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EDİTÖRDEN/EDITORIAL

Industrial policy has reoccupied the intellectual agenda in many countries since the 2008 global financial crisis. By highlighting the important role of the state in the economy, the global surge of industrial policy has presented a major challenge to neoliberalism and the Washington Consensus. In the heyday of globalization, neoliberalism used to prescribe market-driven strategies to developing countries. These days, however, not only have many developing countries reconsidered the alternative development models represented in Asian countries where states implement industrial policies to promote economic growth; under the pressure of increasing competition from China, even developed countries have begun to rethink the contribution the state should have in supporting the development of high-tech industries.

In order to participate in international discussions on industrial policy, we present you with this special issue on developmentalism and the developmental state.

Bai Gao categorizes industrial policy in relation to the conceptualizations of the state. The classical model of the developmental state focused on promoting exports of value-added industries and protecting domestic markets emerged before globalization had accelerated. However, the ongoing megatrends of globalization reversal, technological revolution, the profound transformation of the postwar international order, and the rise of China have revealed how states have adopted industrial policies to promote innovation in technological frontiers, to develop infrastructure, to reduce transaction costs, and to nurture a national competitive advantage.

Emrah Yıldız reconsiders Turkey's implementation of the import-substitution strategy. Although development has been the main goal of Turkey, the literature on developmentalism and the developmental state have had difficulties finding a place in Turkish academia. Turkey's longing and desire for building national industries has been tackled primarily from the perspective of modernization and dependency theories. Drawing upon the literature on developmentalism and the developmental state, Yıldız reinterprets the Turkish experience of development.

Li Guowu and Bai Gao attribute the distinctive characteristics of industrial clusters in China, including items from competition strategy, openness to FDI, distribution channels, and mode of governance mode to developmental stages, specific phases of the globalization pendulum movement, spatial concentrations of industrial clusters and specialized markets, and patterns of state-society relations.

Judit Ricz evaluates the literature on developmental states and researches a new paradigm. In this article, Ricz focuses on states' reconsidered roles in the economy since the global economic crisis of 2008 and sheds light on the future of developing states in the post-pandemic world.

Liu Weiping and Liu Daren show that development finance has addressed both market failures and government failures and has distinguished itself from both commercial finance and traditional policy finance. Development finance is characterized by governmental project selections where policy banks incubate finance and market outlets carry out the projects.

In contrast, Liu Changxi, Gui Yong, and Yu Qin demonstrate how finance has become the center of the Chinese economy. The state has strengthened its capacities in controlling and mobilizing resources through fiscal financialization, a two-tier interest rate system, the growth mechanism of foreign reserves, and the dual preference for both political and economic goals.

The subsequent article from Ali Akkemik and Murat Yülek draws attention to the relationship between state capacity and technological innovation in East Asian countries.

Jun Yan, Chong Zang, and Tingting Li analyze the experiences of Chinese companies in Africa. By emphasizing the behavioral patterns of interactions, conflicts of interest, and distribution of development benefits to local actors, they demonstrate three distinctive groups that have shown different responses to the Chinese practice of development being introduced to Africa.

Juho Korhonen attempts to study developmental states based on the Finnish national trajectory from its inter-dependence era to becoming a sovereign nation state. Korhonen invites scholars to rethink the concept of developmental states based on a sovereign national state by considering the interdependence era in Russia under Soviet domination.

Zhao Zuoxiang analyzes the development of high-tech parks in China in relation to state industrial policy. He demonstrates that the changing functions and characteristics of high-tech parks have been driven by the changing focuses of industrial policy.

Yan He focuses on the relationship between economic growth and political change in Sri Lanka, arguing that the adoption of the East Asian model of developmental states has had mixed outcomes due to cross-national differences in political and social structures. While the strong-man control of the state increases the efficiency of bureaucracy and speed of economic growth, the family-clan politics also leads to corruption; narrowly defined industrial policies have failed to make the pie big enough to let more people share the benefits of development.

Hüseyin Emrah Karaoğuz examines sub-Saharan Africa by considering the connections among the state, development, and foreign policy. His investigation of sub-Saharan Africa's experience explains the venture of developmental policies in sub-Saharan Africa and also presents insightful debates on developmental states' foreign policies.

Mehmet Güven Avcı and Elif Kıran examine the emergence and role of Community Houses in economic development during the Cold War. In the early Republic of Turkey, the state elites launched a radical modernization project to transform the traditional society. For the state elites, education served two main goals: economic development and the radical modernization project. While it provided the ideological instrument for the state elites to ingrain Western values into Turkish society, it also founded a basis for economic development.

As a whole, these articles aim to participate in the international debates on developmentalism and developmental states. We hope this special issue of *Istanbul University Journal of Sociology* will stimulate discussions and debates on related issues in Turkish academia.

Guest Editors

Bai Gao

Emrah Yıldız

RESEARCH ARTICLE

The Renaissance of Industrial Policy: Developmentalism in the Era of Post Globalization

Bai Gao¹ 

Abstract

Industrial policy lost legitimacy and disappeared in public discourse in the heyday of neoliberalism and Washington consensus. Recently, however, industrial policy is experiencing a renaissance in many parts of the world. There have appeared several forms of industrial policy in the academic literature that vary greatly with different conceptualizations of the state. Even within one type of state there may be multiple types of industrial policy. The discussions on industrial policy in the 1980s-1990s used to be dominated by the conceptualizations of the developmental state that emphasized promoting strategic industries and the social-protection state that focused on protecting sunset industries. Nevertheless, the three ongoing megatrends, the globalization reversal, technological revolution, and the great-power competition in the profound transformation of the postwar international order, plus the unique experience of the Chinese development in the past four decades, have presented us three other types of industrial policy, practiced by the entrepreneurial state, the market-facilitating state, and the competitive-advantage building state. Industrial policy has indeed regained legitimacy, but it still faces many challenges. There will be a process of social construction in the future in which various state and societal actors redefine the scope and acceptable means of industrial policy.

Keywords: Industrial policy • The developmental state • The social-protection state • The entrepreneurial state • The market-facilitating state • The competitive-advantage building state

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Since the summer of 2016, economists in China have been debating industrial policy with great enthusiasm. The Chinese media has hyperbolically called it “the debate of the century.” The pro side of the industrial policy argument draws support from studies on several countries’ historical experience: the Netherlands in the 16th-17th century; the United States, Germany and France in the 19th century; and Japan and the “Four Asian Tigers” following World War II. Every country or region that successfully became an advanced industrialized economy did so through their reliance on a national industrial policy, without exception. Furthermore, in the post war era, all thirteen of the economies that have grown 7% annually for 25 years have five characteristics in common, two of which are a capable government and an effective market (Lin & Zhang, 2016).

In contrast, the con side of the argument holds that the current Chinese industrial policy has led to imbalanced development and overbuilt production capacity. It argues that any industrial policy is nothing more than a planned economy wearing a mask. According to this view, innovation is unpredictable and full of uncertainties and, inasmuch as bureaucrats lack entrepreneurs’ sensibilities and judgement, it is unwise to place the nation’s limited resources in their hands. In addition, bureaucrats often fall into the trap of corruption, using their powers for rent-seeking whenever they make decisions on taxation, subsidies, finance, land use, and import/export certificates (Lin & Zhang, 2016). Some economists also contend that state intervention in the market often leads to unfair competition as industrial policy supports some companies while suppressing others; the state often favors state-owned enterprises but discriminates against private companies and its favorable treatment of local companies creates market barriers that lead to the fragmentation of the national market (Hou & Bi, 2016).

In the international arena, there is an equal amount of excitement on the subject of national industrial policy. According to the United Nations Conference on Trade and Development, in the past five years at least 84 countries - including both developed and developing countries – that account for 90% of the world’s GDP have adopted formal industrial policies. “In the decade since the global financial crisis, the number of countries adopting national industrial development strategies has increased dramatically. The rate of adoption of both formal industrial policies and industrial policy measures targeted at industrial sectors appears to be at an all-time high” (UNCTAD, 2018, p. 128). Today, the US-China trade war and the COVID-19 pandemic have bestowed industrial policy with even more significance. As the US former Secretary of State Hilary Clinton asserted in her latest Foreign Affairs article, “It is time for ambitious industrial policy” (Clinton, 2020, p. 96). According to Germany’s *Industrial Strategy 2030* adopted in 2019, “industrial policy strategies are experiencing a renaissance in many parts of the world. Hardly a successful country exists that relies exclusively and without exception on market forces to manage the tasks at hand” (Federal Ministry for Economic Affairs and Energy, 2019, p. 8).

Industrial policy is a hallmark of the developmental state. Industrial policy occupied the headlines in the 1980s when the concept of “the developmental state” first came to the public’s attention during the US-Japan trade war (Johnson, 1982). After the Asian financial crisis in 1997-1998, it basically disappeared from public discourse amid the triumph of neo-liberalism, the Washington consensus, and the peak of the globalization upturn. However, the subject of national industrial policy began to reemerge in the aftermath of the 2008 global financial crisis, and has become a new catchphrase in the past several years.

What is industrial policy and why has it become an epochal trend in the world? In this article, I first review some classical theories about industrial policy. Then I discuss how several ongoing megatrends, including globalization reversal, the technological revolution, and the transformation of the international order, have brought about an industrial policy renaissance. Next, I briefly analyze how industrial policy has changed in China in the past four decades and explore the kinds of challenges it faces today. To conclude, I discuss the issues that lay ahead for industrial policy in the future.

Classical Models of Industrial Policy

Forms of industrial policy vary greatly with different conceptualizations of the state. Even within one type of state there may be multiple types of industrial policy. For these reasons, it is more practical to identify the types of industrial policy themselves.

The developmental state invented classical industrial policy and that policy was practiced in Japan in the 1930s-1970s and South Korea in the 1960s-1980s. The concept of the developmental state was first presented by political scientist Chalmers Johnson (1982) in his seminal work on Japan’s Ministry of International Trade and Industry (MITI). According to the logic of the developmental state, in a country like Japan that is poorly endowed with national resources, the country’s economic survival relies heavily upon international trade. In order to obtain more benefits through international trade, the state needs to focus its policies toward high value-added industries and promote exports aggressively. In order to nurture domestic companies’ industrial competitiveness, the state needs to set trade barriers, both in tariff and non-tariff forms, to protect its domestic markets while simultaneously allocating the country’s limited resources to support the development of these infant industries (Gao, 1997; Johnson, 1982). A fundamental difference between the Japanese economy and the orthodox market economy represented by the United States lies in their ideologies: whereas mainstream Western economics focus on the equilibrium of the market, developmentalism is driven by nationalism with a clear goal of industrialization (Gao, 1997; Murakami, 1996).

The developmental state, in Johnson’s original conceptualization, stands in contrast to the regulatory state represented by the United States. The crucial difference between the

two is that the latter is unconcerned with economic structure, instead allowing the market to decide which industries prosper and which decline. The former, in contrast, cares greatly about economic structure, and takes great pains to ensure the development of strategic industries (Johnson, 1982). The conception of the Japanese developmental state as a model of governmental intervention similar to a planned economy is a misinterpretation of the arrangement. Rather, the Japanese developmental state strongly encourages oligopolistic competition. Its rationale is that too many players within the same industry would result in “excessive competition” thereby squandering limited resources and preventing domestic companies from growing into big players. Japan recognized that without competition, domestic companies would never become competitive in the international market. In practice, the Japanese state never controlled all industries and instead focused its attentions on only the most strategic ones (Gao, 1997, 2001).

This new conceptualization of the developmental state was significant in the field of comparative political economy because, for the first time, academic literature described two analytical categories of states within the capitalist bloc during the Cold War. Later writings in the varieties of capitalism literature further pushed this new analytical depth, identifying cross-national variations in market economies by presenting a dichotomy of the liberal market economy and the coordinated market economy (Hall & Soskice, 2001). The Japanese developmental state – or at least, the Japanese version of developmentalism – apparently belongs to the latter category.

In *the social-protection state*, political stability is the state’s major policy objective. In contrast to the developmental state, whose goal is to actively promote sunrise industries that have high potential for value-added benefits in international trade, the type of industrial policy practiced by the social-protection state is carried out in sunset industries where domestic companies have lost their comparative advantage. A major characteristic of this type of industrial policy is its restrictions on competition. Many countries practice this type of industrial policy because, by controlling competition, states can prevent massive layoffs during an economic downturn and reduce the state’s social protection burden. The state in both Japan and European countries exerted various industry-based anti-competition regulations to protect jobs and slow down the decline of sunset industries. Some countries even allowed small and medium-size companies to organize cartels during recessions (Gao, 2001; Tilton 1996). In China after the reform began in the late 1970s, in an effort to undertake a new pattern of industrial governance, the state often practiced anti-competition policy, constraining market entry and exercising frequent administrative interventions (Wu & Chen, 2016).

A distinguishing feature of the social-protection state is its recognition of the state’s dual role in promoting the development of emergent strategic industries as well as governing declining industries – a role that no state can escape. For this reason, social-protection itself

is an important dimension of any state's industrial policy and the social-protection state often coexists with the developmental state as two sides of the same coin. In the Japanese case, growth and stability were a dual focus of Japanese industrial policy (Gao, 1997, 2001). For this reason, the World Bank pointed out in a 1993 report that the East Asian model of development emphasizes egalitarianism and, comparatively speaking, has reduced income inequality (World Bank, 1993). Because the protection of sunset industries is driven by domestic politics, some analysts argue that Japan's domestic politics are not much different from those of Western countries (Calder, 1988; Uriu, 1996).

Globalization Reversal and the Return of Industrial Policy

After more than one decade of virtual absence from public discourse, industrial policy reemerged against a backdrop of globalization reversal in the aftermath of the 2008 global financial crisis.

The long-term movement of capitalist economies is driven by a pendulum movement of globalization between two distinctive paradigms of public policy: releasing market forces versus protecting society (Gao, 2001; Polanyi, 1958 [1944]). After nearly three decades, the 2008 global financial crisis was the turning point at which public policies in many countries began to swing from the paradigm dominated by neoliberalism to a focus on social protection. This new sentiment has led to the British exit from the European Union, Trump's election to the U.S. presidency in 2016, and a wave of anti-free trade and anti-immigration movements around the globe.

From a historical perspective, this turn of globalization reversal since the 2008 global financial crisis mirrors the turbulent era of the Great Depression and World War II in the previous century. It is not a coincidence that classical industrial policy in Japan emerged back then heated discussions about industrial policy occur today. There were two distinctive features in the original characterization of Japanese industrial policy: one was its anti-competition measures that replaced private cartels with compulsory trade associations with an aim to mitigate damage and disruption to market forces in the aftermath of the Great Depression; the other was the enactment of various legislations to mobilize national resources for the state's prioritized goals, exemplified by the National General Mobilization Law of 1937 that aimed to help the country survive in World War II (Gao, 1997, 2001, 2004; Johnson, 1982).

Both of these features – anti-competition and resource mobilization measures – are, with some modifications, easily recognizable in the ongoing public discourse on industrial policy over the past ten years. The non-coincidence of the spotlight being placed on industrial policy in the 1930s and now in the past decade is due to the episodic conditions under which industrial policy enters the stage of globalization.

Between the early 1980s and the eve of the 2008 global financial crisis, the ideology of neoliberalism dominated the public policy paradigms of many countries. Marketization, privatization and deregulation were major trends in reforms meant to get rid of the inefficiency that occurred as a result of the social protection policy paradigm that had been in place since the Great Depression. The state loosened its regulatory control and abolished various trade barriers while multinational corporations in developed countries pushed development of the global production system which in turn was sustained by an increase of the size and scope of foreign direct investments, offshore production, and outsourcing. This resulted in an impressive expansion of trade and economic growth (Gao, 2018). After the Cold War ended in the early 1990s, an illusion of “the end of history” swept public discourse in Western countries (Fukuyama, 1989). Since liberal democracy and the market economy were perceived as the ultimate evolution of political and economic institutions in human society, both the need for industrial policy and the need for the developmental state were deemed obsolete and disappeared from public attention (Gao, 2020).

The 2008 global financial crisis brought a legitimacy crisis for orthodox policy instruments, both fiscal and monetary, that had developed during the heyday of neoliberalism in the previous three decades, because they no longer seemed to work to induce economic recovery. There had now been 4 million job losses in Europe since 2008. By 2013, however, only 1.6 million jobs had come back, in spite of the fact that various stimulus policies had been adopted. The failure to explain this circumstance pushed Europeans to rediscover the field of industrial policy. In Britain, the economic rebalance program shifted toward sustainable production and away from mechanisms that promoted economic growth by overly relying on consumption and finance. Economic commentators and policymakers began to argue that the state *should* play an important role in the economy by means of industrial policy. This was evidence that they had begun to question the orthodox neoliberalism that had occupied British consciousness since the late 1970s (Bailey et al., 2015, p.1). In Germany, a new understanding of industrial policy meant it would work to become a powerhouse in international competition. After the EU commission rejected the proposed merger between Siemens and Alston, the Economic Minister demanded that the EU amend its competition laws and allow European countries to each build their own national champion companies (Reuters, 2019). France was once a major European country that practiced industrial policy. After the global financial crisis, the French no longer saw globalization as an opportunity, but rather a threat from which people would need government protection. Many called the state to make industrial policy around innovations (Aiginger, 2011). Italy lost one fourth of its GDP in the global financial crisis, and its per-capita income fell below the EU average. Many Italians argued that the EU’s industrial policy should give priority to Eastern and Southern Europe and promote industrial development by providing subsidies, finance, and support to R&D (Lucchese et al., 2016).

Strong demand for social protection emerged from the severe damage caused by the rise of global production system especially in North America. Between 1977 and 1999, three million jobs were lost in the US manufacturing industry. At the same time, however, multinational corporations created jobs overseas. Generally speaking, for each 10% capital increase in a multinational company's overseas branch, there was a corresponding 0.1%-1.8% loss of jobs in the United States. When investment in overseas by multinational corporation doubled, it resulted in an 18% loss in jobs in the American manufacturing industry (Harrison & McMilan, 2006). Moreover, due to offshore production and outsourcing, the recovery of employment after a recession took a much longer time. In the 1991-1993 recession, it took only two quarters for industrial output to return to pre-recession levels, but it took 23 months for job numbers to come back. In the 2001 recession, it took only one quarter to see the recovery of industrial output, but it took 38 months for job numbers to come back. Between 2006-2007 the unemployment rate in the United States was 4.6%. After the downturn created by the 2008 global financial crisis, it took less than two years to see economic growth again, but by May 2016, almost *eight years* later, the unemployment rate had come down to only 4.7% (Rajan, 2010). These events significantly contributed to the emergence of strong anti-free trade and anti-immigration sentiments.

A main theme of social protection is the rejection of the market principle in order to prevent the negative impacts of competition on employment and political stability. Even at this moment with the forthcoming presidency of Joe Biden, policy measures against competition remain within the range of possibility. One distinctive strategy is to protect domestic employment by reducing pressure from international competition. A major platform adopted by President Trump was to bring the manufacturing industry back to the United States. President-elect, Joe Biden asserts a trade policy that fits the interests of middle-class families. He further points out that he will not sign any new free trade agreement until the US government makes major investments to upgrade the county's infrastructure and enhance American companies' and employees' international competitiveness (Hirsch, 2020). The purpose of the anti-free trade and anti-immigration movements is to reduce foreign competition, in terms of job opportunities at both the individual and company levels.

The industrial policy practiced by the social protection state emerged in many countries that aimed to prevent the loss of domestic jobs. In the United States, President Trump adopted a taxation policy to encourage multinational corporations to bring overseas jobs back to the US. At the same time, his policies restrained the inflow of foreign capital with an aim to reduce international competition, a strategy that used to be a basic element of the industrial policies of Japan, South Korea, and many other countries. By 2018, restraining policies accounted for 34% of all foreign investment policies in the world, the highest proportion since 2003. Even when the state adopted

a stimulus plan, it often came with a condition that any purchases must give priority to domestic goods. In addition, multinational corporations in developed countries have considerably slowed down their participation in global value chain production. Between 2000 and 2010, the average annual growth rate for global value-chain production among the European Union, the United States, and Japan were 12%, 7% and 9%, respectively. In contrast, in the following period, 2011-2017, the growth rate declined to merely 1% for both the European Union and the United States, and Japan did not have any increase at all (UNCTAD, 2019).

The Technological Revolution and the Role of the State

Another driving force behind the heated discussion on industrial policy is the ongoing technological revolution in which “advanced capitalism came to be centered upon extracting and using a particular kind of raw material: data” (Srnicsek, 2017, p. 39). In this new era, “just like oil, data are a material to be extracted, refined, and used in a variety of ways. The more data one has, the more uses one can make of them” (Srnicsek, 2017, p. 40).

This has direct implications to manufacturing industry. Smart manufacturing pushes human beings toward a seamless interface between the digital world and reality. Factories in the future will become completely automated, digital, networked, and intelligent. They will become more flexible and satisfy the demands of the market through improved design, production, and logistics. Their consumption of raw materials and energy will be sustainable, rational and increasingly humanistic. People will continue to occupy the center of activity and play important roles; technology will support employees rather than replace them and computer intelligence will augment human intelligence (Yanez, 2019). Not since the steam engine has society seen a technology with the potential to forever change not only transportation, but international trade and society itself. Over the past three decades, the internet has become an indispensable core technology that will profoundly change the course of history. It encourages fair competition, enables any company to develop into a brand with a global presence, connects producers, suppliers and consumers, and provides huge amounts of data for decision making. The internet has made the world more digital and, consequently, triggered the rise of the digital economy (Jutras, 2019).

If the 2008 global financial crisis and the trend of globalization reversal brought our attention back to industrial policy because of its original features of anti-competition for protecting employment and controlling the distribution of credit and materials to ensure production, the technological revolution, especially the rise of the digital economy in the past three decades, has become a major driving force behind the conceptualization of a new type of industrial policy.

The entrepreneurial state is conceptualized according to the practices of the US federal government, especially the Defense Advanced Research Projects Agency (DARPA), a part of the US Department of Defense. This new version of industrial policy promotes R&D in the frontiers of the technological revolution (Mazzucato, 2015). It aims to spur innovation by reducing the enormous risks associated with investment in R&D of radical frontier technologies. Contrary to the conventional image of the United States in which private companies play the leading role in technological innovation, the U.S. federal government “has provided early-stage finance where venture capital ran away, while also commissioning high-level innovative private sector activity that would not have happened without public policy goals backing a strategy and vision” (Mazzucato, 2015, p. 79). Common practices to encourage innovation include government subsidies and government procurements. Generally speaking, this type of industrial policy targets only frontier technologies. The state is not normally involved in the commercialization of these technologies.

The conceptualization of the entrepreneurial state in the United States by a British scholar is significant because for a long time American academia did not acknowledge the existence of a US government industrial policy. Rather, the US government was seen as representative of the liberal market economy. But by identifying the US federal government as an entrepreneurial state in regard to its policies toward frontier technologies, especially those related to defense whose spillover affects other sectors of the American economy, we deepen our understanding of American industrial policy. Even more importantly, this understanding highlights the role of the state in reducing and bearing the burden of risks associated with innovation in radical technologies and technological development in general. The state’s role in mitigating these risks for companies is more important than ever, especially in the modern technological revolution brought about by the digital economy.

Developed countries, under the pressure of competing with a rising China, have all rushed to implement various industrial policies that promote the internet of things, big data, clouding computing, and artificial intelligence. Germany adopted its famous “Industry 4.0,” plan which focuses on “the smart factory”, “smart production”, and “smart logistics”. It optimizes the industrial process of basic production engineering and transforms the manufacturing industry from the bottom up. The Ministry of the Economy and Energy invested in centers that promote the digital capacity of small and medium-size companies (TWCSI, 2020). The United States adopted the “Strategy for American Leadership in Advanced Manufacturing,” emphasizing the R&D of new manufacturing technologies. Its “Future Industrial Development Plan” aims to provide government support for the advanced manufacturing industry, artificial intelligence, quantum computing, and 5G cellular technology. The National Science Foundation has supported research in cyber-physical systems for 14 consecutive years. Big

corporations leading development is a characteristic of the US strategy and the country's Industrial Internet Consortium has continuously recruited leading companies such as GE and Cisco in each technology sector. The White House held two summits to promote the development of artificial intelligence to organize support for the national AI R&D ecosystem, the development of the tech workforce, the removal of barriers to AI innovation, and enabling high-impact, sector-specific applications of AI (The National Science & Technology Council, 2018).

At the same time, the technological revolution presents several challenges to the state. On one hand, states can best support development through industrial policy. On the other hand, development-focused industrial policy often prompts calls from various domestic groups for social protection policy. This dilemma has three dimensions: First, an increase in industrial efficiency presents big challenges to inclusive development. While information and production technology can improve productivity, return on capital, lower transaction costs, and eliminate the information gap, the accompanying artificial intelligence, robotics, and automation can lead to the failure of a development strategy that aims to create job opportunities. Second, the winner-take-all phenomenon that has accompanied the development of information technology indicates that the benefits of technological development may concentrate among a small number of countries or societal groups. The state needs to adopt active industrial policy to maximize the contributions of the digital economy toward economic diversity and structural transformation. Third, the development of a digital economy tends to make the strong stronger and the weak weaker. In order to protect the interests of developing countries, the state needs to strengthen antitrust law and competition policy, and explore new policies in regard to government procurements, public participation in long-term investment, the localization of data storage, and industrial standards (UNCTAD, 2018).

The Transformation of the International Order

The importance of technology for great-powers competition burst onto the scene of history rather suddenly. Back in the 19th century, the “key drivers of [history] were the steam engine, germ theory, electricity, and railroads... Nobody knew it in 1800, but the geopolitical future of the nineteenth century had already been set in motion nine decades earlier, when Thomas Newcomen invented the first practical steam engine. Historians and foreign policy experts may not like to hear it, but all the things they teach and write about the geopolitics of the nineteenth century are mere footnotes to the industrial revolution” (Brum, 2018, p.44). Perceived from this perspective, without the industrial revolution, there would no rising middle class demanding democracy and there would be no capitalist revolution as agrarian states simply wouldn't need one. There would be no massive colonization because non-industrial economies do not require large volumes of raw materials. Total war would likely not have occurred

because there would not have been cheap steel or the precision manufacturing needed for making modern weapons. Because the world would still have been stuck with agriculture, slavery might still exist and feminism would not have come into being (Brum, 2018).

Recall the period in which Japanese industrial policy formed: it was created to address the failure of the contemporary market and, more importantly, to mobilize national resources in the name of international competition. In a similar way, the renewed attention toward industrial policy in the United States is partially driven by high-stakes competition with China. In 2015, the Chinese government's publication of *Made in China 2025* created a big stir in America. The article has been widely studied in the United States and is perceived to be a blueprint of China's grand strategy for international competition in the 21st century. For the first time in the country's history, US policymakers formally acknowledge the importance of industrial policy. On top of this, the pressure from Chinese competition in technological frontiers, exemplified by *Made in China 2025*, caused a profound change in the public discourse around industrial policy such that the Americans came to see industrial policy in both a historical context which shed light on their own industrial ascendancy in the 19th century and in an anticipatory context that highlights the forthcoming challenges posed by China to the US hegemony in the next three decades.

Until recently, industrial policy had been affected by the "end of history" mentality of the post-Cold War era and so had disappeared from the public's consciousness. According to the dominant neo-liberal ideology of that time, the appropriate role of the state was to take a neutral position and allow the outcomes of industrial development to be determined by the market. But by the end of the second decade of the 21st century, a new conception about the state's role in the economy appeared, especially in the US. The US Senate Committee on Small Business and Entrepreneurship opened its report on *Made in China 2025* with the statement, "in a world of state competition for valuable industries, a domestic policy of neutrality among activities is itself a selection of priority. 'Not choosing' is a choice, however it is made. The relevant policy consideration, then, is not whether states should organize their economies, but how they should be organized. Total neutrality among interacting economic system is impossible, but relative material decline is not... The U.S. cannot escape or avoid decisions about industrial policy" (US Senate Committee on SB&E, 2019, p.11).

The most serious areas of competition between the United States and China, according to US policymakers, lie in technological frontiers. Although there has been a major shift in the balance of power between the two countries since China joined WTO – as measured by total trade, goods exports, purchasing power, and consecutive years of high growth – the US has never truly felt strong competition pressures from China

until the publication of *Made in China 2025* five years ago. In this document, China listed ten frontier technologies that are its targets. As one commentator pointed out, “today’s technology is to true AI as the Wright Flyer is to the space shuttle. For the next couple of decades, the most important global movements will be all the usual suspects. But after that, AI is going to start making them seem trivial. Great-power competition will basically be a competition between different countries’ AI technology” (Brum, 2018).

Made in China 2025 signaled that the Chinese government is doing more than merely “breaking the rules” – it is seeking to set new terms for international competition. US policymakers see this as part of China’s grand strategy for global dominance. China’s plan stimulated the US to create countermeasures. By assessing the goals outlined in *Made in China 2025* and China’s progress toward those goals, the US will identify areas that need defensive action. The US also plans to evaluate China’s success in those areas and compare them to any corresponding US decline (US Senate Committee on SM&E, 2019). Looking forward, if China does, in fact, meet its goals as outlined in *Made in China 2025*, then the US could experience decline in specific industries just as it did at the beginning of this century. The same contraction that occurred in the electronics, furniture, plastics, metals, and vehicle parts industries may happen tomorrow in the machinery, new-energy automobile, high-end computer, rail, and aerospace industries (US Senate Committee on SM&E, 2019).

In its report to the US Congress on *Made in China 2025*, the Small Business and Innovation Committee suggested an industrial policy aimed at countering China’s efforts. The recommended policy involved export controls on national security-sensitive technology and on intellectual property related to the supply of the finished goods discussed in *Made in China 2025*; a prohibition on majority-stake acquisitions of American companies by investors from China, specifically in the supply industries described in *Made in China 2025*; and the establishment of countervailable subsidies and the filing of declaration suits to protect and prevent injury to established industries in the sectors listed in *Made in China 2025* (US Senate Committee on SM&E, 2019).

Industrial policy was born nearly a century ago and governments adopted it under specific historical conditions. We see that the first industrial policy, represented by Japan, emerged in the crises of the Great Depression and World War II and had two major goals: save the economy from market failure and mobilize national resources to fight the war. State intercession in industrial planning was necessary for the country’s survival. The intellectual origin of Japanese industrial policy can be traced back to the German theory of total war in World War I. Drawing upon the German practice of mobilizing all industries for fighting the war, Japan did the same in preparation for the coming conflict with United States. The purpose of industrial policy is the mobilization

of limited national resources toward a strategic goal (Gao, 1997). Today, in this era of great-power competition, industrial policy has become indispensable.

Chinese Industrial Policy in Transition

A discussion of Chinese industrial policy over the past four decades requires some qualifications first.

China started its transition from a planned economy to a market economy in the early 1980s, but it was not until the beginning of the 21st century that it developed its first classical industrial policy, similar to that practiced by the developmental state in Japan. This is not to say that the Chinese government did not have industry-focused policy. In fact, two types of policies existed. One was aimed at industry-based regulations and practiced mainly in the inland regions where industries were dominated by state-owned enterprises. The other was more akin to a pro-growth policy, first practiced primarily in the special economic zones (SEZ) in the coastal areas, and later extended to various industrial parks or high-tech parks throughout the country (Zhao, in press).

The features of regulations in traditional industries are essentially a legacy of the planned economy. They function more like tools for the state to maintain control in these industries. Regulations are often anti-competition and favor SOEs over private companies. In some sectors, new players face high barriers to market entry and SOEs hold a monopoly (Hou & Bi, 2016). Policies of this kind have been seriously criticized both in China and abroad. From the state's perspective, the goal of this type of industrial policy is to maintain political stability by protecting SOEs. This is possible because SOEs employ an enormous number of people. As was the case in the industrial policy concerning sunset industries practiced in Japan and elsewhere, this type of policy is characterized by a strong inclination toward anti-competition. Although reforms led to an abundance of small and medium-size SOEs – as well as creating massive unemployment – in the second half of the 1990s, the state has continued to protect big SOEs in the infrastructure, utilities, telecommunication, and transportation industries.

The industrial policy practiced by local governments in SEZs along coastal areas, however, belongs to a different category.

The market-facilitating state conceptualized by new structural economics (NSE) adopted some policies that are often called industrial policy but they are very different. The main goal of the market-facilitating state is to attract inflows of foreign direct investments and promote economic growth by participating in the international division of labor represented by the global production system. Drawing upon the Chinese experience of relying on cheap labor in the SEZs, new structural economics considers

factor endowment the most important criterion by which an economic entity chooses its path for economic development. It maintains that an entity can enjoy comparative advantage in international trade only when it chooses to develop those industries deemed most viable based on its factor endowments in a given developmental stage, often measured by its capital-labor ratio. According to this reasoning, whether or not factor endowments can become comparative advantage is affected by the presence or lack of infrastructure and high or low transaction costs; infrastructure and transaction costs are the primary barriers that prevent an economic entity from transforming its factor endowments into comparative advantage. In other words, comparative advantage will never materialize if one simply waits for market forces to work. So, the state must step in and concentrate its limited resources to actively remove these barriers. “A capable state is the precondition for an effective market, while building an effective market is all that a capable state should do” (Lin, 2014).

The policy practiced by the market-facilitating state does not really fit the strict definition of industrial policy because it did not target any specific industry. Instead, it encouraged the development of *any* industry, so long as it was capable of bringing in foreign direct investment (FDI) and promoting exports, thereby stimulating domestic economic growth. For this reason, we may consider market-facilitating state policy as a horizontal pro-growth policy, rather than industrial policy *per se* because it is not driven by technological concerns, but by a motivation to promote economic growth in general in the most efficient way (Gao & Ru, in press). Moreover, the policy adopted by the market-facilitating state toward economic growth reflects the temporal conditions of industrial policy under neoliberal conditions: for one thing, much of its policy tools are more suitable for an opened market economy and for another, the state does not simply wait for the market to provide dynamics for economic growth, but actively promotes the conditions for growth to happen.

In 2004, China entered a new stage of development that necessitated new policies toward industry. The year was a watershed in the history of Chinese industrial policy; it witnessed the Chinese model of economic development transform from export driven to innovation driven. The primary catalyst for this profound change was international pressure that led to the appreciation of Renminbi and the resulting increase of labor cost in China. After China joined the WTO, exports jumped quickly. Since the summer of 2003, under pressure from Western countries led by the United States and Japan, the value of Chinese currency began to appreciate. As China could no longer rely upon its cheap labor, the state pivoted to promoting industrial upgrades. In 2004, the automobile, air craft, and high-speed rail industries attracted public attention so from that year on, the Chinese government began to promote these specific industries. The moment that China started concentrating its efforts within certain industries instead of relying on cheap labor in order to be internationally competitive was the moment that it took on a classical industrial policy.

The competitive advantage-building state emerged at the time to replace the market-facilitating state once the Chinese economy had begun to promote industrial upgrading and innovation. From then on, the state shifted its focus from comparative advantage to competitive advantage. The features of competitive advantage can be illustrated by a hexagon diagram, the components of which include: strengthening factor supply by upgrading the qualities and increasing the types of factor endowments; building infrastructure in order to reduce the cost of business operations; improving institutional environments to reduce companies' transaction costs; expanding market size in an effort to create an economy of scale; developing industrial clusters for deepening the division of labor and advancing specialization; and encouraging sector competition with an aim to promote productivity and innovation. The state treats the development of these six areas of competitive advantage as the main goal of its industrial policy (Gao & Zhu, 2020).

The competitive advantage-building state evolved out of the market-facilitating state, inheriting the latter's focus on building infrastructure and reducing transaction cost but to an increasingly sophisticated extent so as to match the requirements of high-tech industries. At the same time, the competitive-advantage-building state adopts the most important features of the classical version of industrial policy, targeting certain frontier industries that represent the future of technological progress in the global economy, and the typical practices by the entrepreneurial state in reducing the risks of R&D in the frontier technologies. By 2015, when the Chinese government published *Made in China 2025*, the country's accumulations of capital and technology had reached such a level that decisions about industrial targeting were not so much based on factor endowment, but on what industries the country needed to build future international competitiveness. In this sense, a major difference between the market-facilitating state and its successor the competitive-advantage-building is that the latter no longer considers factor endowment to be a major criterion for targeting industries. Comparatively speaking, the market-facilitating state is a theory about how to select an industry to develop, while the competitive-advantage-building state is a theory about how to develop a given specific industry. Part of the reason for this shift is that there is a general international consensus concerning the future direction of the technological revolution, inasmuch as every major economy has recognized the importance of artificial intelligence, the internet of things, big data, and cloud computing. Under these circumstances, it is pointless for China to grapple with capital/labor ratio politics at the national level.

On the surface, the hexagon diagram of competitive advantage looks like Michael Porter's diamond diagram of competitive advantage with the simple addition of building infrastructure and reducing transaction costs; two components advocated by NSE. However, our hexagon diagram of the competitive-advantage-building state has redefined

the conceptualizations of comparative/competitive advantage by both NSE and Porter in two important ways. To illustrate these differences, let's bring in Porter's distinction between basic factors and advanced factors; the former referring to the idea of natural endowments emphasized by classical trade theory and the latter referring to those factors acquired through human effort. First, NSE holds that an economic entity should choose to develop only those industries that are well-suited to what Porter calls "basic factor" as measured by the capital-labor ratio. In contrast, we focus on what Porter calls "advanced factors" with significantly more emphasis on the importance of human agency in creating and enhancing factor supplies. Second, we bring the state back into the discussion of the model of competitive advantage by proposing a causal relationship between state industrial policy and competitive advantage. Although Porter acknowledges that the state is relevant to each edge of his diamond diagram of competitive advantage, he fails to connect them with the state in his conceptualization. In contrast, we highlight the impacts of state industrial policy on the hexagon diagram of competitive advantage and treat the state's industrial policy as the determining factor that shapes the development of competitive advantage (Gao & Ru, in press).

The competitive-advantage-building state is not a unified national model. Even among local governments in China there is a large range of variations in practice. However, the common features we discuss above are distinctively observable in the most competitive industries of the Chinese economy, as well as in most dynamic cities in the country. Instead of leaving the fate of the digital economy to market forces, the competitive-advantage-building state actively intervenes. Nevertheless, it does not simply pick the winners, as some critics have argued, nor does it let the state itself replace private companies. Rather, as its label suggests, the competitive-advantage-building state considers its mission to be the creation of a favorable environment at the macro and meso levels in which companies grow competitive via their own entrepreneurship and market strategies (Gao & Ru, in press).

The US-China trade war in the past three years has prompted China to consider another type of industrial policy. With China's ascendance on the world stage, China is contemplating an international version of the social protection state, one that manages its trade relations with the rest of the world – especially those in developed countries. This kind of industrial policy has never been practiced before but there is a demand for it for two reasons: the size and potential of the Chinese economy and the contemporary reversal of globalization sentiments alongside the trade war and pandemic.

China is confronted with a dilemma between deep integration and development, both of which raise contentions in international trade. On one hand, China is still a developing country when measured by the fact that 600 million Chinese still have a monthly income of merely \$150, and development remains a top policy priority in the country. To sustain

its economic development and protect its infant industries over the past four decades, China has placed many stipulations upon other developed countries in the form of trade policies. These include local content requirements for foreign investors, requesting or requiring foreign investors to form joint ventures with local companies and transfer related production technologies, prohibiting or regulating activities of foreign investment within certain industrial sectors, maintenance of SOEs, preferential treatment of national firms during government procurement, and import substitution (Manger & Shadlen, 2019[2015], p. 478). On the other hand, China has become the second largest economy in the world and is set to become the largest in the foreseeable future. Western countries argue to the WTO that China should be treated as a developed country and that it should step forward toward deep integration, a process that “erodes differences in national economic policies and regulations and renders them more compatible for economic exchange” (Kim, 2019[2015], p. 361, and that offers “protection of foreign firms and their interests; liberalization of ‘beyond-the-border’ barriers to trade (i.e., domestic trade related laws and regulations that go beyond traditional ‘barriers-at-the-border’ such as tariffs and quotas); and harmonization of domestic trade rules to enhance the efficiency of international production” (Kim, 2019[2015], p. 360).

The future of the international order of trade and the very fate of globalization depend on whether or not China will be able to meet this challenge. For most of the period before the 1990s, the rules of the General Agreement on Tariffs and Trade mainly targeted developed countries while developing countries were largely treated as passive beneficiaries. After the Cold War ended, however, the international trade order transitioned from the GATT to the WTO, increasing its coverage from 58% to more than 80% of the countries in the world. This increased the burden on developed countries to support developing countries which resulted in developed countries requesting more concessions from developing countries. Moreover, within a very short time, some developing countries such as China and India made significant developmental progress and have become too large to be merely passive beneficiaries within the international trade order.

Concluding Remarks

The return of industrial policy to the public arena driven by three megatrends: globalization reversal, the technological revolution, and the transformation of the international order. An understanding of industrial policy’s role has greatly deepened our understanding of these trends and the multiple dimensions of industrial policy itself. We see that industrial policy has adapted to suit the contemporary environment by analyzing it from a historical perspective.

Our current understanding of industrial policy focuses on how it has been impacted by globalization’s temporal conditions and the implications this has for modern

industrial policy. Industrial policy's original incarnation – what we here call “classical industrial policy” as practiced by the developmental state in Japan – emerged during a major crisis generated by a downturn in globalization and that was characterized by two important features: a focus on anti-competition measures to protect industries from destructive market forces in the aftermath of the Great Depression, and various policy tools aimed at mobilizing national resources to achieve the state's objectives. Each of these two features is associated with a distinctive type of state: the social-protection state (the former) and the developmental state (the latter). These types of policies are again in great demand today as the pendulum movement of globalization has swung back toward the position it was in the 1930s. The 2008 global finance crisis marked the turning point for globalization reversal. Whether the pendulum could have swung further or had reached its limit is uncertain. But once neoliberalism was called into question, one thing was certain: the public policy paradigm in many countries had swung back toward social protection. The policy instruments developed during the heyday of globalization seemed to no longer work, a situation that gave new life to industrial policy as the major tool to promote economic recovery. Under these circumstances, even the market-facilitating state in China, a product of the globalization upturn, has adopted the practice of industrial targeting and begun to implement various supportive policy instruments first used by the developmental state in Japan.

The ongoing technological revolution has shined the spotlight upon the state's role in promoting innovation in revolutionary technological frontiers. Interestingly, we see that the federal government of the United States does not strictly follow the liberal market economy but can be conceptualized as an entrepreneurial state in the context of the technological revolution. This case in point demonstrates that the state's role in development – and the role of industrial policy in particular – should be understood in a broader historical context. In the 1980s, industrial policy was perceived as suitable for only a certain stage of economic development. Through the lens of neoliberalism, industrial policy would become obsolete once a country reached “developed” status. This is why the Japanese type of industrial policy was considered “alien” by commentators and critics. But by focusing on the government's role in promoting innovation, industrial policy literature can be brought to bear on the US, which significantly enhances the perspective's legitimacy. Moreover, the industrial policy perspective is widely accepted and employed by many governments around the globe in their race to develop artificial intelligence.

The great-power competition between the United States and China is taking place amid the most profound transformation of the international order in modern history. This competition has forced the US government to confront and accept the legitimacy of industrial policy as a governmental development strategy while simultaneously forcing China to learn from the industrial policy practiced by the entrepreneurial state

in America. The fact that both of the world's largest economies have embraced industrial policy is significant. After a long denial of industrial policy's value, US policymakers have finally acknowledged its legitimacy, partly as a result of China's demonstrable ability to use it effectively. At the same time, the Chinese government has recognized the unique value of reducing risks for innovation in revolutionary technological frontiers and has acted on this realization by increasing its investments in the development of the digital economy.

Ongoing debates and discussions over industrial policy indicate that it will remain and play an important role in states' futures. But these discussions also raise many important questions, such as the extent of government subsidies, market entry when national security is at stake, the financial ramifications and responsibilities of innovation, competition policy around state-owned enterprises, labor standards, and environmental protection. Certainly, in multilateral and bilateral trade negotiations, industrial policy will be an important subject. This is merely the beginning for industrial policy. It will become more than just a tool for state intervention into the economy, but a mechanism to legitimize a state's position in the governance of the international economy in the 21st century.

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RESEARCH ARTICLE

A Reassessment of Turkey's Import Substitution Strategy: Bureaucracy, Politics, and the International Organizations

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Abstract

Following the years of WWII, Turkey and many developing countries performed import substitution industrialization strategy (ISI) on the advice of the International Organizations. These countries expected that the ISI strategy serve their longing desire to build a national industry. In Turkey's case, the policy implementation was conducted under the guidance of five years development plan was prepared by the State Planning Organization (SPO). Initially, the ISI strategy covered the optimistic expectations and Turkey's economy showed unprecedented economic performance during the ISI period. However, the economic growth came to an abrupt end in the late 1970s and Turkey became dependent on foreign resources than ever before. This study aims at clarifying the questions of why Turkey shifted its policy paradigm to the ISI strategy and the role of the SPO in the ISI period referring to the literature on the developmentalism and the developmental state. From this perspective, this study illustrates the discrepancies between the SPO and its counterparts in Japan and East Asian countries and the question of why Turkey could not shift its inward-oriented economic growth model to the export-oriented growth model.

Keywords: Import substitution industrialization • Development • Developmental state • the State Planning Organization

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In Turkish historiography, there is a general tendency to explain drastic paradigm shifts in Turkey with reference to the influence of the international environment over Turkish politics. This tendency to attribute explanatory power to international environment in explaining internal political transformations relegates domestic coalitions to irrelevance. From the perspective of this paradigm, Turkey's transition to the multi-party electoral system in 1946, and adoption of import substitution industrialization (ISI) strategy in the 1960s are results of Turkey's adaption to the post-war Western order led by America. However, as Öniş and Şenses put on (2016), the role of the international environment in shaping domestic policy paradigm shifts does not cover the unfolding of the full story. As they propose, it is necessary to consider the relationship between domestic coalitions and the international environment.

This study aims at clarifying the causes of the shift of Turkey's policy paradigm to the ISI strategy in the 1960s. My argument is that ISI strategy covered the expectations of both domestic coalitions, which emerged against the Democrat Party (DP) administration in the 1950s, and the demands of the new cold war international environment. For this purpose, firstly, I will try to elaborate the postwar twist of democratization which started with the introduction to the multi-party electoral system in 1946. The early scholarly tendency to explain the puzzle of introduction to the multi-party electoral system emphasized the pressures and requirements from Turkey membership into post-war international order led by America (Berkes, 1997). In this section, I will discuss the drastic transformation in Turkish politics in the years between 1946-1960 by focusing on the relationship between the domestic coalitions and the international environment which put the DP into the power.¹

I will scrutinize the implementation of the ISI strategy in the second section. The ISI strategy had resonated among the developing worlds in the late 1950s. Turkey, like many Latin American countries, transformed the policy paradigm to the ISI strategy on the advice of the IOs. As the ISI served for American strategy aimed at integrated the developing nations into the world market, it also answered the expectations of these countries' desire to build a national industry. In Turkey's experience, I will reassess the ISI strategy as a policy paradigm which was in accordance with the state elites' expectations and needs. To demonstrate my argument, I will evaluate the critics of economic policies and developmentalism among the state elites on the *Forum Journal*, which is the intellectual home of Kemalist intelligentsia in the 1950s. My argument is that the ISI strategy allowed the bureaucracy to re-seize the control over the economic resources away from the demands of the business classes and elected politicians.

In the late 1950s, the IOs had promulgated idea of establishing a planning agency. This idea had seemed particularly attractive to the state elites and bureaucracy. However,

¹ See also the study considering the developments in domestic politics in transitioning to multi-party system in Turkey (Karaömerlioğlu, 2006).

the elected DP government had resisted this idea of establishing a planning agency because it recalled the experience of full bureaucratic control mechanism over the economy in the early period of the new republic under one party authoritarian regime. To implement the ISI strategy, however, Turkey eventually established a planning agency on the advice of the international organizations (IOs) in September 1960, just four months after the coup d'état that overthrew the elected government of Democrat Party. Even though the State Planning Organization (SPO) was established in the hands of the post-coup army government and it had a strong support of the IOs, it never had a strong state autonomy like its East Asian counterparts had.

In the last section, I will discuss the implementation of the ISI strategy under the guidance of the SPO by referring to the literature on developmentalism and the developmental state. The founders of the SPO aimed at institutionalizing the market criteria into the Turkish economy. However, their optimistic expectations ended with rise of the Justice Party, which was the successor of the DP, in 1965. The conflict between elected politicians and the SPO technocrats caused to diminish the role of the SPO in the preparation of the development plans. In this sense, I will consider the puzzle of the SPO from the perspective of the conflict between the elected politicians and the bureaucracy.

The Postwar Twist of Democratization

Turkey's introduction to the multi-party electoral system in 1946 is considered a turning point, radically transforming economic and social structure, which was institutionalized under the one-party ruling during 1923-1946 period. During the first two decades of Republican period, Mustafa Kemal Atatürk and his colleagues succeeded in pressuring the opposition through political maneuvering² and administered the country under one party, Republican People's Party (RPP). Thus, the modernization project, aimed at building a secular and industrial society, was conducted without any political resistance or opposition until the midst of the 1940s. In the early period of the new state, the state elites codified the principles, which is called Kemalism, in the party program during 1927-1931 period. Then the state elites amended the principles into the Constitutional Act in 1937. Thus, the bureaucratic elites achieved complete dominance over the state and played an exclusive role in Turkish modernization. The crucial role of bureaucracy in modernization remained determinative on Turkish political agenda in the following decades.

In Turkish historiography, the general tendency to explain the introduction of a multi-party electoral system has claimed that the postwar international cold war

2 Even though the Liberal Republican Party (LRP) was founded by Fethi Okyar on Mustafa Kemal's desire to create an opposition for checks and balances, it was dissolved by its founders as the party became the center of political dissidents in a short time. Mustafa Kemal and his colleagues took advantage of LRP to bringing to light politically dissatisfied people. See also Ahmad (2007), Zürcher (2004).

environment, symbolized by American power in the Western camp, encouraged Turkey to shift the political system to a multi-party electoral system. In this approach, the postwar democratization of Turkey has been explained as a direct result of Turkey's joining to the Western Bloc. The domestic politics, on the other hand, has not been considered as a way to understand the puzzle. It is clear that international environment has had an influence on shifting Turkey's political system from single party regime to multi-party electoral democracy. However, it should be stressed that the postwar international environment falls short of fully explaining Turkey's political transformation. To provide a clear perspective of postwar democratization, it is necessary to construe the relationship between the postwar international order and the domestic coalitions that would put Democrat Party (DP), emerged in the 1940s, into the power with an electoral victory in 1950. In this sense, Kemalist economic doctrine, which is called etatism, deserves close attention when explaining this social transformation because it underpinned the Kemalist Principles that guided the process of transition to multi-party system as well (Karpat, 2007, p. 72; Köker, 2007)

Even though the bureaucracy implemented secularization at an unprecedented pace, the economic legacy of the Ottoman Empire restricted the new state to form a new economic policy. The new republic had accepted Ottoman's financial liabilities, including foreign trade regime and monetary policy, to the Western Powers on Lausanne Agreement. Moreover, in 1929, the same year of the Great Depression, the new state launched debt discharging schedule. Naturally, the founders embarked on a quest for a policy paradigm which would serve for both building a national industrial economy and preserving Kemalist modernization project. The policy that was called etatism emerged under these difficult circumstances and it was implemented in the years between 1930-1946.

Etatism relies on the state's major role in the economy through economic planning and state economic enterprises (SEEs). In this type of economy, it is obvious that the bureaucracy may keep its advantageous positions within the society by controlling economic resources. In Turkey's case, etatism emerged in the catastrophic days of the Great Depression as a policy paradigm targeted building a national industry (Kerwin, 1995, p. 97). However, it was more than an economic policy for the state elites. As the Kemalist intelligentsia discussed in the journal of *Kadro*, which is the intellectual home of Kemalism, etatism was imagined in the 1930s as a doctrine that shaped political, economic, and social system (Tekeli & İlkin, 1982, p. 84).

Even though etatism was approved among Kemalist intelligentsia, it is difficult to claim that there is a consensus on etatism in both policy practices and theory. In the early periods of etatism, the policy makers accentuated that it was a temporary policy that required the collaboration between the state and the individuals, even if the

collaboration never existed. Later, Kemalist bureaucracy perceived etatism as an economic and social doctrine in which the state played a role in the economy through state-owned enterprises and its role was not conjunctural (Tekeli & İlkin, 1982, p.106).

In the early 1930s, the bureaucracy had strict control over the economy through the SEEs. In these years, the SEEs were promoted in the economy to produce imported basic goods. For this aim, Sümerbank and Etibank coordinated the SEE's investment program and provided intermediary goods to small enterprises (Kerwin, 1995, p.102). The bureaucracy also accommodated import license and monopoly rights to emerging bourgeoisie, thus facilitating the birth of the new Turkish bourgeoisie in the hand of bureaucracy (Borotav, 1995; Kerwin, 1995). However, expanding domains of etatism created its own contradictions. At the end of the decade of the 1930s, emerging bourgeoisie became a threat for the state elite and peasants were discontented with etatism. As emerging bourgeoisie felt themselves insecure due to the interconnectedness between economy and the state. The peasant and landlord, on the other hand, were burdened with the cost of etatism. As Birtek points out, the distribution in the economy was unfair, as agriculture sector financed etatism's industrialization projects. (Birtek, 1995, pp. 145–146). Thus, etatism developed a national industry but it paved the way for the rise of Democrat Party which represented the discontents of rural economy as well as the new bourgeoisie. (DP).

Before proceeding to the debate on the rise of Democrat Party, it is important to highlight some of the details about the economic and social consequences of etatism. In 1950, the year when DP came into power, while the SEE's share in total output and value added were 36.6% and 45.6% respectively, its share in total labor force was 50% (Tüzün, 1999, p. 150). The economic composition shows that etatist policies created a private capital accumulation which depended on bureaucracy. The concerning data showing the role of bureaucracy in Turkey's economy illustrates that 75% of companies built in the years between 1931-1940 were established by bureaucracy (Soral, 1974, p. 116–117). Peasants and landlords, however, continued to undertake the cost of etatism, thus the share of agriculture sector shrank, especially during the years of WWII. The policy implementations of the war years convinced the emerging bourgeoisie, landlords, and the villagers to take the same side of the opposition against the one-party regime that created and implemented etatist policies.

