emphasises the essential role of coexistence between state autonomy and the tight external networks of state bureaucrats with business being a distinctive feature of a successful developmental state. Similar to Evans, Ziya Öniş (1991) sees developmental states as demonstrating "the coexistence of two conditions: the autonomous bureaucracy and co-operation between private sectors and the state". In a similar vein, Linda Weiss (2003) characterises the developmental state as "a political system which supports a shared project of economic transformation, where there is elite cohesion over core national goals, and where the economic bureaucracy is given sufficient scope to take initiatives and act effectively". In this understanding, the success of the state of South Korea in term of the developmental trajectory and the failure of the states of India and Brazil are explained through the level of institutional capacities that allow effective alliances to form between the political elite and the capitalist class, and the level of state autonomy that ensures that the state plays a pivotal role in planning and implementing long-term developmental goals.

The proponents of the developmental state from the discipline of economics, also relying on the institutionalist framework of state-society relations (Song, 2011), mainly focus on the developmental policies adopted by the state that in turn lead to rapid industrialisation and economic growth. Drawing on German economist Friedrich List's theory of late development, Erik S. Reinert (2007) argues that the protectionist policies of the first industrialised countries were then emulated by the late developing countries, such as Germany in the seventeenth century, Japan in the nineteenth century and South Korea in the twentieth century. All developed countries adopted import-substitution industrialisation (ISI) strategies throughout the development process. The set of policies adopted by the developmental state in seeking rapid industrialisation and economic growth might vary depending on historical contingencies; however, according to Ha-Joon Chang (2002) "the general pattern has remained remarkably true to type". Therefore, the developmental state, in this understanding, becomes more or less a universal paradigm in the sense that a "correct" set of policies adopted by the developmental state can be applied by other states in pursuit of developmental goals without regard to contextual

realities.

3. Statism, Mystification of the State and Methodological Nationalism

The conceptualisation of the developmental state is based on statist accounts on the nature of state-society relations and the developmental process itself. The statist understanding of state-society relations draws on the assumption that the state and society exist separately. The theory of state autonomy, which is as Dae-oup Chang (2009) points out, “the basis of developmental state theory”, reflects the statist underpinnings of the concept of developmental theory. As a result, the state is ultimately seen as “inherently *coherent* and externally *insulated* from other social groups” (Chang, 2009). This conceptualisation tends to neutralise the state in terms of class interests through theorising the state as autonomous from the dominant class and pursuing developmental goals that represent the general interests of society as a whole.

Dae-oup Chang (2009) convincingly argues that the theoretical neutralisation of the developmental state in terms of class interests and separation of the state from society have been rendered possible through a two-fold process, both reinforcing the other. Firstly, labour, in its relation to capital and to the state, has been largely excluded from theoretical review in this regard. As Song (2011) observes “the question of labour is either absent or posed externally to capital relation” within statist accounts on the developmental state. This exclusion has been theoretically justified through basing the argument on the idea that the developmental state is characterized by “weak labour” as a condition of its effective intervention in the market (Amsden, 1989). Thus, labour is taken only with regard to its subordination to the state, ignoring the state’s intervention between capital and labour in a way that significantly favours capital. Obscuring state-labour and capital-labour relations have enabled theorists to translate state-business relations to relations between state and society in general (Chang, 2009). Secondly, both the state and businesses are conceptualised according to their organisational features; that is to say, the relation between the state and capital is reduced to the relation between a set of individual state bureaucrats and individual capital owners. Accordingly, the “developmental autonomy” of the state is derived from the organisational relations between the state and business, which can demonstrate no more than a superficial autonomy derived from the

organisational relations between the state and capital. As a result, the state is depicted as isolated from social relations and existing above class interests.

Although the historical-institutionalist authors rigorously elaborated upon the nature of the state in an attempt to grasp “state autonomy”, taking into account the social context in which the state is allowed to be autonomous from society in pursuing the developmental goals; insofar as the state is conceptualised as a separate entity existing above class interests, in the statist understanding of the developmental state, the nature of the capitalist state and national development becomes a mystification, with the contradictory nature of the capitalist state remaining as yet unresolved. At this point, the conceptualisation of development as “common good” without questioning its contradictory nature, and the theoretical neutralisation of the state in terms of class relations through depicting it as being autonomous from different fractions of the capitalist class, constitute complementary aspects of the conceptualisation of the developmental state. The autonomy of the state, according to this account, allows the state to “sacrifice the interest of certain segments of capital in the pursuit of policies that maintain the viability of the socio-economic system and preserve the general rate of return” (Rueschemeyer & Evans, 1985). Furthermore, the distinction made by Evans between the developmental state and the predatory state reproduces this argument by positing that the difference between the two lies in the fact that the developmental state represents the general interest, while the predatory state is characterised by rent-seeking (Evans, 1995). Thus, the concept of “embedded autonomy” leads to obscure the exploitative nature of capital relations as a whole in the process of capital accumulation. In sum, the proponents of the developmental state do not problematize neither the nature of the state nor the national development process, through treating the state as a technocratic body separate from contradictory class relations, overlooking the exploitative relations between state-labour and capital-labour which are intrinsic to the capitalist development process.

Applying a statist theoretical framework to the concept of developmental theory is problematic not only in treating the state as autonomous from domestic class relations, but also in that it draws upon methodological nationalism, which characterises the new developmentalism (Pradella, 2014). The central characteristic of methodological nationalism, which underpins most of the literature on the developmental state, is “the isolation and separation of internal and

external factors as determinants of national economic factors, with primacy being giving to the former” (Gore, 1996). The theorists of the developmental state focused on either policies adopted by the state at the national level, which is the case particularly for the economic school, or analysed the nature of state-society relations almost exclusively within the boundaries of a nation-state, which characterises the political school. Therefore, the success of the developmental states of East Asia is attributed mainly to the internal characteristics of these states, without any serious attempt to analyse the global context of capital accumulation in which late development process had been realised.