During the war years, Turkey was obliged to keep a one-million-soldier army ready, even if it had proclaimed neutrality. If it is considered that 85% of the population lived in rural area and mobilized soldiers were the lost manpower of agricultural production, then it can be better understood the impact of the WWII in transforming Turkish politics. In these years, the government implemented a set of excessive policies aiming to ensure economic stability including drudgery, confiscation, and heavy taxes. Pamuk

provides examples from a couple of policy implementation which laid a burden on the peasant and landlords. In the years of wartime, the government enacted the National Protection Law, which gave extensive authority to buy grain products at below-cost prices and forced works for drudgery (Pamuk, 1991).

Additionally, to compensate the loss stemming from selling products at below the cost to bourgeoisie, state-owned enterprises sold products to consumer at the high prices level. Thus, general consumers of society held the bureaucracy responsible for these high prices, unfair conditions and inequality gap (Karpas, 1962, p. 309). Moreover, it should be mentioned that secularization from above had not been adopted by the large majority (Birtok, 1995). Hence, they perceived the state elites as political actors protecting the status quo and imposing a cultural agenda. This perception would be major determinant in explaining Turkish politics after 1945.

Writings of Yakup Kadri Karaosmanoğlu, one of the ideologists of the Kemalist regime, illustrate the dissatisfaction of peasant and landlords and help us understand the political atmosphere of the midst of 1940s. Karaosmanoğlu alerted the government against the dissatisfaction of the peasant and landlords, warning it that these groups will join an opposition as soon as possible (Karaosmanoğlu, 1968, p. 159). Karaosmanoğlu's confessions about the economic failure of Kemalism can be thought as the harbingers of economic and social transformation in the late 1940s, when economic conditions forced the government to take an action for liberalizing the economy. By the midst of the 1940's, Kemalist intelligentsia conceded the necessity to rectify and reform the Kemalist ideology. As it will be discussed in the next chapter, the debates on "liberal Kemalism" and "liberal etatism" would have influence in setting up the State Planning Organization.

On the side of new bourgeoisie, there was growing discontent with the bureaucratic control mechanism. Initially bourgeoisie had benefited from the interconnectedness between the state and the economy in its emerging era, and it was aware that capital accumulation without the state incentives was difficult. However, the excessive policy implementation of the wartime felt insecure them. This dilemma of bourgeoisie, benefiting from state incentives while complaining about state control, would remain as a perplexing question in modern Turkish history. As Buğra emphasizes, the key role of the state in the economy has made business circles feel insecure due to uncertainty in the market (Buğra, 1991, p. 158). The new bourgeoisie's experience of excessive wartime policies illustrated the bureaucratic power on the economy.

One of the most controversial policy implementations in the years of WWII was the *capital levy* taxed on bourgeoisie, which was imposed only on non-muslim bourgeoisie with the claim that they prospered from exorbitant prices in the war era. Owen and Pamuk show that 65% of the total tax revenue was collected from non-

Muslims, and 70% of this revenue levied in Istanbul (Owen & Pamuk, 1999, p. 26). The capital levy implementation indicates that the state elites intended to promote secular-nationalist Turkish bourgeoisie, yet these harsh policies intimidated bourgeoisie because they may have a similar fate with non-Muslim bourgeoisie.

Following the years of WWII, the ruling party liberalized economic and social policies. Firstly, it proposed the Land Reform -aimed at redistribution of land in favor of small farmers- for the party agenda in 1945. By doing so, the government sought gaining the support of villagers. However, the landlords and their representatives within the ruling party put severe resistance to the proposal. Unlike the previous decade, the agricultural sector was expected to become the engine of economic growth through integrating Turkish economy into the world market. The landlords aimed to draw advantage from the postwar international order. As Birtek stresses, landlords perceived that the ruling party was in quest of further controlling the agriculture sector with the idea of land reform (Birtek, 1995, p. 159). The land reform was not implemented due to the strong opposition, and the dissident landlords splintered from the RPP to found the Democrat Party (DP) in 1946.

At the same year, after the controversial election in 1946 (when votes were cast open but counting was in done secretly), RPP won the election and Democrat Party seated in parliamentary assembly as an opposition party. RPP protected its power for the next four years and maintained performing liberalized economic and social policies to adapt to postwar order. After joining the Western Bloc, Turkey expected foreign aid and integration to the world market. However, etatism was not compatible with the international environment promoting market forces. Naturally, etatism was criticized in the context of the postwar developments, and it was redefined in İstanbul Economic Congress in 1948.³ The *new etatism* was defined as a system encouraging the private sector through investing in high-cost infrastructure project. Indeed, the debates of new etatism reflected American postwar strategy. In the end of the 1940s, American experts prescribed liberalization in the economy and stressed that Turkey should make preference on its own comparative advantage in agriculture products in the international market (Thornburg, 1949). However, the ruling party felt short in covering the expectations of landlords and villagers, and as a result, eventually Democrat Party came to the power by receiving the votes from villagers, liberal intellectuals and urban middle classes in 1950.

As it was expected, the DP government promoted liberal economic policies in harmony with the postwar international order. Turkish Economy integrated into the world market by exporting agricultural products, and thus agriculture sector's share in GNP rose to 44.7% in 1953, while the share of manufacturing declined to 13.4%

3 Tekinalp (1949, p. 14–15), first and foremost, stresses that Turkey's institutional environment under etatism makes bourgeoisie feel insecure.

(Tüzün, 1999, p. 152). However, following year, the international market shrank and agriculture revenues declined sharply. Moreover, the DP government had difficulty to find foreign aid to stimulate the economy in these years. Although Democrats criticized state intervention in the economy, the state remained the key player in the economy with the policy of agricultural mechanization and highway-construction-led modernization fueled by foreign resources.

Agricultural mechanization and highway-led modernization, on the other hand, triggered domestic migration and urbanization. The percentage of urban population rose from 25% to 32% in the years between 1945-1960 (TÜİK, 2012). Increasing urban population altered the workforce composition, as the number of employees in private enterprises which employed more than ten workers increased three times and reached 325.000 (Singer, 1977, p. 242). The new urban workforce raised housing demand, and as a result, construction industry increased around 25% per year in the years between 1950-1953 (Singer, 1977, p. 293). The rising housing demand encouraged private business to make investment on construction and housing sector, rather than building a national industry, and therefore 60% of private investments flowed into construction and housing sector during the Democrat Party ruled decade from 1950 election to 1960 coup d'etat (Tüzün, 1999, p. 153).

Paradoxically, the role of state in the economy expanded despite the liberalization in the 1950s. The government had no other alternative than implementing inflationary policy to protect its power. It did not even see any harm on reviving the National Protection Law, which enabled government to have control over the prices by strict restrictions. In the midst of the 1950s, America was reluctant to support Turkey due to lavish economic policies, and pressured Turkish government to establish a planning agency. The DP government, however, opposed the idea of planning economy since it evoked bureaucratic control mechanism on the economy. Under sluggish economy, the Democrats preferred implementing import restriction and subsidizing agriculture. The severe restrictions on the economy lasted till 1958 and Turkey accepted an offer of stabilization program, according to which the OECC secured credit loan of \$225 Million to the government for restoring balance deficit (Okyar, 1960, p. 243). The Stabilization Program included devaluation, liberalization on import regime, and building a planning organization to coordinate investments.

Building a planning agency occupied the agenda of *Forum* Journal, which was the voice of liberal values against the DP's authoritarian policy measures. Forum intellectuals, parallel with foreign experts and the IOs reports, proposed that the planning body be managed by a cadre of high-skill technocrats (Okyar, 1954). During the decade, the state elites -intellectuals and bureaucracy reconsidered Kemalism to adapt it to post-war periods. Moreover, multiparty election system involved taking

social demands into account when any party come into the power. As it mentioned above, Democrat Party satisfied the domestic coalitions -included new bourgeoisie, landlords, urban middle class, and conservative villagers- that emerged against the Kemalist elites. However, the new coalition was uncomfortable with the DP authoritarianism and sluggish economy. The social transformation forced Kemalist elites to rethink the idea of development, which included liberal values. As we will discuss in the next chapter, the idea of development and the 1961 Constitution, as developed by Kemalist bureaucracy, were compatible with both international environment and domestic demands.

The DP felt insecure and hesitant in its earlier days in power because Democrats had a suspicion that the opposition Party, RPP, had close connections within the army and the bureaucracy, and could overthrow them if DP introduced too many changes. Furthermore, they were aware that a planning agency would be obstacle to subsidizing agriculture and private business circle. On the other hand, even though private manufacturing increased its share against the public in the DP period, private business circles were uneasy about political and economic atmosphere since DP had no more endurance left (Zürcher, 2004). The coalition which put Democrats into the power was shaken at its foundation due to economic and political disturbances. As industrial bourgeoisie demanded more protection in the internal market, merchants and landlords insisted on external trade through the state incentives. That is to say, a new coalition between industrialists and the state elites, emerged against the DP government. Under this political atmosphere, Democrats performed authoritarian policy measures instead of implementing reformist and rehabilitative policies to protect its position. Consequently, authoritarian government could not resist to destructive opposition and Turkey witnessed the Military Coup in 27 May 1960.

The Political Economy of Import Substitution

Even though the Democrat Party had announced that it would promote economic liberalization in the election bulletin of 1946, it performed severe restrictions on foreign trade in the late 1950s. During the period, the idea of planned economy resonated among Kemalist intellectuals and bureaucracy, who discussed Turkey's political, social, and economic agenda on the *Forum Journal*. According to the *Forum* intellectuals, the Democrat Party endangered Kemalist modernization and its economic policy was not more than an economic catastrophe. Therefore, Turkey should establish a planning body which has the control over economic resources to canalize scarce resources for rapid development.

In this section, I will discuss the establishing process of the State Planning Organization and import substitution. I choose *Forum Journal* as a starting point of

discussion to understand the topic.⁴ There are several reasons why the *Forum* Journal deserves close attention to enlighten the puzzle of import substitution and the State Planning Organization. First, the Journal was the intellectual home for Kemalist intelligentsia who devoted themselves to build a secular and democratic society. For this purpose, Forum intellectuals updated Kemalist ideology for post-war environment: authoritarian Kemalism was replaced by *Liberal Kemalism*. Second, policy recommendations discussed in the journal were put into practice after 1960 Military Coup and most of the Forum intellectuals were assigned to critical positions in the administration. Third, political institutions, which were proposed by *Forum* intellectuals to secure Kemalist modernization, were established after the 1960 Military Coup, and those political institutions would shape Turkish politics until the recent past.

The intellectual atmosphere of the 1950s provided an ideological umbrella to the state elites to retake the power in the late 1950s and early 1960s. It is a well-known fact that America promoted planned economic model and import substitution industrialization (ISI) for the developing countries in the 1950s. The ISI regime, which is based on the major role of the state through restriction on import of consumer goods, was performed among developing countries. While the ISI strategy fulfilled developing countries' longing for building a national industry, it was the primer economic strategy for America to expand its industry over the developing countries (Maxfield & Nolt, 1990). For this purpose, American policy makers encouraged the developing world to implement import-substitution industrialization. Thus, the ISI served for integrating the developing world to the American economy and building international division of labor in the world (Akçay, 2007).

In the post-war era, America promulgated the idea of *development* among the late industrialized countries through the international organizations (IOs) such as the World Bank and the IMF. These IOs intervened in government policies in many ways. As Hirschman points out, their provision of conditional funding for projects was one of these ways (Hirschman, 1967). In addition to that, norms and ideas spread by the IOs may have an impact on government policies (Meyer et al. 1997). In the latter case, experts working for the IOs could play a key role in shaping policies (Barnett & Fienemore, 2004).

In Turkey case, implementation of ISI strategy and the establishment of the SPO show that the IOs intervened in government policies by setting prerequisites for loans, aids, and subsidies with support of experts they provided. The IMF and the OEEC required Turkish government to prepare a plan to receive all kind of aid and loan in the late 1950s (Erder et al., 2003, p. 8). As to the ISI, American big business and the

4 Forum Journal, one of the most influential media during the period, was founded by Nilüfer Yalçın to embed Western values and democracy into Turkish society in 1954. The debates on Forum Journal 1954-1960 were an inspiration to the 1961 Constitutional Act. Most of the writers, who were also dissidents of the Democrat Party administration, took up critical positions in administration after the coup d'état in 1960.

IOs played a crucial role in shifting policy paradigm. At the beginning of the 1960s, the big business lobbied for transforming economic policy to the ISI in many developing countries (Maxfield & Nolt, 1990). Then, Turkey invited experts, who supported establishing a planning institution and gave advice on straightening the sluggish economic growth and finding credit under favorable conditions.⁵ Hereupon, policy makers put establishing a planning institution in their agenda, however, it remained as an uncompleted project because the DP government did not want to create a bureaucratic control mechanism. Eventually, the STO was established in the shade of the army, a couple of months after the 1960 Military Coup.

Establishing a planning body had already occupied *Forum* agenda since the midst of 1950s. In this decade, as it known that many foreign experts propounded establishing a planning body to coordinate the economy.⁶ According to *Forum* intellectuals, the DP administration's economic policy did not perform coordinated economic policies, rather it implemented inflationary economic policy to maintain economic growth at the cost of double-deficit. Planning organization, however, would coordinate economic policy and invest scarce foreign resources for rational purposes.

Aydın Yalçın, who is the founder of *Forum* Journal, agreed with foreign experts and claimed that Turkey was deprive of a planning institution which will coordinate economic life (Yalçın, 1956a, pp. 10–11). According to Yalçın, Keynesian economics, unlike liberalism and Marxism, conformed with Turkey's economic and political agenda because Keynesian paradigm made enable both the state intervention in the economy and building a democratic-social welfare state (Yalçın, 1956b, p. 17). In addition, planned economy model was a perfect-fit prescription for the late industrialized countries to launch rapid economic development (Okyar, 1957, pp. 15–16). For them, planned economy model was not only an economic policy. It evolved into a political discourse in which social welfare and political participation were accentuated (Sakıp, 1958, p. 8).

Turkey's position in the Middle East was defined as a model country in the Journal (Forum, 1958, p. 2). The perception of secular and democratic Turkey in the Western imagination was perceived a buttress for economic development. They considered that Turkey's valuable strategic location may allow it to receive favorable loans and international aid. This view would become clearer, when Turkey's struggle with attracting of FDI in these years is regarded.⁷

5 Fatin Rüştü Zorlu, the secretary of the state of Democrat Party administration, invited Jan Tinbergen to Turkey. Tinbergen's proposal relied on economic planning was parallel with the IOs' recommendations. It should also be noted that the main purpose of the government with the invitation of Tinbergen was to alleviate domestic and international pressure on the government which alleged that DP government was reluctant to perform planned economy due to continuing populist policies. For this debate see also Erder et al. (2003).

6 See also Barker (1952).

7 During the period between 1950-1960, Turkey attracted only \$69 Million private investment, American share in this amount was around %30 (Oksay, 1967, p. 8).

Putting emphasis on democratic and secular Turkey, elites insist on Turkey's immutable modernization project. *Forum* intellectuals expressed that Kemalist modernization was jeopardized in the Democrat Party era since it fell short of internalization of democratic values and institutions in the society. To ingrain secularization and democratic values in the society, Kemalist elites proposed that intellectuals and the state elites should lead the society, that is, the state elites perceived themselves as men of wisdom who inculcate Kemalist principles in Turkish society. A forum writer Ömer Sakıp (1957, p. 7) build a theoretical background for Kemalist reforms:

Revolution is an uprising that starts from the lower layers of the community, moves upwards and forces to overthrow the administration. Reform, on the other hand, is a forward move that descends from top to bottom. In this case, people at work are those who can see and think further than the folk strata and sometimes they need to develop and raise the country despite some of the massive and passive resistance of the masses.

Even though Kemalist elite stressed democratization and secularization, their modernization project was inconsistent with the 1924 Constitution Act in which electoral system was based on plurality voting principle. To Forum intellectuals, the 1924 Constitution Act should be redesigned to guarantee fundamental rights and liberties for minority groups. Their proposals took place in the 1961 Constitution Act; freedom of press, right of assembly and strike, bicameralism, and the constitutional court. The dichotomy is that bicameral senate system and the constitutional court played an anti-democratic role in Turkish politics, contrary to what Kemalist elite alleged in Forum Journal. These establishments had a claim to reject Grand Assembly decisions. In this context, it can be considered that the state elite retook the power through the 1961 Constitution Act.⁸

The 1961 Constitution Act, on the other hand, became a basis for the import substitution industrialization. As it is known, the ISI regime is based on restriction on import goods to reduce country's foreign exchange dependency. In that type of industrialization, imported consumer goods are replaced by domestic production and the internal market fosters the *infant industry*, that is, the wage rate is crucial for continuing ISI; high income level in domestic markets would trigger IS industry.

In this sense, it can be asserted that the state elite attained two main purposes through the 1961 Constitutional Act. First, expanding individual rights strengthened Turkey's image as a democratic country in the international arena and Turkey continued its Westernization journey as a democratic-social welfare state. Second, the state elite built an advantageous ground for the ISI through promoting rights to strike and establishing labor unions. That it is to say, the 1961 Constitutional Act built a broad consensus among the state elite, employees, and the industrialists (Keyder, 2014).

8 For this debate see also Kayalı (2015).

Import substitution industrialization strategy had performed poorly in the years between 1954-1958 under the DP administration as a consequence of sluggish economic growth. DP government abolished restrictions on imports and relatively re-liberalized economic policy on the advice of the IMF and OEEC in 1958. Even though the Stabilization Program aimed at relieving the shrinking economy, Turkey entered the new decade with economic and political turmoil which resulted with the military coup in May 1960. The idea of establishing a planning body was reawakened by the state elite and the State Planning Organization (STO) was founded in September 1960, in the hands of soldiers.⁹

As noted above, DP was reluctant to establish a planning body since they considered that it would confine elected politicians. After the military coup, Dr. Koopman, who had come to Turkey on the invitation of DP government in 1959, was of the opinion that the National Unity Government provided favorable conditions for establishing a planning body because he considered that elected politicians would exhibit reluctance due to confining their authority by technocrats (Mihçioğlu, 1983, p. 256). At this point, Keyder notes that the coup combines the interests of bureaucracy with the industrialists and workers. While bureaucracy re-seized the control over resources through the SPO and implementing import substitution strategy, industrialists and workers took advantage of inward-oriented capital accumulation (Keyder, 2014, pp. 177–178).

In the case of Turkey, ISI strategy has similarities with Latin American experiences where economic growth was relied heavily on foreign resources. In these countries, ISI aimed at replacing imported consumer goods with domestic production. In order to raise domestic production, state intervention was unavoidable. However, the political climate encouraged the ISI sharply varied in these cases. In Latin American experiences, the ISI was performed under rising nationalism following catastrophic economic crisis (Silva, 2007, p. 69). In Turkey, on the other hand, the ISI was the result of populist policies following the Democrat Party's authoritarian administration.

Import substitution industrialization implemented in the years between 1962-1978 with five-years development plans which was prepared by the SPO. During the period, the bureaucracy played a major role in allocation of resources by import licenses, exchange allocation, imposing protection tariffs, subsidies, and state economic enterprises (SEEs). It is clear that the policy implementations are at odds with market criteria, rather political connections become crucial in that type of economic model.

In the ISI period, Turkish economy displayed an unprecedented economic growth performance, around %7 per annum (Çeçen et al., 1994, p. 38). ISI strategy transformed economic composition in favor of manufacturing: the share of manufacturing in GNP at 1968's nominal prices raised from 17.5% to 21.2% in the years between 1960-1976,

⁹ See also for the establishment and the Structure of the SPO Torun (1967).

while agriculture's share decreased from 36.5% to 27% (Boratav, 1998, p. 105). Even though manufacturing output soared, agriculture maintained its importance due to export proceeds. Until the mid-1970s, agriculture's share in exports was over 70%. At the first stage of the ISI, domestic production was stimulated by the internal market in which the state promoted high wage level, favorable credits, and subsidies; economic growth was heavily dependent on domestic savings.

At the second stage of ISI starting in the late 1960s and the early 1970s, the economy became more dependent on foreign resources than ever before. Foreign resources flowed into the economy in the years between 1971-74 was equal to 5% of the GNP (Pamuk, 2007, p. 256). The economic growth fueled by foreign resources -remittances and foreign credits- explained the question of why domestic producers were reluctant to shift to export-oriented economic model.

As noted above, the state intervened in the economy through import restrictions, exchange allocation, and the SEEs. During the ISI years, the state provided exchange allocations to domestic producers under favorable conditions. Moreover, the state economic enterprises transferred resources to domestic producers through selling intermediate goods at below-cost prices. Once it is taken together with domestic markets which was triggered by high-level wages, it can be understood why domestic producers insisted on maintaining inward-oriented capital accumulation under lacking of any incentives for export-oriented accumulation. As Pamuk stresses, manufacturing sector was expected to rise exportation, however, the exportation/GNP ratio was under 5% in the early 1970s; even, 6% of total manufacturing was exported in 1975-76 (Pamuk, 2007, p. 261).

ISI was implemented to reduce imports, but it caused serious trade deficits and by the end of 1970s Turkish economy was in an unmanageable situation. In the ISI period, share of import in GNP increased from 2.4% to 8.7% while share of exports raised only from 1.3% to 3.2%. In the early 70s, economic growth continued via workers' remittances and favorable debts. However, in the second half of 1970s Turkey had to accept very high interest rates to find debt and has become one of the most indebted countries. This period started with the motto of rapid development and social welfare, but lasted for only 15 years and deceptive welfare was financed by external sources.

As a late industrialized country, in Turkey import substitution was seen as a mandatory policy regime rested on the coalition between the state elites, businessmen and urban middle class. The fact that import substitution increased state participation in the economy was an issue that the bureaucracy had already desired, and it was embodied with the SPO. However, as I will discuss in the next section, the SPO technocrats failed at institutionalizing a strong state autonomy and elected politicians alleviated bureaucratic control over the economy. For elected politicians, state autonomy evoked overwhelming bureaucratic control mechanism in the early years of new

republic. Even though the early planners never envisioned the SPO would be a super-ministry like Japanese MITI, institutionalizing state autonomy disturbed both elected politicians and business circle.

Turkey, Developmentalism and the Developmental State

Initially, the army and the early planners had envisioned the SPO as the state apparatus for the developmental state. The early planners, supported by foreign experts invited by the DP government on the exhortation of the IOs in the late 1950s, had established the SPO to conduct Turkey's national industrialization plan. The early planners' main goal was to build a national, self-sufficient industry. However, their optimistic expectations left its place to economic and political turmoil in the late 1970s. Economic growth, which was fueled by foreign resources since the early 1960s, came to an abrupt end by the late 1970s when Turkey faced unmanageable macroeconomic instabilities.

Turkey's experiences with the import substitution industrialization can be compared to Latin American and East Asian countries. On the one hand, the former implemented inward-oriented economic growth. East Asian countries, on the other hand, promoted export-orientated growth under the control of the developmental state apparatus. While comparing the Turkish case with these two models, I will refer to the literature on developmentalism and the developmental state to answer the question of why Turkey failed at building a developmental state.

The concept of the developmental state, which was first used by Chalmers Johnson in his groundbreaking work *MITI and the Japanese Miracle* to explain Japanese economic growth, is often used to explain East Asian industrialization (Amsden, 1989; Woo-Cumings, 1999). In the classical definition of the developmental state by Chalmers Johnson, nationalist ideology and the goal of industrialization motivates the developmental state. The state management of the economy, which is based on the combination of selective state interventionism to the strategic sector and the market economy, is defined as the distinctive characteristic of the developmental state (Johnson, 1982, p. 19).

In his formulation, the developmental state has the following features: economic growth, productivity, and international competitiveness (Johnsons, 1982). To fulfill the goal of industrialization, the highly-talented and small-scale meritocratic bureaucracy plays a key role by guiding the market through a pilot agency. The pilot agency is the institutional link between the state elites and the private sector, which makes sure that the private business interests and the strategic industrial policies become compatible. At this point, Johnson stresses the crucial role of the bureaucratic elites in the economy as the bureaucratic elites requires protection from all the interest groups to set and achieve long-range industrialization (Johnsons, 1982, p. 44).

As it is addressed previously, the IOs had spread the idea of development in the 1950s. For the developing countries, developmentalism in the form of import substitution industrialization was expected to fulfill their desire to build a national industry. In this sense, the import substitution industrialization (ISI) development was a model that was compatible with the rising nationalism in developing countries against developed countries (Baer, 1984). Turkey's case, however, was partially different from other developing countries. ISI strategy did not only amount to the modernization for Turkish intelligentsia and the state elites but it was also meant to establish an independent national industry, making Turkey an integral part of western bloc. Their staunch belief in Kemalist modernization was the motivation behind the state elites which aimed at integrating Turkey into the Western Bloc by building a self-sufficient national industry (Erder et al., 2003).

In order to achieve the goal of industrialization, the developmental state guides the private actors through a pilot agency. In the Japanese case, the pilot agency, MITI, coordinated the private businesses with state incentives to the strategic sector. The selective state intervention in the economy may raise the question of how the bureaucratic elites avoided decisions of a rent-seeking state. Johnson replies to the question by referring to the distinctive relationship between the state and the businessmen in the developmental state in which the state elites, thanks to the high degree of state autonomy, brings the private interests into conformity with the state's long-range industrialization goal (Johnson, 1999, p. 56).

Even though the State Planning Organization was established with the support of the army just after the 1960 Military Coup, the early planners felt themselves insecure against the politicians and businessmen. It should be stressed that the early planners designed the SPO in harmony with the democratic constitution, and thus they never imagined the SPO as a super-ministry, such as MITI in Japan (Kansu 2004; Erder et al. 2003). Yet, they were very conscious that they would need the support of elected politicians to implement the goal of industrialization in the society. For this purpose, the High Planning Council, the highest body where the plans laid out by SPO are negotiated and concluded, was composed of eight members: the prime minister with the three cabinet members, and the SPO technocrats. Although the composition of the council allowed for relative state autonomy for the bureaucracy against politicians, the SPO technocrats lacked a high degree state autonomy like their Japanese or Korean counterparts.

The question of why the SPO technocrats could not establish a state autonomy, even though they had the support of the army and the IOs, deserves close attention. To provide a clear answer, firstly, we should pay attention to the conflict between the SPO technocrats and the state bureaucracy. Then, I will explain the conflict between the early planners and the politician led to the collective resignation of the early planners from the SPO.

As it was mentioned in the previous chapter, the SPO was founded on the recommendation of the IOs with the selected cadres and exclusive personnel regime. Initially, the SPO, like MITI, had employed a small-scale, highly talented staff who was sent to the top universities in the USA to enhance abilities. The cadre of technocrats were perceived as a privileged group in the state bureaucracy, although they lacked direct control over the state incentives. The Ministry of Finance, on the other hand, remained old-fashioned because the concept of planning was completely new for them, and the state bureaucracy was in need of scientific knowledge requiring for long-range plans. Inevitably, The SPO's position in the state led to a norm conflict among bureaucracy (Şaylan, 1981, p. 197). The early planners attempted to reform public administration. However, it was not approved due to the resistance of the state bureaucracy. Thus, the SPO had difficulty channeling the state bureaucracy to the goal of industrialization.

The weak state autonomy of the early planners ended up with their collective resignation in 1962, a year after the election. Initially, the early planners had a harmonious and cooperative relationship with the businessmen and the politicians, as the private sector was well aware that the early planners worked under the auspices of the army; the prime minister İsmet İnönü, on the other hand, gave confidence and protection to the early planners in order to protect them from interventions and contradictory policy promises of politicians. However, İnönü was also conscious of the fact that the weak state autonomy would not last for a long time because the coalition government, formed in 1961 elections with the Justice Party (which was the successor of the DP governing party overthrown by the military coup), did not have a consensus on development plans.

The disagreement between the early planners and the politicians came to light on the issue of financing the first five-year development plan. Indeed, the strategic document of the first plan, which included technical elaboration about realization of the objectives in the plan, was approved in 1961 before the election. However, the implementation of the plan would be conducted by the civilian coalition government. The early planners had proposed structural reforms in relation to three fields, which were considered as inimical to the capital accumulation, in order to foster economic development on the strategy document (Milor, 1990, p. 21).

The early planners, first and foremost, were insistent on land reform which aimed at redistribution of farmlands and commercializing the agricultural sector through cooperatives (Sönmez, 1967, p. 41). It was expected that agricultural reform would serve two main goals at the same time. Firstly, it would raise tax revenues from the agriculture sector. The share of agricultural sector in total tax revenue was 4%, although agriculture share in GNP was around 40% at the beginning of the 1960s (Ergüder, 1970, pp. 277–278). Second, it was envisioned that marketization in agriculture may provide a cheap labor force for the development of industry.

As it was mentioned in the previous chapter, the state played a crucial role in the economy through the State Economic Enterprises. These enterprises supplied the private sector with raw materials and semi-finished goods by selling below-the-market prices while buying raw materials from rural producers with much higher price than market prices (Boratav, 1993). Moreover, the SEEs were over-employed due to the fact that they did not have an economically rational personnel regime. The early planners were believed that the achievement of the development plan depended on the efficiency of the SEEs (Milor, 1990, p. 22). Therefore, they proposed to adapt the SEEs to the market criteria. Thus, the efficiency of these enterprises would rise, and their financial losses in the general budget would decrease.

The last conflict between the politicians and the early planners was related to the tax reform. Planners estimated an 7% economic growth per year in the first five-year development plan. However, the realization of the plan was heavily dependent on increasing total investment in GNP to 18.3%, although early planners saw a feasible growth ratio of 14.2%. Even though the government accepted to raise indirect tax rates, it abstained from making a radical tax reform. Consequently, as one of the early planners says, the tax burden in Turkey remained to be smaller than it was in more developed countries (Sönmez, 1967, p. 42).

The reforms package proposed by the early planners aimed at adapting Turkish economy to the market criteria in the long range. The secondary goal of the reforms was to finance the developmental plans with domestic funds. As Üstünel, one of the founders of the SPO, stresses, the low saving propensity rate at 7% left much to be desired to finance the development plan (Üstünel, 1967, pp. 135–138). Otherwise, it was difficult to sustain macroeconomic stabilities, which is pre-requisite for the developmental state.

Yet, the civilian coalition government rejected making the structural reforms and it put the pressure on the early planners to declare 7.6% rate of growth for 1963, although this growth rate was calculated to be only 6.5%. Rejecting these political pressures, the founders of the SPO resigned in 1962. Consequently, the weak state autonomy could not institutionalize, and eventually the idea of autonomous state development planning was abolished following the transition to the civilian government rule.

With the rejection of the reform propositions, the only way of financing the development became clear: the development plans would be financed by the IOs credits and remittances. That is, technocrats would never perform strict fiscal financial and monetary policies like their French or Japanese counterparts did (Johnson, 1982; Loriaux, 1999). In this sense, the achievement of the ISI would have been dependent mainly on foreign resources.

Nevertheless, it is possible to see some evidence that the early planners succeeded in withstanding the private sector who demanded subsidies and more protection in the internal market during the first plan covering the years of 1962-1966. As Milor puts it on, the private sector persisted with setting up an automotive factory in the early 1960s. However, the SPO technocrats rejected the proposal due to the fact that it would not achieve economies of scale in the Turkish market (Milor, 1990, p. 22). Comparing to the first plan, it is difficult to find any evidence that the first planners implemented policy for a clear goal of industrialization regardless of the demands from the interest groups in the period of the second and the third plans, covering the years of 1968-1977.

The second plan was conducted under the governance of the Justice Party, which came into the power in 1965 election. In the first years of the JP government, Süleyman Demirel took power away from the SPO through legal acts and employee regime. Firstly, he swelled the rank of the technocrats, including with some new staff who were oblivious of the concept of planning (Kansu, 2004). Then, Demirel administration enacted Law No 933, which gave the council of ministers authorization on the planning process. In addition, the government established a new department within the SPO in accordance with this law in 1968, namely the Incentive and Implementation Department, which worked on project-based.

The bitter dispute between Demirel and the early planners was that the early planners espoused macroeconomic measures to sustain economic growth. To provide macroeconomic stability, the early planners had tried to perform tight monetary policy and had strict control over state incentives. However, with the implementation of Law No. 933, Demirel administration ladled out incentives to the private sector. The government expanded the incentive disbursement policy, it raised the amount of state incentives to 27 billion TL in 1972, while it disbursed 10.5 billion TL within last 3 years (Aker, 1975, p. 17). The new department, seemingly, was established to promote exports. However, it never functioned to fulfill its goal and became the apparatus of the government to divert public funds to the private sector (Sezen, 1999, pp. 90-92). Thus, the SPO deviated from its founding purpose, and lost the relative state autonomy. Its new duty was to create a rent-seeking economy.

Comparing East Asian developmental states, it can be observed that Turkey and Latin American countries could not achieve in transforming an inward-oriented economic growth to an outward-oriented one. Both in Japan, Korea and Taiwan, the bureaucratic elites shifted policy paradigm to force the private sector to the international market. In Japan's case, as Weiss puts it, after a high protection in the internal market, the MITI had devised a timetable of liberalization in some areas to improve the private sector efficiency so that Japanese firms could adapt to foreign competition (Weiss, 1986, p. 390). Similarly, in Korea's and Taiwan's experiences, selective import

substitution furthered technologically-intensive and high-value-added exports in the 1980s (Gereffi & Fonda, 1992).

In Turkey and Latin American Countries, on the other hand, the private sector was reluctant to promote export orientation because the business circle was protected by high tariffs from the international competition, and foreign resources were allocated desultorily to maintain import substitution. In these countries, the bureaucratic elites were open to the demands of interest groups rather directing the private sector to the export-oriented economic growth. The bureaucratic elites did not bear the consequences of shifting economy and buttressed the domestic coalition which was composed of businessmen, wage earners, and the salaried urban middle classes. For instance, during the ISI period, the wage rates in Turkey was quite higher than it was in Korea (Keyder, 2014). Consequently, import substitution industrialization was unable to exceed to produce durable consumer goods for the internal market in Turkey and Latin American countries (Baer, 1972; Pamuk, 2007).

Even though Turkey and Latin American countries suffered from same fate, the puzzle of why these countries failed at institutionalizing strong state autonomy varied across countries. Peter Evans, in his ground-breaking work *Embedded Autonomy* published in 1995, explains this puzzle by comparing Korea, Brazil, and India. In his formula, Korea, as a prototype of developmental state, achieved in performing long-term oriented development plans thank to the rationalized meritocratic-bureaucracy, which is embedded in society with social networks and other relations (Evans, 1995, pp. 51–53). Evans conceptualizes India and Brazil, on the other hand, as intermediary cases in which the state elites deprives of state autonomy to adapt the private sector to the long-term oriented development plans. To make clear, Evans draws attention to the precarity of the bureaucracy against politicians in Brazil preventing the establishment of a development state (Evans, 1995, pp. 61–66).

At this juncture, Turkey and India deserve close attention due to the fact that these countries have a long bureaucratic tradition. From the perspective of Evans' argument, even though it is possible to find some evidence showing similar personnel regime, the social structure of India is an obstacle to establish a developmental state (Evans, 1995, pp. 67–70). In Turkey's case, although the country has a long bureaucratic tradition since the Ottoman Empire, bureaucratic elites failed at directing private sector to the export-oriented economic growth. According to Chibber, the national bourgeoisie that made high profit behind protective tariffs, and weak ties with the multinational companies diminished the institutional capacity of the state (Chibber, 2005, 147).

At his point, it should be noted that Chibber's argument explaining the puzzle of why Turkish state elites had a weak state autonomy does not cover fully Turkey's case. There is no doubt that elected politicians had close networks with the private sector

during the ISI years. However, elected politicians has never become the representatives of private sector neither in the 1960s nor today. Yet, the private sector was well aware of that the interconnectedness between the state and the economy might be disadvantageous to themselves. During the ISI period, elected politicians never fully met private sector's expectations (Saybaşıllı, 1976). Elected politicians implemented policies aimed at satisfying the coalitions putting them into the power.

Conclusion

In this paper, I examined Turkey's experiences of the implementation of import substitution industrialization by referring to the literature on developmentalism and the developmental state. It is clear that the ISI strategy answered Turkey's longing desire to building a national industry. However, industrialization through import substitution succeeded with a heavy political and social cost. By the end of the 1970s, Turkey witnessed the most severe economic crisis in the history of modern republic and the country, after a long period of economic and social turmoil which started the new decade with the coup d'état in September 1980.

Turkey's policy transformations in the years between 1946-1960 show that the international environment played a crucial role in shifting policy paradigm. However, the role of external international environment does not fully explain the puzzle of domestic policy decisions. New domestic coalitions, whose interests aligned with what the IO's prescribed, emerged as some of the domestic actors embedded their interest in the developmental policy transformation of Turkish State. As the landlords, merchants and the villagers, who were already dissatisfied with secular reforms, paved the way for of the electoral success of Democrat Party in 1950, we can see the emergence of a different coalition composition, which included industrialists, bureaucracy, and urban middle class, behind the policy shift to the ISI. In this sense, it can be asserted that the institutionalization of policies prescribed by the IOs is depended on the domestic coalitions.

In 1960, Turkey established a planning agency, the State Planning Organization, on the advice of the IOs. The SPO conducted the implementations of the ISI strategy with five years development plans. Even though the early planners had a strong support of the IOs and the army, they failed at actualizing their agenda. The early planners had aimed at adapting Turkish economy to the market criteria. They had also envisioned that the SPO would be the developmental state apparatus directing the private sector to the strategic industry. Their optimistic view ended with the rise of the Justice Party in 1965. IT can be asserted that the SPO initially had put up resistance to some of the expectations of the private sector and the elected politicians. However, the SPO technocrats lost their relative autonomy in the JP era. Would Turkey have succeeded the goal of industrialization without any social cost, if the SPO had had a state autonomy?

It is obvious that answering this question is making a counter-factual speculation over the past history. When looking back, it can be seen that the main discrepancy between the elected politicians and the planners is the perception of economic development. While the SPO technocrats gave priority to the long-range economic plans for sustainable economic growth, the most important goal for the elected politicians was to achieve high-economic growth at any cost. The elected politicians were well aware that Turkey stepped into being a consumer society in the DP run era of the 1950s and tight fiscal policies proposed by the SPO was a major obstacle to high-economic growth. Moreover, the policy shift to the ISI strategy was based on a domestic coalition, and the elected politicians never dared to make bold attempts at disturbing or challenging this coalition. For the elected politicians, economic performance could be sustained as foreign resources -remittance and the foreign loans- flowed into Turkish economy.

The elected politicians were uncomfortable with the SPO and the state bureaucracy. Süleyman Demirel, the leader of the Justice Party, had witnessed the coup d'état when he was a senior officer of the DP administration. Yet, he was forced to resign from the prime ministry by the army in 1971. For this reason, the elected politicians never felt secure in relation to the state bureaucracy. The feeling of insecurity motivated the elected politicians to make alliance with the private sector against the state bureaucracy. Naturally, this political-business alliance did not aim at transforming Turkish economy to the export-oriented growth, which required much sacrifices from the business community. The dream of early planners, namely shifting the strategy to the export-oriented growth model in the third stage of the ISI, needed a new domestic coalition. By the end of the 1970s, the IOs proposed, again, that Turkey should transform the ISI strategy to the export-oriented growth model. Yet, the history of Turkey's failed developmentalist visions from the 1950s to the 1970s repeated itself, as the new domestic coalitions emerged in the aftermath of the army coup in September 1980 to resist the state bureaucracy's plan for policies of industrial development.

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RESEARCH ARTICLE

Globalization and Domestic Coping Strategies: The Development of China's Industrial Clusters

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Abstract

Industrial clusters play an important role in China's economic development. This paper argues that the concentration of Chinese industrial clusters at the low end of the value chain reflects the stage of China's economic development; Chinese industrial clusters' high-level of openness to international markets was a result of the timing of these clusters' emergence which enabled them to seize the special opportunities offered by multinational corporations' global production methods; Chinese industrial clusters' competitiveness has been strongly supported by specialized markets; and Chinese industrial clusters' governance, which relies on social networks based on consanguinity, kinship, and neighborhood, is due to the special pattern of state-society relations in China.

Keywords: Industrial clusters • Globalization • Specialized markets • Social structure • Social embeddedness • Social construction • Agency

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Academia once believed that economic and technological rationality would drive all capitalist economic systems towards a common institutional structure characterized by large companies, industrial concentration, and mass production technology (Baran & Sweet, 1966; Galbraith, 1967). The trend of industrial concentration was particularly obvious in the history of developed countries such as the United Kingdom and the United States. As large companies came to occupy the market in any given industry, small and medium-sized enterprises (SMEs) gradually declined (Chandler, 1977, 1990; Zeitlin, 1995). However, during the oil crisis and economic recession in the 1970s, scholars found that some industrial clusters – that is, a number of SMEs in the same or related industries with independent property rights that participated in the division of labor and cooperated with each other in adjacent geographical space – demonstrated strong economic vitality. The industrial clusters represented by the Third Italy, Silicon Valley in the United States, and the Baden-Württemberg region in Germany prove that the process of industrialization does not necessarily mean that the vertical integration of large companies must inevitably replace SMEs (Bagnasco, 1977; Brusco, 1982; Piore & Sabel, 1984). Although the economics and sociology literatures have explained the common characteristics of industrial clusters in terms of externalities, economy of agglomeration, transaction costs, and the evolution of family in the process of industrialization (Becattini, 1989, 1990; Marshall, 1890; Porter, 1990, 1998), scholars found that industrial clusters in different countries do not share a single model. Instead, there are many types (Markusen, 1996; Paniccia, 1998; Rabellotti, 1995).

The Chinese model of economic development is famous for its deep participation in the international division of labor and its industrial clusters have been the backbone of the world factory. Among the numerous industrial clusters in China, 90% of them are concentrated in the Yangtze River Delta, the Pearl River Delta, and the Bohai Bay Rim. On the eve of the global financial crisis in 2007, industrial clusters accounted for a significant portion of their region's sales and profits totals; in Jiangsu Province, they accounted for 40% and 53% of sales and profits totals, respectively; 59.35% and 55.54% in Fujian Province; and 50% and 51% in Zhejiang Province (Wei & Gu, 2009).

Italy is a good example of the four ways that Chinese industrial clusters are different from those of other countries.

First, in contrast to the Italian industrial clusters that focus on production in the middle-high end of the value chain and have their own brands of products, Chinese industrial clusters concentrate on the low end of the value chain and are usually in charge of foreign companies' OEM production, making low-end parts and assembling goods early in the global production chain. They rely on cheap labor to make profits through economies of scale, use low-cost equipment and technology in production, and learn and imitate new technologies and products quickly. Because of their high

quality and low prices, products made by Chinese industrial clusters are very competitive in the processing trade (Shi, 2007; Wang & Liu, 2009).

Second, in comparison to their Italian counterparts that are more conservative, Chinese industrial clusters are highly open to the outside world. Local governments in China set up special economic zones (SEZs) to attract foreign direct investment (FDI). At the same time, many local companies in light industry have undertaken outsourced work from multinational corporations. Even industrial clusters in light industry, which used to focus on domestic markets, began to compete in the international market after China joined the World Trade Organization (WTO). Many companies have occupied a considerable amount of market share (Liu, 2006).

Third, whereas Italian industrial clusters usually rely upon traditional distributional channels, Chinese industrial clusters are often spatially proximate to specialized markets which serve as important distribution channels for their products. Zhejiang, Guangdong, and Jiangsu are some provinces that host many industrial clusters and are also the home for specialized markets: physical places used mainly for spot wholesale and centralized trading of certain kinds and several kinds of goods with strong complementarity or substitutability (Gao, 2011; Lu & Wang, 2008).

Fourth, while the governance of Italian industrial clusters tends to depend on social organizations such as trade associations, their domestic market focused industrial counterparts in China rely more on social networks based on consanguinity, kinship, and neighborhood for governance and export-oriented industrial clusters depend on the market mechanism to coordinate inter-firm relations. SMEs in Chinese industrial clusters lack the collaborative public good services that are available to their Italian counterparts in the areas of financing, vocational training, technological innovation, marketing, and management (Wei & Gu, 2009).

How might we explain the above characteristics of Chinese industrial clusters? This paper uses an analytical framework from economic sociology, which emphasizes the social embeddedness of economic activities, the social construction of economic outcomes, and the agency of economic actors (DiMaggio & Powell, 1991; Granovetter, 1985, 1992; Zukin & DiMaggio, 1990). The social embeddedness of industrial clusters can be measured by the timing of their emergence in relation to the dynamic pendulum movement of globalization between releasing market forces and protecting society (Gao, 2001; Polanyi, 1944). The social construction of Chinese industrial clusters' characteristics is driven by the interactions between the external pressure of globalization and internal responses from domestic economic actors. The role of agency is illustrated by the various innovations of local governments and private entrepreneurs. Together, these social phenomena determine the position of Chinese industrial clusters within the value chain, their level of openness, the distributional channels for their products,

and their governing mechanisms. Next, we will discuss these three social phenomena and how they are used in our analytical framework, then we apply them in empirical studies on the four corresponding characteristics of Chinese industrial clusters.

The Pendulum Movement of Globalization and Domestic Response: A Perspective of Economic Sociology

The pendulum movement of globalization provides us with an opportunity to study how different temporal and spatial conditions affect the characteristics of industrial clusters. Karl Polanyi argues that the long-term movement of capitalism is driven by two opposed forces: one is the effort to release market forces and the other is the effort to protect society. The swing between these two conflicting goals constitutes the pendulum movement of globalization (Gao, 2001, 2006; Polanyi, 1944). The first wave of globalization saw the release of market forces from 1870-1913. It ended and the pendulum began to swing back the other way after the collapse of the gold standard and the outbreak of World War I.

During the interwar period and the Great Depression of 1929-1933, the public policy paradigm in many countries began to swing toward social protection. There were three types of responses to this in industrialized countries: liberal capitalism as represented by Roosevelt's new deal in America; fascism as represented by Germany, Italy, and Japan; and socialism as represented by the Soviet Union (Polanyi, 1944). After World War II, under the leadership of the United States and Britain, the Bretton Woods system and the General Agreement on Tariffs and Trade were born. Sustained by these two pillars in the postwar international economic order, the second wave of globalization slowly began. Since the postwar period, modern globalization has undergone three stages.

The first stage was from the late 1940s to the end of the 1970s and was characterized by the policy paradigm of social protection. Despite the fact that the trade/global GDP ratio began to rise and that there were calls for trade and financial liberalizations, public policies in developed countries still emphasized the restriction of market forces in this period. When the Bretton Woods system collapsed in the early 1970s, many developed countries adopted floating exchange rates. Eventually, financial liberalization enabled capital to flow freely across national borders which led to the rapid increase of FDI (Gao, 2001, 2006a).

The second stage was from the early 1980s to the 2008 global financial crisis and was characterized by the policy paradigm of releasing market forces. The rise of neoliberalism and the Washington consensus led to liberalization, privatization, and deregulation movements. When globalization reached its peak efforts of releasing market forces, one profound feature was the rise of global production by multinational

corporations. As far as Chinese industrial clusters are concerned, this stage was crucial because it coincided with their emergence in the 1980s-1990s.

The global production system promoted by transnational corporations is the most important change that globalization has brought to the world economy since 1980s. Supported by financial and trade liberalizations, multinational corporations began to allocate resources and organize production around the globe, which not only led to the large-scale transfer of labor-intensive industries from developed countries to developing countries, but also brought about the rapid developments of offshore production, outsourcing, and FDI. The reshuffling of the manufacturing industry around the world provided both opportunities and challenges for various countries (Gao, 2018).

The third stage spans from the 2008 global financial crisis to the present, in which the policy paradigm has shifted back toward social protection.

China's economic reforms and the emergence of its industrial clusters occurred during the second stage of globalization whereas Italy's industrial clusters essentially emerged during the first stage. The historical timing of each country's development is crucial to identify the important variables that explain the emergence its industrial clusters; within each stage of globalization different variables explain the emergence of industrial clusters. Here, we identify and discuss those variables peculiar to the point in historical time in which China's industrial clusters emerged.

We argue that a country is restrained by its stage of economic development and institutional heritage. At the same time, however, the process of globalization offers countries opportunities to take advantage. Four independent variables associated with globalization and the domestic response in China explain the characteristics of Chinese industrial clusters that emerged in this period. These variables include the stage of economic development, the timing of development in relation to the pendulum movement of globalization, the relationship between industrial clusters and specialized markets, and the social structural conditions of the country after the period of reform and opening up started.

Next, we will discuss the development of China's industrial clusters in regard to these four aspects.

Stage of Economic Development and Clusters in Labor-Intensive Industries

China's stage of economic development significantly affected the positioning of Chinese industrial clusters within the value chain. The Chinese economy was backward when the country started its reform and opening up campaign in early 1980. As a consequence, Chinese industrial clusters necessarily emerged only in labor-intensive industries.

Shenzhen-Dongguan in Guangdong Province and Zhejiang Province are the two regions in China where industrial clusters have concentrated.

“Three-to-fill processing and compensation trades (TTFPACT)” were the initial driving force behind the development of export-oriented industrial clusters in southern China. China established its first SEZ in Shenzhen in 1979 and the first inflows of foreign capital attracted by the SEZ entered China through TTFPACT. “Three-to-fill processing” refers to the practices of “processing with supplied materials”, “assembling of supplied parts” and “processing with supplied samples.” The “compensation trade” refers to the practice in which buyers import machines, equipment, technology, and certain raw materials on the basis of credit provided by foreign companies, then pay for those goods with products or services within a certain period of time. This is an important means for developing countries like China, which lack of foreign currency and technology, to utilize foreign capital, enhance export capacity, and accelerate economic growth. The most important features of TTFPACT is that market demand comes before production and both sides have agreed that the final products will be sold by foreign companies. In this way, industrial clusters do not suffer too much pressure for survival.

Although the Shenzhen SEZ, which borders Hong Kong, directly took over the transfer of Hong Kong’s processing industry, its government set a still higher goal for the SEZ. At the time, all companies in the SEZ would be involved in TTFPACT. However, the SEZ government had a goal of industrial upgrading so did not allow its companies to work at the bottom of the value chain. Instead, they transferred production of those goods with the least value added to Bao’an county, Shenzhen’ neighbor. The SEZ government required companies in the SEZ to build factories in surrounding counties and people’s communes, outsource low-end production and assembly to those factories, and ordered each county to set up trading or service companies to directly handle its quota of foreign exchange. In addition, the government gave companies in these rural areas certain privileges reserved for companies within the SEZ: the county government was given the authority to approve TTFPACT projects and those rural companies that combined agricultural, industrial, and commercial businesses were exempt from income tax for three years. Supported by this policy, Bao’an county set up industrial districts in several places with convenient transportation near the periphery of the Shenzhen SEZ and promoted TTFPACT industries among the towns and villages along both sides of three area highways. This was the first group of industrial clusters in China. By the end of 1979, there had been about 200 companies in Shenzhen participating in TTFPACT. By the mid-1980s, that number of companies exceeded 1,000. In Bao’an county’s rural areas, per capita collective assets increased from 293 RMB in 1979 to 15,600 RMB in 1990, and then to 187,000 RMB in 2000 (Shenzhen Institute of Innovation and Development, 2018).

Industrial clusters that were born in rural areas targeted domestic markets and so were concentrated in traditional industries. One reason for this was that, in the process of rural industrialization, many local residents had to rely on their families to start a business. The limited capacity of the family to mobilize resources meant that the scale of a business they set up had to be small or medium-sized, the chosen industries had to be a traditional labor-intensive industry with a low entry threshold, and they could only specialize in certain segments of the production process. Farmers' families that tried to industrialize faced great difficulties in raising funds which led to the division of labor in production. "Through a division of labor, industrial cluster lowered the entry threshold for capital in each segment of production, which enabled different families to choose their own position in the division of labor in the industrial clusters according to how much capital they had; the finer the division of labor, the more people with different abilities and talents can find their own positions" (Ruan et al., 2007).

Zhejiang is a province well known in China for its poor endowment of natural resources. Its per capita possession of natural resources is the seventh lowest in the country. Located along the country's coast, halfway between Japan and Taiwan, Zhejiang has long been considered at risk for war, so there have been few major state investments. Before the economic reforms, Zhejiang lacked a strong industrial foundation and was a backward province mainly engaged in agriculture. From 1953 to 1978, Zhejiang's per capita investment in fixed assets of state-owned units was merely 411RMB, ranked lowest in the country. Typically, heavy investment from the government or foreign companies, or both, drive rapid economic growth in underdeveloped areas. The southern part of Jiangsu, at that time, was a model of government investment, while Pearl River Delta in Guangdong was a model of foreign investment. In contrast, Zhejiang had neither; even as late as June 2002, only 10.7% of the province's companies with an output value of more than 5 million RMB were SOEs. Foreign capital played a minimal role. In 1992, foreign capital accounted for only 2.79% of the fixed asset investment in Zhejiang Province. Although foreign investment grew after 1992, by 1998, the share of foreign capital in Zhejiang's fixed investment had still only increased to 5.9%. In the same year, by comparison, other provinces' shares of foreign investment in fixed assets were much higher with 34.77% Jiangsu and 33.26% in Fujian (Zheng et al., 2002).

With the absence of capital accumulation before the reform and opening up period and a lack of FDI inflows after, Zhejiang's first industrial clusters had to begin in labor-intensive industries. According to a survey in 1998, a big chunk of the 110 industries in Zhejiang were in traditional labor-intensive industries such as textiles, clothing, chemical fibers, plastics, and general machinery manufacturing. Although the companies in these labor-intensive industrial clusters were small, they were very competitive in the market place. For example, Wenzhou's footwear industrial cluster consisted of 5,000 companies,

20% of the national market; the clothing industrial cluster consisted of 2,000 companies, 10% of the Western-style suit market; the eyeglasses industrial cluster consisted of 500 companies, 80% of the national market; the button industrial cluster consisted of 750 companies, 70% of the national market; and the cigarette lighter industrial cluster consisted of 260 companies, 70% of the world market. Shengzhou's necktie industrial cluster consisted of 1,000 enterprises, 80% of the national market and 30% of the world market. Zhuji's hosiery industrial cluster possessed 68,000 hosiery machines, representing 40% of the national market (Zhu, 2003, p. 50).

Compared with Chinese industrial clusters, Italian industrial clusters since 1980s have taken a path of high-end development based on innovation, design, and brand (Porter, 1990). One of the important reasons was that Italy had already become a developed country when globalization first came to knock on its door. As many developing countries began to participate in the international division of labor, Italian industrial clusters could no longer compete by simply reducing wages and lowering working conditions; they were forced to take the path of improving their products and production processes. Most companies focused on design, the production of small batches of customized products, and building their niche by uniquely positioning themselves in the market. After the 1980s, Italian manufacturers introduced new equipment incorporating computer-aided design or auxiliary production, creating a perfect combination of high-tech and traditional industries that produced fine products. The strategy of emphasizing innovation and design enabled Italian companies to occupy the high-end market with high added values (Criscuolo, 2002).

The Timing in the Process of Globalization and the Openness of Industrial Clusters

The timing of the development of industrial clusters in relation to the pendulum movement of globalization has a profound impact on their openness to the international market. Chinese industrial clusters came into being *after* the birth of the global production system. Under this new system, a developing country could join the international division of labor even with only production factors; well-functioning domestic institutions were no longer a precondition to join international competition and economic development. Chinese industrial clusters wholeheartedly embraced the opportunities provided by global production, and took full advantages of FDI. As a result, they were very open to international markets.

When China started its reform and opening up campaign in 1979, the tide of globalization accelerated. Throughout the 1980s, neoliberalism, which emphasized releasing market forces, had shaped the paradigm of public policy in many countries. This ideology advocated free flow of capital across national borders. FDI provided Chinese export-oriented industrial clusters with capital, technology, and distribution channels, so from day one they were quite open to the outside world. Industrial clusters

targeting domestic markets often came into being after the rise of specialized markets, which provided these clusters with strong distribution channels. When foreign merchants found these sales platforms, they quickly connected these domestically oriented industrial clusters with the international market because the daily necessities these industrial clusters produced were in great demand among developing countries and low-income groups in developed countries.

The development strategy adopted by SEZ governments was to participate in the global production system using cheap labor, attract FDI, focus on labor-intensive industries, emphasize the low value-added segments of the value chain, and accelerate domestic economic development by promoting exports. In order to attract FDI, China worked hard to build infrastructure in the SEZs in coastal areas. The construction of hotels, transportation, power stations, telecommunications and other infrastructure significantly reduced private companies' operating costs. The Chinese government adopted various preferential tax policies toward FDI beginning with the development of SEZs in coastal areas in the early 1980, to implementing the Foreign Investment and Foreign Corporate Income Tax Law in 1991, up until the new Corporate Income Tax Law in 2008. In order to attract FDI, many local governments supplied low priced or even free land. Because governments at all levels relied on FDI's exports to promote economic growth, the owners of capital were given more attention. In contrast, for a long time, migrant workers did not have protections against wage abuse, dismissal, or poor working conditions and suffered poor social security, children's schooling, and housing. It was not until 2003 that the government began to improve these conditions (Zheng, 2002).

The development of SEZs built close connections between industrial clusters and international markets. By the end of the 1990s, 20 years after Shenzhen opened the first SEZ in China, the country attracted 23,608 foreign-funded projects. The amount of foreign capital in signed contracts reached \$29.8 billion, while the amount of foreign capital actually utilized was as high as \$ 200.1 billion. Among the 23,608 projects, 17,361 were green-field FDI, with signed contracts of \$26.4 billion, and \$13.8 billion actually utilized. The gaps between these two groups of numbers show that a far bigger portion of foreign capital actually utilized was invested not in the form of green-field FDI. During the period of 1979-1998, manufacturing projects accounted for 76.62% of the total number of foreign investment projects, 63.01% of the total amount of committed foreign capital, and 63.74% of the total amount of foreign capital actually utilized (Zhang, 2000: 24-26). The concentration of foreign investments in the manufacturing industry strongly supported the development of industrial clusters along the Pearl River Delta. The strong export-orientation of these industrial clusters is also reflected in the share of the Pearl River Delta region in the total exports of the whole country, which jumped from a mere 1.4% in 1980 to 36.1% in 1998 (Chen et al., 2003, p. 27).

The rise of industrial clusters in the Pearl River Delta region was brought about by two major shifts in the manufacturing industry in Asia. In the early 1980s, Hong Kong's manufacturing industry was transferred to the mainland. With the help of Hong Kong's capital, the Pearl River Delta region witnessed the rise of labor-intensive industries and the accomplishment of initial-stage industrialization. After the Asian financial crisis in 1997-1998, and especially after the US internet bubble burst in 2000, a big portion of the electronics industry in Taiwan shifted to the mainland. Shenzhen, Dongguan, Huizhou and other places attracted a huge amount of Taiwanese investment, and many export-oriented industrial clusters were developed for the electronics and communication industry (Chen et al., 2003, p. 26). In the early days, foreign companies produced only simple parts in Shenzhen, and sent in parts produced in other countries to be assembled here. After China's entry to the WTO in 2001, more and more foreign capital came to Shenzhen to invest in the electronics industry. Around these famous foreign brands, an increasing number of local companies began to produce increasingly sophisticated parts. Eventually, Shenzhen became the hardware capital of the world's electronics industry, and more and more of the electronics industry's high-end components were produced there. At the time, there was a saying that if a road problem in Dongguan interrupted traffic for a week, the computer supply in the international market might suffer a shortage. Since the 2008 global financial crisis, Guangdong's electronic industry began to further upgrade. High-tech industries are constantly expanding as new technologies emerge: tech such as smart phones, unmanned aerial vehicles, internet of things devices, big data, cloud computing, advanced communication technology, and artificial intelligence have been constantly emerging. At the same time, the strength of industrial clusters' R & D has continued to grow (Gao & Ru, in press).

Yiwu, Zhejiang Province, represents a typical case of domestically-oriented industrial clusters that saw rapid international expansion after China joined the WTO thanks to the city's specialized market, the Yiwu Small Commodity City. Yiwu's industrial clusters began to enter international trade in 1999, the year China and the United States completed their negotiations on China's entry into the WTO. Foreign merchants had come to Yiwu before then, attracted by its small commodities, but Chinese merchants hadn't paid much attention to the international market before 1999. In 2002, Yiwu officially opened its International Trade Center, with a constructed area of 340,000 square meters. The new facility hosted more than 10,500 wholesalers. At the time it opened, 40,000 merchants visited every day including, up until the 2008 global financial crisis, more than 10,000 foreign merchants. More than 90% of the wholesalers in Yiwu were engaged in international business, and more than 60% of commodities transacted at the Yiwu International Trade Center were exports that went to more than 140 countries and regions. At the city's peak, 2,500 containers were exported daily. Yiwu had become an important distribution platform for industrial clusters in the whole of Zhejiang Province. Lured by international trade, there were 616 foreign business

organizations in Yiwu at the end of 2005. In this small city of 1.7 million residents, according to the Chinese standards, the local branch of the Bank of China conducted business with 182 countries and regions – a rare phenomenon for the national bank (Xu, 2007, pp. 143–145).

The Yiwu-Xijiang-Europe (YXE) Train is a freight train that runs to European cities along nine different routes. Tianmeng, a private company in charge of its operations, has set up 5 logistic distribution centers and 8 overseas warehouses along these routes that cover 34 countries. Using Yiwu International Trade Center as the export platform, the YXE trains transported more than 2,000 kinds of commodities to Europe, including daily necessities, clothing, cases and bags, hardware, etc. The goods went to industrial clusters not only in Yiwu, but also in Zhejiang, Shanghai, Guangdong, Anhui, and eight other provinces. Yiwu has even established a sub-market called the China Small Commodities Center in Warsaw and an industrial park in Belarus (Qu & Wei, 2018).

Compared with their Chinese counterparts, Italian industrial clusters are obviously less open. This is directly related to the timing at which the countries' respective industrial clusters appeared in the process of globalization. Most Italian industrial clusters came into being long before the era of global production and their development was driven primarily by endogenous industrialization forces. Therefore, most industrial clusters in Italy made final products, components and parts, specialized machinery, and auxiliary services (Porter, 1990). When globalization accelerated in the 1980s, local politics in Italy still focused on protecting local SMEs, building local production networks, resisting the invasion of foreign capital, and avoiding the low-end development path of lowering wages and exploiting workers (Longoni & Rinaldi, 2008; Trigilia, 1986, 1990). Since the wage level in Italy was much higher than that in developing countries, even when foreign capital arrived at Italian industrial clusters in the 1980s, they tended to emphasize R & D and relied on local industrial clusters for production. Few foreign capital investors have made large-scale investments like building factories as they did in China. This has limited the openness of Italian industrial clusters.

Specialized Market and the Distributional Channel of Industrial Cluster

Another major characteristics of Chinese industrial clusters is that their development was driven by market demand. The first group of export-oriented industrial clusters emerged to address the international demand for the processing trade. After China started opening itself up to the outside world in the late 1970s, orders from foreign companies through the TTFPACT became the driving force behind the development of industrial clusters in Shenzhen. This was followed by another wave of FDI in which multinational corporations set up factories to take advantage of China's cheap labor for global production. Under the global production system, multinational corporations mobilized Chinese industrial clusters to bring their products to the international

marketplace. Domestically-oriented Chinese industrial clusters, on the other hand, developed after the rise of specialized markets. A *specialized market* is a regular gathering of a large number of merchants who engage in spot wholesale, in certain kinds of goods or several kinds of goods with strong complementarity or substitution (Lu & Wang, 2008).

After the government loosened its control over the market, Chinese farmers built specialized markets with the goal of making money from transactions with agricultural products and light industrial daily necessities. Impressed by the huge market demand brought by these trading platforms, some local government officials and farmers-turned-entrepreneurs saw new business opportunities and started producing hot commodities locally to sell in these specialized markets. Another development that spurred the growth of specialized markets was that export-oriented industrial clusters in coastal areas often overbuilt their production capacity, so some entrepreneurs brought the surplus parts made by companies in these clusters to specialized markets which served as transaction platform connecting these export-oriented industrial clusters and domestic markets. There was strong demand for such parts because when domestically-oriented industrial clusters could use the higher quality of export-intended parts it would increase their market competitiveness.

An example of this circumstance can be seen in the Pearl River Delta where there are basically two types of manufacturing industries: one on the east bank that is the export-oriented industrial clusters, and one on the central and west banks that is the domestically-oriented industrial clusters. The former attracts a lot of foreign capital as it relies on cheap labor and land to participate in the international division of labor and operates at the low end of the global production value-chain system. The latter consisted of mainly domestic companies that produce import substitutions. They often import equipment and components from overseas and then develop substitutes with their own brand names for domestic markets. From there, entrepreneurs localize production and extend their businesses both upstream and downstream along the value chain (Chen & Li, 2003, pp. 31-32). In order to localize production, companies in domestically-oriented industrial clusters must integrate both upstream and downstream products. They must find not only parts from domestic companies, but also parts made by FDI companies. In this sense, the development of industrial clusters and specialized markets really have a mutually promoting and enabling mechanism.

From the very beginning, the electronic industry in Shenzhen has been driven by the demands of the international market, especially TTFPACT. In 1988, Shenzhen established SEG Electronics Parts Market, China's first electronics market sponsored by more than 160 manufacturers in China and 10 companies from Hong Kong (Zhang, 2017). By the mid-1990s, Shenzhen had become the "hardware capital" of the world

factory. Initially, it was well known for making products such as radios, recorders, electronic organs, and game machines. After the turn of the century, the Shenzhen SEZ became a global center for making mobile phones, laptops, health devices, and drones. A major distribution platform that helps absorb the SEZ's enormous production capacity is the specialized market located in Huaqiangbei. In its heyday, the huge Huaqiangbei electronics market occupied more than ten high-rise buildings, where one could buy every kind of components and brand product imaginable (Xu, 2018). The importance of specialized markets like this one is reflected in the "China Huaqiangbei Electronics Market Price Index" which has been published daily to the world since 2007. This index is considered a weathervane and barometer of the international electronics market. In July 2011, the Chinese government began to officially use the Huaqiangbei index as an important indicator for monitoring the country's macroeconomic performance (Liu, 2019).

The development of specialized markets created domestic market-oriented industrial clusters. After the government gave up its strict control over the economy in the 1980s, some farmers-turned-entrepreneurs invented specialized markets to make money by creating commercial distribution channels to sell various daily necessities outside of the state-owned commercial system. When local government officials and entrepreneurs saw the huge demand for these products in specialized markets, they seized the business opportunities and mobilized more farmers to engage in producing these goods. This led to the development of industrial clusters around specialized markets.

Yiwu, Zhejiang Province, is a typical example. In the late 1970s, Yiwu's farmers first sold small commodities at a farmers' market in the late 1970s. By 1982, the Yiwu municipal government built the first prototype of the Small Commodity City. In 1984, Yiwu's government officially adopted the "developing the county by promoting commerce" strategy that specifically relied on the small commodity market as the engine for local economic development. By 1992, the facility at Yiwu Small Commodity City had been updated four times, and was ranked number one in a list of top ten commodity markets in China. The number of wholesale stores in the Yiwu Small Commodity City increased from a little more than 700 in the early 1980s to 23,000 in 1992 (Xu, 2007: 23-24). Although Yiwu Commodity City became the leader in the small commodity industry, it was under increasing competition pressure because many regions in China began to imitate it. Under those circumstances, the Yiwu government adopted a new strategy: "Relying on commerce to promote industrialization and let both industry and commerce enable each other". Supported by its huge commercial platform, the local government actively guided private companies into the manufacturing industry by building infrastructure for industrial parks to host industrial clusters. The industrial clusters in Yiwu greatly benefited from the market information and sales networks generated from this commercial capital, and they demonstrated strong

competitiveness in their industries such as socks and hosiery, accessories, zippers, clothing, toys, stationery, and hardware, etc. (Lu & Wang, 2008).

In China, the connection between industrial clusters and specialized markets is very strong. Specialized markets are unique and significant distribution channels for Chinese industrial clusters. The provinces well known in China for hosting most industrial clusters – Zhejiang, Guangdong, Jiangsu, and Hebei – are also famous for the strong presence of specialized markets. For example, in 2001 Zhejiang Province had a population of 46 million people and 420 specialized markets. There were 58 commercial stores and revenue of 7,314.50 RMB for every 10,000 people (Zheng et al., 2002, p. 29). According to a 2005 report, 85 out of 88 counties(districts) in Zhejiang Province hosted industrial clusters. Among these industrial clusters, 519 had an annual output of more than 100 million yuan, including 118 in the 1-5 billion RMB range, 26 in the 5-10 billion RMB range, and 3 with output greater than 10 billion RMB (Xu, 2007, p. 107).

Whereas specialized markets play a significant role in Chinese industrial clusters' distribution channels, Italian industrial clusters do not have support from specialized markets. Companies in Italian industrial clusters usually produce brand name products so many of them use franchised stores or traditional department stores as their primary distribution channels. Export consortia have been an important way for SMEs in Italian industrial clusters to obtain overseas orders or to sell products in international markets. This kind of consortium is a cooperative organization composed of a group of companies producing similar products. Each member company pays a one-time security deposit when joining and then pay its share every year to cover the consortium's operating costs. In 1998, Italy had about 350 export consortia (Baldoni et al., 1998). In market competition between Chinese industrial clusters and Italian industrial clusters, Chinese producers usually expand their market share more quickly due to their price advantage, economy of scale, and the highly effective marketing provided by specialized markets.

Social Structure and the Governance of Industrial Clusters

Chinese society has always valued family-kinship relations. However, the family-based economy was depressed for a long time due to the planned economy era. The economic reforms of the 1980s replaced the people's commune system in rural areas with the household responsibility contract system. Family once again became the basic unit of production in rural areas. A large number of empirical studies on domestic-oriented industrial clusters in different regions of China show that the overwhelming majority of these industrial clusters consist of small workshops and factories that were established, owned, and operated by farmers' families in contrast to the export-oriented industrial clusters wherein many factories were established by FDI (Li, 2009; Liu, 2009; Shi et al., 2004; Zhu, 2003).

Take the socks industry in Zhuji, Zhejiang Province as an example. This industrial cluster based on family social networks was born in the early stages of rural industrialization. A local technician at a collectively-owned hosiery factory called Zhuji Datang learned that in the region's history, there was a tradition of weaving socks and that many households still kept the old-style hosiery looms. At that time, there was little capital accumulation in rural areas, and farmers could not afford to buy modern looms at market prices. The technician organized some disciples to purchase the old hosiery looms and restored them to working condition. With these efforts, the Zhuji farmers got access to their first batch of hand-operated hosiery looms for a very low price and that did not require complicated technical expertise. The farmers welcomed the looms. The demand for socks was huge and every household joined the enterprise of knitting socks. An industrial cluster emerged. Later, local hosiery machine manufacturers developed their own low-cost electric hosiery looms. Even after Italian and South Korean companies began to produce computer-controlled hosiery looms for medium and high-end socks, local hosiery machine manufacturers cooperated with Zhejiang University and developed similar machines of the same quality, but at one tenth the price. Low-cost machinery and equipment support hosiery production in this industrial cluster, which mainly consists of numerous workshops and small factories run by farmers' families (Zhu, 2003).

The governance of domestically-oriented industrial clusters is often carried out through families' social networks. Relatives, friends, and neighbors undertake one or more segments of production and jointly organize the entire production chain – from knitting socks to sales. Two cases illustrate the role played by social networks in Zhuji's socks industrial cluster. One business owner set up a shaping factory. His sister's family was responsible for weaving socks, and his relative operated the wholesale distribution for their products at Yiwu Small Commodity City. Another business owner was responsible for the sales of hosiery machines and accessories. His brother's family was responsible for the production of hosiery machines. His parents founded a hosiery factory, and his father-in-law's family was responsible for hosiery sales (Zhu, 2003, pp. 138–139). An important fact about these social networks is that, in spite of the fact that it is familial relatives that cooperate closely in business, they are yet financially independent from each other and they each have independent property rights.

In the export-oriented industrial clusters in Shenzhen, governance is more often based on social networks formed in market transactions. For these industrial clusters, a governance model based on consanguinity or kinship is less feasible because operators in this sector are often regional transplants or are owned by foreign investments. The mobile phone industry is a good example. A large number of companies concentrate within a one-hour drive of Shenzhen. FDI by global cellphone producers created the first grouping of parts suppliers and assembly factories. Subsequently, local companies

made use of these FDI-built factories' extra production capacity to produce "shanzhai" (counterfeit) mobile phones through a practice of reverse outsourcing. Except for exterior design and function selection, shanzhai mobile-phone companies outsourced all segments of production, including chip manufacturing, software programming and system integration, production of parts and components, assembly, and distribution. In the most extreme example, three farmers could operate a mobile phone company, with the first person responsible for exterior design and function selection, the second person responsible for managing the account of outsourced production, and the third person responsible for contacting the distributional channels. The person in charge of exterior design and function selection might go to Huaqiangbei's specialized market every day, find the hottest trend on the market, and gather the latest industry information. The person in charge of sales could simply choose sellers in Huaqiangbei. Because the mobile phone industrial cluster was nearby the Heiqiangbei specialized market, and transactions can be on a cash basis, distrust among trading partners, *i.e.*, transaction costs, are greatly reduced. Problems can be solved quickly through face-to-face communication because the relevant companies are all in an immediately proximate area. This helps the industrial cluster improve its operational efficiency (Gao, 2011). This model of production has further evolved and new groups of global mobile phone producers are emerging – companies like Huawei, Xiaomi, Oppo, and Vivo – that have successfully competed in the international marketplace against other independent brands, each with their own operation systems.

In Italian industrial clusters, on the other hand, another type of non-state/non-market governing mechanism is prevalent: industry associations and cooperative consortia. Italian SMEs in industrial clusters rely on industrial associations, consortia, and cooperatives, to solve common problems such as technological innovation and dissemination, marketing, financing guarantee, raw material procurement and testing, information provision, quality control, training of entrepreneurs and managers, tender translation, financial and legal affairs consultation, bookkeeping, and research on foreign markets, etc. (Baldoni et al., 1998; Criscuolo, 2002). In addition, the majority of SMEs that produce similar products often adopt the strategy of competition by differentiation which seeks market segmentation and addresses the diversified needs of consumers (Piore & Sabel, 1984; Shi, 2007).

Local Italian governments in regions that had large concentration of SMEs promoted and funded business service centers and innovation centers when globalization accelerated in the 1980s. The Emilia-Romagna region is a good example. Its regional development committee, ERVET, promoted the development of service center networks, some of which were dedicated to specific industries, such as CITER (textiles and clothing), CERCAL (footwear), and CESMA (agricultural machinery manufacturing). Governments also encouraged the establishment of more general service organizations

to help with cross-industry concerns such as ASTER (Technology development), CERMET (Quality improvement), and SVEX (Export promotion) (Brusco & Righi, 1989; Pyke, 1992; Schmitz & Musyck, 1994).

This difference in the governances of industrial clusters between China and Italy raises an interesting question: why have trade associations not played a more important role in Chinese industrial clusters' governance? The reason lies in the state-society relations.

Since the people's commune system ended with the planned economy, there have been two major mechanisms rural areas to maintain the order of grass-roots communities in contemporary China. One is the social networks based on consanguinity, kinship, and regional bonds centered around the individual; the so-called "pattern of difference" (Fei, 1992). The other is the state, which actually replaces and suppresses social organizations. Although the state has allowed social organizations to exist, it has encountered a dilemma: the state needs the help of social organizations, but also fears that it may lose control over them. This governmental tension has limited the role of trade association in governing industrial clusters.

Reflecting this predicament, social organizations in China are managed through a dual administrative system: social organizations must register with and report to one government agency while another government agency directly administrates the organization's professional activities. Such a cumbersome administrative system creates a high-registration threshold that makes it difficult to establish social organizations (Wang, 2007). The state's control over social organizations has weakened their autonomy and turned them into mere quasi-administrative agencies. At the grass-roots level, weak social organizations have restricted individual participation in public affairs and hindered the development of civil society. Consequently, the governance of inter-firm relations relies mainly on the market or private social networks, which in turn has limited the scope of cooperation between companies and inhibits their ability to provide public goods to SMEs within industrial clusters. Although the number of trade associations has increased since the 1990s, the autonomy of trade associations is still weak and, on the whole, they function more like "assistants" to the government (Chen & Xu, 1999; Yu, 2002).

In theory, private trade associations can do more to serve their member companies as compared to government-run trade associations. In reality, however, they tend to collect information only for their respective industries, ask the government for help, protect the interests of their own members, and promoted exhibitions and sales. They are powerless to enforce self-discipline in their industries, improve the management of their member companies, provide financing, support technological innovation, promote exports, supervise product quality, or set industry standards (Chen et al.,

2004). As a result, many companies in Chinese industrial clusters produce similar products with a high degree of homogeneity. They imitate each other, for better or worse, and compete primarily by lowering prices. This is common even in Zhejiang Province, where industrial clusters are prosperous (Ma & Ju, 2009).

Conclusion and Discussion

There are three basic propositions in economic sociology. The first is that economic activity is socially embedded. Economic phenomena can only be understood in relation to social structure; it cannot be simply separated from social structure and analyzed within its own sphere as some economists have imagined. The second is that economic outcomes are socially constructed; they are shaped by the interactions among various economic actors. In other words, the economic outcomes are always determined by the joint forces of multiple actors. The third is that agency plays an important role in economic actions. This proposition is a fundamental issue that all social sciences must confront, including sociology, political science, and economics. Agency-structure relations deal with the tension between subjective and objective conditions and human actions. In social sciences, agency refers to the ability of individuals to act independently and make free choices, while structure refers to the various constraining factors around human behavior, including social class, religion, gender, ethnic group, and other restrictive conditions. To some extent, an individual actor's agency is affected by one's past structural conditions. Cognition and beliefs formed through past experience, the dominant ideology in society, and the particular subjective position in social structure into which one was born all test the willingness and ability of economic actors to pursue independent action (Gao, 2018).

This paper has analyzed the development of Chinese industrial clusters guided by these three basic propositions and with brief comparisons to industrial clusters in Italy. It shows that different timing in relation to globalization has consequences for the rise and form of industrial clusters between the two countries and that this timing is an important measurement of the independent variable, the social embeddedness of industrial clusters. Put differently, industrial clusters did not emerge in vacuum, but developed in specific temporal and spatial conditions in history. The birth of China's industrial clusters coincided with the rise of global production, which brought not only FDI but also the transfer of labor-intensive industries from developed countries to developing countries. In addition, the country's economic development was still in its early stages and its cheap labor was especially suited for the demands of offshore production and outsourcing practiced by multinational corporations whose major goal was to reduce labor costs. Constrained by these structural conditions, Chinese industrial clusters therefore started from the low end of the value chain in the international division of labor and at the same time reached a high-level of openness to the

international market. In contrast, Italian industrial clusters were born long before the emergence of global production and by the time that mode of production came to Italy in the 1980s, Italian industrial clusters had no choice but to promote industrial upgrading under strong competition pressure from low-cost production in developing countries. Because its labor costs were much higher than those of developing countries, existing companies struggled for survival and called for social protection. As a result, Italian industrial clusters' level of openness to foreign capital was naturally lower than that of China.

The process of social construction in industrial clusters is illustrated by the fact that their development was not determined solely by the market forces brought by globalization, but rather by the joint efforts of different actors that pursued their respective interests within each county's given institutional environment and social structure. Although the market principle requires efficiency, it also brings risk to all companies in the Chinese industrial clusters that have strong connections with the international market and the potential failure is a constant threat to the survival of these companies. To stand withstand and hedge against this danger, domestically-oriented industrial clusters in China rely on social networks based on the ties of consanguinity, kinship, and neighborhood. In contrast, industrial clusters in Italy depend on various social organizations. This complicated process of social construction has shaped the governance of industrial clusters in both countries.

Finally, this study shows that even under the constraints of structural conditions, economic actors can still pursue strategic actions to maximize their gains. A good example of agency's role is the Chinese entrepreneurs' innovation to creatively use specialized markets to support industrial clusters. Chinese industrial clusters, especially those developed in rural areas, evolved after the development of specialized markets. These farmers-turned-entrepreneurs initially just tried to earn money through these distributional platforms. However, the built-in growth mechanism sustained by the interactions between the economy of scale and the economy of scope triggered a rapid development of specialized markets. Normally, selling the same kinds of products in the agglomerated space would greatly increase competition pressures. Nevertheless, these entrepreneurs soon found that by differentiating their products and offering rich variety, they were able to attract more buyers. The more buyers came to specialized markets, the further revenue increased. This snowball effect was a powerful driving force behind for the development of specialized markets (Gao, 2011; Xu, 2007). A distinctive characteristics of Chinese industrial clusters is that most of them are located in places with no natural endowments whatsoever to support their industries. The secret for their success is that they rely on specialized markets to ensure a demand for industrial clusters even before they come into being, creatively overcoming the constraints of poor endowment conditions.

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RESEARCH ARTICLE

Developmental States in the Twenty-First Century: New Wine into Old Bottles?

Judit Ricz¹ 

Abstract

On the eve of the twenty-first century both the world economy and economics as a social science face important challenges, that call for paradigmatic changes, maybe even for new paradigms. First following the global financial and economic crisis of 2008-9 and more recently due to the COVID-19 pandemic, we can observe different types of active state interventions and growing state involvement to revive economic growth and development throughout the world. This has led to a renewed interest in the analysis of the role of the state in economic development in general, and to a renaissance of the developmental state (DS) approach and development regime (DR) theories in particular. The article aims to critically review and synthesize most recent literature on developmental states and regimes. Based on the theoretical and practical experiences of developmental states over more than a half century and taking into account the new challenges of the twenty-first century we critically engage with the related literature and aim to structure common thinking (and debates) regarding the role of state in development. While we argue that the new paradigm for DS has not broken through yet in literature, we present some cornerstones around which consensus seems to emerge.

Keywords: Developmental state • Development regime theory • Globalization • New developmentalism • Twenty-first century • Post-crises era • Economic catching up

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Following the 2008-9 Global Financial Crisis, and even more pronounced by the spread of the COVID-19 pandemic since early 2020 we see the rise of state activism worldwide. In contrast to these renewed tendencies of state activism in the more advanced economies, new developmentalist experiments in the peripheries (in emerging and less developed countries) to promote state-led catching up started earlier, and can be dated to the first decade of the new Millennium. Accordingly, it goes without doubt that the economic and developmental role of the state has been brought back to the centre of political and academic debates. Simultaneously with this shift in the practice of economic policy-making, we can witness the renaissance of *developmental state literature* and developmental regime theory in economics. Throughout this paper we argue, that this new strand of literature is not the revival of the old or classic paradigm of developmental states (Woo-Cumings, 1999), but a new developmental state concept is emerging. Though we admit that the most recent literature on development states and regimes represents rather an eclectic group of works, and the new paradigm of the twenty-first century's developmental states has not broken through yet.

The starting point for our analysis is the argument, that by the end of the last century, with changes in the specific (and unique) context of the successful (North-)East-Asian developmental states, the fall of the classic developmental state paradigm was a systemic phenomenon and thus inevitable (Beeson, 2004; Haggard, 2019; Ricz, 2019; Williams, 2014). Thus in the twenty-first century we have to go beyond the geographical and temporal limitations of the classic paradigm, and we have to deeper embed it in modern economic theories (see Evans, 2010, 2014). We also have to leave behind the ideologically overloaded debates (based on the antithesis and disagreement of the revisionist school¹ and the neoliberals, backed by the international financial institutions) that have characterized the old developmental state approach and also its demise (Stubbs, 2009; Wade, 2018).

Meanwhile we do not aim to build a new developmental state model that could be applied or emulated without limitations, as we are convinced that development strategies are environment-specific, and are only valid in their own context in time and space (Fosu, 2013a, 2013b). At the same time based on the theoretical and practical experiences of developmental states over more than a half century and taking into account the new challenges of the twenty-first century we critically engage with the related literature and aim to structure common thinking (and debates) regarding the role of state in development. We explicitly aim to uncover some differences and commonalities of the old and new approaches, and to draw up some guiding principles for the twenty-first century's developmental state concept. We are convinced that this provides a fertile ground to actively get involved in the intensifying international debates related to developmental states in the twenty-first century.

1 In the twentieth century the adherers of Johnson and the authors of the classic DS school were called the revisionists, or the revisionist school, who have extended the original Japanese DS model and applied it to other countries first in the East-Asian region and later also outside that region.

The remainder of this paper is in three main parts. After this short introduction we present most important characteristics of the new developmental state approach structured around three main points: first we clarify the new interpretation of developmental states, then we present the new context shaped by the new challenges of the twenty-first century, and finally we draw up the new analytical structure for developmental states. The second main part of our paper is also divided into three subchapters while we present the most important points, regarding which consensus is emerging in economic literature. Thus, we analyze the requirements for twenty-first century's developmental states on the level of socio-economic alliances and political settlements; the level of institutionalization and policy making; and last but not least on the level of economic policies. The final chapter concludes.

The New Context of Developmental States Calls for a New Approach

The need for re-thinking the analytical concept for developmental states can be verified on the one hand with the fall of the classic paradigm of DS, on the other hand with new challenges emerging in the twenty-first century and presenting new circumstances (possibilities and limits) for governments to formulate and realize their main socio-economic developmental objectives.

To revise the classic DS concept two main ways are straightforward: first, relying on the synthesis of most recent theoretical results (the deductive way) and second, 'streamlining' latest experiences of states or groups of states revealed as development success and looking at their economic policy practices (the inductive approach). The theoretical starting point shall be the new capability-based paradigm of development (Sen, 1999) embedded in theories of new development economics, but also in modern growth theories as well as in new political economics and the new institutional economic school. For some more narrow-focused theoretical underpinnings see also the *new developmentalist approach* shaped by the work of Bresser-Pereira (2011; 2015; 2016)². While relating to the other way to revise the DS concept, the latest experiences of new developmentalist experiments, the most recent experiences of East-Asian countries – not only in Northeast, but also or even more so in Southeast Asian countries, and according to some analysts also the particular development paths of China and India (Hua & Hu, 2015; Raquiza, 2012) might offer some lessons as well as the experiences of the most recent Latin American developmentalist experiments (Riciz, 2017; Schneider, 2015; Wylde, 2012, 2017). The experiences of some quickly growing Sub Saharan African economies (Clapham, 2017; Biedermann, 2016; Hope, 2019; Ikpe, 2018, 2020; Routley, 2014) and their Northern counterparts (such as Egypt) have to be taken into account, whereas even the recent statist models of Turkey and

2 The term was first by the Brazilian economist Bresser-Pereira in 2003, and caught up during the last 10-15 years first by other Brazilian scholars, and later it also entered the international development discourse.

Iran, or even the non-developmental experiment of my home country, Hungary, can offer useful lessons (for the country case studies see the followings respectively Kutlay, 2020; Rózsa-Szigetvári, 2019; Kornai, 2015). We mainly rely on the first option in this paper, and the second option is only included here in the form of reviewing recent DS literature summing up recent developmentalist experiments³.

We are convinced that the approaches based on theoretical results and practical experiences go into the same direction and combining both might prove to be fertile for the revision of the DS concept. In this paper however we have a much less ambitious objective: synthesizing most recent academic literature on developmental states we aim to present a common analytical structure for developmental states in the twenty-first century and to reveal some areas, where consensus seems to emerge.

Definitional Issues

In newspaper articles, in political statements, but also in academic publications we might often find references to the term *developmental state* without precisely defining, what is meant by this term, or being used implicitly as a synonym or substitute for *active state involvement*.

The classic school of developmental state literature emerged out of the concept formulated by Chalmers Johnson (1982) in his book on Japan, and then applied and extended to other, mainly Northeast-Asian countries⁴. With the words of Meredith Woo-Cumings (1999, p. 1) the developmental state *'is a shorthand for the seamless web of political, bureaucratic and moneyed influences, that structures economic life in capitalist Northeast-Asia'*.

Developmental states have of course existed and flourished in other regions of the world and also before the seminal work of Johnson. In Latin America the development-oriented (developmentalist) approach has long and extensive historical traditions and also the term developmental state appeared before the 1980s⁵, however this interpretation differed substantially from the Northeast-Asian developmental state model. The term developmental state was also often used in the twentieth century for a few European countries (such as Ireland, Finland or even France), for some emerging countries (such as India or China, but even Brazil or South Africa could be mentioned), while most

3 Besides the above-mentioned country case studies the following volumes offer wide-ranging insights into practical experiences (Carrol-Jarvis, 2019; Nem Singh-Ovadia, 2019; Gerócs & Szanyi, 2019; Williams, 2014 and Riez-Gerócs edited volume on *The Post-crisis Developmental States: Perspectives from the Global Periphery* [forthcoming in 2021 by Palgrave Macmillan]).

4 Besides Japan, South-Korea, Taiwan, Hong Kong and Singapore are also mostly labelled as the classic DS. The main characteristics of the extended version of the classic DS model are also valid (with some limitations, of course) for the second generation of the newly industrializing countries in Southeast-Asia (such as Malaysia, Thailand, Philippines, and Indonesia).

5 See Cardoso and Faletto (1979, pp. 143-148) or Soares (1975) cited in Schneider (1999, p. 278).

recently it has a new renaissance to label some quickly-growing African countries as developmental (for example Botswana, Rwanda or Ethiopia)⁶.

In this vein one could agree with Mark Beeson (2007:120) claiming, that “*the developmental state has become a generic term to describe governments which try to ‘intervene’ actively in economic processes and direct the course of development, rather than relying on market forces.*” We could also refer to Laura Routley (2014:159), who argues that “*the concept of a developmental state therefore often works less as a model and more as a ‘buzzword’ with its own uses and effects,*” while Ben Fine (2013, p. 3) also speaks of the “*buzzword character of the DSP*” [developmental state paradigm]. We are convinced that in order to prevent the misuse and even the ‘hollowing out’ of the term developmental state, it is inevitable to re-define or revisit its meaning in the twenty-first century.

We are convinced that the defining characteristics of the classic developmental state definition according to Johnson (1982, p. 23) are still valid.⁷ Thus, the developmental state refers to a *capitalist, plan-rational model*, with a *long term commitment to the developmental-oriented approach*, and *active state interventionism* in order to achieve main socio-economic objectives. It is also tenable that for building or maintaining a developmental state some kind of *social consensus* is needed regarding the *central role of state in development*, as well as *on the content of the main socio-economic objectives*.

The classic developmental state paradigm has been focusing on the special case of the *late-comers to development*, and has put *economic transformation* and *catching up* at top of its priorities, more precisely *maximizing economic growth*. Due to the specific and unique Northeast-Asian context it was achieved in a way, that economic growth served the wellbeing of a wide social base, but this *shared character* of economic growth at least initially was mostly an unintended by-product and less the result of conscious economic policies or political intention (Jomo, 2006; World Bank, 1993). Any developmental state theory in the twenty-first century has to go beyond this old approach focusing on economic growth, and under the concept of widely defined development, the so called human-capabilities approach (Sen, 1999). Whereas besides the economic dimension the new DS models also have to focus on human (inclusive) development (the social dimension), as well as taking into account political and environmental aspects, and the spatial, gender and generational issues of development.

6 Routley (2012:11-12) provides a good overview on a state discussed more recently as developmental.

7 This claim refers merely to the validity of the definition, and not the model itself, which has though enabled the Japanese economic miracle, but at the same time it is also at the roots of the Japanese economic struggles for the last quarter century (Murphy, 2014).

The classic DS concept has analyzed the structural transformation of backward, mainly agrarian economies within the specific context of late-development, thus mainly focused on the process of industrialization. The new economic transformation dating back to the end of the twentieth century has led to a shift towards the knowledge and service sector, as being the main driving forces behind economic growth. The new, bifurcated service sector (Evans, 2014:229) consists of a well-paying business and financial subsector providing employment opportunity for a small minority of service-sector workers, and of a low paid – underestimated and underrewarded – subsector of interpersonal services. This results in basically different distributional and welfare implications, as the industrialization did in the twentieth century. Among the most visible consequences are the increasing social inequalities. Against this background today we have to go beyond the special cases of late-development and industrialization, and analyze the structural transformation of economies at different stages of development in more general terms.

This broader approach also implies, that the geographical focus, that once used to be concentrating on (North-)East-Asia, shall not be interchanged for a new Africa-focus, but the new developmental state concept should be extended also in its geographical relevance to include all emerging and developing countries aiming at pursuing a state-led catching up process (in line with the widening of the developmental focus as described above).

The immaturity of the new developmental state concept can easily be illustrated by the diversity of economic literature and their eclectic views. These often use different labels for the developmental states, emphasizing its catalyst, or enabling role, or describing it as a facilitator. Mariana Mazzucato (2013, p. 21) even goes further in her book on *entrepreneurial states*, deriving from experiences of more developed economies, mainly the United States, and argues, that a so called '*hidden developmental state*'⁸ has played an important and active role in their economic successes. In her argumentation the state (of the United States) has went well beyond Keynesian type macroeconomic interventions, or even the passive financing of research and development (R&D) activities, and has performed entrepreneurial activities in Schumpeterian vein, such as actively overtaking market risks or creating new markets. Regarding these views however we stick to the *special case approach* applied on development economics, namely the need to formulate different policies depending on development stages and levels, as the same policies that might work in an advanced country setting, might not work in less developed economies (see also Cornia, 2020).

Finally, we might conclude that the label *developmental state* is not by all means a favored or precisely defined one in the twenty-first century, we are convinced however,

8 For a longer discussion on the *hidden developmental state* see the original article of Block (2008) or the review article of Szalavetz (2015).

that re-defining the term DS and revisiting the DS concept according to past experiences and future challenges, might offer useful lessons for states with developmental aspirations in the twenty-first century.

New Challenges in the Twenty-first Century

At the latest by the end of the twentieth century changes in the external and internal context of classic, East-Asian developmental states has led to the fall of the classic paradigm of DS (Fine et al., 2013; Williams, 2014; Woo-Cumings, 1999). At the beginning of the twenty-first century all the ‘to-be-developmental states’ face new challenges, that significantly differ from circumstances and conditions given at the time of the emergence of classic developmental states by the mid of the last century. In recent development state literature four challenges are mostly highlighted, that represent a new environment for developmentalist states in the early twenty-first century (Williams, 2014, p. 8–24). After recalling and adapting these four challenges to the most recent changes (the post-crisis and post-Covid period), we add three further aspects which inevitably shape the possibilities of current governments to implement their national development projects.

The first challenge is the *new economic re-structuring*, referring to the shift from manufacturing to the knowledge and service sectors, the so-called bit-driven or new economy based on knowledge and innovation. In this new economy besides the physical capital human capabilities, the spread of information and investments expanding these new factors (like education, health and legal infrastructure) play an ever larger role. The economy is more and more driven by knowledge, innovation as well as by business and financial services, and this in a stark contrast with the twentieth century and the dominance of manufacturing (Williams, 2014, p. 9, 10). In this ‘new economic’ setting beyond physical capital accumulation expanding human capabilities and the spread of information (like investments in education, health and the legal infrastructure) play an ever-larger role. Parallel to these changes, important shift also occurred in the organization of global production. The emergence of global value chains (GVCs) also poses new challenges (constraints but maybe also new opportunities) for governments with developmentalist aspirations (Gereffi, 2014). Even though it is less feasible not to participate, still questions arise on how to access, how to connect local firms to GVCs, and how to “persuade” GVCs to contribute to the national development project, and the answers are not yet trivial. Under the new external and internal circumstances of the twenty-first century there is a need to redefine the roles and tools of the states in the context of “late-late developing” countries (Gerschenkron, 1962; Hirschman, 1968), taking into account the role of GVCs, and also by adding science, technology and innovation (STI) policies to the traditional policy areas.

The second challenge relates to *changes in political context* of the twenty-first century’s developmental states. Changes in domestic politics until the early 2000s

were thought to be moving from authoritarian regimes towards more democratic ones was going hand in hand (it was assumed) with the above mentioned spread of new information and communication technologies (Williams, 2014, pp. 12–13). By now we know that these presumptions proved to be illusionary, and the retreat of democracy (Freedom House, 2018) is the most recent dominant tendency (see also Bermeo, 2016; Kornai, 2016; Kurlantzick, 2016; Rodrik, 2011), which can be seen as a reversal of the democratization waves as foreseen by Huntington (Huntington, 1991). Without doubts, the emergence of a new bit-driven economy has its direct and indirect consequences also for the society and politics. Due to the appreciation of knowledge and human capabilities, a new “enlightenment” might be taking place (with involving many, while also leaving out other parts of the societies and leading to new tensions and inequalities). These tendencies provoke changes in social needs, norms, values and perceptions. The specific context of classic DS was determined by the late-development, the mobilization for war, the external threat of the cold war and economic nationalism (and due to all these factors the societies of the classic DS were willing to undertake some sacrifices – such as accept repressive authoritarian regimes). In contrast today any “to-be-developmental state” must create and build up a new legitimacy base according to the new circumstances of the twenty-first century. Within this new political context community priorities and the developmental agenda has to be set up based on a new alliance between the state and society, including broader parts of the society (such as the labor class, which used to be repressed – or at least co-opted by means of economic growth – in the early DS versions). According to the general expectations relying on the development as freedom approach related changes should imply the move from authoritarian regimes towards more democratic ones. This latter also implies improvements in terms of the embeddedness of the political subsystem into the society, political freedom, participation, the involvement of the civic society and the collective determination of the main priorities of the community (Acemoglu & Robinson, 2019). According to Amartya Sen (1999) a democratic political system based on representative, deliberative political participation is not just a mean for achieving widely defined development but is a goal in itself. However more recent political changes reveal a political-ideological turn globally with the rise and spread of illiberal or autocratic regimes, accompanied by populist, nationalist and patriotic tendencies (Geröcs & Szanyi, 2019; Mihályi & Szelényi, 2020). Recent rise of illiberalism has led to democratic backsliding, materializing in tendencies towards strengthened reliance on autocratic governance style, personalistic rules, attacks on checks and balances of political power and hurting independent agencies and institutions. While some authors tend to name these illiberal regimes as some kind of new developmentalist states (see e.g. Scheiring, 2020; Wilkin, 2016), we do not agree. According to our views the starting point for a new developmental state shall be the capability approach to human development, and the main lesson from the classic DS

experiences shall be the growth-with equity approach and the resulting inclusive development trajectory. Huge debates regarding the possibilities and challenges of the democratic developmental states (see e.g. Edigheji, 2010; Robinson & White, 1998; Tapscott, Halvorsen, & Cruz-Del Rosario, 2018) are not settled yet, but this question constitutes to be a relevant dimension for the current developmental states discussions.

Related, but formulated as the third challenge we highlight epistemic changes in the meaning of development and its interpretation (Williams, 2014, p. 18). The expansion of the meaning of development is undoubtedly moving away from the “economic growth-centered” thinking of the last century, towards the “development as freedom” interpretation, also called human-capabilities approach (Sen, 1999). Thus, the promotion of development cannot be equaled any more with the “technical problematic” of economic growth that merely requires economic knowledge, but a development-oriented approach has to be considered more and more as a political problematic, as social welfare is a function of different non-economic factors (besides of course economic growth), such as social justice, poverty, inequalities or social participation and perception. These changes are however rather representing the changes in development economic thinking and academic debates, than in political rhetoric, which is still skewed towards economic growth obsessions, while at the same time (at least in new populist regimes) tends to shift towards emphasizing the need to secure stability and security (and not necessarily promising material or non-material improvements such as higher income-levels or better living conditions).

The last “traditional” challenge emerging in recent literature is the ecological one: *environmental limits*, including the new challenges posed by the *climate change* and the aspects of environmental justice (Williams, 2014, p. 21). By now it is beyond any doubt, that the resource-intensive development path of the last century based predominantly on fossil-fuels cannot be maintained in the twenty-first century on a global level. This inherently leads to inevitable changes in existing consumption and production patterns and habits, while existing structures and infrastructures also have to be revised and altered. In the light of market failures and externalities the state has to play a central role in the realization of a green development path. At the same time according to Mazzucato’s (2013) argumentation environmental limits also offer the possibility for governments to revise their development strategies, and consider green technology developments as engines for economic growth, employment and innovation on the long run (and to realize an environmentally sustainable development trajectory). The Chinese experiences with green industrial policies might be insightful in this vein (see Szalavetz, forthcoming). In the light of the past experiences of developmental states besides the environmental sustainability greater attention to the spatial dimension of development, and consequently a larger focus on rural areas and the role of agrarian development could be verified.

There are many further urging pressures (either long existing, recently intensifying or newly emerging) that might significantly alter possibilities and the room for maneuver of the twenty-first century's developmental states. In the following we focus on the three most pressing challenges. First, the *financial globalization and the experiences and effects of recent financial and economic crises*. Due to these the centrality of effective resource allocation is becoming a central issue, while the financial viability of nation-based development interventions is deteriorating. In order to understand the logic of development-oriented interventions in the light of financial globalization one has to distinguish between productive (real) and speculative (financial) investments. While in the case of the former it might be a declared and accepted objective to support the generation of employment or the expansion of human capabilities, in the case of the latter state regulation might be needed not least to decrease the financial vulnerability. Fine and Pollen (2016) refer to this challenge as *financialization* ('the extraordinary growth of finance'), and highlight its wide-ranging consequences, such as the influence of finance regarding investments, value judgements, and more broadly extending over economic and social policy, and as a result constraining (or at least transforming and conditioning) the prospects for development, or rather for developmental states to emerge.

As a second issue, we mention *high and rising inequalities* and its consequences both in terms of political consequences (rise of populism and illiberalism) and regarding the increased pressures towards active social policies in the short term, while on the longer term posing potential burdens on the economic growth potential. There is emerging consensus that currently real or perceived economic inequality in several countries approaches or surpasses the highest levels of inequality ever recorded (See e.g. Mihályi & Szelényi, 2019; Milanovic, 2012; Piketty, 2014). Even though there are also some success stories from countries that managed to decrease inequalities recently – even if in some cases only temporarily, such as in major Latin American countries (Cornia, 2014; Lavinas, 2017; López-Calva & Lustig, 2010) – however these trends seem to be halted, and inequalities still remained at steadily high levels. High and/or increasing (real or perceived) levels of inequalities pose pressing challenges on governments with developmental aspirations, as social pressure towards redistribution increases and social expenditures compete for scarce state revenues (also needed to finance developmentalist interventions). Current governments have to take into consideration, on the one hand, the effects of growing inequalities both on economic performance and on political legitimacy, while on the other hand also how increasing inequalities and social tensions may affect government power and revenues (the ability to collect taxes).

Last but not least we cannot leave out the most recent effects of the *COVID-19 pandemic*, the global spread of the coronavirus and its severe social and economic consequences. Throughout the world (though to very different extent – see the International

Monetary Fund's COVID policy tracker⁹) governments have enacted heavy lockdown strategies to slowdown the spread of the virus and introduced stimulus packages to minimize the economic consequences. The role of the state has increased dramatically ranging from controlling social life to helping out some specific (strategic) sectors and providing social assistance to the most vulnerable groups. Though we consider this return of the interventionist state mostly as crisis-driven and anticyclical, it is yet too early to draw any conclusions regarding their longer-term impacts. However, it is almost commonplace to claim, that every crisis offers an opportunity, and the COVID-19 might have a longer lasting impact on the spreading use of IT-based solutions, resulting in the wider spread of distance working, learning (and to some extent even in medical or other services). All these changes might change the social and political setup (while the composition of winners and losers both in terms of social strata and economic sectors might differ from country to country), leading also to changes in the social and developmental agendas of states with developmentalist aspirations.

Finally, we sum up by arguing that in the eve of the third decade of the 21st century, we are confronted with an ever-changing global context providing new circumstances for statist experiments. Even in the post-2000 period substantial changes have taken place, which would require to differentiate between the period before and after the GFC, or probably to tackle the post 2014/16 (or even post-COVID) period separately.

To provide one example, as long as the “new normal” in the world economy in the early 2000s (the so called short Golden decade) has meant relatively high economic growth rates in emerging economies mainly driven by the commodity boom (the rising demand for and increasing prices of primary products), which boosted export performance and incoming FDI. In the more recent 5-6 years in contrast the „post-new normal” has meant sharply declining commodity prices – stabilizing at relatively low levels –, accompanied by the slowdown of the Chinese economy and one of the lowest interest rates ever recorded. All these represent a totally new external context for all actors in the world economy, including the less developed and emerging economies.

A New Analytical Structure for Developmental States in the Twenty-first Century

In economic historical scale we can date the most recent generation in developmental state experiments back to the Millennium, however following the global financial crisis in 2008-9 we can observe a so-called renaissance of the developmental state literature. The most recent works on DS tend to build on the intellectual traditions of the classic DS literature, however also deviate from it in several ways (such as in its geographical focus, or in combining the institutional and economic policy approach). It is out of the scope of this paper to provide an exhausting analysis of the recent DS literature (for this see Fine et al., 2013; Haggard, 2019; Routley, 2014; Wade, 2014;

9 <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>

Williams 2014), instead based upon the recent works, we aim to draw up a new analytical framework, that can structure the thinking on developmental states and related academic debates in the twenty-first century. For identifying main levels of this new structure we rely on the *development regime (DR) theory* elaborated originally by Pempel (1998; 1999), and then applied by Wylde (2012) on Latin America, and in a somewhat modified version by Booth (2015a; 2015b) on current African developmental experiments. The new developmental regime approach can be structured around three levels as indicated in the following table.

Table 1
Analytical Levels of the New Developmental Regime Concept

Pempel [1998; 1999]	Booth [2015a; 2015b]
1. socio-economic alliances	1. political settlements
2. political, economic institutions	2. process of policy making
3. profile of public policies	3. content of relevant public policies

Source. Own construction based on Pempel (1998; 1999) and Booth (2015a; 2015b)

At the highest level of analysis lie the *socio-economic alliances* that represent the main legitimacy base for any developmental regime, and emerge as a result of the interactions between the main state institutions, the society and economic sectors. Socio-economic alliances are most often structured around some main commonly agreed basic principles (such as the development-oriented approach and the consensus regarding the central role of state in development), that also influence the public policy profile and vice versa. At the same time a DR can also be based on a narrowly or more widely defined legitimacy base, such as the voting power of the working class, or the power of the police, or the confidence of the capitalist class, or any different combination of these (Pempel, 1999, p. 156).

Booth (2015a, p. 33) speaks of *political settlements* (or often also referred to as elite bargain or consensus), a tacit agreement among the most powerful members of the society, the so-called national elites, often having competing interests. Political settlements are influenced beside formal institutions by non-institutional factors, such as the distribution of political power among main groups of the national elite, and the informal procedures of their conflict-resolution, negotiations and compromise-searching and building. The original interpretation of political settlements is however even wider, and goes back to Khan (1995; 2010), who has analyzed the distribution and balance of power between social groups and classes, so the original concept went beyond the competition between the elite groups, and took into consideration also the bargaining process between the elite and non-elite parts of the society, as well as the within groups' rivalry.

The next level of the analytical structure consists of the *political and economic institutions* that are – according to the new institutional school and Douglass North (1991) – those formal and informal rules originating from the society and influencing

the interactions of the society and politics (Pempel, 1998, p. 30). Booth (2015a) in contrast highlights the *quality of the policy-making process*, as he argues that formal and informal rules have not to be regarded in their own, but looking at their results and the “hows” of the policy-making process. According to Booth (2015b) those political processes have to be analyzed, that lead to the focusing on urging problems and the resulting policy choices. The institutionalization of development-oriented policies is of key significance for a developmental regime to survive on the medium term (and thus overarching political cycles).

On the third level of the tripod structure is the *content* (development bias) of relevant *economic policies* that by definitions have to provide certain benefits for the supporters of the regime. The development-oriented approach appears in the emphasis and bias of public policies, and also in their interrelations. At the same time the resulting economic policy mix sustains, strengthens or shapes dominant socio-economic power relations as well as the complexity of political and economic institutions (Pempel, 1998, p. 21).