4. Inherent Contradictions of the Developmental State

As a result of the statist underpinnings inherent in the conceptualisation of the developmental state, the state is theorised without showing much contradiction, which enables the theorists to propose the developmental state as a viable alternative to neo-liberal policy prescriptions. In order to assess the viability of the developmental state as an alternative political-orientation, it seems appropriate to consider the demise of developmental states with the Asian financial crisis of 1997-98. Within the policy-centred theoretical framework of the developmental state literature, particularly within the works of the authors from the economic school, the causes of the crisis have typically been attributed to policy mistakes and the dismantling of state-controlled financial systems. Therefore, in this explanation, the causes of the financial crisis leading to the demise of the developmental states did not emanate from the developmental state itself; rather, the crisis was caused by the dismantling of the old institutional settlement. Wade (2000) argues that the deregulation of the financial markets as a result of external pressures imposed by the Wall Street-Treasury complex led to the crisis. Attributing the demise of the developmental state either to policy mistakes or to external pressures, these theorists tend to obscure the contradictions inherent to the developmental state. As a result, this conceptualisation cannot capture the internal necessity of deregulation and therefore the demise of the developmental state.

Contrary to the proponents of the developmental state, regarding to the case of South Korean, Eun Mee Kim (1999) argues that “contradictions inherent in the developmental state are enough to instigate its own decline”. Therefore, according to her “external actors, institutions and conditions merely hasten the decline” (Ibid). For Kim, there are two main contradictions inherent

to the developmental state. The first, insofar as the developmental state successfully provides economic services, is that it inevitably undermines its own developmental role as the big South Korean *chaebols* become capable of providing these services by themselves. Therefore, the state's exclusive support for large conglomerates through subsidies (including tax exemptions, reduced tariffs and low-interest loans) produces contradictory results, undermining the developmental state's role as provider of public goods. In this context, it is necessary to note that economic growth and rapid industrialisation achieved in the era of developmentalism was made possible at the expense of public costs. Vivek Chibber (2005) states that "even when the economy grew at an impressive clip, it was in a race with the fiscal deficit, which often grew even faster. The fiscal drain was paralleled by an increasing imbalance on the external account." In this process, support for large conglomerates through subsidies went hand in hand with the brutal suppression of labour movements by authoritarian regimes (Cammack, 2007). However, rapid industrialisation tends to strengthen the working class, therefore civil society, which reveals the second contradiction of the developmental state. As mentioned above, the conceptualisation of the developmental state relies on the assumption that those East Asian countries are characterised by a weakness of labour, which in turn leads to them largely ignoring labour-capital and labour-state relations. However, if the developmental state succeeds in its supposed mission in the developmental trajectory, paradoxically it undermines its own basis; namely state autonomy through empowering both the working class and the capitalist class. Thus, the developmental state becomes self-limiting in the sense that insofar as it facilitates the development of societal forces, the rising social classes tend to undermine its supposed autonomy from the society.

This is not to say that deregulation policies imposed by the international financial institutions have not played a role in the demise of the developmental states. However, what these contradictions mentioned above indicate is that the developmental state is far more contradictory in nature than it has been conceptualised within the statist theoretical framework by its proponents. As a result, the way in which the developmental state is conceptualised is problematic in two aspects. First, at the theoretical level, it wrongly associates the developmental state with political stability and economic prosperity to the detriment of its inherent contradictions. Second, this theorisation leads to a normative defence of the developmental state

particularly against deregulation policies imposed on developing countries, offering the developmental state as a viable and progressive alternative to neo-liberal policies. In so doing, the proponents of the developmental state tend to overlook the contradictions intrinsic to the developmental state on the one hand, and the repressive policies of the state, which particularly target the labour movement on the other. In sum, the concept of the developmental state tends to become a theoretical mystification, obscuring its inherent contradictions and exploitative characteristics, which therefore ultimately lead to a distorted picture of the previous developmental experience of East Asia.

5. Conclusion

I have offered a critique of the concept of the developmental state on theoretical and historical grounds. In doing so, I have briefly introduced different conceptualisations of the developmental state with an emphasis on the concept of state autonomy as the basis of the developmental state. Thereafter, I have discussed the theoretical relevance of the concept, questioning its underlying assumptions, characterised by statism, which is intrinsic to the conceptualisation of the developmental state. I argue that the statist accounts of state-society relations, which underpin most of the literature on the developmental state, tend to mystify the nature of the capitalist state through depicting the state as a separate entity isolated from society, therefore neutralising the state in terms of class interests. This theoretical mystification has been made possible largely through the exclusion of labour from theoretical concerns, which in turn leads to the translation of the state-business relations into state-society relations. In sum, the state is theoretically separated from social classes, with state policies largely ignored with regards labour in a way that favours the capitalist class.

Thereafter, I have attempted to shed light on the inherent contradictions of the developmental state, which have largely been overlooked by its proponents. As long as the developmental state proves to be successful in the developmental process, it strengthens both the capitalist class and working class. Therefore, the capitalist class becomes capable of providing the economic services that have previously provided by the state. At the same time, the labour movement, which either has been excluded from the theoretical concerns or theorised as subordinated to the state, becomes more powerful as a result of the rapid industrialisation. With the proliferation of the societal forces, the autonomy of the state, conceptualised as the basis of

the developmental state, tends to its own demise.

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