The presented three levels of the analytical structure of new DS are strongly interrelated and their institutionalization is not only vital for the continuity of the regime, but also because this embodies the development-oriented approach in their every-day interactions. We also argue that the new developmentalist approach can be paralleled with the argumentation of the new political economic and institutional analysis, claiming that the main driving force behind long term socio-economic development is the mutually complementary system of appropriate formal and informal institutions and supporting policies. The widely defined formal and informal institutions, social order and habits shape (formal or tacit) political agreements that determine the possibilities of countries, shape the quality of the policy-making process, and contribute to the resulting public policy mix.

Finally, the term developmental *regime* is here used to explicitly distinguish today’s development-oriented approach on the one hand from that of the classic developmental states with a very long-term time horizon (which were evaluated and labelled as DS *ex post*, in the perspective of 20-30, not rarely 50 years). On the other hand, the term developmental regime is also verified with the current aim to go beyond the very short-term perspective of strong (charismatic or hard-handed) leaders, development-oriented governments not overarching political cycles. Thus, the developmental regime theory aims to serve as a concept applicable on the medium term, in a time perspective of 5-15 years. In our paper however we will use the terms developmental *state* and developmental *regime* interchangeably, and always note whether we refer to the classic paradigm of DS or the new approach of DR.

Towards a New Developmental State Concept

Main elements of the new DS concept of the twenty-first century are mostly compared to the classic DS paradigm that serves as base of reference to reveal most important continuities and changes while drawing up the main cornerstones of the new DS concept. The starting point remains the new paradigm in development economics, the development as freedom approach and the most recent structural change of the economy (the knowledge economy gaining weight) resulting that expanding human choices and capabilities becomes primary goal and mean of development.

Accordingly, new developmental states have to prioritize socially (sustainable) equitable and inclusive development. Successful “to-be-developmental states” have to dispose of a well formulated and articulated developmental vision that according to Mazzucato (2013) goes beyond the commitment to development-oriented approach and consists of given (potentially even sectoral) priorities. This developmental agenda is however in an ideal case determined with the inclusion and consensus of diverse social and economic actors (interest groups), so as to enable social support and mobilization for its implementation.

Political Settlements and Socio-economic Alliances

In Khan’s (2010) interpretation the main characteristic of development-oriented political settlements is that it decreases the political pressure on the acting governments to patronize certain interest groups and to apply a short-term view (for a more detailed theoretical explanation see Booth [2015b, p. 34], for recent tendencies of economic patriotism see Mihályi and Szanyi [2019]). One of the main specificities of developmental states is thus, that by building up balanced socio-economic alliances, these can lessen the role and share of discretionally distributed rents for buying the support, loyalty of certain elite or interest groups and at the same time make it possible for governments to apply a long-term development-oriented approach and implement their long term developmental vision.¹⁰

Pempel (1999, p. 158) argues that all (post-)modern developmental regimes have to consist of the following key characteristics if it wishes to actively and successfully promote economic and social development: 1. it has to support the creation of a socio-economic coalition that is stronger (in terms of disposing or owning more politically relevant resources) than any other coalition of the opposition; 2. it has to be able to set main priorities in politics and thus put forward a national development agenda; 3. it has to be able to articulate a legitimate ideology that implicitly presents the interest

¹⁰ With Olson’s words (1993; 2000) this means that political settlements and alliances are needed in a way that supports the transformation from roving bandits focusing on short term profit maximizing towards stationary bandits taking into account longer term aspects. In the classic DS literature Evans (1989) emphasized the institutionalized relations to the economic elite and the meritocratic bureaucracy, as these are central to prevent the state from becoming predatory.

of its supporters as the nation's common interest;4. it must be able to reward its supporters with sufficient benefits, in order to secure the sustainability of their support and thus of the regime itself.

Mazzucato (2013) even goes further when she argues that only a developmental (entrepreneurial) state having a clear and well-determined (and well-articulated) developmental vision, can be an equal partner to the private sector, and thus only such a self-confident state can avoid being captured by certain interest groups. While Mazzucato writes about more advanced countries, it is still an open question how this applies to the peripheral countries, where state capabilities and capacities are limited (Weiss & Thurbon, 2020).

In the new DS approach the main difference compared to the classic paradigm lies in the inclusion of wider sectors of the society (such as new relations with the labor class, that used to be repressed by the old DS). It explicitly aims to build new networks of state and society that are based on social participation, deliberation and consensus and at the same time cover wide parts of the society (a so called new – inclusive – social contract). Wylde (2012, p. 81) highlights that this new DR approach differs significantly from the classic DS theories, as these latter ones were mainly focusing on the relations between the state and the industrial capitalist class (see for example Evans' (1995) embedded autonomy theory). For building up a new legitimacy base for the twenty-first century's developmental regimes much wider segments of the society must be included. This means a much more complicated task for the new development-oriented governments (compared to their old parties), however most groups of the society share the common interest of expanding human choices and capabilities, the only task is to raise the public awareness on these issues and build up support for related investment decisions (Evans, 2014, p. 234).

The Process of Policy Making

In most recent developmental state literature consensus seems to emerge that the only lesson to draw from successful development-oriented experiments regarding the process of policy making is the primacy of *pragmatic, problem-driven and iterative approach*.

By pragmatism we mean here, that successful East-Asian countries did not aim to implement any grand(iose) plan, but political leaders and technocrats of the bureaucracy searched for the best adequate answers for most pressing problems, while relying on the trial and error principle and going through a learning-by-doing process (Amsden, 1989; Doner, Ritchie, & Schneider, 2005; Johnson, 1982; Wade, 1990).

Building on experiences of developing and emerging countries Andrews et al. (2013) highlight this problem-driven and iterative learning process as the key factor lying behind their good policy choices and adequate institutional architecture. In this vein they emphasize that the common characteristic regarding the process of policy making for “to-be-developmental states” is the problem-driven iterative adaptation (PDIA) process. Thus, in the area of policy making the one-size-fits-all approach is not applicable, and while learning from other’s development successes and failures, one has to search for own solutions in the light of the given (and perceived) pressing problems and unique context.

Similar consequences are formulated by Fosu (2013b, p. 7) building on the experiences of 18 developing countries, when he and his co-authors argue that both orthodox and heterodox policies might be successful depending on the specific circumstances. Accordingly, the main difference between successful and less successful countries can be drawn back to the application of pragmatic approach to economic reforms, the nature of reforms and the capability of countries to take advantage of market forces. At the same time there lies a main difference while choosing between orthodox or heterodox policies, the latter one namely builds on a much broader set of active state interventions, and thus requires a much more capable government with a much higher quality public bureaucracy (see for example the classic cases of East-Asian developmental states).

In the capability approach to development the only way to determine social and economic development objectives is the democratic reconciliation process. As among the human capabilities one of the most important is the capability to making choices, the process of participation is not only a “mean”, but also an “end” of development in itself (Sen, 1999, p. 291). At the same time according to the argumentation of Rodrik (2000, p. 19) participatory political institutions have to be regarded as intermediary institutions that help to elicit and aggregate local knowledge and thus result in an institutional learning process through which it might become more effective to build and operate better institutions of other types as well (see also Evans, 2014, p. 234).

Development-oriented Bias of Public Policies

Even though development strategies are environment-specific, and are valid within time and space constraints, thus as a rule these cannot be emulated (without adaptation) under different circumstances, still we argue in line with Fosu (2013a; 2013b) that on the level of economic policies there are sufficient commonalities across countries that are successful in one or other dimension of development regarding some components of success to articulate some guiding principles for other, less successful, countries that share some similar characteristics. Looking also at a wider range of the academic literature (related to development economics or the middle-income trap, see Doner-

Schneider, 2016) there seems to emerge a certain package of economic policies that can be considered as a general compass if applied flexible enough, adapted to the local conditions and circumstances.

Social Policies and Upgrading Human Capabilities

Both the capability approach to development and the most recent restructuring of the economy result in the appreciation of the *role of human capabilities*, as these become the main driving forces behind development in the twenty-first century. Accordingly, investments in upgrading human resources and investments in legal (and physical) infrastructure providing access to information and knowledge gain central importance in development policies and strategies.

Investments in expanding human capabilities tend to remain below the socially optimal level due to the market logic (due to the difference between social and private returns, higher risk and longer return period). With Evans' (2014, p. 230) words: *Public investment is the only plausible route to optimal levels of investment in human capabilities*. Thus we cite his argumentation as one of the most important *raison d'être* of the *twenty-first century's developmental state*.

The provision of services aiming at expanding human capabilities (such as education and health) are traditionally considered as central tasks of any (not development-oriented) state, according to the new approach however the effective delivery of capability-expanding services and investments has to be carried out aggressively (by strong public institutions), and shall be placed at the top of the growth (development) strategy (Evans, 2014; Mazzucato, 2013), while the public awareness on its immediate distributional and welfare effects has to be raised significantly (Evans, 2014, p. 231).

Socially the only sustainable development path in the twenty-first century is the accomplishment of an equitable, inclusive and long-term development agenda, not least to effectively mobilize the majority of the society in favor of the development objectives and to build up a legitimacy base for the development-oriented approach. At the same time according to the wide definition of social policies and the productive inclusion approach (or as Mkandawire [2007]) calls it the transformative social policies) special emphasis should be based on economic incentives that facilitate the poor households to leave the self-sufficiency sector and to be able to productively get involved in the market-based economic sector.¹¹

11 See for example the works of Banerjee and Duflo (2011) on the economic lives of the poor or the most recent magnum opus of Ravallion (2016) with the title the economics of poverty. While the new development economics textbook written by Cornia (2020) presents also this new approach to pro-poor and pro-growth strategies.

Infrastructural Investments and Industrial Policies

In the case of developing countries besides the need for human capital development, other infrastructural bottlenecks also often pose important constraints to development. At the same time private actors can often capture the returns of public investment, and the best example for this is exactly the case of the relatively mobile human capital.¹² To avoid this risk a solution might be to improve the complementary business environment (via increased public investments) which in turn might increase the derived demand for human capital. According to this logic Fosu (2013b) sheds light on the importance of the balance between human and other, more traditional (such as physical, economic and legal) infrastructural investments in order to improve business environment and thus to provide incentives for the better equipped to stay. An appropriate balance¹³ of different (human, economic, institutional and physical) infrastructural investments might not just decrease the exit-incentives for human capital, but often also acts as magnet to attract or maintain foreign direct investment (FDI), and in an ideal case might lead to the diversification of economic activities and technological development.

In the case of the twentieth century developmental states (at least in their classic interpretation) industrial policy played a central role. In the most recent developmentalist approach industrial policy has come back to the development agenda, however in the light of the reviewed literature¹⁴ it is easy to see that this renaissance of industrial policy goes hand in hand with the emergence of a wider defined science, technological and innovation (STI) policy. At the same time, it is worth to note that in most cases the classic DS have not only financed investments of location and equipment (physical infrastructure), but they also facilitated the access of local companies to information, knowledge and technologies, and the creation of networks, while also encouraged the companies to move towards economic activities that create new knowledge (thus to gradually move up the value chain).¹⁵

Regarding their industrial structure developing countries in today's technology induced global economy cannot flourish without a knowledge-based development strategy, though certainly different focal points are needed in the case of a predominantly

12 To illustrate this one only has to refer to the classic work of Hirschman (1970) on the "exit options" of human capital.

13 See for example Kimura's (2013) new interpretation of the Japanese development success. He argues that though social infrastructural expenditures did play an important role, their share remained below 30% of the total infrastructural expenditure, and economic infrastructural investments played comparatively a larger role.

14 See eg. Fine et al. (2013), Mazzucato (2013), Szalavetz (2015), Wade (2014) and the special issue on the Re-birth of Industrial Policies in the Journal of Industry, Competition and Trade edited by Aiginger and Rodrik (2020).

15 Evans (2014, p. 232) mentions China as a typical example where the state resisted to overprotect the monopolized ideas of the (mainly northern and more developed) corporations and thus "supported" the access to productive ideas of its citizens and companies.

agrarian backward economy, as in the case of an industrialized middle-income country. An important consequence of the new technologies and the most recent economic structural change is that today certain stages of industrial modernization can be leapfrogged.¹⁶ At the same time according to Wade (2014, p. 781) price changes on the market facilitate gradual, step-by-step development, and thus these might impede in the case of innovations and economic diversification larger changes. To make these changes possible active state interventions are needed, and this is the second argument in favour of the *raison d'être of the twenty-first century's developmental state*.

This “old-new”¹⁷ industrial policy role of governments is still subject to heavy academic debates in economics. Authors of the modern DS literature mostly argue for a pro-active, entrepreneurial state and mostly oppose the conventional mainstream view, which has a much more sector-neutral stand, and stands for the improvement of the general business environment and institutional infrastructure to attract productive private capital and to decrease the risk of out-migration of the (state-financed) human capital. In contrast to these mainstream views the “industrialists” argue that in the times of knowledge economy the state has to undertake active industrial policy interventions to promote job creation and risky innovative activities that are not performed by the private sector (Aiginger & Rodrik, 2020; Mazzucato, 2013; Wade, 2014). In their logic the state has to go beyond the (long term, committed “patient”) financing of basic and applied research (activities that are even admitted and highlighted by mainstream economists).

Financing Development

Financing development used to be a neuralgic point in classic developmental state literature. As long as in the case of the classic Northeast-Asian DS a very specific and unique context (financial development aid from the US and Japan, traditionally high domestic saving rates, relatively closed economic systems, and repressed domestic financial markets) contributed to the financial viability of a national development model, the financial difficulties (not least signaled by the debt crisis of the 1980s) of the developmentalist experiments of the Latin American counterparts in the last century provide the antithesis.

Taking into account the current stage of *financial globalization* and most recent experiences of global financial (and economic) crises, we can state the DS in the twenty-first century has a much narrower room for maneuver to finance their (much broader) economic growth (development) agenda, as did their classic antecedents in

16 Thus, in this regard the classic stages approach of Balassa (1981) is outdated.

17 Mazzucato (2013, p. 21) argues that these are not new industrial policy interventions, but have happened already back in time, and describes how the state of the US has played a central role in developing new technologies, supporting new industries, but did this in a *hidden* way. Similarly, Szalavetz (2015) writes, that industrial policies after the 2008-9 crisis are not new, but old industrial policy practices have been revived.

the middle of the last century. In our financially globalized world economy securing macroeconomic stability becomes central, as a solid macroeconomic position might build up good business confidence and thus encourage investors and attract FDI. Though in the short run and only temporarily today's developing countries also might rely on external sources (besides FDI, foreign aid and credit) during the implementation of their development strategies, on the longer run a more balanced development budget is needed, and the role of domestic resources cannot be overrated. Incentives for domestic savings, rationalization of government expenditures, the system of national taxes as well as the government's abilities to collect those taxes become central issues to development.

Outward Orientation

By the twenty-first century it became clearly evident that *outward oriented development strategies* are superior to any other nationalistic and delinking economic strategies. Experiences of the classic (Northeast-Asian) developmental states have also proved the benefits of an outward-oriented development strategy for long term economic growth and development. In the classic cases export-orientation has implicitly presumed that bureaucratic guidelines have been in line with the international market forces (Amsden, 1989; Johnson, 1982; Wade, 1990). Thus, taking into account and relying on international market incentives was at the heart of the classic DS model.

In the twenty-first century however, we have to go beyond the articulation of the outward oriented economic strategy and in order to achieve export-driven economic growth the role of domestic institutions, and their upgrading is inevitable. With Fosu's (2013a, p. 11) words outward orientation has to go hand in hand with increasing competition in the domestic market and with *building domestic institutional capabilities* (improving macroeconomic stability and strengthening institutional and human infrastructures). In light of the most recent global financial and economic crises economic diversification (not only in terms of export products but also in export markets) is not only crucial for long term economic growth, but plays an important role for securing economic stability (or with other words for decreasing economic vulnerability). Outward orientation (and economic diversification) plays a complementary role to (and does not substitute for) the development of the domestic market. Most recent experiences of successful large emerging markets (such as China) underline the need for this complementary approach, while some less successful cases (such as Brazil) provide a cautionary tale.

Public Sector Reform

Social changes of the twentieth century, globalization and the following changes in domestic politics have led to the appreciation of the role of the *capabilities and*

capacities of political institutions to effectively define developmental goals. This not only presumes a new type, bottom up relationship between the state and society, but also highlights the role of spreading, collecting, and processing information, and also appreciates the capabilities and capacities of the *public sector* to fulfil with these new tasks (Evans, 2014, p. 222). The meritocratic, well-educated, competent, well-paid and from political power relatively insulated (but still embedded) bureaucracy was a central element of the classic paradigm of DS. In the new DS approach however not only technocratic qualities are needed, but also other, more political qualities are inevitable on the one hand to collect, screen and process information in the knowledge economy and society, and on the other hand also to define collective objectives on a participatory and consultative manner and to reorganize the relations with the business and civil sector.

At the same time Carroll and Jarvis (2017) plausibly argue, that in the current economic dynamics paved by the globalized world economy and late capitalist production gains for certain interest groups (such as the most competitive fractions of domestic and transnational capital) by far outweigh the rewards for less fortunate actors (the less competitive fractions of capital and labor), and this poses important challenges regarding the classic (idealized) relations of state and capital as known from the classic developmental state models – called embedded autonomy by Evans (1995). The above-mentioned authors thus call for disembedding the autonomy of public bureaucracies (and in wider terms developmental institutions) to reconfigure and reconstitute developmental states in the twenty-first century (see also Chu, 2019).

Finally, we wish to emphasize once again, that all these mentioned elements have to be regarded as a complex, as a policy mix, and just by picking one or the other will not lead to an appropriate result. To be clear we can state for example regarding the last mentioned factor, capable and coherent bureaucracy is necessary but not sufficient for building successful developmental states in the twenty-first century. In this vein we sum up by arguing that a special economic policy mix can be outlined for constructing a new developmentalist agenda in the twenty-first century, and this at least contains investments into the expansion of human capabilities, the widely defined transformative social policies (incl. investments into education and health services and labor market reforms), and public sector reforms as well as stable macroeconomic management and industrial (including STI) policies, but also extends to trade and tax issues.

Concluding Remarks

The paper has proposed a new analytical structure to investigate new developmental state experiments of the twenty-first century. While accepting that economic policies are at the heart of any developmentalist project (as these basically determine the

relations of state and society, state and the market, and last but not least the relation of the state with the rest of the world), we have also highlighted that economic policies come to work through the given economic and political institutions, which are in turn determined by the political power structure and the resulting political settlements and socio-economic alliances. Accordingly, developmental states in the twenty-first century should be analyzed in a tripod structure, as this comprehensive approach might contribute to the extension of the relevance of the new DS concept (both regarding its content, timing and geographical scope).

To sum up, we highlight the main characteristics of the new DS approach compared to the classic paradigm along the above explained dichotomies¹⁸, and argue in line with Pempel (1999) and Wylde (2012) that there is a need to go beyond the tripod alliance of national governments, the domestic and the international capital, that has characterized the analysis of classic developmental states.

Regarding the *state and the market dichotomy*, the developmentalist approach assuming the active and positive role of the state in development represents the main continuity between the old and new DS approach. This is manifested for example in the significance of macroeconomic stability and stable investment environment, the market- and competition-friendly approach, as well as the more contentious issue of active (and selective) industrial policies. One of the main historical lesson of classic developmental state experiences is, that the power of the state to discipline big businesses was strong (at least initially), and in exchange for generous state support, international competitiveness was expected as “each regime has operated with an eye toward world market” (Pempel 1999, p. 173). Thus, state interventions have reinforced market principles, at least in their international dimensions.

The relation between the *state and society* has been undoubtedly and fundamentally changed: while the old, classic DS have achieved their economic success along the repression and political exclusion of wide segments (the majority) of their societies, in the case of twenty-first century’s DS the state-society relations should be based on more equitable, inclusive and participatory processes. The new approach builds upon the inclusion of the needs and interests of diverse social groups into domestic politics and prefers policy responsiveness and a balanced approach to these very diverse social needs. The formation of new socio-economic alliances is however shaped by the political institutional architecture, the distribution of political power and the bargain mechanisms. These differ however not only from the classic solutions of the old DS of the last century, but most recent developmentalist experiments show also wide-ranging possibilities and diverse patterns (Kurlantzick, 2016).

18 Such as relations between the state and the society; the state and the market; the state and the rest of the world.

Last but not least regarding the relations between the *state and the rest of the world* in the era of advanced economic (and financial) globalization, outward orientation (export diversification both in products and markets) has to be placed on a new footing (reforms of domestic institutions), and the effectiveness of resource allocation has to occupy a central place in any development-oriented model. As long as in the golden age of DS during the mid of the last century nationalistic and nation-based development strategies were viable and most successful East-Asian developmental states were connected to the world economy mainly through the trade of goods (and their export-oriented economic strategies), today outward oriented strategies are much more complex. Taking into account international processes and changes in the twenty-first century is inevitable as these shapes those (changing) development opportunities and constraints that determine the political (and economic) room for maneuver for modern states with developmentalist aspirations.

We have presented that the new DS approach reflecting the new challenges of the twenty-first century should be fundamentally a *market-friendly approach*¹⁹, in which however the state has an active (but compared to the classic theories) re-defined and revisited role in promoting widely defined development. At the same time ‘to-be-developmental states’ have to build upon the developmental experiences (of both the more and less advanced countries) of the last century (Fosu, 2013a, 2013b), while going beyond their late development context. One has to break away with the geographical focus on East Asia (Booth, 2015a, 2015b), but at the same time to remain relevant for the special cases of the catching up economies of the global South. In short for a new DS approach both the territorial and the thematic focus of the original DS paradigm has to be widened.

While presenting some elements of the new DS approach we have argued that on the one hand on the levels of public policies and the policy-making process some kind of convergence can be captured looking at the developments successes (at least regarding some components or dimensions of development) in the past or currently. On the other hand on the level of political (and economic) institutional settings diversity prevails and seems to flourish even in the twenty-first century.

The presented new DS approach is however much less a practical reality, and much more an opportunity, too often overlooked or misinterpreted by current governments. This new approach to state-led developmentalism not only presumes technical capacities and proficiency (as was the case by the old DS), but also presumes the methods to define normative and political objectives, and thus the proactive promotion of development in the twenty-first century becomes more than a ‘simple’ technical problem of economic growth, it becomes a *central issue in domestic politics*.

19 We can also call it “developmental capitalism” with the words of Bresser Pereira (2016).

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RESEARCH ARTICLE

Development Finance: A Financing Platform Between the Government and the Market

Liu Weiping¹ , Liu Daren² 

Abstract

The core of development finance with Chinese characteristics is that it is a “bridge” between the government and the market. Development finance addresses the phenomenon of “market failure” due to information asymmetry and alleviates the problem of “government failure” due to the inefficiency of fiscal subsidies and other funds through government intervention in financial markets. Meanwhile, it integrates the advantages of commercial finance and traditional policy-based finance. It is a form of finance that was introduced in response to institutional backwardness and market failure and in order to safeguard national financial security and enhance economic competitiveness. The core mechanism of development finance is to build a government credit system through cooperation between policy banks and governments and by relying on government-organized credit enhancement, and to form a financing mechanism consisting of “project selection by the government, development finance incubation, and the realization of market outlets”. Development finance combines project construction with market building, makes initiative on the part of the government the focus of the market-oriented operation of development banks, utilizes national credit, and regulates market failure and promotes balanced economic development through reasonable arrangements for credit volumes and structures.

Keywords: Development finance • Commercial finance • Policy-based financing • Government-organized credit enhancement • Bank-government cooperation

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How to restore economic growth has become a common challenge facing countries around the world, and financial measures that can bring capital investment have become an important means for countries to develop their economies. However, in reality, the uneven distribution of financial investment often results in unbalanced development in the world, that is, the “financial paradox of poor countries”. As a purely market-based means, commercial finance, limited by the requirements of risk control, often only provides financial support for projects that can provide valuable collateral, while the underdeveloped areas of developing countries and the least developed countries that are in urgent need of financial assistance often find it difficult to obtain financial support. Classical economics holds that the market is an effective means of resource allocation in a perfectly competitive environment, but facts have proved that market information asymmetry will cause “market failure”. In order to alleviate this problem, often the government will intervene, but rent-seeking and other issues seriously hinder the efficiency of resource allocation by the government, resulting in the problem of “government failure”. Development finance addresses the phenomenon of “market failure” due to information asymmetry and alleviates the problem of “government failure” due to the inefficiency of fiscal subsidies and other funds through government intervention in financial markets. Meanwhile, it integrates the advantages of commercial finance and traditional policy-based finance. It is a form of finance that was introduced in response to institutional backwardness and market failure and in order to safeguard national financial security and enhance economic competitiveness.

International experience shows that for developing countries, development finance plays a special role in making up for institutional backwardness and market failure. In developing countries, governments are faced with very prominent structural guidance tasks and distinct structural optimization objectives, and in particular they need substantial, sustained and strong credit support for the basic and strategic industries of their national economies through development finance. Development finance, as a part of policy-based finance, originated in Europe in the 19th century. In the 1960s and 1970s, development financial institutions were successively established around the world. Compared with commercial financial institutions that have strict requirements for risk, collateral, etc., development financial institutions are mainly funded by governments and provide loans to industries that are poor or cannot be served by commercial banks. In the 1990s, development finance developed into an important mode of financial investment (Leping et al., 2012). The Development Bank of Japan, the KfW and Korea Development Bank are three representative development financial institutions established after World War II. They focused their investment on infrastructure construction such as electricity, coal and steel, and were committed to post-war economic recovery. At that time, however, it was difficult for development financial institutions to maintain the effective operation of government funds through market-based means, and their operation mechanism was questioned by the public.

As the largest developing country in the world, China has been committed to providing financial solutions for developing countries and the least developed countries through development financial services. China Development Bank (CDB) has achieved significant results in the adjustment of the country's industrial structure and the transformation of its economic development mode through development financial services. After the tax-sharing reform in 1994, CDB was officially established. In 1998, it pioneered a means of financing based on state- and government-organized credit enhancement in the light of China's national conditions, giving full play to the different competitive advantages of the government and the market in the process of investment and financing. It is bank-government cooperation. On the one hand, it solves financing problems through market-based means and alleviates the pressure with traditional policy-based financing which is provided mainly by the government through fiscal subsidies; on the one hand, it reduces investment risk and guarantees investment efficiency and return on investment through state- and government-organized credit enhancement. Chen Yuan, former chairman of CDB, pointed out that "development finance is to use the superior resources and high energy of government organizations to advance market and institutional building through market-based financing, promote constructive interactions between the government and the market, and turn a sound market mechanism into an internal driving force for economic development (Yuan, 2012).

So, how does development finance as an extension of policy-based finance utilize the advantages of the government and the market to realize financing? What are the differences between development finance and traditional policy-based finance and commercial finance? As a practitioner of development finance in China, how does CDB solve its own risk problems while achieving policy objectives in the specific financing process? As more and more development financial institutions "go out", does this risk reduction approach also apply to overseas projects? This paper examines the differences between development finance and commercial finance on the basis of summarizing the large amount of first-hand information obtained through a combination of the literature method and the interview method, and on this basis, analyzes the Chinese mode of development finance by taking the two typical cases of CDB's "Wuhu Model" and Malaysia "Kibing Model" as examples. Meanwhile, it provokes discussions on risks associated with the "going out" of development finance.

The Characteristics of Development Finance with Chinese Characteristics

Development finance is a bridge between the government and the market. It guides investment in areas with high technical and market risks, advocates investment in emerging industries or national strategic areas with unclear prospects and great uncertainties, supplements financing for projects with long payback periods and low yields, provides loans to growing infant industries at preferential interest rates, guides

the flow and scale of funds in commercial finance through indirect financing activities or guarantees, and provides medium- to long-term and even ultra-long-term loans to relevant projects in light of the fact that commercial finance mainly provides medium- and short-term loans (Yuan, 2004). It can be seen that, as an extension of policy-based finance, development finance mainly relies on state- and government-organized credit enhancement organizations like policy-based finance. It is different from commercial finance in terms of business objectives, areas of investment, investment periods, funding sources, and credit support, but it is not exactly the same as traditional policy-based finance (as shown in Table 1).

As far as the business objectives are concerned, policy-based finance does not pursue achievements in the operation process, requires a very low return on investment, and hardly considers the issue of profitability, while commercial finance aims at maximizing profits, and gaining profits is its main goal. In contrast, development finance only seeks to “break even or make small profits”. Unlike traditional policy-based finance, which does not consider profit at all, or commercial finance, which is profit-oriented, development finance pays more attention to the efficiency of the use of funds than profit. In terms of credit support, unlike commercial finance, which relies on a collateral-based credit guarantee system, development finance, like traditional policy-based finance, mainly relies on credit guarantees provided by the government. But different from the traditional policy-based finance, development finance acquires credit enhancements from government organizations through “bank-government cooperation”. In the process of government-organized credit enhancement, the government goes from being passive to being active, and the relationship between the bank and the government changes from separation to cooperation. The core of government-organized credit enhancement is to establish a risk control mechanism and credit system through “bank-government cooperation”, so that the party whose credit is enhanced can effectively prevent risks and reduce losses. As far as areas of investment are concerned, in order to maximize profits, commercial finance often chooses areas with relatively mature market development for investment, while policy-based finance invests in government-designated investment categories, and development finance, under the guidance of government policy, develops independently in a market-oriented way, and mainly invests in infrastructure construction and other areas where the level of market development is low, the initial investment is large, earnings start low and end high, and risks are difficult to control. As far as investment periods are concerned, limited by liquidity restrictions, commercial finance mainly offers short-term loans to avoid triggering a liquidity crisis. Development finance retains the investment period characteristics of traditional policy-based finance, and is characterized by the raising and lending of long-term funds. In terms of funding sources, commercial finance derives funding mainly from the savings funds of commercial banks, policy-based finance derives funding mainly from government subsidies, and development finance, backed by

government credit, continuously uses and expands the function and role of government credit in market and institutional building through state- and government-organized credit enhancement and bank-government cooperation, so as to ensure the diversity of funding sources. Development finance is a form of financing based on government credit but not yet differentiated by the market (“Research on the Practice of Developmental Finance with Chinese Characteristics” Research Group, 2017; Yuan, 2012).

Table 1
Characteristics of Development Finance

	Policy-based finance	Development finance	Commercial finance
Business objective	No profit target	To break even or make small profits	To maximize profits
Credit support	Government credit	Government-organized credit enhancement under bank-government cooperation	Collateral
Areas of investment	Designated by the government	Selected by the market under the guidance of the government	Selected by the market independently
Investment period	Long term and medium- to long-term	Long term and medium- to long-term	Short-term
Funding source	Government finances	Diversified funding sources	Banks' savings funds

Development Finance Takes a Policy-Oriented Instead of Risk-Oriented Approach to the Selection of Investment Targets

Development finance is based on the business objective of “breaking even or making small profits” and the support of government credit. Therefore, when it comes to the selection of areas of investment, development finance, rather than taking a risk-oriented approach, as is the case with commercial finance, is guided by the government. Development finance emphasizes market performance, not for furthering the interests of individuals or institutions, but for focusing financial resources on new bottleneck areas to achieve economic and social development goals. The profitability of development finance is conducive to maintaining the market image of government credit, further consolidating and enhancing national credit, and better serving the government’s policy intentions.

As mentioned above, the business objective of commercial finance is to maximize profits on the basis of a balance between returns and risks, and minimizing investment risks is an important basis for the selection of investment targets. Based on a collateral-backed credit support system, commercial finance tends to select large enterprises with better profit prospects, less risk and more transparent information or mature market areas as investment targets. Commercial finance is generally reluctant to get involved in rural and backward areas where the market economy is less developed, small and medium-sized enterprises with serious information asymmetry, poor financial

conditions, uncertain profit prospects and high risks, and high and new technology industries, as well as large infrastructure that requires large initial investments and have long payback periods.

Since development finance is an extension of policy-based finance, “being policy-based” is its essential attribute. Unlike commercial finance, which allocates micro-financial resources based solely on the profit motive, in terms of resource allocation, development finance provides funds for project areas that need to be given priority for state support and have the public nature of social capital, such as large-scale basic industries, mainly based on the macro objectives of resource allocation and from the perspective of policy-based investment and financing and the formation of social capital, so as to solve the “market failure” problem of commercial finance in the field of investment. However, development finance is different from traditional policy-based finance, which does not care about investment returns. With “breaking even and making small profits” as its business objective, development finance pays more attention to the efficiency of the use of funds, guides private economic activities through the supply of funds, promotes the formation of social capital, and gives full play to the resource allocation function of social capital, so as to solve the low efficiency problem of the “visible hand” in the investment process.

As a bridge between the government and the market, development finance is a powerful strategic tool to implement national macro strategic intentions, gain national strategic significance and promote national economic and social development. Development finance does not go directly into the highly mature commercial sector, but rather starts from immature markets. It builds markets where there are no markets, makes full use of and improves markets where there are, uses financing as a lever to guide private capital into areas given priority for state support, and effectively fills financial market gaps in weak links and backward areas.

Development Finance Resolves the Risks of Large Long-Term Loans

Development finance usually focuses investment on infrastructure construction which requires large amounts of long-term funds. How to deal with concentration risk has become the paramount issue for development finance. By building the new type of cooperative relationship of “bank-government cooperation” and by means of government-organized credit enhancement, developmental finance effectively resolves the risks of large long-term loans.

Owing to the necessity of unifying “safety, liquidity and profitability” in the course of operation and considering the need to match the maturities of assets and liabilities, development finance is generally unwilling and unable to provide large amounts of long-term and sustained credit support for infrastructure, basic industries and other

quasi-public goods areas with economies of scale and positive externalities. The construction and development of these areas play a decisive role in the balanced development and rapid growth of the economy in the early stages of economic development. If we rely solely on commercial finance, a large number of investment projects and construction areas that have a role in the formation of social capital will be subject to severe financing constraints in the process of economic development and take-off. This is also one of the problems faced by developing countries in the process of financial deepening.

In addition, judging by the role of commercial finance in balanced economic growth, the main business of commercial finance includes industrial and commercial lending, consumer lending, agricultural lending, real estate mortgage lending, interbank lending and other forms of lending. These areas of investment are consumption areas with relatively high short-term profits. They are all at the end of the industrial chain, and their influence on related industries is very limited in scope and strength. Because commercial finance cannot make full use of the linkage between industries, the accumulation effect of capital cannot be brought into full play, the multiplier effect is limited and the influence is weak. In addition, the spillover effect of commercial finance is limited. Although commercial finance has a responsibility and obligation to assist the government in achieving certain social objectives, this responsibility and obligation cannot replace the core objective of commercial finance - profit maximization, so its social function is very limited.

Therefore, medium- to long-term investments in development finance effectively solve the deficiencies of short-term investments in commercial finance. But how does development finance resolve economic cycle risks? The government credit and market financing mechanism established by development finance through “bank-government cooperation” provides an institutional guarantee for solving this problem. First, institutional risks in the investment and financing process are remedied by relying on state- and government-organized credit enhancement and with the help of government commitments, government credit and government coordination. Second, a variety of means such as government coordination, development finance, capital markets and national macro-control are integrated to deal with the economic cycle risks brought by large medium- to long-term loans. Finally, national credit is securitized. Development financial bonds are guaranteed by national credit. Their safety is second only to government bonds—hence the term “silver-edged bonds”. Their ability to cover risks is better than that of the retail savings of commercial banks (Yuan, 2004).

As an extension of policy-based finance, development finance aims at serving national strategies, uses medium- to long-term financing as a lever, relies on national credit, raises large amounts of funds through the issuance of financial bonds, supports

the key areas and weak links of national economic and social development in a market-oriented way, and gives full play to the role of medium- to long-term financing as a pioneer and dominant force in China's economic construction.

The Credit Support System of Development Finance Helps Ease the Pressure on Fiscal Expenditure

Government-organized credit enhancement is the core of credit support for development finance. This kind of special cooperation between banks and governments effectively makes up for the deficiencies of the collateral system, and gives full play to the organizational and political advantages of governments. Credit endorsement by the government helps development finance diversify financing sources, and effectively eases the pressure on government spending caused by traditional policy-based finance relying solely on fiscal subsidies.

In the early stages of economic construction in developing countries, a large amount of investment is needed for infrastructure construction, and basic industries are important but weak industries. Affected by risks, basic industries hardly have access to commercial financing, and need direct fiscal subsidies and policy-based financial support from the government. For most countries, in the recovery and early stages of economic development, due to the weak foundations of economic development and take-off, and an underdeveloped financial system, it is difficult to raise funds needed for investment in basic and important industries in economic development through financial markets, and the government's fiscal spending is the primary funding source. The government gives huge, sustained and strong direct credit support to the basic and strategic industries of the national economy through policy-based finance. But large-scale and sustained fiscal spending has the potential to increase the burden on the government and plunge it into a fiscal crisis. In this context, establishing development financial institutions and raising the huge amount of funds needed for economic development through the issuance of policy-based bonds is conducive to easing the pressure on fiscal expenditure and reducing the fiscal expenditure burden.

Development finance helps promote private investment through a government-backed credit support system, greatly easing spending pressures on local finances. The primary source of fiscal investment is the central government. Limited by its status and responsibilities, the central government is subject to many inconveniences and is likely to have coordination problems when cooperating with other economic entities. Meanwhile, the government's management style is not suitable for the market. Development financial institutions are standardized financial entities and are on an equal footing with other market entities, so they have a flexible choice of projects, conduct management in a standardized way, and can engage in market-oriented operations, including cooperation with private investors and equity participation.

Development finance attracts private capital mainly through market behavior, and makes private capital feel profitable. As long as it operates successfully, development finance can work very well in attracting and leading the way for private capital, and really play a role in promoting balanced economic growth. Development financial institutions attract private investment mainly through direct financing and indirect financing. Indirect financing is to indirectly attract private investment through information production activities, that is, development financial institutions take the lead in making investments, private commercial financial institutions follow suit, and then development financial institutions change the direction of investment and start another cycle. Meanwhile, development financial institutions make use of the advantages of policy-based finance in information production to select excellent enterprises and improve the reputation of enterprises in financing markets. In this way, a mechanism whereby policy-based finance leads and guides the investment orientation of commercial finance is formed. As financing offered by policy-based financial institutions is accompanied by the production and transmission of information, it reduces the agency cost of external financing for enterprises, improves the market value of enterprises, and induces private banks to offer financing to enterprises.

In summary, development finance is a mode of finance between policy-based finance and commercial finance. Its core is to form a financing mechanism consisting of “project selection by the government, development finance incubation, and the realization of market outlets” through cooperation between policy banks and the government, government-organized credit enhancement, and the creation of a government credit system. On the one hand, development financial institutions actively implement the government’s development strategy, and local governments determine investment projects according to the needs of national industrial policies and regional strategic planning (project selection by the government). On the other hand, development financial institutions resolve risks in the course of their own operations with the help of government-organized credit enhancement, and promote project construction and financing system construction with financing under government coordination (development finance incubation). Finally, the realization of market outlets is to design different repayment mechanisms for different loan forms, purposes and uses, including normal loan repayment, repurchases by parent companies, the issuance of shares in capital markets, and other market-based means, so as to achieve the business objective of “breaking even or making small profits” (Yuan, 2010).

Next, based on the two cases of the Anhui “Wuhu Model” and the Malaysia “Kibing Model”, this paper will expound the specific operation mechanism of development finance and clarify how development financial institutions resolve risks in the financing process.

“Wuhu Model”: Use Government-Organized Credit Enhancement to Resolve Urbanization Financing Risks

With the rapid development of China’s economy, China is facing a series of problems brought about by urbanization. Compared with the West, China’s urbanization involves a large population and is unprecedentedly complex. Among the many questions we face, the central question of “where the money comes from” is not to be avoided. In traditional urbanization, informal institutional arrangements such as local land finance and the development mode of “only wanting land and not wanting people” have given rise to many problems such as local debt risks and social contradictions. In the process of new-type urbanization, it is necessary to build strong and efficient medium- to long-term financing systems and financing markets. However, urban construction projects have the attributes of public goods in that they are generally anticipatory, geared to the needs of society and oriented towards public interest, and they are characterized by large investments, long construction cycles, high sunk costs, inelasticity of demand, etc., which is clearly misaligned with commercial finance’s pursuit of short-term profits. Such misalignment has created a gap in urban construction financing in China.

There are two relatively mature financing models for urban infrastructure construction in the world. One is the municipal bond model of the United States, under which municipal bonds are issued by local governments and guaranteed by credit guarantee companies to attract the participation of individual investors in urban infrastructure construction; the other is the Japanese model dominated by investment with central or local tax revenues, under which the central finance assigns a development blueprint to each region through direct intervention or fiscal subsidies. However, the smooth implementation of the municipal bond model requires effective institutional support to ensure an intergenerational balance between financing and repayment, and the central finance model needs to be supported by strong fiscal revenues (Yuan, 2010). But for most local governments in China, institutional building is inadequate, and large-scale issuance of municipal bonds can easily cause local government debt imbalances. In addition, most local governments are not supported by strong fiscal revenues, and long-term large government subsidies will further exacerbate local fiscal deficits. The “Wuhu Model” of development finance pioneered by CDB in cooperation with the local government of Wuhu, Anhui Province effectively solves the funding source issue for urbanization construction through “bank-government cooperation” and government-organized credit enhancement.

Wuhu is a famous city in southern Anhui Province with a long history of more than 2,000 years and a profound business tradition. In the late 1990s, Wuhu was in the take-off period of a new round of economic and social development, and efforts were urgently needed to advance urban infrastructure construction, but due to the fact that the economic benefits of urban construction projects were insignificant and the

government's financial resources were insufficient, a shortage of funds had become a bottleneck restricting infrastructure construction in Wuhu. The "Wuhu Model" is an epitome of development finance boosting urbanization in China. The biggest feature of the "Wuhu Model" of development finance pioneered by CDB in cooperation with the local government of Wuhu is the creation of a new type of bank-government cooperation. By using government-organized credit enhancement to turn local urban construction investment companies into financing platforms, and with the help of "loan bundling", it combines the advantages of CDB in financing with the advantages of local governments in organization and coordination to solve the urban construction financing problem that has plagued local governments for a long time.

Local Government-Organized Credit Enhancement Resolves the Risks of Large Long-Term Loans

The new bank-government relationship constructed by the "Wuhu Model" solves the difficulties that local governments have in securing funds in the process of urbanization. As mentioned earlier, commercial finance is sensitive to risks and often requires collateral. Urban construction requires a large number of infrastructure construction projects. These projects take place over a long period of time and generate little profit, so they can hardly meet commercial finance's demand for short-term profits. The new bank-government cooperative relationship under the "Wuhu Model" initiated cooperation between policy banks and local governments, solved the project credit issue through the endorsement of projects by local governments, and gives full play to the advantages of policy banks in financing and the advantages of local governments in organization and coordination.

After the 1980s, driven by the reform of the national investment and financing system, local governments joined a push to set up urban construction investment companies, providing a platform for government-organized credit enhancement under the "Wuhu Model". On August 10, 1998, CDB and the Anhui provincial government signed an investment and financing service cooperation agreement in Beijing, under which the parties would jointly build a credit support system and agreed on the source and method of repayment. CDB and the Wuhu municipal government set up an infrastructure construction financing committee to jointly discuss overall development plans and implementation plans, and assess overall debt-paying ability. The Wuhu municipal government established Wuhu Urban Construction Investment Company as the main lender in the urban construction process of Wuhu. The local government borrowed from CDB through the financing platform, integrating the local government's credit reference and financing activities. The credit structure follows the World Bank model. Guarantees or undertakings are provided by local finances. In the same year, CDB signed a 10-year loan agreement worth 1.08 billion yuan with Wuhu Urban

Construction Investment Company. The money was mainly used for six infrastructure construction projects in Wuhu City, including road construction, urban water supply system improvement, landfill site construction, etc. Regarding the loan guarantee and source of repayment, a model whereby repayment funds were arranged within and outside the budget of Wuhu city and repayment was fully guaranteed by Wuhu city's finance was adopted. The core of the "Wuhu Model" is to strengthen the role of local governments in the financing process and establish a risk control mechanism and credit system through government-organized credit enhancement, thereby alleviating the economic risk of large long-term loans provided by development finance for urban construction.

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"Loan Bundling" Broadens Financing Channels and Eases the Pressure on Fiscal Expenditure

As mentioned earlier, because urban infrastructure construction incurs high sunk costs and is slow to produce results, it is difficult to obtain financing from the market, and local fiscal subsidies are often relied upon, putting a lot of pressure on local fiscal expenditure.

What makes the development finance model implemented by CDB in Wuhu unique is that traditional financial support is no longer relied upon as a funding source, and a wide range of financing options are available through "loan bundling". Under the "Wuhu Model", urban construction projects that commercial finance is not willing to invest in are bundled through "loan bundling", the financing platform designated by the municipal government acts as the legal person who manages all borrowings and repayments, and the "debt service reserve" created out of budgetary revenues serves as the source of repayment. This model is called "loan bundling". Multiple urban construction projects are "bundled", so that high-quality projects can "remedy" low-quality projects, shortages can be supplemented by surpluses, and losses can be made up by profits, turning the bundle as a whole into a high-quality project. In addition, local government finances provide guarantees and undertakings to provide government endorsements for financing projects.

While organizing credit enhancement, local governments actively introduce a series of preferential policies to attract investment. "Bundled" projects are endorsed by government credit, effectively dispelling private investors' risk concerns. In addition, the "debt service reserve" created out of budgetary revenues also provides evidence

of repayment ability for the urban construction investment and financing platform, namely the legal person who manages all borrowings.

The “Land + Finance” Guarantee Model Strengthens the Credit Support System

In 2002, the “Wuhu Model” launched the “Land + Finance” model, under which the government authorizes the borrower to pledge land transfer proceeds as the main repayment guarantee, and with the approval of the Wuhu Municipal People’s Congress, repayment will be made with municipal fiscal subsidies if the borrower fails to repay the loan principal plus interest in time. CDB and the Wuhu municipal government jointly decided to establish the Wuhu Municipal Land Reserve Center to centrally manage and operate the land reserves, development and auctions of Wuhu city (Research Institute of China Development Bank, 2011). The government authorizes the urban construction investment company (the borrower) to pledge land transfer proceeds as the main repayment guarantee, and with the approval of the Wuhu Municipal People’s Congress, repayment will be made with municipal government subsidies if the borrower fails to repay the loan principal plus interest in time.

On the basis of the original policy banks plus local governments, this innovation gives full play to the huge value of land, improves the credit structure, and eases financing difficulties in the urbanization process. This model organically combines the source of infrastructure loan repayment with income from land appreciation, and organically integrates the infrastructure financing mechanism with the concept of “managing the city”. Through a series of institutional designs such as standardizing the land transfer system and setting up a financing platform, it pledges the right to derive income from land, covers the cost of urban infrastructure construction with income from land appreciation, and cultivates market-oriented operation entities, not only creating a virtuous circle for the government’s infrastructure funds, but also reducing financial risks and driving the development of related industries.

It can be seen that under the “Wuhu Model” of development finance, CDB reduces the economic risk of providing medium- to long-term loans through local government-organized credit enhancement and the “land + finance” pledge model. In addition, with the help of “loan bundling”, high-quality projects and low-quality projects are combined, which coupled with government credit endorsement makes it possible to obtain funds from a wide range of sources in the market, realizing a virtuous cycle of capital flow. Under the “Wuhu Model”, an urban infrastructure investment and financing mechanism that operates in a virtuous cycle has been created, a market-oriented investment and financing platform carrier has been cultivated, financing channels for urban infrastructure construction have been opened up, and commercial banks and other social funds are actively involved, laying a solid foundation for continuously, rapidly and efficiently advancing urban infrastructure construction in Wuhu city.

“Kibing Model”: Development Finance Solves Issues Concerning the Financing of International Production Capacity Cooperation

With the continuous advancement of the Belt and Road Initiative, the Chinese government encourages enterprises that possess advantages to “go out” in a variety of ways to optimize the distribution of manufacturing locations. The “Kibing Model” whereby CDB helped Kibing Group invest and build a plant in Malaysia by means of development finance is a typical case of development finance supporting the “going out” of domestic private enterprises’ advantageous production capacity and serving China’s Belt and Road Initiative, and sheds light on issues concerning the financing of international production capacity cooperation.

Kibing Group is a large enterprise group in China that mainly produces high-end glass products such as high-quality float glass, energy-saving glass, solar glass and ultra-thin glass, with production bases in Hunan, Fujian, Guangdong and Zhejiang provinces. In 2014, in response to China’s Belt and Road initiative and the call for the “going out” of advantageous production capacity, Zhangzhou Kibing Glass Co., Ltd. established a wholly-owned subsidiary Kibing Group (Malaysia) Co., Ltd. (hereinafter referred to as “Kibing Malaysia Company”), and invested 1.18 billion yuan to build the group’s first overseas glass production base in Seremban, Negeri Sembilan, Malaysia. As the local political and commercial environment in Malaysia is quite different from that in China, Chinese enterprises often encounter issues such as credit structure, overseas taxes, administrative inefficiency and controls over the outflow of foreign exchange funds in the process of investment and plant construction. Under the “Kibing Model”, CDB helped the private enterprise solve the relevant problems encountered in the process of investment and plant construction in a foreign country by means of development finance.

Development Finance Resolves Credit Risk in Financing through the Dual Means of the Government and the Market

Chinese enterprises generally set up local project companies to operate their overseas investment projects. As local financial institutions are not familiar with foreign enterprises, it is difficult for project companies to get credit support from local financial institutions. For risk assessment reasons, domestic banks generally do not accept land, real estate, equity, equipment and other assets formed by overseas investment as collateral for loans. Due to the relatively high risk of overseas investment projects and the weak strength of private enterprises, it is difficult for overseas investment projects to obtain bank credit support. Kibing Group was a private enterprise controlled by natural persons, and the project was a purely market-oriented project. There were great challenges in building a reasonable credit structure. Using only the project assets as collateral was far from meeting the credit structure requirements. In addition, the

project required substantial financing and had a long payback period, and ordinary commercial banks could not provide products that met such financing needs.

The key to solving this problem lied in market building and credit structure construction. In terms of market building, CDB hired industry experts to give expert opinions, and visited the Malaysian Investment Development Authority (MIDA), the Plate Glass Industry Association, and upstream and downstream importers and exporters to understand the local market along multiple dimensions, and conducted due diligence on the Malaysian plate glass market in collaboration with CDB's review department for the industry. In addition, we also examined the operations and financial position of Kibing Group, visited the headquarters of Kibing Group in Dongshan, Zhangzhou, and studied the upstream and downstream markets of the group. In terms of credit structure, CDB experts and Kibing Group made an inventory of resources that could be used as collateral, including guarantees provided by the parent company of the group, mining rights, land, plants, machinery and equipment, joint and several liability guarantees provided by the actual controller, and project assets. In the end, the two parties negotiated and designed a reasonable collateral scheme to meet the credit structure requirements and reduce CDB's credit structure risk.

Development Finance Gives Full Play to National Policy Support to Solve the Overseas Tax Problem

Malaysia implements a withholding tax system for overseas financial institutions, with the withholding tax rate ranging from 10% to 15%. Non-resident companies are subject to withholding tax on interest and royalties from Malaysia. China and Malaysia signed the Agreement between the Government of the People's Republic of China and the Government of Malaysia for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (hereinafter referred to as the "Agreement") in 1985, stipulating that the interest obtained by the government of one contracting state (including institutions wholly owned by the government) from the other contracting state shall be exempted from taxation in the other contracting state. However, under the then tax regulations of Malaysia, development banks were not included in the tax exemption list, and loan interest was subject to 10% withholding tax, which increased the financing cost and burden of borrowers.

In order to solve this problem, CDB, with strong support from the finance and accounting bureau and the international cooperation bureau of the head office, took the initiative to coordinate with the State Administration of Taxation and Fujian Provincial Tax Service, and helped negotiate with the Malaysian government to include CDB in the double taxation avoidance list between China and Malaysia, so as to exempt CDB from interest withholding tax in Malaysia. In November 2016, in the presence of Premier Li Keqiang and Prime Minister of Malaysia, the State Administration of

Taxation and the Ministry of Finance of Malaysia signed the Exchange of Notes Concerning the Tax Convention between China and Malaysia on behalf of the two governments, and incorporated it into the joint communiqué between China and Malaysia, establishing the tax-exempt status of “7 + 7” state-owned institutions of China and Malaysia, including CDB. The agreement directly exempted CDB loans for Kibing Group’s project from the 10% withholding tax in Malaysia.

“Syndicated Loans” Provide Medium- and Long- Term Loans for the Going out of Private Enterprises

In the process of cooperation between CDB and Kibing Group, due to the low administrative efficiency of Malaysian government agencies, the issuance of a land certificate for land purchase to the borrower was delayed, making it impossible to meet the conditions for signing a medium- to long-term contract. This made Kibing Group unable to sign a medium- to long-term contract, but project construction was in urgent need of large-scale funding support.

Through syndicated loans, export credit, project financing and other means, CDB secured funding from special funds such as the China-Africa Development Fund, the Special Loan for the Development of African SMEs, and the special arrangement for export financing and insurance for complete sets of large equipment, so as to increase financing support for international production capacity cooperation. Meanwhile, CDB actively innovated credit products to meet the financing needs of enterprises in international production capacity cooperation, promoted the innovation of mortgage (pledge) financing products, explored the use of equity, overseas assets, etc. as collateral for financing, and provided credit support for project financing through performance guarantees, financing guarantees and other external guarantees.

China—under pressure to control its foreign exchange funds—imposed strict controls on the outflow of foreign exchange funds in 2016. For the private companies like Kibing Group that needed to invest and build factories overseas, their projects were then at a critical stage of construction, but their own funds and CDB loans had difficulty exiting China, leaving them struggling to pay for project construction. This directly affected normal project construction. Taking full account of the borrower’s demand for funds, under the “Kibing Model”, CDB provided loans in dual currencies, namely RMB and USD, to facilitate the use of funds by enterprises.

The Malaysia “Kibing Model” is an important innovation developed by CDB in response to the country’s Belt and Road initiative with the help of development finance. It solves Chinese private enterprises’ financing difficulties in the “going out” process through syndicated loans, export credit, project financing and other means. It can be seen that state- or government-organized credit enhancement is an important tool for

risk aversion for development finance with Chinese characteristics. Then is this approach applicable to all overseas projects funded by development finance? What are the risks? In the next part, on the basis of summarizing the characteristics of development finance with Chinese characteristics, this paper will discuss the potential risks that development finance may encounter in the process of “going out”.

Overseas Political Risks of Chinese-style Development Finance

The above two cases confirm the basic logic behind the operation of development finance, that is, development financial institutions ensure that their business objective of “breaking even or making small profits” is met through state- or local government-organized credit enhancement. It should be noted, however, that one of the core premises of this operational logic is that the state or government responsible for organizing credit enhancement first needs to be a development-oriented state or government, which means that the political system can get enough space to take the initiative. Under the “Wuhu Model” mentioned above, CDB offered, in cooperation with the local government of Wuhu, guarantees for medium- to long-term loans needed for urban construction by means of local government-organized credit enhancement. In the event of a default, repayment will be made through the “debt service reserve” created by the local finance. Local development and promotion of officials follow the local championship system all year round. Defaults on policy-based loans will greatly affect the political achievements of local officials, and thus affect their promotion. Moreover, most local governments have soft budget constraints in their fiscal expenditures. Even if the relevant local fiscal expenditure is inadequate to cover the cost of the project, funds will be raised through central government subsidies or transfer payments to ensure the smooth operation of the project. Therefore, local governments are very willing to provide guarantees for urban infrastructure construction and other projects funded by development finance.

It can be seen that a government that is willing to “guarantee” is a prerequisite for the realization of a virtuous circle for the operational logic of development finance. However, when Chinese-style development finance undertakes overseas projects, directly copying the domestic operating mechanism may create exposure to default risk due to differences in national governance logic. China’s development finance practice at Sri Lanka’s Hambantota Port encountered this kind of problem, and even led to allegations that China was setting up a “debt trap”.

So, why did the Export-Import Bank of China (EIBC) think this project was a project that could be supported by development finance? In fact, at the beginning of the Hambantota Port project, the Sri Lankan government first sought financing from Japan and India, but both countries refused to invest due to risks associated with short-term investments. Thereupon, the Sri Lankan government turned to China for investment.

After a comprehensive evaluation of the project, EIBC concluded that it met the investment requirements of development finance.

First, the Hambantota Port project was a medium- to long-term national strategic project implemented by the Sri Lankan government, and met development finance's requirements for medium- to long-term investments. Sri Lanka's economy had suffered a severe setback after more than two decades of civil war since 1983. In order to revive the economy, after coming to power in 2005, Rajapaksa's government unveiled Sri Lanka's medium- to long-term development plan, Sri Lanka, the Emerging Wonder of Asia: Mahinda Chintana, Vision for the Future, which aimed to develop Sri Lanka into Asia's knowledge, aviation, investment, business and energy center. The Hambantota Port project was a key project under the "Two Wings and One Belt" strategy in "Mahinda's Vision". The "two wings" refer to Colombo and Hambantota, and the "one belt" refers to the economic belt between Colombo and Hambantota. The strategy aimed to build Hambantota into an industrial base in Sri Lanka linked with Colombo, and the Hambantota Port project came into being at the historic moment.

Second, after a comprehensive evaluation, EIBC thought that the project had great development potential. Located just 10 nautical miles from the Indian Ocean's busiest international shipping lane, which is regularly used by a large number of vessels, Hambantota Port serves as an important transshipment hub and refueling base for vessels. In fact, in 2003 and 2006, the SNC-Lavalin Group, a Canadian company and Ramboll, a Danish engineering consulting firm, respectively evaluated the Hambantota Port project, and both believed that the port's prospects for development were optimistic.

Finally, the government of Sri Lanka was willing to borrow under a sovereign guarantee. To borrow under a sovereign guarantee means that a country borrows money with its own sovereign credit as the guarantee, which is consistent with the operational logic of development finance in China. It was with the help of national sovereign credit that EIBC organized credit enhancement for this round of development financing.

For this reason, EIBC decided to provide financing for the Hambantota Port project through development finance. However, in the first phase of investment in 2008, EIBC, acting out of prudence, only provided commercial loans totaling \$306 million to cover 85% of the cost of the Hambantota Port project. This was because Sri Lanka was in the midst of a fierce civil war, the domestic situation was not clear, "Mahinda's Vision" had just been proposed, its development prospects were still uncertain, and whether it could be successfully implemented had yet to be verified (Kee, 2018). But the development potential of Hambantota Port as a logistics and transportation hub did exist, and Hambantota was the hometown of President Rajapaksa. As the new president, he was very much hoping to boost the economy through infrastructure investment in Hambantota, which to some extent provided a guarantee for the development of

Hambantota Port. At the end of Sri Lanka's civil war in 2009, Rajapaksa's government launched "Mahinda's Vision 2.0". The updated version of the development plan was more practical and concrete. By this time the development prospects of the Hambantota Port project were clearer. Consequently, in the second phase of the project, EIBC raised the investment to \$900 million.

However, due to the different nature of the political system, the development finance logic, which can realize a virtuous circle in China, may encounter potential political risks abroad due to regime change. After losing his reelection bid in the 2015 presidential election in Sri Lanka, President Rajapaksa was accused by his successor President Sirisena of stimulating the economy by borrowing heavily, putting huge pressure on public finances. The new government thought that the Hambantota Port project needed to be reviewed, so the project was suspended. In addition, due to poor management and a lack of industrial and commercial operations, Sri Lanka Ports Authority was unable to attract passing ships to the port. As a result, Hambantota Port had been operating at a loss for years. But Sirisena's government did not deny that the construction of infrastructure such as the Hambantota Port project would promote Sri Lanka's economic development. In 2016, the Sri Lankan government decided to restart the operation and development of Hambantota Port through market-oriented reforms, and offered to rent out the operating rights of the Hambantota Port project in a single package through bidding in the hope of reversing the loss-making situation. In the bidding process, the Sri Lankan government once again gave priority to Japanese and Indian companies, but received a refusal again, and then turned to Chinese enterprises. In the end, China Merchants Port Holdings Company Limited (CMPort), a subsidiary of China Merchants Group, won the bid and formed a joint venture with the Sri Lankan government to operate Hambantota Port. According to the agreement, CMPort would acquire an 85% stake in Hambantota International Ports Group (HIPG) and a 49.3% stake in Hambantota International Port Services (HIPS), representing about 70% of the total equity; CMPort owned the operating and management rights of the above two companies, as well as the lease and development rights of approximately 11.5 square kilometers of land in the port area; the concession period was 99 years. CMPort invested a total of \$1.12 billion in Sri Lanka, of which \$974 million were used to acquire the 85% stake in HIPG and the remaining \$146 million were deposited into a bank account in the name of CMPort in Sri Lanka to be used for the expansion of Hambantota Port and shipping-related business. Within 10 years from the effective date of the concession agreement, Sri Lanka Ports Authority has the right to repurchase 20% of HIPG's shares on terms acceptable to all parties. 70 years after the entry into force of the agreement, Sri Lanka Ports Authority may acquire all the shares of HIPG held by CMPort at a reasonable price determined by the valuer appointed by both parties. At the end of the 80th year of the agreement, Sri Lanka Ports Authority can acquire the shares held by CMPort in HIPG at a price of \$1 per share, allowing CMPort

to retain 40% of the shares in HIPS. When the agreement expires at the end of the 99th year, CMPort will transfer all its shares in HIPG and HIPS to the Sri Lankan government and Sri Lanka Ports Authority at a nominal price of \$1 per share.

However, since it was a Chinese company that won the bid, some media alleged that Chinese-style development finance was a “debt trap.” So what does the actual process look like?

First, the Hambantota Port project is not a debt trap laid by China. The project was initiated based on the political will of the former president of Sri Lanka, rather than proposed by China. The reason why the Sri Lankan government borrowed from China was that it failed to obtain financing from Japan and India. After the financial crisis, compared with other countries that were caught up in the vortex of the economic crisis, China became the country most likely to invest abroad thanks to its steady economic growth. EIBC’s willingness to provide loans for the Hambantota Port project in Sri Lanka is not based on the so-called strategic goal of dominating, or China’s intention to use it as China’s military base as claimed by some media, but on the recognition of the viability of the development of the shipping logistics market in the Indian Ocean, where Hambantota Port is located. Moreover, the leased port is jointly operated by a joint venture composed of CMPort and the Sri Lankan government. The Sri Lankan government holds 30% of the shares, and the port is not used for military purposes (Jianming, 2020; Kee, 2018).

Second, the Sri Lankan government voluntarily decided to transfer the port’s operating rights in order to implement market-oriented reforms, CMPort acquired operating rights not through a debt/equity swap. Since its launch, the Hambantota Port project had been operating at a loss for years due to poor management. Sirisena’s new government hoped to improve the situation by resorting to the market-oriented means of renting out the port’s operating rights, and form a joint venture with the winning company to jointly operate the port. After winning the bid, CMPort paid \$1.12 billion for a 70% stake in the joint venture. Part of the money was used to make up for the port’s operating losses, and the other part was used to repay other debts. The loans offered to the Hambantota Port were not converted into equity under the lease. The development finance loans provided by EIBC have been transferred to the Ministry of Finance of Sri Lanka and still need to be repaid in full (Hameiri, 2020; Jianming, 2020).

Finally, it was not the debt pressure from China that plunged the Sri Lankan government into a sovereign debt crisis. In fact, it was excessive borrowing from capital markets dominated by the West (Hameiri, 2020). Since the outbreak of the civil war, Sri Lanka’s economic development has been severely hampered, and non-productive inputs such as arms procurement have risen sharply. As a result, over the years, Sri Lanka has been running a massive fiscal deficit and relying on debt for development. In the past, Sri

Lanka's main creditors were Japan, Europe and the United States, as well as international multilateral financial institutions such as the IMF. It was not until the end of the civil war that China became a major creditor of Sri Lanka, but China's debt share was very small compared with other creditors. As of 2016, Chinese loans accounted for only 9% of Sri Lanka's government debt, and more than two-thirds of them were medium- to long-term loans at preferential rates, not enough to create the so-called debt crisis. After its sovereign credit rating was downgraded, Sri Lanka could no longer get concessional loans from other countries, and had to borrow high-interest short-term commercial loans from banks such as those in the United Kingdom and the United States. This was what really caused Sri Lanka's debt crisis (Yinghui et al., 2019).

A large number of facts have proved that the Hambantota Port project in Sri Lanka is not "Chinese debt trap". When receiving credentials presented by new ambassadors from South Korea, Germany, the Holy See and Switzerland, Sri Lanka's current president Gotabaya specifically pointed out that the Hambantota Port project was a project with great development potential and not a "debt trap" ("President defends..." 2020). Professor Shahar Hameiri at Australia's Lowy Institute has also confirmed in his research that there is no such thing. First, the Hambantota Port project is not a debt trap set by China. The project was initiated based on the political will of the former president of Sri Lanka, rather than proposed by China. The reason why the Sri Lankan government borrowed from China was that it failed to obtain financing from Japan and India. After the financial crisis, compared with other countries that were caught up in the vortex of the economic crisis, China became the country most likely to invest abroad thanks to its steady economic growth (Srinivasan, 2020). EIBC's willingness to provide loans for the Hambantota Port project in Sri Lanka is not based on the so-called strategic goal of dominating, or China's intention to use it as China's military base as claimed by some media, but on the recognition of the viability of the development of the shipping logistics market in the Indian Ocean, where Hambantota Port is located. Sri Lanka's sovereign debt crisis was not caused by Chinese investment (Hameiri, 2020).

However, the problems encountered in the Hambantota Port development financing project and the ensuing response from international media also provide a lesson for the "going out" of China's development finance. How to avoid political risks under a completely different political system in the process of "going out" of development finance remains an outstanding issue that needs to be tackled urgently in the development of China's development finance.

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RESEARCH ARTICLE

Imitation, Innovation and State Capacity: What Do East Asian Industrial Policies Imply?

K. Ali Akkemik¹ , Murat Yülek² 

Abstract

Since the global financial crisis, industrial policy is back on the agenda in developing economies after a long break. The renewed interest in the industrial policy manifested itself in the discussions on the new directions for policymaking. A crucial aspect of the recent industrial policies is technology policies, in which the developing policies face the trade-off between imitation and innovation. In this study, we examine the association between industrial policy and state capacity based on a theoretical model. We elaborate on the successful interventionist industrial policies of the East Asian economies in the past in conjunction with state capacity and technology policies. As evidence from Korea, Singapore and Taiwan shows simultaneous implementation of imitation and innovation policies is possible. Recent experience in China further supports this conclusion. The results indicate that state capacity has played an important role in the success of East Asian industrial policies.

Keywords: Imitation • Innovation • State capacity • Industrial policy • East Asia

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Industrial policies have been implemented intensively during the second half of the 20th century. Most successful examples were in East Asian economies such as Japan, Korea, Singapore, and Taiwan. A number of studies have analyzed the latter's experience from various perspectives ranging from economics to political science (Amsden, 1989; Chang, 1993; Chang & Zach, 2018; Wade, 1990; Woo-Cummings, 1999). It is also well known that the early economic development and industrialization efforts in the United States and late-comers in continental Europe such as France and Germany in the 19th century involved strong government interventions akin to the industrial policies in East Asia (Yülek, 2018).

Starting from the 1990s, the interest in industrial policy has declined most notably due to the rise of neoliberal economic doctrines and the so-called Washington Consensus. However, with the inferior economic performance in Japan, the US, and the advanced European economies especially during the Global Financial Crisis after 2008, during which China continued to exhibit high-growth with industrial policies implemented one after another (Akkemik & Yülek, 2020), led the policymakers and economists to rethink the concept of industrial policy and its applicability for developed as well as developing economies. As Wade (2015) and Chang and Andreoni (2020) argued, the governments in advanced economies paid more attention to industrial policy, after a three-decade silence, as a viable policy to escape the adverse effects of the global recession and upgrade their economies after 2008. Aiginger and Rodrik (2020) also stated that industrial policy is “back on the scene.” They also argue that industrial policy, combined with competition, trade, and tax policies, should not narrowly specific manufacturing industries but rather focus on any activity that can support high-quality and sophisticated products as well as the development of new technologies. For instance, Lin and Wang (2020), shows that in those economies who have successfully escaped the middle-income trap, the share of production-related services (e.g., energy, transport, communications, finance, insurance, and research and development) sectors are higher than those trapped. Therefore, it is important for governments to adopt an approach that has a wider selection of sectors in industrial policies. By doing so, it becomes practically viable to raise the low-income countries to middle-income status and middle-income countries to high-income status.

The share of services eventually increases in most economies. If it happens before achieving a satisfactory level of industrialization, there is a well-known problem of premature deindustrialization (Rodrik, 2016). An important aim of industrial policy is to cope with premature deindustrialization in developing economies (Aiginger & Rodrik, 2020; Lin & Wang, 2020).¹ This can be realized through government intervention or, alternatively, by providing the necessary market conditions by the government for the

¹ Rodrik (2016) shows that trade and globalization facilitates premature deindustrialization in developing countries.

private sector to develop. The East Asian experience in the second half of the 20th century has shown that the former is more effective as a viable strategy. Combined with an emphasis on exports for development, industrial policies led these economies to reach a high level of technological sophistication and, along with it, a high level of per capita income. The success of industrial policy in avoiding premature deindustrialization is related to the success in raising indigenous technology, learning by doing, and innovation capacity.

Despite opposing views² among researchers, the renewed intellectual interest in the industrial policy provides grounds for hope so that the developing country governments will consider it as a viable strategy for economic development and unfinished/ongoing industrialization. In this study, we elaborate on the relation between technology policies and state capacity within the framework of industrial development by building on the theoretical model in Acemoglu et al. (2003). We also provide a critical and select review of the literature on the relationship between state capacity and industrial development, in particular, in East Asia. We focus our attention specifically on state capacity and interventionist industrial policies.

The structure of this paper is as follows. In Section 2, we briefly describe a model of imitation and innovation. In section 3 we discuss the association between state capacity and industrial policy from a theoretical perspective. In section 4, we provide examples from East Asian experiences. Finally, the fifth section wraps up and concludes.

A Model of Innovation and Imitation

Building on Acemoglu et al. (2003) and Olsson (2012), we introduce a model of innovation and imitation for a small open developing economy in this section. Here we deem it sufficient to briefly outline the main features of the model. Interested readers are guided to the original article for further technical details. This model is very convenient to analyze the industrial and technology policies in developing countries because it takes into account the relative distance of the country to the world technology frontier. A major issue for developing countries is to catch up with the existing technologies in advanced countries. This is also related to state capacity, as we will see below.

Acemoglu et al. (2003) offer an endogenous growth model³ where firms engage in innovation or acquisition of the technologies at the world frontier. In this model, in a newly industrializing economy, firms undertake investments based on imitation of the technologies at the world frontier. When countries catch up and come closer to the world frontier, the strategy of the firm changes from imitation to innovation. The level of technology for a firm is defined as follows:

2 For an interesting discussion see Lin and Chang (2009). For a comprehensive review of opposing views from different perspectives, see Chang (2011).

3 For earlier endogenous growth models, see, for instance, Romer (1986; 1990).

$$A_t(v) = s_t(v)(\eta\bar{A}_{t-1} + \gamma_t(v)A_{t-1}) \tag{1}$$

where A is the level of technology, s is the size of the project, and γ is the skill level of the firm. A , s , and γ are functions of v , intermediate goods. The subscript t denotes time. Note that the final good is produced using labor and intermediate goods in this model. Therefore, v includes capital goods as well. The first term in bracket refers to the gains from the adoption of the technologies (in the form of acquisition or imitation) in the previous period (\bar{A}_{t-1}) and the second term refers to the gains from innovation, i.e., improvements in the existing technology from the previous period (A_{t-1}), which depends on the level of skills of human capital. This equation implies that a large investment (large s) improves productivity. A high level of skills increases the benefits of innovation.

It is quite common that developing countries undertake innovation and adopt foreign technologies simultaneously. If we assume that a fraction θ of the resources is employed for the purpose of the adoption of technologies at the world frontier in the previous period, and the remaining portion of resources $(1-\theta)$ is used for the purpose of innovation, then the level of technology can be rewritten as follows:

$$A_t = \theta\eta\bar{A}_{t-1} + (1 - \theta)\gamma_t A_{t-1} \tag{2}$$

Here we generalize equation (1) to include all sectors, not only intermediate goods. To get the growth rate of technology at time t (g_{At}), we divide both sides of equation (2) by A_{t-1} and subtract 1. Then, we get the following equation:

$$\frac{A_t}{A_{t-1}} = g_{At} = \theta\eta\frac{\bar{A}_{t-1}}{A_{t-1}} + (1 - \theta)\gamma_t - 1 \tag{3}$$

The ratio \bar{A}_{t-1}/A_{t-1} in this equation refers to the distance between the world frontier (\bar{A}) and the country's level of technology in the previous period (A_{t-1}). Renaming this term as δ , we get the following:

$$g_{At} = \theta\eta\delta_{t-1} + (1 - \theta)\gamma_t - 1 \tag{4}$$

Equation (4) implies that when the distance to the world technology frontier is large, the country gains more by catching up through the adoption of world technologies, i.e., a higher growth rate g_A and large θ . Such countries typically have low levels of skills, and hence gains from innovation are expected to be small. When the distance is small, then the country gains more by employing a larger portion of resources for innovation and improving the level of skills. In other words, when the country approaches the world frontier, gains from imitation or adoption of foreign technologies get smaller and gains from innovation are higher.

Acemoglu et al. (2003) argued that relying mainly on imitation and catch-up may have a long-run cost. In other words, the developing countries adopting such a strategy

for a long time may find themselves in a trap where they fail to converge to the world frontier. We argue, in line with Gerschenkron's argument, that government intervention and appropriate industrial policies offer a way out, and state capacity is crucial in this sense. An important issue for policymakers is how to allocate resources in the economy between the activities aiming for the adoption of world frontier technology and those activities aiming innovation by building on the domestic knowledge stock of technology. In the case where the costs involved seem too high, the government may not choose to adopt such a policy which results in the stated trap. Therefore, in what follows, we look at the successful cases in East Asia to find clues about what the government can do.

State Capacity and Industrial Policy

In the previous section, the association between state capacity and industrial policy has been outlined from the view point of economic theory. In this section, we build on this theoretical framework and argue that building of state capacity is a *quid pro quo* for the success of industrial development and industrial policies in particular.

The idea behind government intervention in industrial policy is the existence of market failures which lead to inefficient resource allocation especially in developing economies where industrialization is concerned. The government can play an important role in facilitating the productive resources in an economy towards industries characterized by high income elasticity, prospect for technology development, and strong linkages with other sectors. East Asian economies have often picked the "winners" by establishing close links between bureaucracy and private businesses. This can be also very risky if the government makes mistakes and often the government cannot collect as much information as necessary. The existence of such information asymmetries and capital market imperfections is a major obstacle before the government in this regard. Development banks, to some extent, can be thought to avoid such potential failures through screening and risk management for loans destined to targeted sectors and firms (Fernández-Arias et al., 2020). The intermediary role of government-linked financial institutions like this can also help the government in the assessment of social benefits and returns of industrial investments, unlike private financial institutions that are interested in private benefits and returns. Mazzucato and Penna (2016) further argue that state investment banks can even create markets and help develop new technologies.

Mazzucato (2013) argues that the government can also take the initiative in technology development which then spill over to other sectors, as in the case of the US where many technologies have emerged as the output of government-funded projects, such as GPS, touch screen, and many technologies which have later found their way into digital communication devices and Internet services. In this respect, the

government can take on the risk of developing new and highly innovative technologies as an entrepreneur. Mazzucato's "entrepreneurial state" has received mixed reviews by researchers but offers an alternative interpretation of the market failure argument.

A government can have three approaches to solve the market failures regarding the technology convergence trap as explained in the previous section. It might choose to make the market mechanism work better by limiting its involvement with providing incentives. Alternatively, it might choose to promote the development of technologies and industries that produce more sophisticated products for the aim of raising productivity and upgrading of technology at the economy level. A more radical choice available to the government is to create and nurture those industries and deliberately allocating productive resources in the economy towards these activities. Cherif and Hasanov (2019) name the first one the "snail crawl" approach, the second one the "leapfrog" approach, and the third one the "moonshot" approach. They argue that the effectiveness and success of each of those approaches can be assessed by the following performance criteria: productivity growth, export sophistication, and innovation. In their analyses, Korea and Taiwan, which adopted the moonshot approach, perform better than Malaysia, which adopted the leapfrog approach. Moonshot approach comes with a high risk compared with the other two approaches, and hence with a higher return when it is successful.

Industrial policies have proven to be right in escaping from the middle-income trap in a handful of East Asian economies. Wade (2010) further argued that the "middle-technology trap" is also important to understand as global value chains in the modern global economy force firms in the developing economies to get stuck in the lower value-added processes and tasks of the chain thereby preventing them to evolve into innovative activities. A case in point in East Asia is the Malaysian automobile industry.

It is important to note that while the government has the capability to affect the economic structure and enhance the level of technology in an economy by solving market failures, industrial policies do not necessarily have to be about manufacturing. As Cherif and Hasanov (2019) point out, some services in the modern economy engaging in the introduction of new technologies have become as important as manufactured products for industrial policies. Some examples are research and development services, information technologies, services sectors producing advanced digital technologies, and software. These services have strong linkage effects in the economy.

State capacity is also important to cope with uncertainties for firms through the implementation of industrial and technology policies. Firms face various uncertainties about the future in decision making about investments, choice and adoption of technologies, and investing in innovation, among others. As Chang and Andreoni

(2020) argue, industrial policies can be used to address these uncertainties. They argue that the government can do this in various forms: by leading the development of technologies, by guiding firms in joint research activities in technology development, by imposing technological standards.

As Stiglitz (2017) argued, industrial policies are broad economic policies that affect both the sectoral composition in the economy and the choice of technology. Such a policy involves risk-taking and may end up in failure as well. Stiglitz argues that the main task of industrial policy should be the promotion of a “learning society” which implies that the focus of the policy must be on learning that yields technological change. Since markets are not operating efficiently in doing this (i.e., they underinvest in sectors that promote learning), there is a need for intervention. Government intervention may take the form of providing subsidies and providing the necessary infrastructure and institutions that facilitate learning.

From the political science perspective, according to Singh and Ovardia (2018), the development of state capacity by way of state transformation through the creation of a capable and meritocratic bureaucracy, and pro-business orientation in policymaking are among the necessary political conditions underlying the successful industrial development in East Asia.⁴ These conditions resulted in the transformation of economic institutions in a way to facilitate rapid industrialization often with a time span of only one generation. Singh and Ovardia also argue that the relations between the state and the business world, as organized by the state, shaped the institutional capacity in industrialization. In other words, the state in rapidly industrializing East Asian economies possessed the capacity of successful management and allocation of economic rents among the actors in the business world. This is, no doubt, a political process. However, in the context of East Asia, such relations took place within the realm of the “developmental state,” where almost a consensus was achieved between business leaders and the state about the long-term development aims of the state.

The government’s role in conflict management among interest groups, i.e., winners and losers, is crucial for the success of industrial policies (Andreoni & Chang, 2019). In this respect, the government’s capacity in allocating rents and reallocating resources as an important condition for successful industrialization has also been well acknowledged by various researchers in the field of political economy. For instance, Khan and Blankenburg (2009) have shown that such capacity also requires political capacities, i.e., the ability to organize political power in the society so as to successfully manage the economic rents through the institutions of the state. In other words, the state in rapid industrializing East Asian economies was successful in allocating rents without many confrontations by the interest groups not receiving the rents. The state’s

4 For an interesting paper about the link between governance and economic development, see Kurtz and Schrank (2007). The authors also discuss problems in measuring governance.

capacity to avoid such a clash was instrumental in successful rent management. Among the stated economic rents, an important one at the earlier stages of development was the subsidies allocated to infant industries, which were vitally important because they facilitated learning. The economic bureaucracy paid utmost attention to keep itself away from the influence of the businesses and their rent-seeking activities, most notably in Korea and Taiwan.

The Case of East Asia

Rapid Industrialization and Long-Run Productivity

East Asian economies have achieved rapid economic growth and industrialization in one or two generations starting from the 1960s. This is evident from international statistics. According to the World Bank's *World Development Indicators* (WDI) database, per capita GDP (measured in constant 2010 US dollars) in China, Korea, and Singapore in 1990 was about 2.0, 23.6, and 62.6 percent of that of the US, respectively. The respective figures increased to 4.0, 34.5, and 75.7 percent in 2000 and 14.2, 51.3, and 107.8 percent in 2018. Specifically, Singapore's GDP surpassed that of the US in 2011.

East Asian economies emerged as major powerhouses in the world economy. According to WDI data, total manufacturing value-added (in current market prices) in the US (1.61 trillion US dollars) was about 2.5 times that of China (652 billion dollars) and 1.6 times that of Japan (1.03 trillion dollars) in 2017. However, China's total manufacturing value-added (1.15 trillion dollars) passed Japan (997 billion dollars) in 2007 and the US in 2010 (1.92 trillion vs. 1.79 billion dollars) to reach the top rank. As of 2017, China's manufacturing value-added (3.46 trillion dollars) was 1.6 times that of the US (2.17 trillion dollars) whereas the figure for Japan (1.01 trillion dollars) was only 46 percent of the US. While the aggregate figures imply a rapid surge in industrial production in China, in per capita terms, the story is different. Table 1 presents the manufacturing value-added per capita for selected countries. As of 2019, China still lags behind advanced industrialized economies such as Germany, Italy, Japan, the UK, and the US, although it passed large developing countries such as Brazil, Indonesia, Thailand, and Turkey, and is at par with Malaysia. The rapid rise in per capita manufacturing in Korea and Singapore, which are now rivaling the forerunner in East Asia, Japan, is remarkable. The figures in Table 1 provide evidence for the rapid rise in manufacturing capacity in a select group of East Asian economies, Korea, Singapore, and Taiwan, and most recently, China. A common characteristic of these economies is the active industrial policies of the government during the process of industrialization.

Table 1

Manufacturing Value Added Per Capita for Selected Countries (Current US Dollars)

	1990	1995	2000	2005	2010	2015	2016	2017	2018	2019
Brazil	...	1610	1097	1465	2951	1866	1890	2120	1748	1631
China	...	...	...	961	2482	4082	4017	4409	4938	4988
France	7961	9029	7208	9346	9176	8441	8415	8700	9073	8775
Germany	...	13343	9919	13844	15924	16077	16703	17412	18500	17159
India	168	181	188	292	618	688	724	816	811	798
Italy	9893	9757	8635	11858	12414	10347	10749	11259	12017	11502
Japan	...	19135	16297	15424	17813	13767	15264	15035	15038	...
Korea	3696	6832	6680	9910	12427	14168	14216	15566	16218	14674
Malaysia	1510	2874	3038	3622	4872	4598	4421	4612	5027	4994
Singapore	5866	11534	11496	14932	16576	16140	15998	18018	22157	20889
Thailand	782	1378	1024	1501	2710	2823	2903	3205	3481	3528
Turkey	1682	1826	2391	3799	4622	4824	4650	4694	4476	4286
UK	6274	7336	7632	8804	7379	8135	7252	7039	7366	7041
US	...	...	10563	11139	11402	13177	12800	13230	...	...

Source: Calculated using data from World Bank World Development Indicators

The ultimate aim of industrial policies in developing economies is the development of industries deemed important for economic and industrial development. Therefore, it is observed that, in most cases, industrial development policies and plans are motivated by a desire to build the capacity and ability for indigenous manufacturing. There is a myriad of policy tools that can be used for this purpose and the case of East Asian experiences in the second half of the 20th century have shown that effective combination of these policy instruments may yield high manufacturing performance and rapid industrialization often blended with strong government interventions (Akkemik, 2009).

Long-run economic growth is mainly determined by the increase in productivity. Welfare-enhancing policies are expected to lead to an increase in productivity as well. Growth of total factor productivity (TFP), as measured by the portion of economic growth after accounting for the growth of labor and capital inputs and the change in their respective qualities, is often used as an indicator for long-run productivity and technological change in general. Table 2 shows the estimated TFP growth in selected countries from 1960 to 2017. It can be seen that TFP growth was especially high in Japan during the 1970s, in Korea during the 1980s, in Taiwan from the 1960s to the 1990s, and in Singapore during certain periods (the second half of the 1960s and the second half of the 1980s). These periods almost perfectly overlap with the times that the respective governments actively implemented ambitious industrial policies. The figures in the table imply that industrial policies generally had a positive impact on productivity growth in the long-run. After the demise of the industrial policies in these countries from the late 1990s onwards, TFP growth rate also slowed down. In the case of China, TFP growth rates were especially high during the first half of the 1990s, and after 2000. During these periods, the government adopted large-scale national industrial

policies and ambitious innovation policies starting from the mid-2000s. The figures in Table 2 indicate that such policies have had a positive impact on long-run productivity.

Table 2
Total Factor Productivity Growth Rates for Selected Countries (Percentage)

	1960-1965	1966-1970	1971-1975	1976-1980	1981-1985	1986-1990	1991-1995	1996-2000	2001-2005	2006-2010	2011-2017
US	1.4	0.2	0.0	-0.1	1.0	0.8	0.6	1.0	1.2	0.2	0.4
Japan	3.7	4.2	0.3	0.3	1.1	1.6	-0.4	0.0	0.4	-0.2	0.6
Korea	0.7	3.0	1.5	-0.3	3.2	2.9	1.1	1.7	1.4	1.9	0.2
Taiwan	4.7	2.2	2.0	3.4	1.5	3.9	2.2	2.1	1.2	2.3	0.6
Singapore	1.0	3.4	-1.8	0.6	-1.1	2.4	0.6	-2.3	1.9	-0.2	-1.0
China	1.3	-0.2	-2.6	-2.0	2.3	-0.1	3.0	-0.5	2.6	4.4	0.7
Indonesia	-0.8	1.8	-0.5	0.2	-1.0	1.2	2.2	-3.6	1.2	0.4	2.4
Malaysia	2.0	0.7	-1.6	-1.0	-3.0	2.1	1.4	-0.1	1.3	0.4	1.0
Thailand	1.7	6.5	-1.1	-0.9	-0.6	2.3	0.3	-1.6	3.0	0.7	1.4

Note. The figures refer to period averages.

Source. Calculated using data from the Penn World Tables ver. 9.1.

State Capacity in East Asia

We have summarized above using long-run data that, during the times the governments in the successfully industrializing East Asian economies were implementing interventionist industrial policies, which China still continues, both manufacturing capacity and long-run productivity in the economy have improved at a rapid pace. It can be safely argued that industrial policies have helped these economies build capacity for sustainable development. We argue, in this paper, that this was made possible by a high level of state capacity. Chang and Zach (2018) state that these economies were characterized by a high state capacity, which consisted of two components: technical capacity and political capacity. The former refers to the capacity of policymakers in designing and implementing policies while the latter refers to the capacity in catering to the needs of stakeholders in industrial policies and simultaneously resisting the pressures by interest groups. On the other hand, Chang and Zach warn that high state capacity is not a prerequisite for successful industrial policies. Rather, high state capacity was built during the course of the implementation of the industrial policies.

An important aspect of the successful cases of industrial policies in East Asian economies is the enormous effort of the economic bureaucracy spent on policy design. The long-term commitment of devoted bureaucrats who were granted autonomy in policymaking made it possible to focus their attention on devise appropriate policies even when drastic changes were happening in the regional and global economic conditions. Therefore, the stability in the policymaking process is a key component. Below, we review and elaborate on some important cases of industrial policies in conjunction with state capacity first in the earlier cohort, namely, Korea, Singapore, and Taiwan, and later, in China. While there are other economies

that are of interest such as Indonesia, Malaysia, and Thailand, we limit our review with the stated four countries.⁵

Korea, Singapore, and Taiwan

Korea is a case in point for researchers to understand how to devise effective industrial policies. Korean government implemented active industrial policies until the mid-1990s and the bureaucrats of the Economic Planning Board provided national and sectoral plans and they were the mastermind in industrial policymaking. It is important to note that the Korean government provided support to private firms for their innovation activities starting from the 1970s and most notably in the 1980s. It also established research institutes to conduct research in cutting-edge technologies in hi-tech sectors. Such efforts were effective in building a basis for innovation at a time when Korea was still far from the world technology frontier and allocating more of its resources to learn those technologies (i.e., imitation). Public-private partnerships in innovative research activities and the establishment of techno-parks also helped build domestic innovative capability, especially in the automotive, computer, and electronics industries. One task the public research and development institutions were assigned was the training of research and development personnel and technicians in private firms (Hong, 1997).

Rent management of the Korean state was effective as evident from the establishment and maintenance of the balance of power between the large conglomerates and the state (Khan & Blankenburg, 2019). These rents took the form of subsidies to exports and based on export performance as the main criterion for securing them.

In a recent study, Yülek et al. (2020) show evidence by comparing the case of the development of automobile industries in Turkey and Korea that the high level of success in Korea and the failure in Turkey is related to the difference in state capacity in the two countries. While both countries have started from almost similar conditions in the 1970s, the Korean automobile sector exhibited far better technological development and outperformed the Turkish automobile industry to become one of the global leaders. Yülek et al. show that some of the important features of the different state capacities in these two countries are related to, among others, (i) the ability to build indigenous technological and industrial capabilities and human resources, (ii) the level of industrial entrepreneurship, (iii) the capability to create local brands, (iv) policy design, focus, and vigor, (v) the availability of a wide range of policy tools, technological assistance, and public procurement.

5 A critical evaluation of industrial policies and economic development in Indonesia, Malaysia, and Thailand can be found in Jomo et al. (1997).

Taiwan implemented active and interventionist industrial policies from the early 1950s to the early 1990s. The Taiwanese state was very careful in its industrial policies to ensure effective rent management and avoiding rent-seeking activities of the private sector firms as well as large state-owned firms which may have impeded the rent management system. The economic bureaucracy was also free from any potential influence through the centralized political structure of the ruling party, Kuomintang, owing to the prolonged martial law in the post-war period (Khan & Blankenburg, 2009).

As in the case of Korea above, the government in Taiwan also provided support for innovative activities of domestic firms starting from the 1970s by establishing research centers and techno-parks. The government also engaged in manufacturing by creating joint ventures with private firms. Firms were provided a number of incentives for research and development activities such as cheap loans, tax deduction, tariff exemption, and provision of capital along with the encouragement of technology transfer from foreign firms in export-processing zones to local small and medium-sized firms (Wu & Tseng, 1998). These resulted in the development of indigenous innovative capacity and product development afterward. As in Korea, this happened at a stage where Taiwan was focusing on imitation due to the need to catch up with the world frontier. By the 1990s, Taiwan emerged as a major player in specific frontier technologies in hi-tech areas, most notably in electronics.

In Singapore, since independence in 1965, the government intervened virtually in all markets and implemented industrial policies. However, the story is a little different as the government turned to multinational corporations for industrial development and technological upgrading due to the lack of indigenous entrepreneurship and resources. In the 1970s and the 1980s, the government's technology policy focused on the acquisition of foreign technologies and attracting foreign firms to Singapore by providing massive incentives. In fact, industrialization in Singapore was made possible by large foreign investments. The government also encouraged technology transfer from foreign firms to small local firms that served as suppliers. Starting from the mid-1990s, the government focused on indigenous technology creation in electronics and information technologies. In the 2000s this was extended to include new promising technologies such as biotechnology and satellite systems. For this purpose, the government put in place various support schemes to attract foreign talent as well as domestic.

Rent creation and management of the government in Singapore was different than in Korea and Taiwan. Due to the lack of indigenous entrepreneurship and domestic institutions to start technology creation using domestic sources, it is argued that the government was quite late in promoting research and development in industrial policies, compared to Korea and Taiwan (Wong, 2001). While the government spent much effort to enhance technological upgrading and technology transfer from foreign firms

to local firms, large foreign firms were the main actor in the government's technology policies. The government encouraged the development of domestic firms only after the mid-1980s. Continuous interaction between the bureaucrats, foreign firms, local firms, labor organizations as well as research institutions in the form of deliberate councils helped the government reduce the cost of coordination.

Three cases of industrial policies above show that during the early stages of industrialization, industrial policies focused on the acquisition of foreign technology by way of technology transfer from foreign firms or direct acquisition from abroad. This implies that the term θ , i.e., the share of resources devoted to imitation, in equation (2) was larger in Korea, Singapore, and Taiwan. By the 1970s, both Korea and Taiwan started investing in innovation by establishing public and private research and development institutions in order to develop a national innovation base. This means, the share θ started to decline and the share of resources devoted to innovation, $1-\theta$, started to increase. This process started a bit later in Singapore in the 1990s. This can be seen by looking at the research and development expenditures as a percentage of GDP in Figure 1. By 1996, this ratio had reached 2.3 percent in Korea and 1.3 percent in Singapore. The respective figures for Japan and the US were 2.7 and 2.5 percent. Research and development expenditures passed the 2.5 percent mark in Korea in 2004 and reached 3.0 percent in 2007, 4.0 percent in 2012, and 4.8 percent in 2018. The respective ratio for Singapore was 1.9 percent in Singapore in 2017. In 2018, Korea was far ahead of the developed countries in this indicator, when compared with France (2.2 percent), Germany (3.1 percent), Japan (3.3 percent), Sweden (3.3 percent), UK (1.7 percent), and the US (2.8 percent). Therefore, it is evident from these figures that, especially after the 1990s, enormous amounts of resources have been devoted to innovative activities in East Asia.

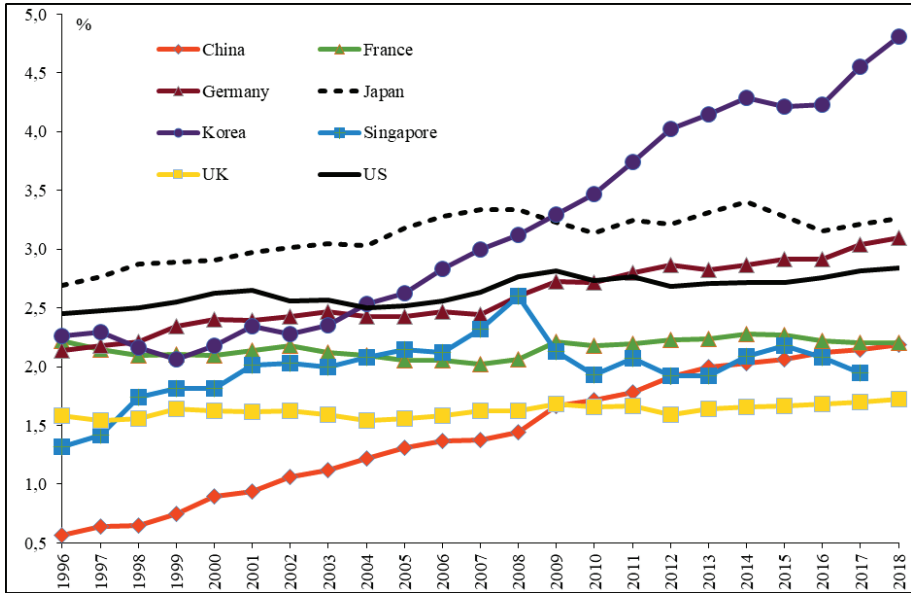


Figure 1. Research and development expenditures percentage of GDP.

Source: World Bank World Development Indicators.

To evaluate the outcomes of technology policies, we look at the comparative patent applications data in the World Intellectual Property Organization statistical database. Patent applications by residents are presented in Figure 2 per GDP and in Figure 3 per million population. Patent applications by residents per 100 billion US dollar GDP (measure in PPP in 2011 constant US dollars) in 1990 was 8813 in Japan and 986 in the US. In the same year, the figures in Korea and Taiwan was 1821. In 1995, it was only 90 in Singapore and well below that in Japan (8206) and Korea (8511). By 2018, the figure in Korea (8561) was far above that in the developed economies such as Germany (1924), Japan (5101), Sweden (1225), and the US (1565). In the same year, residents’ patent applications per million population in Korea (3148) was also far higher (2005 in Japan, 884 in Germany, 871 in the US, and 578 in Sweden).

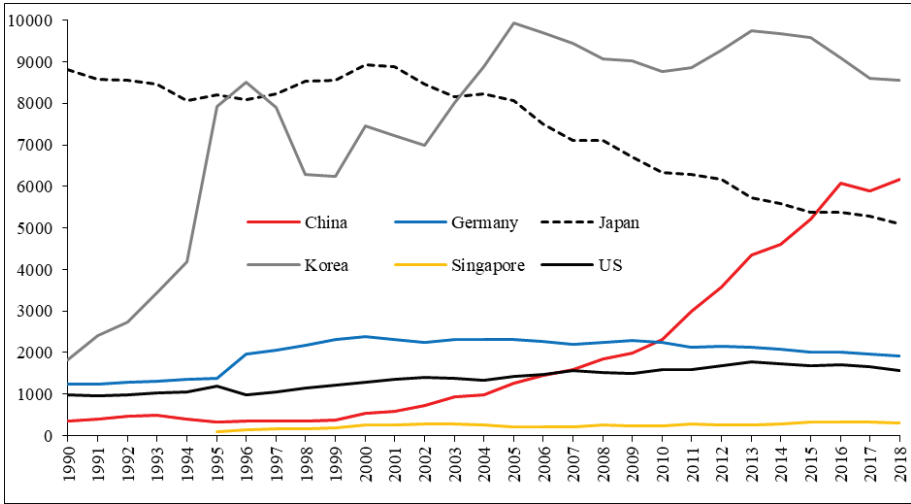


Figure 2. Patent applications by residents per 100 billion US dollar GDP.

Note: GDP refers to purchasing power parity (PPP) based GDP at constant 2011 US dollars.

Source: World Intellectual Property Organization (WIPO) statistics database.

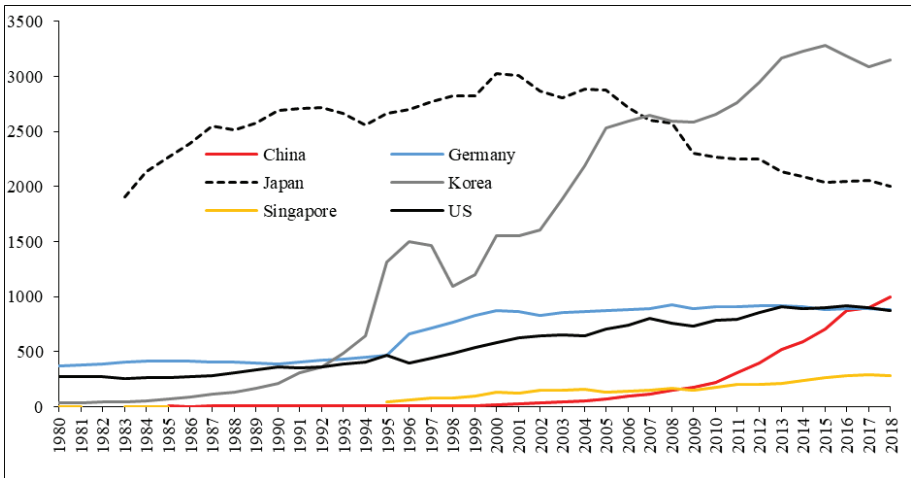


Figure 2. Patent applications by residents per million population.

Note: GDP refers to purchasing power parity (PPP) based GDP at constant 2011 US dollars.

Source: World Intellectual Property Organization (WIPO) statistics database.

China

The case for China is an interesting one given the ongoing rise of China in the world economy as a manufacturing powerhouse. While the Chinese government officially used the term “industrial policy” in the seventh five-year development plan, which

was launched in 1986, innovation was officially pronounced as a policy aim long after. The government has intervened heavily after launching the Medium-to-Long-Term Plan for Science and Technology Development in 2006. The plan envisioned to promote an innovation-based economy based on indigenous innovation. A wide range of instruments ranging from the establishment of public research institutions and technoparks to the provision financial incentives such as direct subsidies, tax deductions, and exemption from import duties. A major turning point in China's technology policies is the assignment of seven hi-tech sectors by the government in 2010 (Akkemik & Menteşoğlu Tuncer, 2019). These sectors included green technologies, new-generation communication technologies, biotechnology, new energy sources, and new materials, and new-generation vehicles. Starting from 2015, such attempts to enhance the innovation capacity of China have become more explicit especially with the launch of the ambitious "Made in China 2025" Plan. This plan aims to foster indigenous innovation in China by enhancing the smart manufacturing capacity of domestic firms and increasing the domestic technology creation capacity in promising and innovative areas such as green technologies, space, new energies, biotechnology, new materials, digital telecommunications, and new information technologies.

The development of state capacity in China is most evident in the case of the development of economic bureaucracy. Akkemik and Yülek (2020) provide an overview of the development of the economic bureaucracy during the process of rapid industrialization in China after 1978. There was competition for power among the economic bureaucratic institutions with differing ideologies in charge of planning and industrial policies. After 1993, the bureaucrats in the State Economic and Trade Commission (SETC), who believed that industrial policies and government intervention is essential for economic development, gained power. In 2003 SETC was transformed into National Development and Reform Commission (NDRC) and was assigned also the installment of the technology policies along with national industrial policies. NDRC bureaucrats paid attention and distanced themselves from the rent-seeking activities of the state-owned firms (Heilmann & Shih, 2013). They have adopted the "administrative guidance" type of interventions like the Japanese economic bureaucracy in the past. Their main role in industrial policies was to maintain coordination across different firms and government institutions and compliance with the government's industrial policies through centralized policymaking while giving more freedom to firms in their economic decisions.⁶ In the 2010s, the new objective of technological upgrading was added to the list of the objectives of industrial policies.

6 An interesting but yet important feature of the state capacity in industrial policymaking in China is the middlemen serving to promote the coordination among a number of government institutions named as "policy brokers" (Heilmann & Shih, 2013). These are former senior government officials and they have close relations with the senior government officials in service.

China offers a case of rapid catch-up with the foreign technological frontier by allocating a dominantly large part of resources and promoting skills development for this purpose during the 1980s, 1990s, and most of the 2000s. Starting from the 1990s, this effort was accompanied by sophisticated and large-scale industrial policies. Aizenman et al. (2018) name this “outwards mercantilism” and argue that this was the main factor behind China’s sustained current account surpluses over the years.⁷ Figure 1 shows that the ratio of research and development expenditures to GDP was a mere 0.6 percent in the late 1990s, during which China was still emphasizing imitation rather than innovation. The technology policies starting in 2006 led to massive support for innovation and research activities. As a result, the stated figure increased from 0.9 percent in 2000 to 1.4 percent in 2007, 2.0 percent in 2013, and further to 2.2 percent in 2018. This figure was the same as that in France in 2018 and higher than the UK (1.7 percent), and quite close to the OECD average (2.5 percent). There, it is safe to assert that more resources have been allocated to innovation in China during the last decade and a half. The outcome of these efforts as measured by patent applications of residents are shown in Figure 2 and Figure 3. The take-off for patent applications happened around 2006, i.e., when the innovation policies were put in place (see Figure 2). In 2000, patent applications per 100 billion US dollars (PPP-based, constant 2011 US dollars) were only 544, far below that in Japan (8942) and the US (1279). In 2007, China (1599) caught up with the US (1574), and this figure reached 3566 in 2012, a little more than half of Japan (3566) but more than twice that of the US (1691). However, in 2018, it reached a remarkably high level of 6183, above that of Japan (5101), and the US (1565), but also of Germany (1924). In terms of per million population, patent applications by residents in China, which was only 20 in 2000, but it reached 116 in 2007. In 2012, it was still about half of the US (396 vs. 856) and much lower than Japan (2250). However, in 2018, China (1001) passed the US (871), as well as Germany (884), although it was still half of Japan (2005) despite the narrowing of the gap. These figures imply rapid catch-up in these two innovation-related indicators with the advanced countries of the world. As a result, China has found its way to the list of technology creating countries. This, however, has not yet materialized into high-income status. According to WDI data, in 2018, GDP per capita measured in constant 2010 US dollars in China (7807 dollars) was still 14 percent of that of the US (54795 dollars). The earlier late-comers Korea (51 percent) and Singapore (108 percent) were more successful in raising income levels while Japan stood at 89

7 Aizenman et al. (2018) elaborate on the new directions in China’s outwards mercantilism after the Global Financial Crisis broke out in 2008. In particular, they argue that the low return on China’s international reserves, mostly invested in US government bonds, led the government to direct the funds accruing from current account surpluses towards investment in higher-yield assets, thereby leading to increased outward foreign direct investments. After 2016, China’s net foreign direct investment position changed from net inflows to net outflows. This external rebalancing was accompanied by bilateral swap agreements with developing countries and loans from the AIIB for infrastructure projects in developing countries. This is clearly related to the government’s Belt and Road Initiative.

percent. Therefore, there is still a big gap to fill in China to escape from the middle-income trap and to reach the status of a high-income economy, which Korea, Singapore, and Taiwan achieved by the 1990s.

In addition to official statistics, recent theoretical and empirical studies have also attempted to evaluate the technology policies in China. For instance, König et al. (2020) built a dynamic theoretical model with heterogeneous firms (in terms of productivity) where firms choose between imitation and innovation to enhance productivity in the future. They test their model using Chinese data for the period 2007-2012. They found that the productivity of research and development in Chinese firms was low despite low opportunity cost. They also show evidence for excessive over-reporting of research and development activities by Chinese firms, i.e., some operational expenditures were misreported deliberately as research and development expenditures. This is clearly a case of moral hazard where firms cheat the government to reap research and development subsidies. König et al. argue that research and development played a minor role in productivity growth in China. In conclusion, they imply that innovation is not yet important for China as it is still far from the world technology frontier. Therefore, based on the findings of König et al. (2020), one can argue that imitation is a better strategy for Chinese firms, as proposed by the model in Acemoglu et al. (2006).

The consequences of industrial policies are also important. The welfare gains from industrial policies may be much lower than expected and technological spillovers may not materialize despite heavy government subsidies for production and investment, as argued by Barwick et al. (2019) for the Chinese government's industrial policies in the shipbuilding industry.

Conclusion

In this paper, we argue that industrial policy has been back on the agenda for developing countries to avoid getting stuck in the middle-income trap and premature deindustrialization, especially after the global financial crisis that started in 2008. We show that technological upgrading is an important component of it and there are two ways to achieve it for developing countries: imitation or innovation. The choice between the two requires an evaluation of the country from the world technology frontier. While a country can choose to allocate resources for both imitation and innovation strategies at the same time, priority should be on imitation when the distance from the world frontier is large and on innovation when the country catches up with the frontier. We provide evidence from success stories in East Asia, namely Korea, Singapore, Taiwan, and more recently, China. The experiences of these countries show that a high level of state capacity is crucial for the success of industrial policies and technology policies, whether it is imitation or innovation. The allocation of resources for technological

upgrading often requires careful rent creation and management, where state capacity is important for successful implementation.

State capacity is important for industrialization and effective industrial policy design and implementation. One thing we have learned from the East Asian case is that building a high-level state capacity often necessitates a capable and skilled group of bureaucrats and technocrats who are not exposed to the influence of strong interest groups whether political or business-related. However, this does not mean the separation of technocrats entirely from those interest groups. Political support and the consent of the businesses, as was the case in East Asia albeit through the visible hand of the government, may facilitate effective policymaking in the long run. Strong commitment to industrialization is the first condition for the success of industrial policies. High-level state capacity complements it. How to build this capacity depends on differing conditions in developing countries.

Wade (2015) argued that a new type of “developmental state” can be built by developing economies with distinct characteristics different from the East Asian developmental states of the past. This new type can bargain with large foreign firms for the transfer of skills to the indigenous firms and workers. By doing so, they can exploit the dependence of foreign firms on global production networks to some extent. On the other hand, it should be noted that the development of the recent smart manufacturing technologies during the Fourth Industrial Revolution may offset much of the expected gains. This is because the recent revolutionary developments in manufacturing and artificial intelligence are likely to reduce the dependence of developed country firms on such low value-added or repetitive processes in manufacturing.

An interesting question is whether the low-income countries of the developing world, most of which are located in Sub-Saharan Africa, can learn from or emulate the recent industrialization experiences and industrial policies of the East Asian economies which have successfully saved themselves from the middle-income trap. Amidst the recent arguments about the rise of Africa, it is yet a matter of concern how African nations can realize a great leap forward in an attempt to take off towards industrialization. Gelb et al. (2020) have argued that African nations need to upgrade skills to ensure higher value-added activities. A similar argument can also be made for Latin American countries.⁸ Whereas transplantation of institutions and industrial policies are difficult to adopt and copy because of the different political-economic backgrounds across countries, the lessons from the East Asian countries about successful design and implementation of industrial policies is still important. Future research in this avenue should focus more on how to design industrial policies fitting the characteristics of these economies.

8 For recent studies about the viability of industrial policies in Africa and Latin America, see Stiglitz and Lin (2014), Page and Tarp (2017), and Otsubo and Otchia (2020).

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RESEARCH ARTICLE

Financialization and Enhancement of State Resource Mobilization Capacity

Liu Changxi¹ , Gui Yong² , Yu Qin³ 

Abstract

From the financial perspective, this article discusses how China as a developmental government enhances its state capacity under the condition of market economy. Through constructing an analysis framework between financialization and the enhancement of state resource mobilization capacity, this article attempts to systematically discuss the core mechanism that China applies to strengthen state control and resource mobilization ability through the leading financial system. Through facilitating the growth of key financial organizations, appointing shareholding of important financial organizations and senior managers, to mold the economic and political preference of senior managers of financial organizers, control and guide the regulations of the financial market, China has realized its supervision over financial system. Thus, under the effect of financialization mechanism, double-track system of interest rate, state's capacity of controlling and mobilizing resources has been enhanced. It is believed in this article that, under the state-led financialization model, finance has its unique mechanism in enhancing state capacity, which is of great significance to understanding state developmentism.

Keywords: Developmental government • Financialization • State capacity

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Introduction of the Question

Since the reform and opening up in 1978, China has made tremendous development achievements and has now become the world's second largest economy and the largest manufacturing country. Behind the miracle of China's development is the role played by the government, which is called a "developmental government" in the academic community. This theory is used to explain the East Asian economic miracle, emphasizing that the government sets development goals and industrial policies, and mobilizes limited resources to implement the catching-up strategy (Johnson, 1982). However, for China and Japan that observe developmentism, the roles of their governments are highly different in economic development. Japan pursues classical developmentalism, while China adopts new developmentalism (Gao, 2006).

For a country like China with a vast territory and a large population, how to unify into a whole and organize it in a way that can promote rapid economic development is a major challenge for the government (Riskin, 2013). In the era of planned economy, the Chinese government controlled all economic resources to achieve development goals. In terms of practice, the rapid economic development has not been achieved, on the contrary, it has fallen into a dilemma. Since the reform and opening up, China has adopted a development model that is fundamentally different from neoliberalism and classical developmentism. Since the 1980s, neoliberalism has gradually emerged, advocating marketization and globalization, restricting, weakening or even abandoning the government's function of intervention to economy (Yang, 2015). From this theoretical perspective, China's development focuses on the impact of China's gradual implementation of market reforms and opening up. But a fact that can be observed is that, although China has gradually moved towards marketization and become more integrated into the world, in the past 40 years, the country's role in the economy is not a linear withdrawal as a "small government", but an increasing main force of economic development. Compared with Japan's classical developmentalism, China far surpasses Japan in terms of attracting foreign investment, domestic market development, market allocation of resources, encouraging participation in the global division of labor, and strengthening economic growth (Gao, 2006). Compared with the planned economy, the proportion of resources directly controlled by the government is getting lower and lower, but the government's capacity to mobilize powerful resources for economic development is getting higher and higher.

Judging from China's development experience, the government and the market are not in opposition, but in mutual-construction. In China's economic development, national capabilities, especially the ability to mobilize resources, have been improved, and in turn have become a driving force for economic development. How does China's developmental government grow its capabilities under market economic conditions? This is a question worth exploring. Why does market-oriented reform bring about the

enhancement of state mobilization capability? This forms a theoretical paradox. In the view of people who uphold market transformation theory, market reforms will inevitably bring about the reduction of state capacity and the expansion of market capacity (Nee & Victor, 1989). As a matter of fact, the state and the market are not diametrically opposed, and the relationship between marketization and the state is manifested in diverse forms. Some scholars have discussed the enhancement of the central government's resource control capability from the perspective of the fiscal system. They believe that the tax-sharing system has realized the transition from fiscal decentralization to fiscal centralization, and institutionally guarantees the advantages of the central fiscal revenue in the entire fiscal revenue distribution and economic distribution (Liu et al., 2014; Qu et al., 2009). Some scholars also discussed the transition mechanism from "state decline and development of private capital" to "state development and decline of private capital" from the perspective of the state-owned enterprise system, thus realizing the improvement of state control and resource mobilization capabilities (Yuan, 2012). Finance and state-owned enterprises are indeed an important mechanism for improving state resource capacity. In addition, finance is also an important mechanism for the improvement of state resource capacity. Because of the permeability and covertness of finance to the improvement of state resource capacity, it has gained less attention from scholars. This article believes that the financialization of the state by leading the marketization of the financial field is an important mechanism for strengthening the state's control and mobilization capabilities.

From the financial perspective, this article discusses how China as a developmental government enhances its state capacity under the condition of market economy. This article is divided into five parts: The first part puts forward the research question of how China improves the state mobilization capacity in the process of marketization reform; the second part builds the analysis framework of financialization and state mobilization capacity improvement; the third part specifically analyzes China's marketization and finance process; the fourth part explores the mechanism of finance to strengthen the country's capacity to control and mobilize resources; the last part compares the government's role in different types of financialization and the unique mechanism that finance enhances the country's mobilization capacity compared to finance and state-owned enterprises.

Framework of Analysis

Developmental Government and State Capacity

In the 1960s and 1970s, the economies of Japan, South Korea, and Taiwan of China experience economic take-off and high-level development. The theory of developmental state emerged in response to the right time and conditions, which emphasized the mode

of effective government intervention in the economy. The developmental government's strong intervention in the economy stems from its specific elements, including bureaucracy, political system, and organizational structure that are conducive to promoting the economy. The developmental government has a huge and not highly paid team of bureaucratic elites with outstanding management talent (Johnson, 1982). The bureaucracy is highly consistent, compact, and cohesive (Evans, 1998). In terms of political systems, officials have certain levels of governance to ensure its effective performance (Johnson, 1982); in terms of system characteristics, it is manifested as a strong government, implementing a model of "political authoritarian" and "economic intervention"; in terms of governance goals, economic development is counted as a priority goal, and the government has some autonomy in formulating industrial policies. The developmental government has strong autonomy, and the strong government model enables the government to have the ability to mobilize economic resources and deploy social resources to support economic development goals.

Focusing on the two characteristics of government intervention in the economic intensity and economic development as the priority, China meets the positioning of a developmental state. However, based on the political system and specific institutional arrangements, the role of the Chinese government in economic development has shown great particularity. With the same strong resource mobilization power of a developmental government, China is different from other developmental countries in terms of the ways and means of mobilizing resources.

China has implemented market-oriented reform for 40 years since the reform and opening up. The reform is divided into multiple stages. In the early stage of reform, China adopted a "strong government-weak market" model. During the period from December 1978 to October 1984, the government implemented the policy of "planned economy as the mainstay and market regulation as the supplement." The overall pattern of the planned economy system remained unchanged, and the role of market regulation was slightly expanded. From January of 1984 to 1991, a dual-track system of coexistence of planning and market was implemented. The power of the market grew larger, but it was still regulated by the government. From 1992 to 2008, the reform of the relationship between the government and the market entered a new stage, which backed market development. Under a series of institutional arrangements, China's market has experienced rapid development, and market mechanisms have been established, becoming the basic force for the allocation of social and economic resources; since 2008, market has played a supporting role in the proactive fiscal policy and moderately loose monetary policy. The market has shown sustained and strong vitality, and the relationship between the Chinese government and the market has shown the characteristics of "strong government-strong market". In the process of reform, the Chinese government's intervention in the economy has been mighty in any stage.

Seemingly, market power has been on a linear increase. In fact, each stage of reform is accompanied by the government's reform of the system and the improvement of the system, which brings about adjustments in the relationship between the government and the market. The adjustment has not weakened the government's capacity to mobilize resources to intervene in the economy.

China's economic boom has benefited from the role of local governments. The reason of the function of local governments is that after the reform and opening up, the central government has implemented power decentralization to local governments, and local governments assume key responsibilities in promoting regional economic development and social management. However, power decentralization doesn't mean weakening of concentration of power. Beginning in the 1990s, marked by the tax-sharing system reform implemented in 1994, the central government has achieved "soft centralization" through the strengthening of the tax-sharing system and vertical management (Yu & Gao, 2012). The fiscal decentralization system demands local governments to be responsible for their own profits and losses. Local governments actively participate in economic development based on profit-seeking to increase local fiscal surpluses (Oi, 1992). Besides, the vigorous development of Chinese township and village enterprises and land finance are the products of this system reform. As a result, China's unique "local development-oriented government" has been formed, that is, "a government model that aims to promote economic development, takes long-term responsibility for economic development as the main method, and regards economic growth as the main source of government legitimacy" (Yu & Xu, 2004). The institutional arrangement for the expansion of the autonomy of local governments in economic development is called "fiscal federalism with Chinese characteristics" (Montinola et al., 1995). However, local governments are "the economic embodiment" as well as the "political embodiment". The central government achieves absolute control over the localities by controlling personnel and cadre appointment rights. Local behaviors must be interfered and guided by the central government. This institutional arrangement is called "decentralized authoritarianism" (Landry, 2008). In considering the promotion of local officials, local economic growth performance is particularly emphasized. This "political championship system" (Zhou, 2008) not only strengthens the central government's control over local governments, but also encourages local governments to promote economic development.

As a prototype of developmental government, China's political system and institutional arrangements endow the government with strong resource mobilizing ability. This ability is especially revealed in the mobilization of institutional resources, economic resources, and cultural resources. Among them, the ability to mobilize economic resources plays a vital role in state development. The case of China's economic growth is a significant embodiment of the state's capacity of mobilizing

economic resources. For industrialized countries, economic mobilization capacity may affect the country's legitimation capacity and political control capacity. The stronger the country's capacity in public absorption, the higher its degree of legitimacy and the more likely it is for the state to exercise effective control. The state mobilizes and obtains economic resources mainly through the following ways: the first method is that the state obtains taxes through the fiscal system, the second method is that the state obtains economic resources through the financial system, and the third method is that the state uses a variety of non-tax means to obtain the profits of various departments (Ma, 2011). In the modern state system, taxation and finance are two mainstream ways for the country to mobilize economic resources (Zhou, 2003). Whether the country can absorb appropriate economic resources through taxation and finance will affect the realization of governance goals of modern states.

Financial Means and State Capacity

For a state, resource mobilization can be realized through two means, taxation and finance. The academic community shows more concern for taxation, while neglecting the boosting effect of finance to state capacity. Compared with taxation, financial means has its own characteristics in terms of preconditions, resource allocation mechanisms, operating costs and possible profit space, and potential social risks.

First, taxation depends on the establishment and improvement of the taxation system, while finance depends on the financial system. Taxation is a form by which the state uses political power to compulsorily distribute certain social products and obtain fiscal revenue without compensation in accordance with legal regulations (Zhu & Lu, 2017). If a state intends to levy taxes compulsorily, free of charge, and fixedly, it must have a taxation system, and on this basis, it is possible to draw certain economic resources from the society. Whether financial means can be effectively implemented is related to the importance of finance in economic development. When finance occupies a large proportion of various economic activities and economic operations are increasingly dependent on the financial system, the state can apply financial means to promote the realization of development goals. Different from the systematic taxation policies, a state should establish a special channel including a series of financial tools to ensure efficient operation of finance.

Second, taxation means are public, while financial means are relatively covert. Taxation is a systematic targeted distribution mechanism. The allocation of resources realized in the whole society presents a localized and field-specific zero-sum game relationship; financial means are relatively covert, and it is a cycle and matching mechanism of economic resources (Chen, 2017), the allocation of resources in the two dimensions of time and space is more flexible, and the social resource allocation relationship caused by finance presents the characteristics of a global and seemingly non-zero sum game.

Different from the resource allocation role played by taxation, finance is more covert. Both the resource allocation process and its results are covert. First, finance can transfer and redistribute social wealth. Certain groups and sectors of the financial system can obtain more wealth through finance through specific financial instruments and financial systems. Second, finance can realize socialization of cost. After finance has become the dominant resource allocation system, certain departments can socialize costs through financial means. For example, financial institutions in many countries are often “big but not down”. This is related to the status and influence of such institutions in the economic system. The government often mobilizes various resources to pay for the mistakes of these institutions. Third, some departments can obtain special competitive advantages through finance. Finance is very powerful in gathering resources across time, space, and departments. If a department can obtain continuous resource input, then it can easily gain a competitive advantage that other departments cannot match.

Third, the cost of taxation means is high with smaller amount of resources mobilized, low cost of financial mean, and a huge amount of resources mobilized. The political and social costs of operating taxation methods are relatively high, and the volume of taxation is relatively fixed. A state has limited room to benefit from taxation; the political and social costs of operating financial means are relatively low, and the potential volume of finance is actually very large, so there is considerable room for the state to benefit from the financial system. Finance absorbs the economic resources held by the people into the financial system through the establishment of a credit market. Through the trading activities of financial institutions and market entities, the scale of financial assets can be expanded, and the value of financial assets can be enlarged. The government only needs to maintain corresponding control power over financial institutions and financial markets, it would be very convenient to draw social resources through financial channels, and due to the wide range of financial objects and the complexity of financial operation mechanisms, it is difficult to see the diluted interests of individuals. Therefore, the contradictions between social members and the state will not be prominent in a short period of time, and social conflicts are easily resolved. The political cost and social cost of the state’s financial means are lower. From the perspective of the country’s possible benefit gaining space: taxation, as the main source of state fiscal revenue, is mainly affected by the level of economic development (Guo & Lv, 2004). In the case of a country’s stable economic development, tax revenue is unlikely to fluctuate greatly, and tax revenue is limited for the government. The case of finance is not the same. By means of over-issuance of currency, the issuance of national debt, and the replacement of local debt, the state can draw more socio-economic resources while diluting the wealth of the people. The financial system has greater operating space to create revenue, and financial revenue is rich in expansibility. The state has more room for gains through the financial system.

Fourth, the possibility of systemic risks caused by taxation is relatively small, and the potential systemic risks brought by financial means are huge. Improper operation of taxation means and financial means may lead to social conflicts, making society unstable and increasing the possibility of social disorder. However, the potential social risks brought by the two means are different. The improper taxation methods of the state will cause a wide distribution of social risks, and the risks develop gradually. When instability develops to a certain level, explosive social conflicts may break out in small quantities. Finance may trigger a one-off nuclear conflict, which has a more serious impact on society.

State-led Financialization and State Capacity

Due to the convenience and concealment of financial means and the effectiveness of drawing resources, it is more possible for a state to adopt financial means. Especially when a state's financialization continues to deepen and finance has become the central system of the economy and society, a state will consciously and unconsciously adopt financial means to a greater extent.

The condition for financial means to take effect is that the state is becoming more and more financialized, and profits are increasingly concentrated in the financial sector, and the financial sector has increasingly highlighted its dominant position in the national economy (Epstein, 2006). Since the 1970s, the western economic system has undergone three major changes: neoliberalism, globalization and financialization, of which financialization is the dominant force (Foster, 2007).

The result of financialization is that finance has become the central system of the economy and society, and resources have been concentrated in the financial field. But who is beneficial to this kind of resource concentration not only depends on the result of market competition, but also belongs to the political and social structure of financialization. Logically speaking, there are two types of financialization: interest group-led financialization and state-led financialization. Whether the financialization of a country is led by interest groups or by the state is not the result of free choice. Political and social structures constrain the financialization of the state. Interest group-led financialization means that interest groups play a leading role in the process of financialization, and the group acquires special benefits. For example, after the global financial crisis in 2008, the Occupy Wall Street movement broke out in the United States. The protesters' slogan was "We represent 99% of society, and we no longer endure the 1% greed and corruption." It is thus clear that the biggest beneficiaries of American financialization are financial groups represented by Wall Street. State-led financialization means that the state plays a leading role in the financialization process and becomes the core of the financial system. Through financialization, the state's ability to control and mobilize financial resources is enhanced.

In the process of increasing global financialization, the level of financialization in China is getting higher and higher. As far as China is concerned, its financialization has typical state-led characteristics. The state applies financial means to mobilize and draw economic resources in a covert manner. The mechanism for state-led financialization to enhance state governance capabilities is: First, through market-oriented reforms, various economic entities are activated to create more economic resources. Market-oriented reforms have brought about various motives and opportunities to create wealth, and have achieved leapfrog economic growth. In particular, the continuous advancement of marketization in the financial sector has promoted the financial system to become the center of the economic system. Second, resources are gathered in the financial system through financialization mechanisms. Financialization has realized the control and mobilization of various economic resources, and its ability to control and mobilize resources far exceeds conventional mechanisms such as finance. Third, through the state's control over the financial system, various resources are brought into the track of achieving economic development goals. This shows that the state's ability to control and mobilize resources has actually improved rather than weakened. The state has gained greater capabilities through financialization.

Without doubt, whether the financialization of a country is led by interest groups or by the state is not the result of free choice. Although there are rational choices, it is more restricted by the entire political and social structure. In the process of China's financialization, the government is at the core of the financial system and can mobilize more financial resources for national development.

Financial Marketization and State-led Financialization

The financial system has its uniqueness in China, and China's financialization path is different from that of Western countries. Before the reform and opening up, finance was basically in a dispensable position in the entire economic system. After the reform and opening up, especially after a series of market-oriented reforms in the middle and late 1990s, the status of finance gradually became prominent.

Financial Marketization and Financialization

Before the reform and opening up, China's finance was basically completely suppressed. There was only one bank, People's Bank of China in the whole country, which only undertook simple deposit and loan business, mainly serving the government and state-owned enterprises, and heavily dependent on finances. After the reform and opening up, although a number of state-owned commercial banks have been established to strengthen their commercial banking nature, China's financialization had basically not started until the mid-1990s.

A series of financial system reforms in the mid to late 1990s laid a solid foundation for financialization. The first is to emphasize the independence reform of the central bank. The *People's Bank of China Law* promulgated in 1995 aims to strengthen the central bank's role in macro-control and financial supervision. The implementation of this law has laid down basic rules for financial development and laid the foundation for development. The second is the shareholding reform and independence reform of state-owned commercial banks to strengthen the attributes of these banks as commercial banks. The shareholding reform of state-owned commercial banks endowed them with the impulse to pursue profits. At the same time, the independence reform has also allowed state-owned commercial banks to change their status as subordinate to local governments and improve the control of the headquarters over branches, so that they can better formulate and implement bank development strategies. Third, through exchange rate reform to let the banks deeply get integrated into the globalization process.

On the basis of these institutional reforms, China's financialization process has been accelerating in the past ten years, and a large amount of resources have been concentrated in the financial field, and finance has increasingly become the central system of China's economy.

The Central Position of Finance: The Main Manifestations of China's Financialization

1. From the perspective of M2/GDP indicators, the degree of monetization of China's economy has ranked among the top in the world.

Economic monetization refers to the proportion of goods and services traded in currency in a country's national economy in its total output and its changing process. The financial influence is first expressed in the form of currency. M2/GDP is usually used to measure the degree of economic monetization. As shown in the figure below, since the reform and opening up, the degree of China's economic monetization has continued to deepen. From 1978 to 2019, the ratio of M2/GDP rose from 0.24 to 2.02¹.

1 Calculated based on relevant data on the website of World Bank.

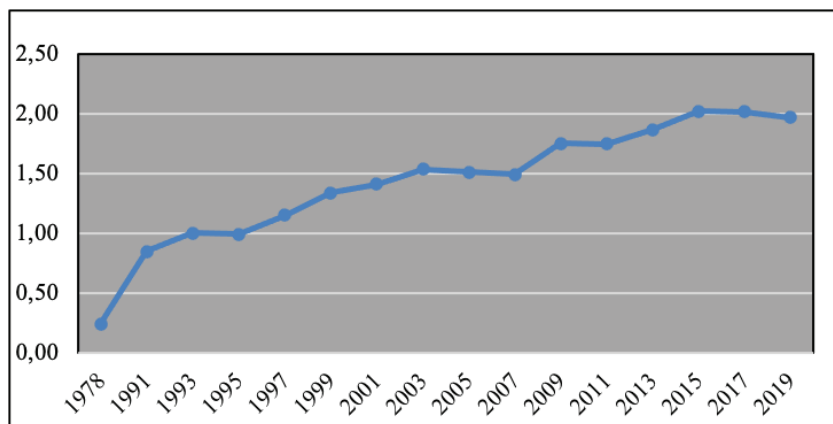


Figure 1. The changing trend of proportion of M2/GDP in China²

Compared with developed countries, China's economic monetization has exceeded that of developed countries in Europe and the United States, as well as emerging market economies. Taking the proportion of M2/GDP in 2011 as an example, the value of China is 1.8, that of Eurozone is 1.73, that of the United Kingdom is 1.66, that of the United States is 0.87, that of India is 0.78, that of Brazil is 0.74, and that of Russia is 0.53. China's economic aggregate is only one-third of that of the United States, but its currency is 1.5 times that of the United States.³

2. From the perspective of financial market size and total financial assets, the status of finance in the economy is constantly rising

An important indicator for financialization is the amount of resources that the financial system can gather. The size of the financial market and the proportion of GDP are used to measure the amount of resources gathered in the financial system. Specifically, this article calculates the size of the financial market with the total amount of credit funds used each year, stock transactions, bond transactions, futures transactions, and fund transactions, and then divides the current year's GDP by this value. The larger the proportion means the more resources the financial system gathers. As shown in the figure below, from 1998 to 2017, the ratio of financial market size and GDP increased from 2.04 to 9.21. Since 1998, this ratio has experienced a leaping increase, and has since risen in turbulence, reaching as high as 16 in 2015. Although there are statistical errors, this indicator reflects to a certain extent that the status of finance is constantly improving, and it is increasingly able to gather large-scale resources⁴.

2 Calculated based on relevant data on the website of World Bank.

3 Calculated based on relevant data on the website of World Bank.

4 Calculated based on relevant data on the website of World Bank.

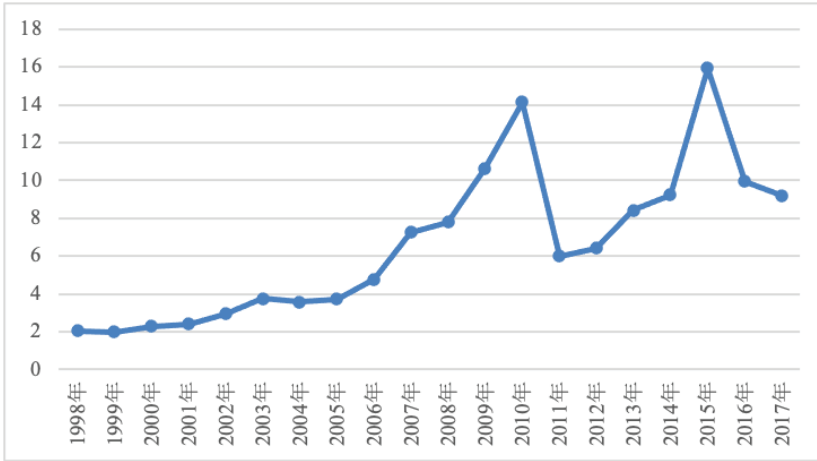


Figure 2. The changing trend of the financial market size of China and proportion of GDP in China.⁵

Financial assets are also a good indicator of the ability of finance to gather resources. Studies have shown that China’s total financial assets have increased from 341.75 billion yuan in 1978 to 191099321 billion yuan in 2010, with an increase of nearly 559 times. The average annual growth rate of total financial assets is much higher than that of GDP. The total domestic financial assets and GDP rose from 94.6% in 1978 to 496.6% in 2006. Later, due to the impact of the financial crisis, the value fell to 302.5% in 2008, which was the lows in recent years; in the following two years, it passed 400% mark again, reaching 405%. From 1978 to 2010... the growth rate of the financial superstructure was 4.5 percentage points faster than the growth rate of the real economy.” (Ba & Huang, 2013).

3. From the perspective of profitability, the profitability of the financial industry is much higher than that of the non-financial industry

The profit rate of an industry is an important manifestation of the competitiveness and influence power of an industry. In the first half of 2019, A-share listed companies achieved a total net profit of 2.14 trillion yuan. Among them, the financial industry’s net profit reached 1.14 trillion yuan, and in the financial industry, the four major banks’ net profit was 550 billion yuan. Since 2008, the operation revenue of the five state-owned commercial banks accounted for about 6% of the total top 500 companies, but their total profits accounted for about 30% of the total top 500 companies (Lu, 2013).

4. From the perspective of residents’ asset composition, the proportion of financial assets continues to rise

⁵ Calculated based on relevant data on the website of World Bank.

The composition of residents' assets also reflects the importance of various assets in residents' wealth to residents to a certain extent. Since 2004, the proportion of residents' physical assets has gradually declined, while residents' financial assets have gradually increased. This shows that the impact of finance on residents is gradually increasing. Studies have shown that by the year 2017, the ratio of household debt to disposable income in China was as high as 107.2%, which has exceeded the current level in the United States and is even closer to the peak before the US financial crisis (Tian et al., 2018). As of the end of 2018, the scale of real estate among Chinese residents' wealth was approximately RMB 325.6 trillion, accounting for 70% of total residents' assets, while the scale of financial assets was approximately RMB 139.5 trillion, accounting for 30%.⁶ In fact, real estate, which accounts for 70% of residents' total assets, essentially has strong financial attributes.

State-led Financialization Process

The mechanism of financialization is to promote finance to become the central system of the economy and to promote the concentration of various resources in finance. In the financialization process in China, the state plays a leading role. Through the state's dominance of the financial system, not only can it directly obtain more financial resources, but it can also indirectly control and mobilize more financial resources.

The state's dominance of the financial system is mainly reflected in the following three aspects:

First of all, it is reflected in the strong support for core financial institutions to make them continue to grow. From the perspective of China's current financial system, bank occupies a core position in the entire financial system, and the four major state-owned commercial banks stands at an advantageous position. At the end of 1990, when the four major state-owned commercial banks were facing the dilemma of "technically bankrupt", the state successively established the four major asset management companies to divest the non-performing assets of the four major state-owned commercial banks, and incurred huge costs for this. At the same time, it also injected capital into the four major state-owned commercial banks to supplement the capital adequacy ratio. On this basis, by introducing strategic investors, improving the corporate governance structure of banks, and finally the state urged most of them to be listed, so as to obtain financial support.

Secondly, it is reflected in the equity holdings of important financial institutions and the appointment of senior managers, so that the senior managers of these financial

6 Data come from the research report of Jiang Chao, Li Jinliu and Song Songxiao: *The era of real estate speculation is drifting away, increase allocation of financial assets: the current situation and comparison of residents' wealth allocation*. August 19.

institutions have dual economic and political preferences. State-owned financial institutions are a major part of the entire financial system and are in a monopoly position to some extent. These financial institutions have a strong motivation to maximize profits. Therefore, with the support of the government, they enjoyed favorable conditions, and had more development opportunities than private financial institutions. At the same time, through institutionalized control, the resources controlled by these state-owned financial institutions can be controlled and mobilized by the state to a certain extent.

This is once again reflected in the state's control and guidance of financial market rules. The financial market is basically one of the most strictly controlled markets in China. From interest rates to market access, China has a set of strict rules. Especially in the bank-dominated financial system, the state has not only shaped the profit-seeking motives of banks through a series of capitalization reforms of banks, but also led to the formation of institutionalized preferences for state-owned enterprises and government loans.

Financialization and Enhancement of State Resource Control and Mobilization Capacity

From the perspective of financialization, China's financialization is also a part of global financialization. Since the 1970s, the global financialization process led by the United States has been started. The rise of Wall Street's ability and status brought about by the financialization of the United States is called "Wall Street rules the world", while the financialization of China has brought about the improvement of state capacity. And what is the mechanism?

Financialization Mechanism: Great Improvement of Government's Capability of Directly Acquiring Financial Resources

Financialization mechanism refers to the improvement of the government's ability to control and mobilize resources through financial means. In the past decade or so, with the acceleration of the financialization process, China's fiscal financialization mechanism has been mainly manifested in two aspects: one is that the central government obtains seigniorage through the dominant currency issuance rights, thereby achieving an increase in fiscal revenue; the second is that the government has improved its financing capacity through the financial market.

Due to the huge difference in the face value of currency printed currency, the central bank obtained a huge amount of capital income through currency issuance, that is, seigniorage income. This income is transformed into the fiscal revenue of the central government in the form of central bank profits. Therefore, the central bank has let the

government hold a huge wealth of resources by monopolizing the currency issuance power. In related studies at home and abroad, due to the controversy over the definition of seigniorage, the calculation caliber is also quite different. As shown in the figure below, since 2002, the total currency seigniorage has increased from 172.04 billion to 111.934 billion.

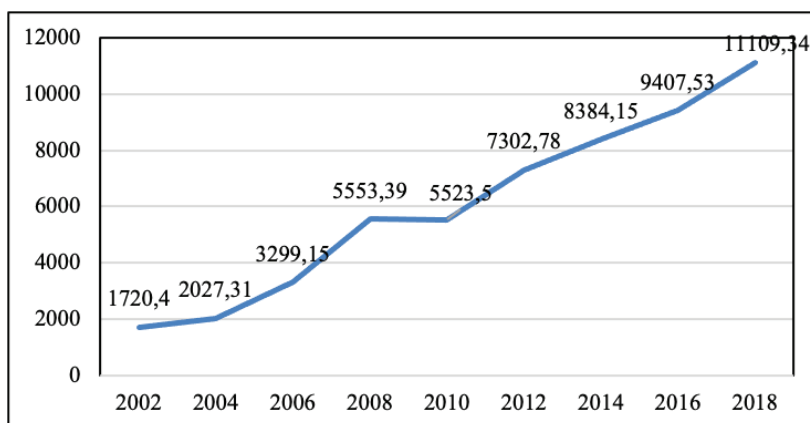


Figure 4. Seigniorage change trends since 2002 (Lu & Zhu, 2014).

National debt is a special credit and debt relationship formed by the central government as the main debtor by taking advantage of state credit. From 1994 to 2018, China's debt balance increased from 228.64 billion to 14.960741 billion, with an increase of 65 times.

With the acceleration of financialization, governments at all levels have greatly improved their ability to obtain financial resources in the financial market, thereby making up for the rigid constraints of fiscal revenue. The ability and methods of local governments to obtain financial resources in the financial system have also undergone major changes. "Before 1994, local governments had strong control over the local branches of state-owned banks. Governments at all levels often use their dominance over commercial banks to force commercial banks to provide loans for government investment projects" (Liu et al., 2014), which is called the "second finance." In the past two decades, the bank-led financial system has grown rapidly, and the financial resources that governments at all levels have truly obtained from the financial system have experienced hypernormal increase. According to public data from the Ministry of Finance, the total amount of local explicit debt in 2017 was 16.5 trillion. Chinese scholars generally estimated the total amount of local hidden debt in 2017 to be between 30 and 50 trillion yuan (Bai, 2018; Zhang et al., 2018).

Dual-track Interest Rate System: The Improvement of the State-owned Sector's Ability to Obtain Financial Resources

In the past decade or so, state-owned institutions (including state-owned financial institutions and state-owned non-financial institutions) have all reversed the dilemma of bankruptcy in the 1990s, and their asset scale and profitability have greatly increased. Other than the above-mentioned state-owned banks, the state-owned enterprises of other categories have also enjoyed rapid growth. “In 2018, the total assets of state-owned enterprises (excluding financial enterprises) nationwide were 210.4 trillion yuan, and the total liabilities were 135.0 trillion yuan, and the total state-owned capital equity was 58.7 trillion yuan. Among them, the total assets of central state-owned enterprises are 80.8 trillion yuan, the total liabilities are 54.7 trillion yuan, the total state-owned capital equity is 16.7 trillion yuan, and the average asset-liability ratio is 67.7%. The total assets of local state-owned enterprises are 129.6 trillion yuan, the total liabilities are 80.3 trillion yuan, the total state-owned equity is 42.0 trillion yuan, and the average asset-liability ratio is 62.0%.”⁷

State-owned institutions not only “rejuvenated”, but also achieved rapid growth by leaps and bounds. The hidden reason is related to a series of state-owned enterprise reforms carried out by the state. “In the mid to late 1990s, the central government adopted a series of institutional reforms for the capitalization of state-owned enterprises. On the one hand, state-owned enterprises were transformed into profit-seeking micro-economic entities, becoming the main body that controls economic resources.... In terms of effects, the capitalization reform of state-owned enterprises has achieved the expected goals. Since 2004, China has changed from the original “state decline and development of private capital” to “state development and decline of private capital”, and a large amount of economic resources started to gather in state-owned enterprises” (Liu et al., 2014).

On the other hand, it is inseparable from the fact that state-owned institutions can obtain more financial resources at lower costs and higher opportunities. For an enterprise, its development mainly depends on two aspects: one is to obtain market recognition through its products or services; the other is to continuously obtain the funds required for rapid growth. Due to the existence of the dual-track interest rate system, state-owned institutions can obtain funds for development at a lower cost. The dual-track interest rate system refers to the deposit and loan interest rates (the upper limit of deposit interest rates and the lower limit of loan interest rates) determined by the central bank and the currency and bond market interest rates determined by the market. It is found through research that the upper limit of deposit interest rate has long been lower than the equilibrium level (He & Wang, 2011). For banks, the dual-

7 Data come from Comprehensive report of the State Council on the management of state-owned assets in 2018. <http://www.sasac.gov.cn/n2588025/n2588119/c12390466/content.html>.

track interest rate system enables banks to obtain huge profits through deposit and loan spreads. For state-owned enterprises, the ability of obtaining funds at an interest rate lower than the equilibrium level of the market is equivalent to obtaining subsidies through financial means in disguised form. Meanwhile, due to the bank's incentive mechanism, banks prefer state-owned enterprises when lending. Therefore, related research shows that, the interest rates and financing costs of state-owned enterprises are much lower than private enterprises (Liu & Zhou, 2011).

Foreign Exchange Reserve Growth Mechanism: An Increase in the Ability to Obtain International Resources

Foreign exchange reserves refer to claims in foreign currencies held by the government of a state. The amount of foreign exchange reserves determines to a certain extent a country's ability to obtain resources in the world economic system. With the acceleration of financialization in China, China's foreign exchange reserves have undergone a change from "shortage" to "huge sum". As shown in the figure below, before 1994, China's foreign exchange reserves were at a relatively low level. After 1994, it entered a stage of continuous growth. After 2002, it entered a stage of accelerated growth. China has become the world's largest foreign exchange reserve country.

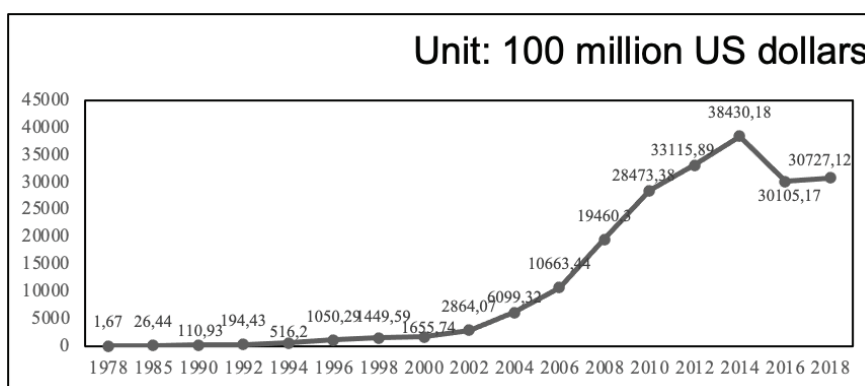


Figure 5. Change of foreign exchange reserve of China since 1978.⁸

Dual Preference Mechanism: Enhancement of Indirect Resource Mobilizing Ability

As mentioned above, through state-led financialization, the state's direct control and mobilization capabilities have been enhanced. At the same time, because the dominant financial institutions have the attributes of state-owned enterprises, they

⁸ The data are based on relevant data from the National Bureau of Statistics website and relevant data from China Statistical Abstract 2020.

have both economic and political preferences. One is that through capitalization reform, these state-owned financial institutions have greatly enhanced their profit motives, and they will take advantage of the special status granted by the state to achieve extraordinary development in the market. The second is that these state-owned financial institutions with economic preferences also have political preferences, consciously or unconsciously subject to the overall political situation. The state always demands the cooperation of these financial institutions when achieving its specific goals. For example, after the 2008 financial crisis, China introduced a 4 trillion stimulus plan, and the four major state-owned commercial banks backed up their requirements to cooperate with the implementation. After that, these state-owned commercial banks were fully lending loans, and their loan experienced extraordinarily rapid growth.

Discussion

State-led Financialization and State Capacity

This article analyzes the improvement of China's national resource mobilization ability from a financial perspective. The influence of state-led financialization and interest group-led financialization on the country's ability to mobilize resources is essentially different, depending on the government's position and power in the financial system.

The financial system is a social structure, and the positions and powers of different types of actors vary greatly. In the power structure of the financial system, different actors are usually unequal due to historical, institutional and market reasons (Liu et al., 2020). Although the government is an important actor in the financial systems of all countries in the world, its influence varies greatly. In the financial system dominated by interest groups, the government often plays the role of a "referee". Even the governments of some countries cannot perform their supervisory functions well. In China's financial system, the government plays a unique role.

First, the government not only holds the core financial power in the financial system. The central government has the lead in determining currency issuance, interest rates, and exchange rates, which are core financial rights. The central government impose influence on the operation of financial system and power structure through such power. In the past four decades, capital has been a very scarce market element. In order to reduce the capital cost of economic growth, China has long adopted financial repressive policies that are lower than market interest rates. Through the financial system, the low interest rate policy converts national savings into project investment funds at a reduced cost, laying the foundation for the rapid economic growth. As a matter of fact, it is a systematic way in which the depositor subsidizes the investor (fund demander).

Second, the government has a strong lead in allocating financial resources. On the one hand, China's financial system is dominated by financial state-owned enterprises, which are more compliant with national development goals. On the other hand, through market-oriented reforms, financial state-owned enterprises will actively cooperate with the development strategies of the central and local governments for organizational benefits. In the course of economic growth, the cultivation of some industrial advantages and regional development advantages can not do without financial support. In order to achieve rapid economic growth, China has adopted an investment-driven growth model. While the financial system accumulates resources, investment entities can obtain financial resources at a lower cost. Meanwhile, governments at all levels are also important investment entities. The financial resources directly and indirectly controlled by the government have made important contributions to the realization of economic growth.

The Unique Mechanism of Financialization and the Enhancement of State Capacity

Finance, fiscal policy, and state-owned enterprises have jointly promoted the improvement of the state capacity to control and mobilize resources from three aspects, but the mechanism by which finance enhances national capabilities is relatively fundamental and unique.

First, finance plays a more fundamental role in the improvement of state capacity. As mentioned earlier, through the fiscal financialization mechanism, the central fiscal capacity has been further enhanced after the tax-sharing system reform. In the sectors that fiscal policy hardly functions, finance plays an even more important role. Fiscal capacity is subject to taxation, which is difficult to exceed taxation capacity. The role of finance is precisely that it can realize value conversion across time and space, so it can drive resources far beyond finance. An important support for the improvement of the capabilities of state-owned enterprises is the financial system. The reform of state-owned enterprises in the 1990s or the continuous expansion and strengthening of state-owned enterprises in the past two decades cannot be achieved without the financial support. From the perspective of financial reform in the 1990s, the state aims to obtain more resource support for economic construction by improving the central position of finance in the entire economic system.

Second, the improvement of state capacity by finance is more concealed and permeable. Financial revenue and expenditure have clear targets, and the value and benefit distribution are very clear. Finance is relatively hidden when it comes to value conversion and benefit distribution. There is no clear subject for who benefits from it and who suffers from it. Meanwhile, the impact of finance is not as obvious and specific as fiscal policy and state-owned enterprises, but more permeable. For example, through

finance, the interests that span time and space can be transformed, and the interests of cross-groups can be reshaped, and the specific objects of benefits and losses are not as clear as the fiscal method.

Third, the enhancement mechanism of the three states capacity, finance, fiscal policy, and state-owned enterprises supplement each other. The improvement of fiscal and state-owned enterprise capabilities has further intensified financialization, which further enhanced fiscal capabilities and state-owned enterprise capabilities. Although finance, fiscal policy, and state-owned enterprises strengthened each other and together led to the formation of a resource-concentrated state governance, this is a coincidence or an unexpected consequence of many key institutional changes, not the result of intentional arrangements.

Compared with other means, such as fiscal policy, the use of financial means to achieve the enhancement of the ability to control and mobilize resources has more space of operation, it still produced many negative effects. For example, local debt has played a major role in the process of industrialization and urbanization in various parts of China. At present, due to its large scale, potential financial risks cannot be ignored.

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RESEARCH ARTICLE

Dragon's Abacus: Developmentalist Strategy and Economic-Social Consequences of Chinese Companies in Africa

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Abstract

This study attempts to find out why Chinese companies boosted African economy through investment there while received negation evaluations generally. Different from the three existing views, "neocolonialism", "state capitalism" and "continuation of inefficient aiding policies", in this paper, a new explanation based on developmentalist strategy and group interaction was proposed: the developmentalist strategy formed domestically by Chinese companies effectively resolved the benefit disagreement in interaction with different social groups, however, it no longer applied in a cross-cultural context, and thus triggered complicated "economic-social" consequences and negative evaluations.

Keywords: Africa • Chinese companies • Developmentalism • Benefit disagreement • "Economic-social" consequences

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Today, whether you are in Accra, the capital of the “Gold Coast” by the Gulf of Guinea, or Kigali, the capital of the “country of a thousand hills” in the hinterland of the African continent, you can see a lot of China without any difficulty “Traces” of existence. In the past decade, China’s direct investment in Africa (FDI) has experienced small-scale fluctuation to huge growth¹, and in 2018 it became the world’s fifth largest investor in Africa with FDI Stock 46 billion US dollars (UNCTAD, 2020), in which investment from private sectors took up 55% of the total by the end of 2011 (Shen, 2013), and has kept strong momentum till present. Although China has not driven African countries to comprehensive industrialization, Chinese investment has played a prominent role in boosting GDP growth (Doku, Akuma, & Owusu-Afriyie, 2017; Megbowon, Mlambo, & Adekunle, 2019).

Contrary to the macro vision of “mutual benefit and win-win cooperation”, we found in Ghana and other countries that Chinese companies encountered impediments and blames of various kinds in Africa during operation, especially reflected in the highly variant attitude of different social groups toward Chinese companies: after gaining the support of decision makers to enter Africa, the interaction and friction with bureaucrats and traditional authorities, as well as the disapproval of local employees and community residents, have shaped the “commonly recognized dilemma” faced by Chinese companies: Since Chinese investment based on mutual benefit apparently boosted economy in Africa, Chinese companies are still unable to obtain extensive social support, why Chinese companies are confronted with such constraints in operation according to usual practice? At the beginning of December 2019, in the office of a private Chinese-funded enterprise’s branch in Africa, President Mr. D once told us:

For Chinese companies in Africa, many people hold the view that, yes, we went here for money, but the experience and operation of the Chinese people can bring economic development to you, why you are not so cooperative?... It (the reason) is complicated, we cannot deny the fact that all Africa people hope to boost economy, however, people at different levels would hold different views. Although we should focus ourselves on the local government, that is far from enough.

Thus, the following questions are raised in this paper: *Why Chinese companies can reach a consensus on “development and mutual benefit” with the decision-makers of the home country and gain support, but are rebuffed by other social groups with varying degrees? What are the “economic-social” consequences would be generated when Chinese companies attempted to partially copy the domestic operation mode? What are the effects of such consequences on different social groups of host countries? If there are apparent negative consequences, can they be interpreted as “neocolonialism”, predatory development or state capitalism?*

1 According to data of China’s Ministry of Commerce, during 2010 and 2016, the amount of China’s FDI in Africa fluctuated around US\$3 billion. It started to upsurge in 2017 and reached 5.39 billion US dollars in the following year.

Literature Review: Neocolonialism, State Capitalism, or Continuation of Aid Policies

The fast-growing Chinese companies' activities in Africa and the consequences aroused widespread attention in the international academic community, and experts of various disciplines offered inspiring interpretations from their respective perspectives. This article will make comments on the three mainstream theories and point out their respective explanatory mechanisms and defects and demonstrate the necessity of introducing a new perspective.

Chinese Investment is the Means of Neocolonialists, Thus Incurred the Support of Some Current Political Rulers and Wide Resistance from the Society?

The first category of views emerged in the form of ideological disputes, emphasizing companies swarming into Africa is China's interference or control over the state sovereignty of African countries through business strategies, as a manifestation of neocolonialism or even neo-imperialism, therefore they were confronted with resistance by the progressive forces in the international and local communities. From "oil diplomacy" (Giry, 2004; Taylor, 2006) and "ecology destroyer" (Bosshard, 2008) to "pure imperialism" (Hilsum, 2006) or "neocolonialism" (Larmer, 2017). It was pointed out by such academic voice that, all kinds of social blame are the resistance of the African countries to the interference of "neocolonialism."

Explaining the problems caused by Chinese companies from the perspective of neocolonialism at least has the following defects: first, this concept cannot precisely describe the purpose and behavior of Chinese companies. "Neocolonialism" (Nkrumah, 1965) refers to the control of original colonial countries in the postcolonial era by the imperialism through indirect means, to realize the continuous control by the colonial power. However, even large-scale Chinese state-owned companies in Africa are far from reaching the level of "capital monopoly" or "control by colonial power" (Li, Zhao, & Li, 2015), let alone the majority of small and medium-sized private companies. Second, the blame on Chinese companies is separated and based on specific context, and most criticisms involve specific issues in the interaction, rather than merely control and plunder. A theoretical framework that can precisely describe the behaviors and consequences of Chinese companies is the premise of analysis.

Chinese Investment is a Representative of Neo-capitalism, and its Unique Management Model is the Source of Criticism

The second view believes that Chinese companies in Africa has inherited the characteristics of new-capitalism in China and its operation mode is the direct cause of social contradiction. Lee (2017) believes that, Chinese companies in Africa (1) has the dual motive for accumulation of economic benefit and political influence, which

would easily trigger dispute on the political intention of investment; (2) by adopting strict organizational system, such as centralized residence of employees and working process control², they hindered work force and spatial mobility, which would easily bring about “enclave economy” and violation of labor rights; (3) the top-down atmosphere of “enduring hardship” and “collective asceticism” in them would induce cultural conflicts or disputes on human rights and race discrimination.

The above-mentioned field observations reflect the facts of Chinese enterprise in Africa. However, there are some questions to be explained: if the behaviors of state-owned companies and private companies in Africa are similar, can we believe that the capitalist model of China takes state politics as the orientation? Why the Chinese and African employees hold different views on the question of labor force control? Is it caused by cultural difference or some other factors? Third, why are Chinese companies actively promoting compliance operations on the one hand, but on the other hand they regard some local rules as “obstacles in development” and even escalate to cultural discrimination? It is believed in this article that starting discussions from the perspective of labor process or capital operation model just scratches the surface, while it is key to reviewing the cognitive and behavior pattern formed in the development of Chinese companies.

Chinese Companies Means the Continuation of Aid Policy to Africa, While Improper Economic Involvement Hinders the Economic Development

The third view believes that Chinese investment in Africa experienced a continuous process from “offering aid to facilitating development”, however, due to its failure in driving economic development in all-around way, it has not gained extensive social acknowledgement. According to Brautigam (1998; 2009) who has long been concerned about China’s aid to Africa, the Chinese government in the Mao era facilitated the development of African countries through central planning. The approach of offering aid shaped the way and fields of Chinese investment since the reform and opening up. Although China has been trying to mobilize the vitality of companies under the framework of state aid, it has not yet created sufficient development dividends.

The views above have obvious problems. The intensity of investment in Africa by Chinese companies has been greatly reduced, even the state-owned companies engaged in infrastructure and energy development are highly market-oriented, let alone the rush of private companies. Second, although they have not yet promoted industrial modernization (Megbowon, Mlambo, & Adekunle, 2019), its positive role in stimulating development has been very prominent (Parks & Strange, 2014). Third, the criticisms encountered by Chinese companies are not purely directed to economic sectors, but more to rules, cultural conflict and psychological identification. It is believed in this paper that, the embarrassment met by the “dragon” in Africa is not a “gift” of

2 There are similar findings in other studies (Ren & Pan, 2006).

misunderstanding (2009), but the consequence of the “abacus” repeatedly failed in the interaction in the hope of “win-win” cooperation.

Theoretical Perspective and Analysis Method

By taking developmentalism as the core perspective, in this article, an analytical framework between interaction rules and consequences for Chinese companies under different social conditions was established. We attempt to illustrate that, from the discussions in western comparative political economy to the successful practice in East Asia, developmentalism has experienced evolvement at different stages. In making the China’s economic miracle, the government and companies formed new interaction relation based on developmentalism, and shaped the cognition and behaviors of the latter. When they stepped on the continent of Africa, the original operation mode was faced with brand-new challenges and the unique “economic-social” consequences in interaction with different social groups triggered different evaluations.

From “A Developmental State” to “China Miracle”

For lack of strict definition, the academic community generally believes that “developmentalism” comes from the discussion of the relation of comparative politics on social structure, social order and economic development (Wiarda, 1985); its classical propositions include how the political structure (or social system) affects the economy (Lipset, 1981), and how economic development brings about democracy (Almond & Powell, 1978). However, the paradigm of “late development” represented by Japan and the four Asian tigers forced the original problem consciousness to transform from “single-line evolution” to a more basic aspect: exploring the positive role and possible model of government in development, i.e. the so-called “developmental government” theory (Johnson, 1982). Different from neoliberal economics, which emphasizes the spontaneous regulatory role of the market, this theory focuses on industrial policies and emphasizes that developmental governments can get rid of the shackles of multiple social forces and interest groups, and use authoritarian politics and technocratic models to set strategies and mobilize resources, and ultimately achieve rapid development (Amsden, 1989; Wade, 2004). With the progress of research, “developmental government” can gradually get rid of local style and become a theory and political guideline that covers multiple states. It implies an extremely attractive possibility: the backward countries can achieve leapfrog development through political construction and industrial policy selection. Therefore, similar views can be seen in the strategies of African political leaders (Malunda & Musana, 2012). In the development of globalization, it constitutes a prerequisite for Chinese capital to enter Africa on a large scale.

It is worth noting that although China is often regarded as a successful model of “developmental government”, it has its unique features in terms of pattern and historical

origin. Gao (2006) pointed out that, the new developmentalism represented by China has significant differences from the classical developmentalism. The characteristics of different stages of globalization and the historical legacy of policy making thoughts of different countries urged the “positive and promising” governments of the two countries to take totally different development paths. To be specific, in the rising stage of globalization where neoclassical economics prevails, and affected by the open tradition represented by the westernization movement, the Chinese government adopted the pattern of actively introducing foreign-funded companies, participating global industrial division and driving economic growth by outward processing trade.

Another aspect of the “Chinese miracle” that differs from the classic interpretation of “developmental government” lies in the benign interaction between the state, market, and society, which can serve as an important annotation for the contemporary version of developmentalism (Evans, 1997). Zhen et al. (2016) pointed out in the analysis of Yiwu small commodity market that the epitome of China’s “economic miracle” is not the product of the country’s brilliant decision-making from a single side, but the local government’s constant transformation and shaping of its role in economic development, and the result of mutual promotion of market construction. In other words, a strong government can better implement its own will, but it still needs to adapt to the constantly changing market conditions and cooperate closely with social forces including business entities and guild organizations to achieve development (Zhen, 2020). On this basis, the following conclusions can be drawn: First, Chinese-style new developmentalism highly relies on “development-oriented government”, but its mechanism is not to fully control to achieve overall planning, but to rely on efficient governance to timely adjust the relationship between the state and the market— From a micro point of view, it is a benign government-enterprise relationship; secondly, it is in this continuous government-enterprise interaction that Chinese companies have formed a development-oriented cognition and behavior model, and tend to ignore the differentiation of social groups; third, in addition to maintaining adaptive interaction with the government, companies also need to build and rely on non-market relationships to coordinate internal and external parties.

Needless to say, Chinese companies have also given rise to much disharmony in the local area, but when developmentalism (and even “development must pay”) becomes the basic consensus³ of the whole society, and decision makers at all levels have greater control over society, even There are differences of interest between companies and different groups, and their interaction will be greatly simplified, and stable expectations and results will be formed in the continuous symbiosis (Table 1).

3 The author came to a similar conclusion in a study on the trend of individualization of Chinese youth: despite the lack of labor protection, job instability, and weak social security, they still tend to regard it as a necessary contribution to national development, and hope for the improvement in the “thriving-self” (Roulleau-Berger & Yan, 2017).

Table 1
Interaction Law, Interest Differences and Interaction Results between Chinese Companies and the Social Groups in China

		Government decision-makers	Administrative bureaucrats	Employees and community residents
Chinese companies	Interaction law	Actively respond to the development orientations of governments of all levels, and adjust in due time	Concern about policies and regulations and social-economic consequences that are valued by decision makers, and ignore the non-central work of the government and general social evaluations, be skillful in handling problems with unofficial regulations of the Chinese style	Ignore variant appeals and interest loss, and interpret them as “the price of development” to gain government support.
	Interest differences	Basically no interest differences ⁴	Almost no interest differences between core departments; occasionally some differences between marginal departments, but they don't pose a threat to the companies under the coordination of decision makers.	There are often differences of interest, which are manifested in the form of labor disputes and environmental pressures, but they can be resolved under the coordination of decision makers.
	Interaction consequences	Obtain shelter and help from governments of all levels through increasing GDP and taxation	On the whole, it can guarantee smooth operation and get assistance from the administrative department, and only encounter setbacks when it causes major social impact.	It can ensure the overall smooth operation, and only encounter setbacks on issues that arouse the attention of decision makers.

Although there may be differences in interests among different social groups, and there is also a risk of equilibrium breakdown at a specific time or on a specific cause, the interaction rules and corresponding results of the companies are generally stable. The reason is that developmentalism has shaped the legitimacy consensus among all social groups, and has received positive posterior feedback in the sustained economic growth.

Interaction between Chinese Companies and African Societies and Its “Social-economic” Consequences

For Chinese companies, the strategies of specific “developmental governments” have become “filters” for investment. Unlike the overall equilibrium situation in domestic China, when they interact with different local social groups per existing rules,

4 There is no such a case that no interest differences exist between Chinese companies and decision makers, but such differences will be eliminated in constant interaction: on the one hand, the strong government control will force companies that affect their development and social stability demands to withdraw from the market; on the other hand, companies will also actively adjust under the premise of maintaining development to cater to the government’s interests.

there can be a vast difference between the resultant “social-economic” consequences and assessment (Figure 1).

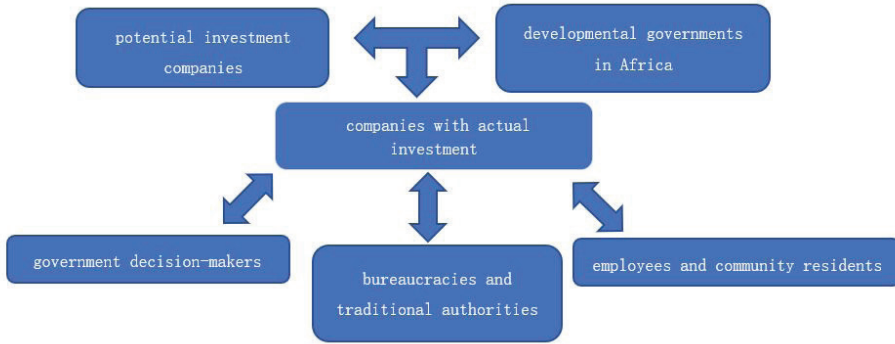


Figure 1. Investment options and interaction with social groups of Chinese companies in Africa.

Specifically, the interaction between Chinese companies and decision-maker groups is relatively simple. In the case of large deviation, the companies will adjust or withdraw on their own initiative⁵. Generally, there have been constant frictions in communications between Chinese companies and the bureaucracy groups and traditional authorities, which have become one of the important sources of international public criticism. Interaction between Chinese companies and the general public, including employees and community resident groups, is an even more complicated case. The fact that the general public is basically in a voicelessness status hinders the interaction optimization of Chinese companies to some extent and may result in the accumulation of social conflicts.⁶ (See Table 2)

5 Of course, information asymmetry or even information insufficiency often exists in the above game playing processes. Comparatively speaking, destination countries can make selections based on strategic needs and company conditions, but companies (especially small or medium-sized ones) often lack sufficient knowledge of such factors including industrial development conditions, political situations, and social environment.

6 Companies of different industries, (ownership) natures and scales have their own emphasis while interacting with local social groups. Take our surveys in Ghana as an example, large state-owned/central companies engaged in infrastructure construction especially need to keep close contact with policymakers and bureaucratic groups, and actively deal with the relationship between them and the employees and the community. Small or medium-sized civilian-run companies engaged in agriculture or services do not need to keep direct contact with decision-makers, but need to deal with public relations issues that bureaucratic groups can influence, and labor relations or community conflicts, etc.

Table 2
Rules, the Divergence of Interests, and the Interaction Results of the Interaction between Chinese Companies and Different Levels of Society of African Countries

		Government decision-makers	Bureaucracies and Traditional Authorities⁷	Employees and Community Residents
Chinese Companies	Interaction Rules	Actively respond to governments' development orientation, and make timely adjustments or withdraw from the markets.	Focus on policies, regulations, and socio-economic consequences that policymakers of China and Africa value, while ignoring non-central work of the governments and general social assessment.	Ignore the diverse demands of this group and damages to their interests, try to interpret it as a price that must be paid for economic development, to gain support from decision-makers.
	Diversion of interests	Diversion of interests is non-existent.	There exists a clear divergence of interests, which is the result of many aspects, such as differences in rules and differences in cultural identity, and are difficult to be resolved through coordination of decision-makers.	There exists clear divergence of interests, which is the result of many aspects, such as differences in cultural customs, and psychological identity, and are difficult to be resolved through coordination of decision-makers.
	Interaction Results	Gain support from the government by increasing GDP, taxation, and employment. However, constrained by the political system, governance capacity, and development level, the support is limited.	Unable to independently cope with the influence of bureaucracies, informal rules, or local traditions, leading to increased operation costs, and being forced to withdraw from the market in severe cases.	Social conflicts accumulate due to a feeling of low development gains, leading to rising operation costs and being forced to withdraw from the market in severe cases.

It is therefore not difficult to discover through comparison, that when Chinese companies interact with different social groups in Africa following the domestic rules, the occurrence of negative consequences is understandable. Firstly, the divergence of interests between Chinese companies and multiple social groups not only remain, but are even more complicated and diverse compared with those in domestic China. Operators find it difficult to pick up suitable solutions in the existing “Cultural Tool-kits”, or even lack a sufficient understanding of the problems. Secondly, even though various groups in African society long for the dividends of foreign investment, they are still far from reaching a consensus of “price must be paid for development”. The feeling of distrust caused by cultural differences and a colonial history further amplifies the negative impacts of divergence of interests, and ultimately cause destructive consequences to operations. It is especially important to note that policymakers in African countries are not equipped with the strong governance capabilities that the Chinese government possesses. In cases of divergence of interests between Chinese companies and different social groups, the government is not only incapable of

7 In many African countries including Ghana, the modern state system and the traditional chief system exist. Various traditional authorities have a huge impact on business operations and have formal legality.

intervening in coordination to ensure the normal operation of the company, but will even put pressure on the company due to the pressure of elections. This is a difficult situation that Chinese operators are equally unfamiliar with, and cannot get rid of.

Following the above thoughts, we will analyze two Chinese companies investing in Ghana. The selection of cases is based on the following considerations: (1) National characteristics level. As a relatively open economy in West Africa, Ghana has attracted a considerable amount of Chinese investment and is typical in the region in many aspects including political structure, economic strategy, policy environment, and social structure; (2) Enterprise level. In addition to factors of ownership and industry, we have focused on selecting diversified interactive examples, to show the complexity of cultural context and differences of interests to the greatest extent.

When Chinese-style Developmentalism Meets a Divided Post-colonial Society: Chinese Companies in Ghana

Historically known as the “Gold Coast”, Ghana is located in West Africa, bordering the Gulf of Guinea to the south. In 1957, Ghana gained independence from British colonization and The Republic of Ghana was established three years later. After that, Ghana underwent decades of political turmoil and military rules, before a multi-party democratic system was first implemented in 1992. The many years of colonial history have had a significant impact on Ghanaian modernization. The British created a single-product economic system centered on cocoa, all the while vigorously working on infrastructure construction. More importantly, the political structure and educational system established by the colonists have helped make a democratic society the cornerstone of modern Ghanaian politics (Li, 2013). In the 1980s, the government of Jerry John Rawlings launched the Structural Adjustment Program, which successfully helped Ghana achieve its economic development and become one of the few African countries to have achieved the United Nations Millennium Development Goals (MDGs) (Diao et al., 2019). Nevertheless, the country is still currently heavily burdened by high debts and unemployment, and the gap between rich and poor is huge. The academia calls this phenomenon the Ghanaian Paradox (Mills, 2018).

When Chinese operators arrive in Ghana, they are faced with a world that looks similar to their home country but is different. The economy that urgently needs to be developed and the ambition of decision-makers makes them feel like having returned to China decades ago and strengthens their belief in the existing models. In the meanwhile, the complex influence of historical and cultural differences keeps appearing and disappearing, becoming the roots of most setbacks.

Chinese Companies vs. State Decision-makers: Successfully Catering to Development Demands

Multi-party competition causes policy fluctuations. But Ghanaian policymakers, on the whole, agree with the necessity of the government guiding development, and actively introduce foreign capital in key areas, which provides convenience and motivation to Chinese companies. Based on developmental consensus and industrial tendencies, Chinese companies can make use of upper-level interaction rules they are familiar with to reach a win-win situation with decision-makers, and smoothly adapt to discontinuities caused by elections.

Multi-party Democratic System: Relatively Stable Political Situations and Policy Fluctuations Coexist: Ever since Ghana introduced the multi-party democratic system in 1992, the New Patriotic Party (NPP) and the National Democratic Congress (NDC) have been taking turns to govern the country. Although the two parties are very cautious in formulating policies, they cannot avoid economic policy fluctuations. Take the various infrastructure construction contracts led by the government as an example. Since contractors often have close ties with the ruling party, entangled interests not only lead to inefficiency but also makes it difficult to obtain support from the opposite party. Surveys have revealed that companies of multiple countries have encountered business termination after a change of government, and the resulting high debts and bankruptcy risks have made investors hesitant.

Compared with their European and American counterparts, Chinese operators are relatively more adaptable to this situation. In the course of ups and downs in their course of development, they have formed the habit of being highly sensitive to and actively adapting to political situations. As a feature shared by Chinese companies at different levels, this de-ideological flexibility ensures their smooth interaction with the upper class.

Economic Policies: Attract Foreign Investment in Key Industries and Improve Domestic Industries: The difference in ideology does not affect the two parties' priority to development and their active embracing of the outward economy. After the first Forum on China-Africa Cooperation, Ghana has adopted a more welcoming attitude towards Chinese investment⁸. In the past 20 years, the trade between China and Ghana has been growing rapidly, reaching 7.254 billion US dollars in 2018⁹.

Of the many projects introduced by foreign investment and cooperation projects, projects of power facility construction are particularly eye-catching. Like most African countries, Ghana has power shortages, which has seriously affected people's lives and

8 Interview: The Forum on China-Africa Cooperation will provide Ghana with a good opportunity to expand markets <https://news.sina.com.cn/w/2003-11-19/14211147291s.shtml>

9 Relevant data are from the Ministry of Commerce of China: <http://www.mofcom.gov.cn/dl/gbdqzn/upload/jiana.pdf>

industrial development. Successive governments have always attached great importance to this issue. Currently, there are seven foreign-invested independent power stations (equal to the number of state-owned power stations) in Ghana, with investors including companies from Europe, the United States, China, Japan, South Korea, and other countries¹⁰. The AP power plant, which this research mainly focuses on, ranks first in turns of power generation capacity. Modern agriculture is another important field for attracting foreign investment. From relying on food aid before the 1980s to achieving 77% food self-sufficiency today (Li Anshan, 2013), the development of agriculture in Ghana is closely related to multilateral international assistance (Yaro et al., 2017). Nowadays, the Ghanaian government has begun to focus on building agriculture into a modern economic sector characterized by high productivity, complete value chain, and extensive added value (Teye & Torvikey, 2018), with a particular emphasis on the introduction of advanced technology and management models from foreign countries (Diao et al., 2019).

The interest demands of decision-makers aspiring for development coincide with the business goals of Chinese companies. On the one hand, the industrial tendentiousness of foreign investment continuously identifies the most suitable Chinese companies to stay in Ghana. On the other hand, their predominance in dealing with political fluctuations are also guaranteed.

Interactive Example: The “high-level route” of the AP Power Plant and the Kong Castor Company Takes in Ghana: Chinese companies have been entering Ghana in large numbers since 2000, and China became Ghana’s largest trading partner in 2015¹¹. For most companies, it is most critical to be in line with national policies. The AP Power Plant, which is located near the Tema Industrial Park, has been taking the high-level route. In 2005, Togbe Afede, President of The National House of Chiefs and the highest chief of the Volta region, led a delegation to visit China, where he reached a preliminary cooperation intention with a state-owned energy company. After field study, the company invested more than 500 million US dollars to build the AP Power Plant with 560 MW gas turbine combined cycle power generation. From the first contact in 2005 to the commencement of the first phase of the project in 2008 and the second phase of the project in 2016, the AP Power Plant successfully underwent two party changes and received continuous support. J of the company stated the correct attitude towards handling political changes and the good results:

We have always stayed out of the competition between local political parties, without being involved in such affairs. We attach great importance to both parties, NDC and NPP because we are critical to the stability of electricity supply to the Ghanaian society. We contribute to more

10 <https://www.gipcghana.com/press-and-media/downloads/promotional-materials/16-energy-sector/file.html>

11 Relevant data are from the Ministry of Commerce of China: <http://www.mofcom.gov.cn/dl/gbdqzn/upload/jiana.pdf>

than 20% of the daily electricity consumption in Ghana. In case our power plant fails to operate smoothly, the entire Ghanaian society will collapse. This is one of the reasons why we can keep a foothold in Ghana.

Similarly, the entry process of the civilian-run company Kong also has something to do with high-level interaction. Mr. W, the founder of Kong, is one of the leading figures in China's castor oil industry. He initially participated in an effluent treatment project undertaken by a state-owned enterprise in Accra and got acquainted with the Deputy Minister of Health of Ghana, who was also a local chief of Nkoranza County in the central Brong Ahafo Region. After exchanging on the profit mode and the value of planting technology, the chief helped W establish the Kong Company in 2015 and W began to promote castor plantation in villages near the county.

Chinese Companies vs. Bureaucrats and Traditional Authorities: Struggling to Adapt Between the “Interstices” of the System and Local Rules

As the main objects of daily interaction with companies, bureaucrats and traditional authorities also recognize the significance of foreign investment to development, though differences with Chinese operators cannot be bridged. The institutional “interstices” caused by a colonial history is reflected in the differentiated interests and rule preferences of the bureaucratic groups. The traditional authorities represented by the chief system means the complex balance of interests between the state and local communities. All of these have constituted a difficult situation that Chinese companies find difficult to deal with and an important source of negative judgment.

“Unpredictable” Bureaucrats: The System “Interstice” of the Post-colonial Era: Studies point out (McDonnell, 2017) that Western colonists left African countries with a kind of “interstitial bureaucracy”, which is characterized by a fractured state of partial systems not matching the local societies. The organizational characteristics are that certain bureaucracies have high autonomy, with the power to appoint personnel independently. The work motivation of officials not only comes from economic security or life-long positions but more from the pride of practicing “advanced” rules. Ghana is a typical example of such a type of country.

Surveys find that the incoherence (institutional interstices) between policymakers and executive bodies is manifested in the coexistence of a large number of formal and informal westernization rules. The root lies in the differentiation of bureaucratic groups. On the one hand, technocrats of the departments of finance, environmental protection, law, and international cooperation normally have the experience of studying in Europe or the United States. The elite background, combined with Western education, has helped create their awareness of modern rule and universal values. They recognize the development brought about by Chinese companies, but despise and oppose them

to replace the general rules with the Chinese model. On the other hand, bureaucrats from grass-root administrative departments, such as industry and commerce, taxation, and police are well versed in and practice informal rules. They also recognize the dividends brought by Chinese companies but look forward to reaping gray benefits from them rather than providing assistance.

For Chinese companies that are accustomed to obtaining bureaucratic support, the situation of system legitimacy left by a colonial history mixed with local rules often make them perplexed: When they interact by Chinese rules, they will be faced with laws, regulations, and industry standards as stringent as that of Europe. When they interact by general laws and regulations, they will encounter completely unfamiliar local practices in cross-cultural conditions.

The Chief System: A “shadow government” that Balances National and Local Interests: As the most typical traditional authority in Ghana, the chiefs have been playing a decisive role ever since ancient times (Abotchie, 2016). The Constitution of Ghana, 1992 further guarantees that the chief system can operate side by side with the modern government and constitutes the backbone of the power stratum with professional bureaucrats. More than that, chiefs of many regions hold important government positions concurrently and control the actual power directly (Gyampo, 2008).

To Chinese companies, the influence of the chief system is mainly two-fold: the de facto control of land and local coordination. After reaching an agreement on land use with the government, formal approval from the chief is also needed. When business activities are resisted by the community, the coordination of a chief is more important than laws. Similar to the bureaucratic system, the chief system has its own “interstitial” structure. The chief authority has a staggered power distribution on the levels of state, provinces, cities, or even village complexes. Although partially incorporated into the modern rule of law, it has retained a strong sense of traditional clans, making the process of interest interaction extremely complicated and lengthy.

Based on this, it is understandable why Chinese operators who are “skilled in making use of informal rules” seem to have lost this ability in Africa: when faced with language and cultural barriers, they cannot turn to understand and adapt to local rules; the blind expectation for decision-makers or regulations makes them tend to ignore and reject traditional authorities; the high initial interaction cost further exacerbates the alienation between the two and creates a vicious circle.

Interactive Example: The “Compliance” Game Dilemma of Two Companies: The huge pressure from investment deemed it necessary for the AP Power Plant to integrate into the local institutional environment, though the existence of “interstices” still caused it to encounter incomprehensible troubles. In 2015, AP Power Plant planned

to launch a coal-fired power generation project in Ghana's industrial city of Takoradi. Despite having received clear support from top leaders of the country, it was still aborted because the Ministry of Environment insisted on European emission standards, triggering controversy. Mr. P, who was in charge of strategic planning, recalled the situation of that time:

The attitude of the Ministry of Energy and the Ministry of Environment is: although we are under-developed, we still require high emission standards. If you want to project to go on, you have to meet the requirements. Nowadays, a group of elites in Ghana's government bodies graduated from universities in the West, and there are many NGOs of Western countries operating in Ghana. Information on the projects is to be published in the newspapers and other media, while the government has to hold accountability. However, as a matter of fact, what sense does it make to them whether they meet modern or post-modern standards in terms of the environment?

Interaction with traditional authorities also has its twists and turns. The AP Power Plant made use of its ties with a national chief and successfully launched a wind power project in Tema. However, when later development was planned in adjacent areas, it failed due to opposition from local chiefs. The AP Power Plant has not suspended interacting with traditional authorities, but the complex interest structure has forced it to narrow the investment areas to avoid collisions with local regulations.

By contrast, the Kong Company is more representative of the experience of small and medium-sized private companies-their complete ignorance of the "interstice" of the system and resistance to traditional authorities has led their operation into a dead end. Mr. W and S, a Ghanaian person-in-charge hold that the castor plantation project can bring benefits to local communities. With support from local chiefs, operations in compliance with laws and regulations should be carried out smoothly. However, in the face of a large number of "incomprehensible informal operations", they thought it was due to either "blatant corruption" or "specifically bullying the Chinese." The two operators refused to negotiate with local administrative departments and insisted on defending their rights by the formal rules they understood, ultimately resulting in very negative results. In early 2020, a fired employee stole a company truck. More than ten days after S reported the theft, they failed to get a response from the police station. They had no choice but to turn to a local chief, who they had not contacted for a long time for help in coordination¹². Regarding the clear evidence of this "corruption," the police chief provided a completely different explanation:

Your company has been here for three or four years, and you live just behind our police station office, yet you haven't even visited me once. All I know is that a few Chinese people are here, and I have no idea what you do here. And you never visited us during holidays such as Christmas. It is not an appropriate way to do business.

¹² Actually, the chief did not try his best to help Kong Company. The final resolution plan was rather sloppy and caused considerable losses. The chief explained that he had not received enough respect, since the company never interacted with him after it began operation locally.

Even in some areas of China today, the way that the Kong Company interacts with the backbones of the local society is unwise. Chinese operators who have experienced the “normalization” of China’s economy should understand the significance of complex game playing to the survival and development of companies. However, in cross-cultural contexts, this is often overlooked, and the resulting conflicts often become direct reasons for company termination. One month after the truck theft, Kong dismissed all employees and exit Ghana. For a rather long time at least, the negative image of Chinese operators will linger among Nkoranza’s elite groups.

Chinese Companies vs Employees and Communities: Value Conflicts and Trust Crisis That are Difficult to Handle

The colonial history has shaped the complicated psychology of the Ghanaian masses towards outsiders: Though they look forward to development, value conflicts and trust crisis coexist. When Chinese companies operate by the rules of economic efficiency, they often encounter completely different understandings from their employees and the community residents. The habitual ignorance of the diverse demands of the silent masses does not affect superficial interaction, but the fragile equilibrium often bursts after the accumulation of contradictions.

Legacy of A Colonial History: When Western Values Encounter Chinese-style Development: The colonial history is a social change for Ghana. It helped create a group of professional middle class with western education in the country’s coastal towns and make western values take root (Watson, 1984). When they encounter China, which is completely different, a sense of distrust is deeply rooted. An, a local artist who is hired to paint murals at the AP Power Plant said:

I never believe what the Chinese newspapers or TV say. It cannot be true news. Just as when the Covid-19 epidemic first broke out in Wuhan, some doctors encountered this problem when spreading information. Even if the development(model) of China is truly effective, it is not acceptable to me.

The Western values have also deeply affected the Ghanaian people’s views of happiness. In their opinion, welfare, respect, equality and development opportunities, etc. are as equally important as economic income. Even though the country and some elite groups hold the idea that “a price must be paid for development”, it is far from becoming a mainstream view. Compared with differences in traditional cultures, this is even more difficult to be understood by Chinese companies, and is often the basis for judging local employees as ‘lazy’, and community residents as ‘ignorant’.

To sum up, the preconceived ideology makes the interaction between Chinese companies and the grassroots society passive in the first place. Even if the Chinese companies have brought about development dividends, more input is needed to reverse

the existing views. The habitual ignorance of the diverse demands of the public has further strengthened this prejudice.

The Impact of Early Foreign Investment: Distrust of Expected Profits: As latecomers, Chinese companies also need to cope with the negative impacts caused by the early incredibility of foreign investment. During our survey of Kong Company, a local interpreter told us a typical story: cashew trees, which can now be seen everywhere in the countryside of Ghana, are in fact cash crops introduced by Indian businessmen twenty years ago. In the beginning, the purchase price of cashews was as high as 30 Cedis¹⁶ per pound, attracting a large number of farmers to plant it. As the production increased, its price has fallen to 5 Cedis per pound. Due to the high cost of land readjustment, most farmers have no choice but to give up other crops that generate higher income and barely maintain¹³. The direct consequence of such experiences is that Ghanaian farmers no longer trust the “expected benefits” promised by foreign capital. On the one hand, they will not be fully committed when the result is uncertain. On the other hand, they are extremely sensitive to other costs or problems caused by companies.

Unlike the image of “Chinese robbers” brought about by gold diggers (Liu Shaonan, 2014), the negative impact of the above results is more far-reaching. In the experience of the “Chinese Miracle”, one of the reasons that the social cost of development is tolerated by the grassroots society, is the good expectations from continued growth. When all hope is gone, it will be difficult for Chinese operators, who are also regarded as “white man”¹⁴ to gain trust in interaction. If they exit the market as a result, any bad behavior aftermath will strengthen the existing cognition of the public, creating a negative cycle of self-fulfilling prophecy.

Interactive example: The Fragile Equilibrium Between Two Companies and the Grassroots Society: Providing a good salary and a superior working environment, AP Power Plant has always been a popular choice for Ghanaian graduates from prestigious universities. However, the segmentation between China and Ghana and the negative impact of the career glass ceiling always exists. For “convenience of management,” companies have separate living areas and administrative systems for employees of the two countries, creating an internal segmentation of “space-system”. Such a system did not receive obvious criticisms in the beginning. However, with the Covid-19 epidemic getting worse, the already existing mental segmentation has been made public. Chinese employees are extremely angry at the local colleagues entering their exclusive sports venues in violation of company rules. Meanwhile, the latter has

13 Cedi is the currency of Ghana. 1 Cedi equals about 1.2 RMB yuan, which fluctuates according to international exchange rates.

14 There is a similar case of Dutch businessmen failing to promote sunflowers, which also caused huge losses to local farmers.

also broken the silence, and begun to express their dissatisfaction with the “discriminatory treatment”. When the efficiency rules of scientific management meet value issues, interactions have become unsustainable.

Greater friction comes from hindered promotion, which local employees call “the colored glass ceiling.” Except for the posts of few department deputy chiefs that are held by Ghanaian employees, almost all middle and high-level management positions of the AP Power Plant are held by Chinese. For this arrangement that violates the principle of “localization”, the reason, according to the Chinese chief of the planning department, is that locals lack the ability of overall thinking and are not up to complicated management work.

“Black” employees are just stubborn. We have been in Ghana for over ten years, and the gas generator sets have also been in operation for more than ten years. However, up to date, not one Ghanaian employee is capable of assuming the responsibilities of a duty officer. You know why? It is just that their brains are too straight to make twists. I don’t mean they are stupid. There is no problem teaching them to deal with a single incident. You just need to tell them that somewhere a hole needs to be filled, or a loose screw needs to be tightened. However, in case of a major problem with the generator set, such as a sudden shutdown, when many aspects need to be considered, they can not handle everything because they are not thoughtful enough. Such is the experience of dealing with problems that I have summed up after more than ten years of work here.

However, as local intellectual elites, the Ghanaian employees not only consider themselves fully qualified for “multi-threaded” tasks, but have the abilities far better than some of the Chinese¹⁵ that “have parachuted” to the company. What follows is a high brain drain rate. Local employees, after having accumulated certain work experience, will quit for state-run power plants of Ghana or foreign power plants, and often get promoted to important positions quickly. It is worth reflecting that during the two types of conflicts above, the AP Power Plant stick to the “efficiency” principle. When issues such as equality and personal development have become important interest demands of interactive objects, the method to achieve “efficiency” also needs to be adjusted accordingly, instead of falling into the existing model myth.

Compared to the power plant, Kong faces a more ordinary community residents-Ghanaian farmers. A lack of trust and unclear unexpected returns, have made Kong continuously suffer setbacks in operation. Based on the local soil and climate conditions, during the promotion, the company promised farmers an income of at least 500 Cedis per acre. S, the person in charge of the company, thought that the underprivileged local farmers should go all out for this considerable income. But things turned out differently. The Ghanaian farmers have not formed the habit of careful planning like Chinese farmers. Foreign agricultural promoters who frequently break their promises have also

15 Ghanaian farmers regard light-skinned foreigners (including Westerners, East Asians, Indians, etc.) as “white man”.

exacerbated the trust crisis. As a result, local farmers held a “try-out” attitude towards promotions and incentives. After receiving free castor seeds, the farmers often chose infertile blocks at the corner for plantation, without any field management. Especially to S’s anger and puzzlement, when the farmers learned that Kong would pay a return visit to assess the harvest, they often reacted in astonishment, saying “How on earth are you still here?”

Even though the final income is pitiful, the farmers have not suffered a great loss. It is only that the existing idea of “foreign investment equals fraud” is further reinforced in the community, compelling Kong to frequently change areas for promotion. Unable to sustain continuous losses, the company withdrew from the Ghanaian market after three years. Just before the exit, S still believed that the root cause of failure is the ignorance and laziness of the Ghanaian farmers.

They are simply lazy, stupid, and unpunctual. They don’t listen carefully when we teach. They will nod and say “I know, I know,” even though they have not learned anything. What do they know? Noting at all! The government officials are a bunch of hooligans, who knows nothing but asking for tips. When they meet the Chinese, they will keep on asking for money. Aren’t they bandits and robbers? I find no points or value at all in association with them. For one thing, I don’t speak their languages. For another, what do you think I can learn from them?

Conclusion and Discussion: Development Consensus and Adaptation Problems in the Context of Globalization

Through analysis of the interaction between Chinese companies and different social groups in Africa, the paper has answered why they still receive split and negative social assessment, while they significantly stimulate economic development.

These companies have established a set of behavior patterns in China that meet and adapt to the economic development demands of decision-makers; that deal with bureaucratic groups and regulatory authorities “selectively and informally”; and that ignore the damaged interests of employees and community residents and diversified demands in the name of the cost of development. Although some problems have been caused, they still manage to maintain rapid development. The structural support conditions are: developmentalism has become the basic consensus of the whole society, and some contradictions are resolved endogenously; a strong government can handle divergence of interest with its powerful control, and simplify the difficulty of interaction between companies and different social groups.

When Chinese companies bring the existing models to Africa, the dominant consensus on development and coordination guarantees disappear simultaneously, and the divergence of interest between companies and different social groups continue to be enlarged. Although entry opportunities and priority can be secured by catering to

national strategies, it is difficult for the game playing with bureaucracies and traditional authorities to achieve equilibrium by relying solely on development consensus. The silence of employees and community residents has helped Chinese companies increase their belief with their original models, and made them give up self-optimization based on understanding diverse demands and cultural differences, leading to the accumulation of contradictions.

The interpretation framework adopted in this study has the following advantages: Firstly, it is centered on developmentalism as a core and has summarized the commonalities of Chinese companies' behavior patterns, helping to understand the consensus confusion of Chinese operators. Secondly, it examines the formation mechanism of developmental cognition and actions of Chinese companies with thinking of historical institutionalism and helps understand the reasons why Chinese companies cannot (or refuse to) optimize from the realistic perspective of doers (rather than the ought-to-be perspective of non-standard study). Thirdly, it starts with the comparison of structural support conditions and discusses the different "economic-social" consequences of interaction of interests between Chinese companies and social groups of China and Africa. This makes the theory more general and empirical and helps to conduct a comparative analysis of the cases of operation of Chinese companies in other countries.

Based on this research, three mainstream interpretations can be revisited. Firstly, to view the disputes caused by the Chinese companies in Africa as resistance to neocolonialism, not only misreads its purpose and behavioral logic but also simplifies the conflicting groups and the situational complexity. The resulting closed economic policies are detrimental to many parties that aspire for development. Secondly, there is a certain rationality to explain Chinese companies being excluded as the product of specific business patterns. However, using capitalism as the core concept does not help to understand the reasons why the equilibrium between the two parties is reached or broken and may result in another ideological battle of "either this or that". Lastly, even as the author of *The Dragon's Gift* has hoped--Chinese companies completely get rid of the foreign aid model and enter Africa with a fully market-oriented attitude, the current disputes cannot be resolved.

It has become the consensus of contemporary development research that mutual embedding and adaptation of the market, country, and society is the necessary condition for the success of a "developmental government". The stories of Chinese companies in Africa have revealed another important proposition: when the entity of a mature "economic-social" unit leaves the original environment, the strategies which are originally helpful to achieve "maximum benefits" are very likely to encounter challenges and lead to complicated unintended consequences. Furthermore, the more unique the

native environment, the more difficult it is for the business entity to adapt to the new environment after migration, and the less likely a win-win situation can be achieved for all parties. In the post-Covid-19 era, whether the wave of globalization is suspended or continues, this will remain the common challenge shared by all countries and companies trying to integrate into the global economy for development.

Notifications: According to data of China's Ministry of Commerce, during 2010 and 2016, the amount of China's FDI in Africa fluctuated around US\$3 billion. It started to upsurge in 2017 and reached 5.39 billion US dollars in the following year.

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RESEARCH ARTICLE

Theorizing the Developmental State beyond Nation-State Histories and Trajectories: The Non-Sovereign Model and the Case of Finland

Juho Korhonen¹ 

Abstract

Developmental state theorization has largely centered on sovereign nation-states and the post-World War II era even while, first, historical work has shown important continuities across even the 1917–1919 divide and, second, recently the importance of a capabilities approach that extends beyond the confines of strictly sovereign state agency has been stressed. Focusing on these two considerations, this article brings historical variance to the developmental state literature by introducing the non-sovereign model that is based on the Finnish national historical trajectory. It argues that the Finnish developmental state project began in the pre-independence era in the Russian Empire and continued along the same core strategy through the interwar years and Finlandization under the Soviet Union all the way to membership in the European Union.

Keywords: Non-sovereign • Developmental state • Finland • Peripheral gaze • Historical sociology

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Unsymmetric comparisons that anticipated problems and solutions became an important political practice in places where the national self-image was imbued by the experience of belonging to the periphery. The ways in which the benefits of backwardness as theorized by Alexander Gerschenkron were mobilized varied according to the state structures that framed the making of the nation and its integration into expanding capitalism” (Kettunen, 2019, p. 204).

In this paper I take aim at the variation of developmental states from the perspective described in the opening quote from historian Pauli Kettunen by considering the experience of a historically successful peripheral and in both its origins and later developments non-sovereign state. Finland’s developmental trajectory and state-building began as a peripheral, though autonomous Grand Duchy of the Russian Empire. Finnish nationalist activists imagined and defined for themselves a non-sovereign statehood (see for example Jussila, 1987, p. 152). After the loss of the Russian emperor’s sovereign rule Finland gained independence in 1917-1919, despite its political actors’ best efforts to rather secure autonomy by aligning with a strong sovereign power. Finland then spent the interwar years and the Second World War (WWII) in search of new alliances.

Following WWII, Finland was once again, like after the First World War (WWI) placed under post-war Allied supervision, this time of the Soviets. But, Finland was historically better prepared to encounter this position, unlike the type of unguaranteed and weak independent nation-state sovereignty imposed by the US and Britain after WWI that was at best relying on a dysfunctional League of Nations. Finland’s post-WWII state policy is perhaps most famously remembered in the words attributed to then president Paasikivi and engraved in his monument in Helsinki¹. He described the best foreign policy strategy for dealing with the new situation of Soviet domination with the phrase “facing facts is the start of all wisdom”. By this Paasikivi referred to an acceptance, or practically a domestic depoliticization of Soviet domination in order to turn the existing relation into the most beneficial possible for the Finnish nation. This line of state strategy considers it better not to fight a losing fight against restrictions on sovereignty especially in state foreign policy and rather turn those eventualities into tools and reasons for beneficial relations in other sectors, such as trade, industry, and commerce, but also in more cultural and national aims of strengthening the civil society’s networks and adaptability to a global imperial environment, not only with the Soviets but also with other powers, as only a good and trustworthy neighbor could be allowed to do. A fitting example maybe the parasitic worm that eats the tongue of a fish and takes its place and role; Soviet relations with Finland were to be made an example of friendly, peaceful and, most importantly, mutually beneficial Soviet diplomacy with smaller states (see for example Aunesluoma & Rainio-Niemi, 2016; CIA, 1972; Vartiainen ,1999, p. 230).

1 The monument itself is titled “East and West” and symbolizes Paasikivi’s and Finland’s existential balancing act as a small gateway between two giant monoliths, between a rock and a hard place, one could say.

Such an approach came naturally to Paasikivi and other Finns, especially those who before independence had supported the so-called Old Finn strategy of compliance and diplomatic management towards the imperial metropole as the best means to secure and extend the Grand Duchy's autonomy and what was often termed at the time "domestic independence". In 1918 Paasikivi was even one of the main proponents of ordering a German king to rule Finland, rather than choosing democratic republicanism, in order to secure an alliance with a new sovereign metropole. This strategy of compliance and management towards imperial powers like the Soviet Union in order to secure a most beneficial environment for the national project, even at the cost of limited sovereignty, was spearheaded after Paasikivi by the long term president Kekkonen and became described by Western observers as "Finlandization". Following the fall of the USSR, Finland quickly joined the European Union and ever since one of the main dividing lines of domestic politics has been the infringements of the EU over Finnish sovereignty cast against the benefits that the membership provides, much like the domestic political divisions under the Russian empire. So far the latter perspective of national benefits over sovereignty, upon which the Finnish national development project is historically founded upon, as I argue in this paper, has remained dominant.

I will begin by outlining the main theoretical expansions that the non-sovereign model proposes and then proceed to discuss the historical variance introduced by the non-sovereign model and the specific case of the Grand Duchy of Finland and its post-independence statehood from a developmental perspective. I end with a discussion of key suggestions for development state research. Throughout the article, various historical examples of the Finnish long-term model are connected with discussions in development state theory to introduce new theoretical dimension for consideration.

The Traditional Developmental State Trajectory

It is often assumed that the "developmental state is associated with the developmental class coalitions that led the formation of the nation-state" (Bresser-Pereira, 2016, p. 3). Historically, as developmental economist Bresser-Pereira recounts, a national ruling class (or its segments) allies with the bourgeoisie or "progressive classes" (or parts of it) and, say, urban workers or another segment of the lower classes for the shared interest of seeking a sovereign politico-territorial society within which to consolidate their interests as nation-state sovereignty. This, however, need not be the case. Similar alliances could be and were formed also within and against sovereign entities in search of protection and benefits based on autonomous relations, not necessarily only for or within a nation-state and the type of sovereign politico-territorial formation associated with it, as Bresser-Pereira supposes.

In this paper I outline one non-sovereign model, perhaps the most successful one, that of Finland, while others, especially in the form of aborted development by external

intervention have also existed². Importantly, the early strategies of developmentalist alliances in the sovereignty seeking cases that Bresser-Pereira recounts using the particular example of Brazil are different if not sometimes opposite compared to the non-sovereign cases. Bresser-Pereira writes that these class coalitions “were authoritarian because the state was absolute; they were nationalist because they turned relatively heterogenous peoples into sovereign nations; they were developmental because, in addition to being nationalist, they implied moderate market intervention from the state to foster economic development” (ibid., 3). In the non-sovereign cases, as the attainment of sovereignty did not dictate the political ends of developmentalism, the variety of strategies was much more open, though dependent on the non-sovereign position. So, for example, in the case of Finland the class coalitions forged were democratic, because the dominant state was absolute and the Finnish state was non-sovereign; they were nationalist because their autonomy was linked to their national relation with the sovereign power; and they implied market intervention to foster autonomous political agency within the empire.

The larger point of this paper then is to unzip the straightjacket of the connection between developmentalism and national independence. In all senses, the fundamental logic of the non-sovereign developmental state is the same as that of the developmental state that Bresser-Pereira argues to be the explicit domain of the nation-state, i.e. “to socially integrate the peoples that form its territory as a means to enhance competitiveness” (Ibid., 5). Furthermore, one of the crucial aspects of the developmental state, that is bureaucratic capacity and embeddedness, is equally if not more critically present in non-sovereign developmental states (for historical examples, see for example Snyder and Younger [2018], Kuisma [2010]).

Indeed, despite his thorough world historical typology of possible developmental states starting from the 19th century, Bresser-Pereira, for example, does not mention Finland. This is because his typology, based on sovereignty, recognizes the peripheral independent and latecomer centralist models but, being based on the 1917-1919 historical keyhole, forgoes the possibility of a peripheral non-sovereign developmental state, because from the sovereign and historically narrow perspective the latter falls, incorrectly, within the purview of dependency theories only. This is a historical fallacy hidden in the dominant theoretical positions. In fact, one does not need to abandon the developmental state perspective, even in its strictest opposition to dependency and world-systems models to consider the Finnish case of non-sovereign peripheral development. Had Bresser-Pereira studied the history of Finnish statist development

2 As referenced in this paper, Ireland is a similar case and one can consider several other developmental states where the national and politico-territorial society, to use Bresser-Pereira’s term, that is the object of development has not historically equaled a sovereign nation-state but has been able to develop a successful developmental state under non-sovereign or restricted statehood, such as Quebec, Catalonia, Iceland, or historically many former Ottoman, Habsburg and Russian borderlands.

under the Russian Empire, he would have had to reconsider the historical-political fundamentals of his typology.

Bresser-Pereira is not alone, many equate the developmental state and the application of development theories to comparisons of national societies with the post-WWII era, the end of empires and the default of the nation-state. Peter Evans, for example, writes that “ever since the term “development” began to be systematically applied to the comparative evolution of national societies in the mid-20th century, an “accumulationist” paradigm of the process of economic and social change has dominated global thinking” (Evans 2014, p. 87). This is, of course, far from the truth. Nationally based comparisons of state development were central to mid-19th century comparisons already and capital flows and accumulations were one aspect already in play and in consideration at the time. What Evans refers to is the invention of a clean slate, upon which Western scholars began to reinvent the wheel of development comparisons after the experiences of WWI and WWII. National societies and their states, however, did not, in most cases, experience or even desire such as clean slate, as Chalmers Johnson has shown regarding Japan (see for example Johnson, 1999). In following a rationale similar to Evans’, without even stating it out loud like Bresser-Pereira, theorists of the developmental state have included strong historical assumptions and restrictions to their possible cases, to the forms and ways of doing comparisons and to the contextual limits of the key components of developmental state theories, such as embeddedness, state-society relations and bureaucracy³. Problematically, when this assumed historical narrative and focus on a particular sovereign politico-territorial unit as the default is left unstated, it also becomes unapproachable to questioning or critique from the perspective of alternative historical relations and consequent theory extension and theory building.

This default model is sometimes called the agency-based model of a developmental state, sometimes also called the Huntingtonian model (Kelly, 2008, p. 325) especially in juxtaposition to more structuralist models of dependency. It has historically taken for granted the bases of that agency in the sovereign state, more specifically the independent nation-states. This has, on one hand, caused modelling to overlook state agency constructed against the grain of sovereign development and, on the other, the constructivist nature of the international order. The latter becomes important especially for consideration of developmental states historically beyond nation-states’ global hegemony following WWII, not to mention cases and trajectories dating to pre-WWI times.

The Huntingtonian model relies on the effects of political institutionalization in creating a strong developmental state. However, the protections and stability achieved through independence and sovereign political institutionalization can also be achieved

3 A good example of this are recent works reassessing and reconsidering Max Weber’s theories of bureaucracy within the historical context and comparisons, especially regarding statehood and nations, that Weber himself wrote about and referred to (see for example Bhabra [2016], Zimmerman [2006]).

through the pressures and the checks and balances brought about by non-sovereign or threatened state agency, as in the case of Finland. The main difference of a non-sovereign developmental model to the traditional East Asian model is a lesser focus specifically on a state bureaucratic elite insulated from national political networks; Because the state-society relations are defined and perceived differently, therefore also effective autonomy of the bureaucracy cannot rely on the non-sovereign state, though it continues to be supported by it. Public-private co-operation, wealth distribution and high education levels as well as allegiance to price mechanisms remain similar. However, the latter are dictated by and mobilized in order to trade and interact with the external, often imperial, powers that are de facto controlling or overseeing sovereignty.

In the non-sovereign model coordination between political institutions and firms and disciplining of firms are organized around the political and economic sectors' efforts to navigate and, if possible, benefit from the non-sovereign position. The restrictions yet stabilities offered by these politicized trade relations with the external power encourage, as safety and security on one hand, yet as relative advantage on the other, the development of new sectors and technologies to balance the dependency of other sectors. For example, Finnish trade with the Soviet Union was beneficial but heavily focused on the textile, forestry, and construction industries. Therefore, balancing development, especially in R&D, was initiated through the cooperation of peripheral state institutions with non-state networks, exemplified by the rise of Nokia (Bresnitz & Ornston, 2013; Ornston & Vail, 2016). The necessity or desire for absolute de-linkage is never there, as one end of the political economy is based on sectors that do not seek a comparative advantage, but are backed through political arrangements with the external power. Such less competitive industries are increasingly meaningful and provide a common ground and point of entry for state-industry relations. In the case of Finland this has traditionally included different export segments of the forestry and later construction industries (Koponen & Saaritsa, 2019, p. 24), including the relocation of basic value-added industries, such as textiles or oil, in the non-sovereign state as well as other cross-state production chains that complement the political relation. The Finns, for example, were commissioned to construct the massive Kostomuksha industrial complex and city in the 1970s, which required coordination between seven Finnish and one Swedish construction company and provided iron ore that was then refined in Finland and sold back to the Soviet Union. Tellingly, the Kostomuksha project led to the creation of new investment and R&D in Northern Finland (see for example Isohookana-Asunmaa, 2009). These political and international public-private production chains released and fostered peripheral and balancing developmental networks, especially across non-state actors and marginal public actors, indeed because the state is non-sovereign and not the absolute measure of the limits of the national developmental project.

In the non-sovereign model, development remains highly state-led, but the state's agency is not that of an independent nation-state or sovereign state, not of the Huntingtonian type. What Kelly (2008, p. 326) calls the national mission of development, executed by the state and reducing resistance in civil society and the market, is not that of sovereign state developmentalism but rather one of non-sovereignty that identifies the possibilities and limits of the state's agency across domestic-to-international production chains. The state does not similarly need to isolate political institutions, protect development from civil resistance or the market as these are subject to and restricted by the recognized non-sovereign politics *vis-à-vis* foreign powers. Autonomous civil society, democratization and poverty alleviation become key features of maintaining non-sovereign autonomy and preventing dependencies. They establish the framework of statehood's limits and become the yardsticks for development. Comparative advantage and market forces outside the non-sovereign power relations, within the restricting set of international politics, are recognized as key milestones in consolidating non-sovereign autonomy and capabilities of the non-sovereign actors. Internal struggles against the state, against democratic politics or between developmental class interests are less significant, since chances of interferences from or through the outside are likelier and more systemic and chances for consolidation of interests vested in (sovereign) statehood and politics against other domestic actors are lower and themselves constrained by the external relations or, in simple terms, there is more to lose than to gain.

Then, much like with analyzes of the Japanese case, especially regarding its statehood, in an historicized manner, we need to consider the long-term history of the Finnish state. When, in Japan "the historically constructed 'normalcy' enabled the Japanese developmentalists to challenge neoliberalism by offering the justificatory foundation for the international validity of state-led economic development" (Lee, 2008, p. 525), in Finland similar 'normalcy' was constructed historically as non-sovereign statehood, actively engaging dominant externalities, a situation which similarly lent international validity to Finnish state coordination across imperial and later Cold War economic blocs. This will be exemplified through a later discussion on the CIA's take on Finlandization. Importantly, "this connection between discourse and practice calls for reflexive and historicized analysis of, for example, international political economy with sufficient scope for the importance of shared meanings for policy choice" (Lee, 2008, p. 525).

The non-sovereign model therefore speaks to Bob Jessop's general critique of the developmental state paradigm's wholehearted acceptance at face value of the distinction between economy and a sovereign nation-state as an empirical reality rather than a socially and politically constructed division. In Jessop's terms, the developmental state paradigm embraces a "reified distinction between the market economy and sovereign

territorial state”, which is naturally combined with a focus on state-centric forces as the enablers of an autonomous but embedded bureaucracy that promotes and coordinates developmental policies (Jessop, 2013, p. 33). Jessop continues that “such distinctions indicate the risk of focusing on state managers at the expense of the broader coalition of forces, within and beyond the state (and its borders), that steer development strategies and enable the state to project its power through these alliances” (ibid.). In this paper, I offer one long-term historical model of the latter, that has its roots in the network building activities of the national project of a peripheral non-sovereign state. I will briefly return to Jessop at the end.

Expanding the Historical Variance of Developmental States

Ornston and Vail (2016) have described some the outcomes that the type of historical variance described by Kettunen in this article’s opening quote brings to the fore concerning how and why the state apparatus is embedded on one hand and autonomous on the other. In their analysis of specifically the late 20th century developmental state, they argue that in France in comparison to Finland embeddedness has been restricted by state-centric autonomy of the bureaucracy, whereas in Finland embeddedness has been a form of creative compensation. In the latter, the state supports and relies on bureaucracy to seek flexible ways to react to external blows and facilitates strategizing and implementation rather than directly countering externalities as in the French model, i.e. more passive measures, as Ornston and Vail put it, in reference to external shocks: “Finland’s ability to convert traditional industrial policies into ambitious innovation policies reflected significant bureaucratic autonomy”, where the key differences in success arise from qualitative differences between and historical particularities of state-society relations (Ornston & Vail, 2016, p. 13, 16). This invites a closer look at the historical constitution of those relations and the long term definition and understanding of them by the wider national project.

First, let me address why this approach and the case of Finland has not been considered before. In general, the Finnish developmental state has been overlooked or misunderstood because Finland was made a sovereign independent state in 1918-1919. The developmental trajectory and policies and especially the nation-building project including democratization that formed the core of this developmentalism and originated from the pre-independence period under Russian rule have not been taken into consideration. The overall and long-term trajectory and dynamics of the Finnish developmental state has therefore been analytically skewed. Thankfully, more and more work that highlights this continuity has recently come out, especially from Finnish researcher. They however, often take the long-term developmental trajectory as granted and do not critically reflect upon its differences in light of international debates and comparisons, at least until recently (see Saaritsa & Koponen, 2019). On the international

side the Finnish historical case remains unknown. Bagchi, for example, in a long-term historical overview of developmental states, due to overlooking Finland, falsely claims that “the only developmental state to arise in the nineteenth century and survive into the late twentieth century was the Japanese DS” (Bagchi, 2004, p. 30). For Bagchi’s argument, this occlusion is very unfortunate, since he proposes that developmental states need to be built on the foundations of “developmental democracy” (Bagchi, 2004, p. 38), which happened in Finland, where democratization as part and as guarantee of the national developmental project preceded state sovereignty and independence.

The few existing comparative analyses that consider Finland nevertheless abstract late 20th century developments from their historical continuities (see for example Bresnitz and Ornston [2013], Ornston and Vail [2016]), of which especially foreign relations, including Finland’s non-sovereign status at different times, and democratization and the national project originating from late 19th century are crucial to a proper analysis of the Finnish developmental state. As a result, the Finnish model is often falsely placed under the category of advanced developed countries and analyzed from that retrospective perspective (See for example Fosu [2013]) even though it caught up with the advanced countries only in the 2000s, as will be detailed below.

These continuities therefore need to be analyzed as they relate to the developmental state. I will outline the historical origins and main strategies of this Finnish non-sovereign model that is later on described as comparatizing and reflexive. Underlying this is a historically different understanding of the state’s role vis-à-vis national interests, the basis of which has been a mutual consideration towards, on one hand, of the state’s limited capacity to further national development and, on the other, of the mismatch between the state’s role and the benefits of national development. In the Finnish case the state and even the country geographically is not believed to encompass the extent of national interests, as they are interlaced with external necessities and benefits that national networks and bureaucrats seek to anticipate, understand and debate on the state’s behalf. Bresnitz and Ornston (2013), for example, further underline this perspective on the need to better understand the agency of the state as it is defined and imagined by the actors, rather than just in the extent of their embeddedness in domestic and international networks. In that perspective, for example, low-profile peripheries of the public sector come into play and gain importance and agency over central public sector agencies (see Bresnitz and Ornston [2013]).

In the Finnish case the state’s role begins from an understanding of its limitations vis-à-vis the bureaucracy and the national public and private sectors embedded in the periphery of an encompassing imperial polity. Peripheral and low-profile public agencies are therefore almost the *raison d’être* of the state; they are the extent of the

state's means of anticipation and evaluation of irresistible externalities. "In contrast to the literature on the developmental and neo-developmental state, we argue that this type of radical innovation is more likely to occur at the *periphery* of the public sector, in low-profile agencies with relatively few hard resources and limited political prestige" (Bresnitz & Ornston, 2013, p. 1220). This could be called the default situation for a peripheral non-sovereign state operating within the political and economic framework of an empire and trying to reach beyond it. A good example of the importance of the peripheral agencies in the Finnish case have been public sector employees of the educational and research sectors, but also artists, who have since the 19th century both travelled and networked widely and promoted the Finnish national project and its political economy. This networking reached its peak during the early 20th century with the Paris World exhibition of 1900 as sort of high-water mark. But besides such better known cases of networking especially in the West, Southern Europe and Scandinavia, Finnish scholars were in a central role in promoting the national project and mediating on behalf of the state and establishing relations directly or indirectly, for example, with Eastern Europe, the Ottomans and Korea, not to mention other parts of the Russian Empire. Finns were highly active in the imperial circuits of research and education between the borderlands empires of the Habsburg, Germany, Ottomans and Russia. For example, former professor of St. Petersburg University B.E. Nolde, who had critically written on the active making and imagined character of the statehood of Finland starting in the 1860s by Finnish scholar-activists, calling it "historically unreliable, but undeniably skillful", remarked later that Finland should erect a monument to the scholars who in the pre-independence years had "taken care of the propaganda abroad [about the imagined Finnish statehood]", a state that, it is good to note, the Finns themselves in this international nation-making effort had defined as a non-sovereign state (Jussila, 1987, p. 152, 161, 169).

Looking at the case of Ireland, O Riain has in a similar fashion called for a rethinking of the state's role in developmental states and in favor of a focus on "the ways in which the state mediates between local and global networks and the institutional foundations of this role", which O Riain shows are different in Ireland than in the traditional cases of developmental states (2000, p. 163). Historically, of course, Ireland is another long-term periphery in proximity to an imperial metropole with a long historical struggle for autonomy. Theorizing from the Irish case, O Riain calls it a model of a flexible developmental state, a category under which we could also place the Finnish case. O Riain lists three things as the theoretical differences of a flexible developmental state vis-à-vis the traditional bureaucratic developmental state: A focus on state interactions with globalization processes, the conditions and sources of embedded autonomy, and, most pertinent to my case, threats to sustainability of the developmental state that emerge as part and parcel of the wider developmental project (2000, pp. 164–165). All of these, but especially the latter should be focused upon in the Finnish case as

well, which I will do here from a long-term historical perspective. As will be discussed, and as O Riain suggests, the difference in terms of threats to sustainability in the traditional model and the flexible model is the consideration of strategies of internationalization of society and fragmentation of state (flexible model) over internationalization of capital and rigidity of state bureaucracy (traditional model). Almost as important is the flexibility of state structures in the new model over a coherence of state bureaucracy (2000, p. 165). Both will be elaborated upon as crucial dimensions of maintaining autonomy under non-sovereign statehood as well.

Non-Sovereign Origins of Developmental Statehood

Prominent Finnish economists Jäntti and Vartiainen, in their brief exploration of Finnish developmentalism, confirm the difference in focus that Bob Jessop above outlined, between a narrow analysis of central state actors over wider developmentalist alliances: “Finland is an example of a developmental state, but the relationship between the state and other societal actors was not one-sided” (2013, p. 32). Rather than arising from state agency, in the Finnish case, relying on its historical experience as a non-sovereign periphery of the Russian Empire, “a political demand for *social corporatism* ... arose quite naturally from the country’s external and internal challenges” (Jäntti & Vartiainen, 2013, p. 37).

In terms of its historical trajectory, what is interesting about the Finnish case is that its developmental success, the jump to the Western developed world was reached at the same time as the East Asian economic crises convinced many that that developmental state model “was a flash in the pan and that the “end of history” that is, the elimination of all alternatives to the American way of life, had finally and definitely arrived” (Johnson, 1999, p. 33). Meanwhile, however, the Finnish developmental state was just slowly ending its long trajectory while recovering from one of the many external shocks that it almost thrives in, the fall of the USSR. Historical context and continuity crucially comes to play in explaining a non-sovereign model of a developmental state in contrast to traditional cases.

As Chalmers Johnson famously argued, the credit for the success of the Japanese developmental state “should go primarily to conscious and consistent governmental policies dating from at least the 1920s” (1999, p. 37). Similarly, I argue that the credit for the success of the Finnish developmental state should go primarily to conscious and consistent governmental policies dating from at least the 1880s. Indeed, sociological theorizing on developmental states has been too strongly conditioned by sociologists’ reliance on post-WWII national historiographies. Considering the Finnish case, the two caveats highlighted by the historical context then are that the Finnish conscious and consistent policies were formed as and for the purposes of a non-sovereign autonomous periphery of the Russian Empire and, second, thereby the state was less

important and even secondary as an original shaper and later as the carrier of those governmental policies. As Johnson (1999) writes, “a state’s first priority will define its essence ... For more than 50 years the Japanese state has given its first priority to economic development,” whereas the Finnish state makers, recognizing their endangered and non-sovereign position, defined the state’s essence as the securing of autonomy and capabilities for non-state actors seeking economic development, including bureaucratic networks (connected to but not defined by the Finnish state) stretching beyond state limits, as was the case and necessity within an imperial framework of rule.

As part of these developmentalist efforts, the state itself was defined by the national actors themselves as a non-sovereign state in its very inception. Due to this non-sovereign position, where other domestic actors could enjoy and benefit from imperial networks, but the state was often threatened or intervened in by the sovereign, Finland is a good example of a state in which the support for other national actors’ capabilities predominates, unlike Japan in Johnson’s classic depiction “in which the developmental orientation [of the state] predominates” (Johnson, 1999, p. 37). Because of this relation and the non-sovereign yet autonomous position, these non-state or pseudo-state-actors and the accompanied national project were the primary promoters of developmentalism. The gist of the historical contextual difference is, that unlike in Japan, the relationship between a sovereign state’s bureaucracy and privately owned business never developed into the “the fundamental problem” (Johnson, 1999).

Unlike in Japan after WWII, in Finland both the settlement of WWI and of WWII severely weakened the state’s position and forced it to rely more strongly on the historically non-state national project (see for example Kähönen [2019], Vares [2011]). Regarding democracy, the historical difference is important. Due to the focus on sovereign state-centrism in overall theorizing of developmental states, the compatibility of democracy with a strong developmental state has been questioned. In the Finnish case democratization took place as a non-sovereign imperial periphery (in 1905-1906) and was not connected to sovereignty and independence that happened more than a decade later (1918-1919), but rather to preservation of imperial autonomy and the Grand Duchy’s beneficial status within the empire, i.e. to its developmental project as a non-sovereign state. Following democratization, the parliament and the accompanying fact that Finland bolstered the most progressive and most democratic system in the world at the time became an argument supporting autonomy and part and parcel of the Finnish national project. Once sovereign statehood became a reality, it was considered a threat to this democracy and as such the relationship between the state and democratic politics has not been a similarly contested relation (Korhonen, 2019). Finland democratized not for but against sovereign politics, thereby democracy’s key political relation is linked to the maintenance of national autonomy and capabilities

represented by the nation rather than the state, whereas the state can be compromised and in fact should work as a buffer to protect national politics, as Finnish post-WWII foreign policy and later Finlandization well exemplify and will be discussed below.

Despite these differences, it is nevertheless in the end good to remember that these are still differences between the main moving parts, the main historical relations of developmental states, as Johnson notes in that “whatever legitimacy their rulers possessed did not come from external sanctification or some formal rules whereby they gained office but from the overarching social projects their societies endorsed and they carried out” (Johnson, 1999, p. 52). The most obvious big picture examples of this primacy of the overarching national social projects are the flexibility and easiness with which the Finnish state moved, within the span of little more than two years in 1917-1919, from the emperor’s sovereignty to establishing a new relationship with the Provisional Government, seeking independence from the Bolsheviks, ordering a German king, to becoming controlled by the Allied Trade Committee and forming a presidential republic. Moreover, this was followed in the interwar years by waging war on the Soviet Union and seeking replacement alliances in Scandinavia and the borderland states. Domestically, this flexibility regarding statehood was present in the almost immediate re-instatement of the Social Democrats after the 1918 civil war and their forming of government already in 1926. In other words, the state was willing to practice extreme flexibility, both domestically and internationally to preserve its developmental logic and the capabilities of its national actors, and was not in itself or through its external sanctifications a source for legitimacy.

Outlines and Comparisons of Finnish Development

There are various ways to measure development. Recent more holistic work based on so-called HDI (Human Development Index) measurements offer a good standard for a long-term developmentalist perspective that takes into consideration a capabilities approach. In this view, Finland remained significantly below any European development levels up until the 1890s when it began to catch up with countries like Portugal and Greece, all of which remained far behind the Western and Northern developed countries. Then in the 1940s and 1950s Finland begins to separate from the trajectory of Greece and Portugal and finally catches up the developed core only by the 1990s and 2000s. From the perspective of traditional developmental state literature, it can be useful to note that Finland’s overall trajectory resembles that of Japan’s (Saaritsa, 2019, p. 39).

In terms of GDP per capita only, Finland slowly began to distance itself from other Eastern European countries like Poland, Czechoslovakia and Hungary right after WWII, but it was not until the 1960s and 1970s that it made a leap away from this group and slowly began to advance towards the developed countries. In terms of education, the development is perhaps even more surprising considering the educational hype around

the Finnish-model since the start of the PISA-tests. Up until the 1950s and 1960s Finland lagged behind its Eastern European peers in average schooling years, with the exception of Poland. And it was not until the 1980s that it caught up with Czechoslovakia for example. Regarding welfare measured by life expectancy, independence brought about a decline and Finland dropped to the deep periphery and did not catch up with its Eastern European peers until the 1960s and Western and Northern Europe as late as the 2000s. Combining the indicators, Saaritsa summarizes that overall Finland caught up with developed countries and Western Europe starting in the 1990s only (Saaritsa, 2019, p. 45), but, besides clear shocks such as the World Wars, the development trajectory was steady and long. The remarkable aspect is that on most levels Finland's starting position in the 1870s and 1880s was significantly lower than that of its Eastern European peers. Jäntti, Saari, and Vartiainen pay closer to attention to the fact that "as late as in the 1950s, more than half the population and 40 per cent of output were still in the primary sector" (2006, p. 11).

To rid one of the explanatory burden of such long and late developmental trajectory starting from the deep periphery, an innovation perspective is often offered as the solution. An autonomous bureaucracy and population was less restricted in developing innovative ways to fill niche economic, policy and technological demand in the long run, the argument goes. However, this is not the case with Finland, which was "among the least research-intensive and lowest-technology economies in the early postwar period, spending less than 1% of GDP on research and development", as Bresnitz and Ornston outline (2013, pp. 1223–1224). Technology and research began to feature significantly in the Finnish economy only after Soviet collapse, with high tech exports climbing from less than 5% to over 20% in less than two decades (2013, p. 1225). Rather, we must turn our analytical gaze to the long term political developmental project.

Overall then, Finland provides a similarly if not more successful model of developmentalism as South Korea and Japan. However, it has rarely been considered as a basis for sociological theorizing on developmental states, possibly because of the more complicated state-society and foreign relations of the country that seem to escape comparisons grounded in post-WWII sociological thought and historical assumptions. Yet, as Jäntti, Saari, and Vartiainen point out, "the very notion of a strict separation between 'state' agents and 'private' agents, so central to modern economics, becomes anachronistic when applied to the Finnish policy experiences" and go on to suggest that, nevertheless, Finland's "growth strategy bears surprising similarities with those of the Asian tiger economies", that in Finland, just like Korea and Taiwan, for example, pragmatic cooperation played a key role (2006, pp. 12–13). Importantly, they go on to specify that in Finland the strategy was based on a logic of intentional attempts to "exploit growth externalities ... by direct intervention, but without infringing private property rights and without formally recurring to 'economic planning' that would have

been interpreted as a challenge to the capitalist order” (2006, p. 13). How was growth then achieved? An important role was played not only by foreign industrialists and capital, as in the mid-19th century, but later also by international aid. Finland was considered a donor darling after WWII due to low corruption levels. Such an image traces back to the nationalist activists’ networks of pre-independence times. Helping Finland was unproblematic. Even though Finland refused Marshall-Aid it remained a destination for other forms of aid and was, for example, one of the most successful early aid receivers from UNICEF. This situation, as well as the oxymoronic direct state intervention without recurring to anything that might have been interpreted as anti-capitalist was highly dependent and related to the strategy of non-sovereign development that aimed to close as few doors as possible in terms civil society’s and national actor’s capabilities. In this sense, though Finland lost its beneficial position within the Russian Empire with independence in 1918-1919, that process was likely significant for later development. Finland was at that point put under the purview of the Allied Trade Committee and already the earlier process of seeking recognition from the US and the UK led the highly capacious and autonomous Finnish commercial and trade networks to seek new export opportunities in the West and the US (See for example Kuisma [2010]). Finally recovering the Eastern dimension after WWII, Finland was then in an even more beneficial position to continue to its non-sovereign developmental policy.

Therefore, it is telling and natural that, compared to the so-called humane and long-term development models of the other Scandinavian countries, Saaritsa describes Finland’s trajectory more as a chaotic and at times ugly (Saaritsa, 1919, p. 50). Jäntti, Saari and Vartiainen, also point out how “the Finnish economy suffered quite large shocks relative to those in other countries”, such as Sweden (2006, 9). This describes the position of a non-sovereign developmental state, that is dependent on its autonomous relations to external powers and whose fortunes are more difficult to describe with nation-state centric comparisons. Adding to the mixture the role of state security, some historians have even compared Interwar-Finland to a fragile state that could have collapsed (Kähönen, 2019). It is fortunate and particular of the Finnish model, that the fragile interwar years did not interrupt or disrupt the non-sovereign developmental model. Democratic rule, especially on the local level, and international trade were seen as core supports for the national project and continued based on previous trajectories even when the newly sovereign state’s legitimacy and monopoly on violence was questioned and threatened. Indeed, the importance and particularities of extraparliamentary politics for the durability of the system stretching across the 1918-1919 independent nation-state divider is important. Simple central state capture was at no point a feasible solution to gaining control. Kähönen, for example, touches upon the problems of this regarding the fragile years and suggests that legitimacy of the political system at-large was dependent on the ability to include all political and

economic segments even at the price of state capacity and sovereignty, whereas in Estonia, for example, state independence was seen as a legitimate reason for political exclusion and authoritarianism (2019, pp. 307–311). Unlike in the Estonian and many other interwar cases, in Finland state independence and sovereignty did not take primacy over the national developmental project and fascist movements and centralization efforts were fought off by developmentalist class coalitions.

Since the mid-20th century, as the neighboring regions were engulfed behind the Iron Curtain and Bolshevik-led developmentalism, Finland has also been compared to and even grouped together with its Scandinavian neighbors whom it at the time slowly began to catch up. However, historically beyond the 1917-1919 nation-state vs. socialist nation divide, many have pointed out that Eastern countries would be the more natural and structurally reasonable comparison point for Finland (Koponen & Saaritsa, 2019, p. 21). The major difference of course is, that during and after WWII Finland was able to retain its 1919 nation-state form, though it remained politically within a Cold War limbo not unlike its previous autonomous status under the Russian Empire, when it also had one foot in the Nordics, another in Central Europe and at least an arm reaching out to the West, while calmly resting its head on Russia. The one other possible natural comparison point, Austria, does not apply for a developmental state perspective, since Austria was the rich metropole of a former empire rather than a poor periphery.

I will further briefly discuss one false assumption of the so-called Scandinavian model of development unto which Finland has been retrospectively and historically incorrectly latched, before delving into more historical description. One of the main factors of the Scandinavian model is the “Circle of Good”, a mutually reinforcing development between equality, welfare and education. But, especially regarding education and welfare Finland has not historically followed the Scandinavian model. According to historian Saaritsa, it would be “difficult to claim” that Finland had high human capital despite its low economic capital. In terms of human capital, Finland caught up with parts of Western Europe at the earliest in the 1960s and it was not until the 1990s that Finland caught up with the rest of the Scandinavian countries (Saaritsa, 2019, p. 37). In fact, after independence Finland’s education levels dropped to the extent that the country dropped far behind Latin America. By the 1950s Finnish educational attainment levels were very low compared to Western Europe, but at this point growth had accelerated to new levels (Saaritsa, 2019, p. 42).

Histories of the Finnish Non-Sovereign Developmental State

Structure

In the Grand Duchy of Finland, decision-making institutions and both a strong and efficient bureaucratic tradition and corporatist networks developed under Russian Rule,

when trade opportunities and politics went hand in hand, were linked to Finland's autonomous status, and were mutually coordinated along the Helsinki – St. Petersburg axis. This civil service remained mainly in Finnish hands though stretched beyond the Finnish state and was based on a legalistic tradition that relied equally and importantly on separate legislation for the Grand Duchy and the metropole but one that was backed up directly by the sovereignty of the emperor. The Finnish status has falsely been described as a shield against Russian imperialistic aspirations. Such arguments conflate the imperial state with Russian nationalism and centralization interests, whereas the Finnish position and its governance were characteristic rather than exceptional modes of imperial governance and sovereignty. The civil service bridged the intra-imperial horizontal relations across the sovereign entity, while the state was developed parallel, and even as a counter-force against other states of the empire, most notably the metropolitan one.

In the influential volume by Woo-Cumings (1999), Juhana Vartiainen, offers a solid though historically problematic and simplistic overview of the making of the Finnish developmental state. Vartiainen, in his brief summarization, falls victim to methodological nationalism of historiography but otherwise acutely and correctly observes the consequences of Finland's non-sovereign position vis-à-vis other developmental states: "In comparison with East Asian countries, one may say that the Finnish state, if understood as the political power of a parliamentary government, has been relatively weak, whereas business corporations and a relatively autonomous bureaucracy have been very strong" (Vartiainen, 1999, p. 228). What Vartiainen perhaps leaves out, or at least implicitly subjects to a statist comparison, is the fact that especially the autonomous and strong bureaucracy was not a Finnish state bureaucracy, but an imperial bureaucracy bridging the periphery and metropole, and it was in relation to such a bureaucratic network with which the business corporations and other national interest groups developed and were accustomed to dealing with.

Vartiainen furthermore exaggerates the 1918-1919 historical keyhole and nation-state continuity over institutional continuity in his freehand historical summary of the development of the Finnish developmental state. He proposes that with independence a corporatist and developmentalist state was set up, including a half-official-half-corporatist decision-making structure. However, that structure had been key to Finland's autonomous imperial position (see for example Jussila 1984). Furthermore, what Vartiainen portrays as the improvisation of the victors of the civil war, was in fact a long-standing tradition of non-sovereign Finnish politics in relying on a strong sovereign power, first the Russian Emperor then as a failed enterprise a German King. This strategy combined an "external" sovereignty distanced from democratic politics to emphasize the autonomy of both spheres and to allow for the space and freedom of effective bureaucracy as the middleman not beholden to either. Though falsely

connecting the origins of this alliance to independence, especially to the form of nation-state independence that was imposed upon Finland in 1919 against the wishes of the victorious whites whom Vartiainen again incorrectly associates with nation-state independence, Vartiainen is nevertheless again right about the consequences. He points to something he names the “basic commitment” that is “crucial for a country situated within a contested zone between the world’s ideological blocs”. This basic commitment can also be characterized as a class alliance like the ones Bresser-Pereira talks of, but one committed to developmentalism under non-sovereign statehood by means of compromising sovereignty over autonomy and economic development. Ironically, in terms of state capacity, especially a “capability enhancing developmental state” a la Evans (2014) this non-sovereign alliance can be much more effective and less prone to internal conflict, though perhaps riskier in terms of its exposure to external relations.

For example, it was the minister-state secretary’s office in St. Petersburg, and thereafter political but more importantly business relations to Germany and then again the US and the UK that prevented the transferal of sovereign power to Finnish democratic political institutions past a sovereign “strong man” institution during the uncertain years of 1917-1919 (and again during the Second World War and its aftermath, especially in terms of Germany and the Soviet Union again). Whereas, Finnish independence was directly secured in 1919 through business networks with Wall Street that were able to sway the Wilson administration’s stance towards Finland (Kuisma, 2010) after the Paris Peace Conference had decided not to recognize Finland’s independent nation-state status. A very concrete example of this trade-led diplomacy was an earlier failed effort to defy the allied naval blockade by sending a ship full of cheap pulp towards the UK, like dangling a carrot in front of a horse. These examples point to the role of informal yet highly capable international networks where business and bureaucrats come together beyond the state’s existing mandates and indeed redefine statehood from a perspective outside the state and through strategic considerations that were intentionally distanced from domestic democratic politics.

Here, though oblivious to them, Vartiainen too establishes continuities between the pre-independence and post-WWII developmental state in Finland: “In fact, much in the Finnish experience rings a bell for scholars of the Korean experience. Both countries were confronted with a difficult international situation, but both turned it to their advantage.” (Vartiainen, 1999, p. 230). From the perspective of the trajectory of the Finnish developmental state, independence has little explanatory value, at most times Finland’s international situation is near equivalent with its pre-independence imperial situation, even if the international order itself has transformed. Indeed, exactly as Finnish autonomy under the Russian Emperor, importantly in the post-WWII order “Finland was to become a kind of “showpiece” for Soviet postwar diplomacy. Trade with the Soviet Union greatly enhanced the etatist aspects of Finnish economic management.

This trade was organized politically, and close ties with the political elites became a source of lucrative business contracts as well” (Vartiainen, 1999, p. 230).

Capabilities

Embeddedness and autonomy cannot be historically theorized or understood in the nation-state framework only if one wants to seriously separate the developmental state and the contributions of that literature’s claims from dependency theory, because the nation-state framework cannot be used ahistorically and a priori to determine the unit of analysis and comparison as well as the, especially longer term, limits of state agency. Illustrative of this are especially Weberian theories of bureaucracy and political autonomy that were developed within and talked about a national bureaucracy of an imperial state instead of a nation-state bureaucracy (see for example Bhambra [2016], Zimmerman [2006]). Connected to this problematic dehistoricization of concepts and methods is the occlusion of how, long before the move from well-being to capabilities that Peter Evans credits to Amartya Sen, especially peripheral and non-sovereign states as well as stateless, displaced or minority citizenries and denizenries emphasized and prioritized capabilities, i.e. the idea to increase “the capacity of human beings to do the things that they want to do” (Evans, 2014, p. 86) specifically by actively recognizing the restrictions and confines within which that is optimally possible for an emerging nation or populace seeking recognition⁴.

This especially included political considerations and visions based on limitations of state and sovereign power. The difference of this non-sovereign model with the Nordic model, that has historically also focused on the joint capabilities of its population, is the differently defined role of the state. According to Kettunen (2019), the non-sovereign state emphasizes and priorities a comparatizing and reflexive national approach to development, one not based on straightforward direct nation-state or sovereign comparisons, as is further elaborated below. Evans points to the capabilities model of the developmental state as prioritizing the creation and utilization of new ideas, in other words human capital over capital, within the developmental state. According to Evans this counters theorizations based on what he terms the “outmoded Anglo-American anti-statist ideologies”. This does indeed seem crucial, as it forces one to consider the state’s agency in creating human capital and its distribution as well as moves discussion away from a zero-sum-game within the state. However, historically, especially when analyzing continuities over the 1918-1919 divider, this juxtaposition is a restricting starting point for theorization and in fact not present at all in many cases. The Nordic model was historically not constructed against such anti-statist ideologies and prioritization of human capital was not an option but a default. Rather,

4 For historical examples of this type of projects see for example Snyder and Younger (2018), Amzi-Erdogdu-lar (2018), Blumi (2011), or for historically contemporary analysis Osten-Sacken (1909/1912).

disputes and debates were aimed at how to maintain the so-called circle of good, how best distribute and use capital to increase capabilities. This, however, was still based on national comparisons and on a state that represents the continuity of the nation. This state, while coordinating internally, alleviates external shocks and maintains sovereignty in their face. The non-sovereign model shares with the Nordic model the baseline of human capital, but understands the state-society relations and especially the moving pieces of a circle of good differently.

A good example of the qualitative difference is the debate about the relation between inequality and development that Evans considers an important addition to the capability focused theories. “While an inequitably distributed increase in wealth may still count toward growth, it is much more problematic to count an inequitably distributed increase in capabilities as a contribution to development defined as capability expansion” (Evans, 2014, p. 89). In simplified terms, the understanding of a need for equitable distribution of capabilities as a means to secure long term economic welfare underlies the Nordic model. This was behind the democratization of the state that consolidated, corresponded, balanced and ultimately guaranteed workers and employer unions’ corporatism. In Scandinavian countries this had its historical origins in the alliance between agrarian and labor politics.

However, in Finland “The workers and peasant’s” cooperation did not arise from consideration of the political economic reform as it did a little earlier in Denmark, Sweden and Norway” (Kettunen, 2019, p. 213). In the interwar years, as before in 1906, democratization of the state and accompanying class alliances and the reforms they jointly sought in Finland were connected with external relations and threats. For example, already in the old diet of 1880s the first workers’ protection law was discussed with reference to existence of the nation: “The capability of the [Finnish] nation to compete in industry as well as its hopes in general to be victorious in the struggle for existence, are dependent not only on the amount of laborers but also and especially on their quality” (Kettunen, 1994 as cited in Kettunen, 2019, p. 210). The traditional state-centered national coordination framed problems and solutions as external and internal. The peripheral gaze, however, inherent for non-sovereign states and peripheries of empires, took the aforementioned state-centered frame as an external problem and, though it strived for it, also feared it in the failed examples it witnessed elsewhere. In other words, the state’s existence as a backbone and existential proof of the nation is not the starting point of a non-sovereign understanding of capabilities, especially since problems and solutions are by default, by the nature of non-sovereign politics seen to cross and transcend the internal-external, domestic-international divides.

This was especially the case for bureaucracy and industry of the nation, that stretched, and, as in the case of Finland, could greatly benefit from a position independent of

and traversing such national political boundaries at ease. And so, while Finland adopted the Nordic model as a motivation and ideal for its development aims, it did so already under the Russian Empire, since the 1860s according to Kettunen (2019, p. 205), with no pretense of actually copying it. The Nordic model became the foundation of the emerging state's peripheral gaze, while at the same it was clear for the national political elites that that very state could not rely on a Scandinavian or Nordic form for existence. To clarify the distinction, we can follow Kettunen in using Reinhart Koselleck's concepts of "the horizon of expectation" (*Erwartungshorizont*) and the "space of experience" (*Erfahrungsraum*) (Kettunen, 2019). While the Nordic model gave form to the horizon of expectation of the nation, it remained strictly distanced from the space of experience of the state. This tension was understood and productively used as a tool for organizing political discourse and the space of political imagination in the early 20th century. Moreover, it was successfully applied as a form of foreign policy that allowed nationalist activists to distance their arguments concerning an imagined horizon of expectation from the bureaucracy's and every day political interaction's space of experience. A good example, is the democratization process where Finland, selectively adopting civilizational arguments, portrayed and advertised itself as the most democratic (thus also the most progressive and developed) nation, which therefore meant that it had the most legitimate claim for national existence (Korhonen, 2019). This was done in the face of an understanding that the democracy was fragile and not seriously recognized by imperial powers, being non-sovereign.

Another descriptive example is the discussion around the legal status of the Finnish state in the empire. Abstract claims of the legal idea of Finnish statehood parallel and equal to that of Russian statehood were promoted by Finnish polemicists since the mid-19th century, especially outside the empire itself. These claims for a share in sovereignty were in fact nested entirely within the empire's sovereignty and only made sense as an intra-imperial political position and under the umbrella of the Russian imperial state. No Finnish actor had the intention to portray Finland as an inter-imperially equal state with its own sovereignty; as such the Finnish position crucially hinged upon the distinction of the horizon of expectation and the space of experience in imagining something promoted as "Finland's Internal Independence" as one prominent Finnish volume about the matter was titled (Danielson, 1892). This imagined arrangement was considered purely separate from the practical matters of sovereign statehood. Intra-imperial sovereignty was projected vis-à-vis the imperial state and its constituent parts while inter-imperial sovereignty was recognized to be held only by imperial states together. Danielson himself, one of the most prominent promoters of Finland's special position, noted that the word "province" could in fact be used, if one remembered that it meant Finland's position from the perspective of foreign policy, but not in terms of its (intra-imperial) independent relation within the Russian Empire (Jussila, 1987, p. 155). It was an imagined statehood for the newly imagined Finnish

nation that did not correspond with the state's space of experience, but promoted the normalcy and legitimacy of benefits arising from the very non-sovereign position itself. To give an example, Finns were able to move and trade throughout the empire while it was extremely difficult for other nationalities to own property, practice commerce or participate politically in the Grand Duchy of Finland. Regarding this imagined statehood, the esteemed Finnish statesman J. V. Snellman joked that perhaps this Finnish state needs to establish diplomatic relations with Russia then, and have its head, the Grand Duke, negotiate with the Russian Czar. The joke is of course, that those were the one and the same person.

This imagined non-sovereign statehood remained as a model for Finnish developmentalism after the loss of Russian imperial sovereignty in 1917 and repairing it in order to recover the horizon of expectation of Nordic democratic welfare became the aspiration and divider of political action. Depending on their politics Finns sought to re-forge a relation with the Soviet or the German Empire. They thereafter sought Scandinavian as well as so-called borderlands alliances with Poland and other newly independent states and participated actively in the League of Nations. Even with the highly beneficial Tartu peace agreement in 1920, the industrialist, minister of defense and general Rudolf Walden lamented the problems of sovereign independence that brought all sorts of disruptions and obstacles to trade and industry, not the least the organization and paying for independent foreign relations and defense of the state. Tellingly Walden was also the representative of the export heavy forestry industries. Politics of the early independence years were largely founded on the re-establishment of foreign commercial and trade relations and opportunities that led also to political linkages, especially with Germany. Second World War then saw Finland re-kindling its alliance with Germany. That project fortunately failed, yet the post-WWII position between the West and the East fitted naturally with Finnish imagined statehood. The term "Finlandization" was coined in Western German political debate to describe such a position where nominal independence and political and economic autonomy and gains are maintained with the agreement that external power relations can interfere and compromise full sovereignty. In simplest terms, foreign policy alignment and perceived political neutrality were the requirements for beneficial bilateral trade. It was the period of Finlandization during which Finland's developmental state ultimately caught up with its Eastern peers.

The core of Finlandization was the very same peripheral gaze of comparativizing and reflexive anticipation accompanied with internal adaptation through which the state provides space and capabilities for national development beyond the existing confounds of sovereignty. A CIA intelligence report from 1972 describes Finlandization and Finland's strategy as a policy of reassurance that demanded "a highly developed sensitivity to Soviet wishes on a wide range of subjects and the ability and willingness

to voluntarily restrict their own courses of action” (ii). Not unlike the times of the Grand Duchy, the Finns’ imagination, horizon of expectation, of their own nation was far removed from Soviet views or the actual space of experience of the state. This tension, however, promoted the autonomy of bureaucracy, trade and the everyday running of things in that space of experience and bore the brunt of potential political conflicts that could have intervened there. The same CIA report describes the difference as follows: “Finland’s neutrality obviously does not meet any conventional strict definition of the term. It is not a static concept to the Finns, but a living policy which they are continually adapting to their perceived national interests and opportunities.”

Here, it is descriptive to return to Finland’s post-war president Paasikivi. The later carrier of his mantle and long-term president (1956-82) Kekkonen described in 1960 the strategy of Paasikivi as “foreign policy always preceding domestic policy”, referring not necessarily to the primacy of foreign policy but rather to its informational and strategic importance to planning and consideration of any domestic efforts. Now then, we can revisit Paasikivi’s famous statement mentioned above that “facing facts is that start of all wisdom”. With this Paasikivi referred specifically to the actions of the state and the foreign policy of the state in that it should not be subject to domestic politics lest it risk implicating and risking the freedom and autonomy of national political projects, as president Kekkonen in a 1960 speech also elaborately argues (1960). What Paasikivi refers to as facts is the space of experience of a state, and it should remain at distance from the horizon of expectation of the nation, a critical relation that Kekkonen points to in his speech in connecting the above statement of Paasikivi directly with another quotation from him: “A sense of political realism is not one of the strongest suites of the Finnish nation. We believe, as we hope things to be, and we act as if what we hoped, was true”. Kekkonen underlines this further by quoting Paasikivi again in that “the key for our country’s future is the relationship to the Soviet Union”, i.e. the autonomy and agency of national development and its future, can only be based on the primacy of the state’s relationship with the USSR. With this in mind, Kekkonen is able to state that “nothing from the side of the Soviets threatens our independence and freedom”. In other words, by instrumentalizing the state into a tool for national capabilities even at the cost of compromising on its agency, the external relationship can be at worst neutralized and predicted and at best controlled and benefited from.

In this line Kekkonen continues to outline that the state needs to not just manage and deal with foreign policy, but stabilize and secure its foreign relations and existence, be they based on the domination of a superpower neighbor or not, in order to guarantee national freedom. Kekkonen further backs up his line of argument with a more abstract but descriptive quote from Paasikivi about this relationship between state policy and national development, or the space of experience and the horizon of expectation: “We

must find not just a *modus vivendi*, but create such good relations that Russia can not only tolerate Finland's special status, but also even perceive it as the best option for itself" (Kekkonen, 1960). Any disagreements against this fundamental distinction Kekkonen regarded as "a waste of capabilities" (Kekkonen used the Finnish word 'voimavara') that "goes not only against our national interest and the prevailing factual circumstances, but also cannot lead to results in practical politics" (Kekkonen, 1960) The juxtaposition by Kekkonen of 'results in practical politics' with any ideological opposition to the loss of sovereignty is crucial here. To create space for action and capabilities, the two naturally are in a constant irreconcilable tension.

Diplomat and historian Talvitie has further characterized this foreign policy strategy as one aiming to navigate great power imperial aims while not necessarily understanding independence as a goal in itself, but as a tool to aid the nation (2020). Pointing to a descriptive distinction, Talvitie notes that in the Paasikivi-type framework, Finnish independence did not fit well into the post-WWII international legal definition of a sovereign state. (Ibid.)

Strategy

To summarize a convincing agentic perspective from Finnish national historiography on the developmental state we can consider historian Pauli Kettunen's take based on the strategic thinking of Finnish elite nationalists of the late 19th century. Kettunen describes their thinking as a comparativizing and historically reflexive stance on the state's role and activity (Kettunen, 2019, pp. 201–202), in other words, a view compiled from a multiplicity of perspectives from the outside. Kettunen clarifies, that the elite segmented the state's developmental policies and picked as models for strategic action the particular metropolises and world regions that seemed most successful in that particular segment. The process and activity of importation of these strategies from the outside and their successful incorporation into a holistic view for the peripheral developmental state defined the idea of nationalism, nationalist motivations and "action for and beneficial to the nation", a nationalization of the prevalent world order, Kettunen summarizes, where modernization itself was understood nationally as the successful bridging or bringing together of internal capacities and skills with external necessities (ibid., 202). Implementing this strategy required and could, in fact, only take place with extensive domestic-international and trans-state networks across various sectors from education to industry and arts.

Importantly, the earlier mentioned tradition of mixing up Finland with the other Scandinavian countries takes a different form but continued importance in this sense. Finns looked upon the other Nordic countries to see how they adopted and how they themselves copied new developments from centers and metropolises of modernization (Kettunen, 2019, pp. 205–206). Finns then assessed whether those adaptation processes

turned out beneficial or not. It was a doubly reflexive developmentalist strategy in this sense, not only benefitting from later development but also strategizing based on how other later developers adopted new strands and forms of thinking around different segments of developmentalism. It could be described as a highly conservative and careful latecomer strategy with a focus on compatibilities with the state's external environment. Regarding the discussions of the developmental state it is meaningful to stress that it was in this fashion that Finland looked upon especially Norway and other Scandinavian countries as they adopted the core strategy of state-led capitalism as a broad based societal movement. Finland did not strive to copy and mimic Scandinavian countries, but sought to recreate similar processes of reform and adaptation, at least the ones deemed successful in Scandinavia and plausible in the Finnish context to implement. In a nutshell, these comparisons played and continue play an anticipatory role aiming to maximize control and predictability before implementation.

These strategies have thereafter continually characterized Finnish national economic policy. A good example is the influential pamphlet by the long-time president Kekkonen with the revealing title "Does our Country have the Patience to Prosper?" (in Finnish *Onko maallamme malttia vaurastua?*) (Kekkonen, 1952). As Jäntti, Saari, and Vartiainen explain, this type of thinking was a continuity of the non-sovereign logic of the Grand Duchy, for key political players, and "foremost among them was President Urho Kekkonen, who sought to build a solid national consensus on economic and social policy, so that no political contradictions on the domestic scene would undermine the country's thin geopolitical elbow room" (2006, pp. 20–21). This meant that domestic imagination of statehood had to be founded on external political economic possibilities and threats. Jäntti, Saari, and Vartiainen continue, that for state actors such as Kekkonen "a broad consensus on economic matters may have played a positive role for the country's external security" and a "safeguard" against external threats, mainly the Soviet Union (2006, p. 22). In other words, reform and development had to be slow and based on carefully constructed consensus regarding the implementation process in order to prevent conflicts that the non-sovereign state could not afford.

Kettunen summarizes this type of developmental political strategy in the following manner: "International dependency created a foundation for the primary position of national economy and society as the central focus of the understanding of reality that guided politics" (Kettunen, 2019, p. 206). He clarifies this central statement of Finnish developmental state thinking in that, when considering what to reform, what to modernize, and what to let go of, the central arguments revolved around national particularities and specificities regarding two key developmental aspects (Kettunen, 2019, pp. 206–207). First, in terms of a developmental state and considering the developmental level of the state, it is understood in a segmented fashion, where the

relations between different segments are accepted as asymmetrical, largely due to the heavy and incoherent exposure to external relations and the conservative reform pace that requires outdated segments to be dragged along, even at the expense of speed, in order not to jeopardize a broad consensus. Second, what was the particular position of the nation in the global gathering of states and nations was crucial and, as a most important addendum to the latter, what maintained its individualistic and separate position in those relations was focused on. Regarding the latter (the nation), it became therefore a goal and a strategy to maintain particularity and autonomy, even at the expense of hierarchies of state relations and absolute sovereignty.

In practical terms, a key consequence of this developmentalist strategy was that there was a significant delay with the introduction of new ideas and their practical implementation. On the flipside, however, critique and critical discussion of new ideas surfaced already before any practical measures were taken, which again enforced control, consensus and predictability over implementation and reform processes. Kettunen gives Taylorism as an example. Taylorism entered Finnish societal discussions in the 1910s and critiques of it in the 1920s, but Taylorist inspired policies were actually implemented as considerations of the organization of work only after WWII (Kettunen, 2019, pp. 208–209). This meant that the political struggles over national futures based on such novel ideas was begun and shaped the aforementioned understanding of the non-sovereign developmentalist state, and especially its future alternatives already beforehand.

With this comparativizing and historically even doubly reflexive strategy, coming from its non-sovereign position in the Russian Empire, Finland smoothly though slowly adopted its version of the Scandinavian model as its new framework, if not reality, for thinking and framing a developmentalist future. Being Nordic, as Kettunen recounts, meant a definition of nationalism as a supranational framing based on relationalism and interaction, a progressivity based on active and reflexive comparisons of global metropolises and global developments and their localized implementation through a nationalism that is less inward looking and more cohesive than its actual models in the world by the virtue of being founded on relational comparisons.

Even though they do not explain it further, Jäntti, Saari, and Vartiainen also acknowledge the importance of a historically non-sovereign foundation of national bureaucracy and its continuity into post-1918-19 in focusing on external challenges as contributing to Finland's favorable outcome: "There was a nationalistic and meritocratic civil service in place, and the prestige and strength of this bureaucracy was largely due to the country's autonomy period under Russian rule. At that time, its legalistic tradition provided a protective shield against the imperialistic aspirations of Russian politics. This provided for a meritocratic self-esteem within the bureaucracy,

so that it saw itself as a bearer of national success” (Jäntti, Saari, & Vartiainen, 2006, p. 17). In this regard, even though comparisons with Taiwan and Korea make sense trajectory-wise, in terms of developmental statehood differences remain. Going from a non-sovereign state to an imposed form of sovereign statehood that was perceived as uncertain, fragile and threatened, the state was not the primary force of developmentalism in Finland. Rather, existing and long-lasting networks and national projects stretching beyond the state’s geographical and temporal reach, such as winter navigation, formed the primary motor of developmentalism. The market environment therefore, could be described as market liberalism with reservations (Fellman, 2019, pp. 295–296). Those reservations were particularly based on the imagined statehood and its deficiencies in becoming the carrier and vessel of the long term national project. Direct state intervention in the traditional sense was low, even if the state was broadly present (Fellman, 2019).

Telling of this variance and difference in developmentalist strategy is the divergence in economic and especially labour politics across the Nordic countries, but especially in terms of Finland, yet their joint active engagement and cooperation in international mutual cooperation organizations from the League of Nations to the ILO and UN and the establishment of the Nordic Council in 1952. A practical example of this reflexive and comparative nationalism was the establishment of official statistics and a national statistics agency in Finland already in the 1860s and a joint Nordic standardized statistical index in 1946. Similarly, already in the early 1950s the Nordic countries established passportless freedom of movement and joint labor markets, all motivated by the understanding of global market competition that necessitates such agreements (Kettunen, 2019, 214). Finland’s approach was not one of copying, but one of actively waiting, seeing and modifying, a “search for reform and transformation in peripheral Finland through the weaknesses of such structures that in the metropolises seemed to oppose change” (Kettunen, 2019, p. 215).

A Concrete Example of Non-Sovereign Developmentalism’s Dimensions

An interesting example of the non-sovereign developmentalist strategy in action is the connection between the development of winter navigation and nationalism in Finland. It describes further in concrete terms the so-called peripheral gaze and the tension between the horizon of expectation and the space of experience that Kettunen refers to. Finland is the only country in the world where during a normal winter all ports freeze. The development of a winter-seafaring system over a century from 1878-1978 was achieved as an integral national project, Matala and Sahari argue (2017). It developed into and aligned with Finland’s imagined statehood and especially its horizon of expectation; Winter navigation became a “central imaginary for Finland as a Western, industrial and modern nation” (2017, p. 220). It is a befitting example of the national

economic project and policy's connection to externalities. The century-long project crosses the independence divider and represents the underlying long-term national vision that extends beyond statehood. Taming winter and ice "presents a case of technological nationalism in which a small, peripheral country sought to integrate itself into a modern international order" (2017). As a long-term bureaucratic-technological national project in the face of which the trajectories and uncertainties of Finnish statehood pale, it is also a fitting example of how the tension between the space of experience and the horizon of expectation functions as a carrier of developmentalism. As Matala and Sahari put it, it naturalizes the relation between the strong dependency on icebreaking and the particular capability of managing the wintry conditions (2017).

The origins of the icebreaking project lie in Finland's non-sovereign position under Russian rule. Matala and Sahari argue that "icebreakers became important because a nationalistically minded technocratic elite saw them as a technology that could greatly contribute to their nation-building efforts" and thereby "nationalism, economic and political incentives were inseparable components in this process" (2017, p. 221). But, much as with other aspects of national historiographies, "the search for and adoption of technology to overcome tangible problems of connecting Finland to the larger world has become muddled and obscured by later nationalistic narratives" (2017, p. 222). Icebreakers symbolically became the manifestations of the national project as a horizon of expectation as they were able to fight against the external threat to the national project by nature herself and transform it from a handicap into an economic capability. At the core was the transformation of a repeating period of uncertainty into a controlled and predictable environment through national effort. Perhaps paradoxically, yet fittingly for consideration of non-sovereign control of externalities, it was the first two icebreakers of Finland *Murtaja* and *Sampo*, commissioned respectively in 1890 and 1898, that escorted the German army and the Finnish *Jäger* volunteers, who had been fighting for the German army, into Finland in February and April 1918 and thus aided the bourgeois side to victory in the civil war.

The first icebreaker commissioned was not a particular success. Yet, through, again, international non-state networks, supporters of the project were able gain the necessary insight to commission more suitable icebreakers from elsewhere and finally transform into makers of icebreakers themselves.

Ultimately, Finnish winter navigation is a story of capabilities in the Evansian sense. However, it is one not centered around the nation-state but based on a bureaucracy and timeline that extends beyond the state's borders and historical trajectory. Here the state is too fickle to be the central actor and is secondary and subject to the national technological-bureaucratic strategy aimed at addressing an external restriction that is

turned into extra-state capabilities: “the capability to eliminate seasonal variation in shipping became accepted as a natural feature of Finland as a modern country” and the very “ideal of winter navigation provided a flexible and appropriate object with which to present and give form to ideas of the nation (Matala & Sahari, 2017, p. 222; pp. 238–239). Matala and Sahari propose that, “the icebreaker mythology persists because it aligns neatly with Finland’s dominant notion of its distinctive place in the world”, I would add that it does not simply align but as a long-term technological-bureaucratic national project is part of the making of the particularity of that place and the required capabilities.

Continuities of the Non-Sovereign Model as a Member State of the European Union

Following the fall of the USSR in 1991, Finland was quick to join the European Union in 1995. Integration into the EU’s economic sphere came at the same time with the final catching up of the West by the early 2000s. In the EU Finland has continued its non-sovereign developmental state policy successfully. Finnish citizens are amongst the most highly appreciated and sought after workers in the EU and experience no discrimination, unlike Finland’s Eastern peer nationalities. At the same time intra-EU migration to Finland has remained on the lowest level among the Western and Northern countries, and lower than most of the Eastern member states (see for example Korhonen and Niemeläinen [2017]).

The continued prevalence of the peripheral gaze of the state and a comparativizing and historically reflexive strategy that seeks unsymmetric comparisons to anticipate problems and solutions beyond nation-state comparisons is suggested also in more recent studies that explore this final catch-up development phase of Finland’s and its transformation into a knowledge economy. Schienstock (2007), for example, makes the argument that unlike economic models of path-dependent techno-economic change based on self-reinforcing feedback loops, Finland’s transformation was based on processes of path creation and describes the development “of knowledge-economy in Finland as a national project responding the transforming international environment of the 1990s. Instead of state-support to specific sectors, there was a nationally coordinated adaptation of “a systemic transformation process” and the adoption of “national systems of innovation” that stressed the “interrelationship between various actors involved in innovation processes” (2007, p. 103). The state’s role in this process was to facilitate the systemic transformation by, for example, initiating a restructuring process to create “a closer link between the science system and the economy” (2007). Schienstock’s description would also apply to large-scale projects related to Soviet trade, such as the Kostomuksha construction project mentioned above. Schienstock summarizes this description appropriately “as a national programme for survival

including various actors from industry, science and politics” as opposed to purely objective structural factors (2007).

Haapala refers to complementary developments in a similar fashion. He mentions, for example, the program of “democratic information society” from as early as the early 1990s that aimed to secure easy access to the internet for all (Haapala, 2009, p. 57). Haapala goes on to summarize Finland’s developmental success in the long run as a question of adaptation: “how to adjust to a given environment (natural and social), how to protect your own interests and culture, etc.”. Haapala recounts the Finnish society to have focused on such adaptations from a flexible and open perspective that has itself identified as a requirement for that strategy that “there are people who know about the rest of the world ... and they must enjoy public support”. Finally, Haapala points this to have led to a complementary relation between open-mindedness and an emphasis on national uniformity (Haapala, 2009, pp. 62–63).

Finally, one has to mention how, in true obedience and present day manifestation of the peripheral gaze, the highly authoritative trio of Jäntti, Saari, and Vartiainen, summarizes Finland’s successful development trajectory from the very bottom to the top in the following highly reflexive and comparatizing manner: “With hindsight, it is easy to be quite critical of the Finnish growth regime” (2006, p. 24).

In this manner Finnish statehood’s ambivalence as an instrument for safeguarding trade, industry’s and citizen’s benefits has continued as its main strategy. For example, during the Russian annexation of parts of Ukraine, Finland joined the European front in calling for and enforcing sanctions while at the same time also finalizing a contract for a new Russian built nuclear plant in Finland. Indeed, the joint Russia sanctions in place since 2014 have had a less detrimental effect on Finnish trade and economy than that of others, like Latvia, Austria or France, and in fact the rest of world in general, a report by the Research Institute of the Finnish Economy, an employer’s organizations’ think tank, shows (Berg-Andersson, 2019). The sanctions largely did not have an effect on the products that Finland exports to Russia and after the sanctions were put in place Finland’s relative decrease in trade has been smaller than that of other countries.

Within the EU Finland positions itself commonly between the Nordic, Western and small states blocs, opting to cooperate with its northwestern and southern neighbors as well as the likes of Austria, the Netherlands and Germany. Despite domestic changes in government, Finnish parties across the board maintain the importance of subject matter based and consistent EU strategy that can best secure national interests over the long run, emphasizing again that the state is not the final manifestation of national political interests. This was true even during the 2015-2019 government, which the right-wing populist and strongly anti-EU True Finns party joined and in which it held both the position of the Minister for Foreign Affairs and the minister for European Affairs.

Furthermore, even though loans to Greece by other EU states had been one of the main objects of the True Finn party's political attacks leading up to the election, this government instead increased Finnish backing of non-collateral loans to Greece against its original program, making Finland relatively the fifth largest backer of Greece in Europe. Even anti-EU populism bends to the non-sovereign model and its idea of national interest.

Conclusion

Overall, in line with the observations of Block and Negoita (2016), even if it is the state that ultimately develops and through which in the long-term the benefits of successful developmental strategies are actualized, developmental efforts take long to reach fruition. Therefore, based on the non-sovereign model, and understandably by its virtue of historically non-sovereign statehood, it may be considered that projects other than the state drive and maintain long-term developmental strategies. As Block and Negoita suggest, embedded autonomy alone does not guarantee the development of sufficient specialized knowledge and cognitive autonomy, i.e. strategic historical and political projects, often based on extensive networks that themselves can be hard to sustain (2016, p. 69). Block and Negoita summarize as follows: "Pursuing these [successful developmental] policies is very much an art rather than a science even for those who have considerable scientific knowledge" (2016, p. 70). As an art it may indeed be one based on flexible comparativizing and reflexive asymmetrical comparisons, such as the peripheral gaze, and on constant interpretation and the search for alternative perspectives. Along the same lines, Bob Jessop has proposed a relatively similar new focus for developmental states. He calls for "discontinuities within a broader framework of continued commitment to catch-up competitiveness" (2013, p. 52). This is quite an apt characterization of the Finnish national project that also aims to maintain a long-term commitment to the horizon of expectation while constantly realigning it with external shocks and discontinuities in the space of experience, where the state bears the brunt of the latter while the broader national project maintains the former. Jessop continues in line with what has been sketched in this paper as the historical long-term non-sovereign model, though that is just one iteration of the more general realm of institutional arrangements that Jessop refers to:

It is interesting to note how strategies are framed in terms of more general economic imaginaries but adapted to local conditions through recontextualization and rearticulation with past structures and strategies. As the horizons of catch-up competitiveness change, so do the discursive, institutional, governance, and policy conditions needed for success (Jessop, 2013, p. 52).

The argument of the developmental state has largely centered around the effectiveness of "an autonomous, coherent and centralized bureaucracy" ... for which the

“developmental state requires a powerful pilot agency, “outside and astride” traditional ministries to mobilize and allocate capital” (Bresnitz & Ornston, 2013, p. 1221). In the new developmental state this agency should then supposedly be embedded in multiple networks to be agile and swift to react, a networked coordinator rather than a slow consolidator. While this traditional view may apply to strict cross-state comparisons, it does not fully account for state forms and the ideas of national interest vis-à-vis variance in state forms or the changes in horizons of catch-up competitiveness and their localized imaginaries. Bresnitz and Ornston touch upon this by suggesting that we need to pay closer attention to how those pilot agencies are constructed and distributed beyond a centralized logic. They, however, do not historically contextualize the sources of that variance nor consider alternatives to a standardized sovereign nation-state as the comparative logic and the motivation of any pilot agency.

Then, the expansion to theorization about developmental states that the non-sovereign model points to is even more crucial when thinking about the so-called new developmental state of the 21st century that emphasizes the capabilities approach. It addresses key concerns regarding all the four points that Peter Evans lists as guidelines for thinking about the 21st century developmental state (Evans, 2014, pp. 90–91). I will lastly briefly describe these four aspects and the kind research that they call for from the perspective of the non-sovereign model

First, Evans lists the importance of capable bureaucracies. What the non-sovereign model points to is the need to consider national bureaucracies in supra- and interstate regimes of economics, point in case being the EU where the state’s relations form a mid-level governance and interaction system that is complemented by EU governance on one hand, and the rights bestowed to member nationalities especially in terms of the freedom of enterprise, work and movement on the other. In this sense, we could also add the need to theorize and research, so to say, below-state bureaucracies that connect such national networks as well as their interactions with supra-state bureaucracies often past the state-level, such as EU regional development projects. An important added dimension then is the ways in which the state continues to support and bolster these expanding bureaucracies and provide them autonomy beyond the state’s immediate borders.

Second, Evans argues that the ability of the state to pursue collective goals coherently, rather than responding to subjectively defined immediate demands is more important than previous research on the developmental state has suggested. The case of Finland and its continued coherent strategy through a tumultuous history attest to this observation. This question will become an increasingly important and visible factor as developmental state strategies that are based on the ideal-type nation-state, i.e. an imagined coherent and seamless fit between a nationally defined state, politics, economy and bureaucracies

becomes more and more contested. What kind of strategies and new institutional arrangements can facilitate developmental state policies under different configurations than the one provided by the nation-state? Recent confrontations and separatist movements in places like Hong Kong and Spain or discussions in Greenland and Northern Cyprus attest to the fact that the legitimizing power of a centralizing nation-state frame can no longer contain outgrowths and misalignments where the space of experience does not match horizon of expectation provided by the nation-state.

Third, embeddedness continues to matter for Evans in terms of an increasingly broader cross section of civil society, but also links to the previous point about the destabilization of nation-states as one plausible answer to the problem. Beyond that, embeddedness and its comparative and reflexive understanding in situations of cross-border movement of labor and a more globalized work market will be a question that states are going to increasingly face. Old forms and institutions of connecting with and reaching out to citizen and civil society will seem increasingly clunky and less appealing, especially for the broader cross sections of civil society that Evans emphasizes. Some of the more poignant examples of this are waves of migration and digitalization of societies, from politics to social movements.

Lastly, state effectiveness is, according to Evans, “even more clearly a political problem, and state-society relations are at the heart of the politics involved” (Evans, 2014, p. 91). This is perhaps the most important yet challenging aspect in thinking about the 21st century developmental state. On different levels it connects with the three previous points. Especially so, when it comes to perceiving, defining and imagining state effectiveness. There is serious political clash taking place over whether the state should protect the nation’s sovereignty or strengthen its international and regional ties and, in some cases, integration. Can state effectiveness be measured in its success to obtain benefits, say, in EU negotiations like the 2020 pandemic stimulus package or in defending the political and cultural autonomy/isolation of the nation, as many current populist parties would want to see. For a strictly national political imagination, the centering and intelligibility of the political debate may be further complicated by increasingly mobile capital and workforce. This type of political juxtapositions themselves can be questioned and politicized as the non-sovereign model of a developmental state would seem to suggest. In Finland the state traditionally took a secondary role as the supporter and defender of the autonomy and interests of the political, economic and civic spheres beyond the state itself. In either case, the ability to gather information, and assess and predict it in a comparative and reflexive manner will be increasingly important for both the state and society to maintain an understanding of what state effectiveness can mean and look like and what kind of new tools may be required to measure and implement it. Furthermore, to maintain effective coordination, and indeed embeddedness and collective goals, this shifting

and rapidly transforming understanding needs to develop as a shared one between the state and civil society. The latter may be easier to accomplish if the state in the first place is not imagined and understood as the primary agent of autonomy and sovereignty.

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RESEARCH ARTICLE

The Evolution of China's High-tech Zones and the Guiding Philosophy of the Developmental State

Zuoxiang Zhao¹ 

Abstract

The Chinese economy is undergoing a transition from a development stage that relies on labor and resource advantages to a new development stage driven by technology and innovation. As a developmental state, the Chinese government is constantly changing its industrial policy concepts and tools while promoting the development of high-tech industries. The transformation of the Chinese government's development thinking has been well reflected in the development of high-tech zones at different stages. The heterogeneity of industrial policies in different periods has effectively promoted the evolution of high-tech zones from traditional industrial parks that provide infrastructure and industrial space to functional technology parks with high-tech enterprises, technology incubators and technology innovation platforms.

Keywords: Developmental state • Industrial policy • Economic structural transition • National high-tech zones • Innovation

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Since the reform and opening up program kicked off in 1978, the Chinese economy has maintained a high growth rate for more than four decades, which has led to a noticeable fast-growing economic aggregate. The capital, technological and experience accumulated at China's early stage of industrialization, when the labor-intensive light industries were fueled by China's endowment and comparative advantage, have served as fundamentals for the industrial transformation and upgrading and the development of high-tech industries in China (Lin et al., 1994; Wen, 2016). However, with diminishing demographic dividend, tightened environmental constraints, and rising labor and land costs, the investment-intensive, high-consuming, and high-polluting economic development featured by low quality, and low efficiency is unsustainable for China. In the face of increasingly unbalanced and inadequate development, it is imperative for China to shift growth drivers and transform the old growth mode. Since the beginning of the 21st century, new technologies, new industries, and new business forms have emerged, triggering major changes in line with the "techno-economic paradigm" (Perez, 1988). The Fourth Industrial Revolution led by new technologies such as artificial intelligence, genetic engineering, and quantum technology has made the global competition for high-tech and high-caliber talent increasingly intensive, as they are a catalyst for new technologies, new business forms, and new industries.

Upgrading the industrial structure is a critical way to transform economic development mode. Some middle-income countries that failed to transform and upgrade their industries have suffered from stagnation and fell into the "middle-income trap" (Gill & Kharas, 2007). So, the Chinese government decided to leverage its latecomer advantage to avoid the middle-income trap and achieve long-term sustainable development during the Fourth Industrial Revolution era. Transforming economic growth drivers based on the innovation-driven development strategy is an important means to make it happen. In recent years, giving priority to science, technology, and innovation as the primary boost at the new development stage, the Chinese government has been adopting a package of measures to promote the development of high-tech industries and move up the industries along the value chain so that China can transform its growth mode.

The focus of the debate on whether the Chinese government is a "developmental state" is whether the industrial policy formulated by the government has played a positive role (Gao, 2018; Lin & Chang, 2009). From a dynamic development perspective, when China shifted from a labor-intensive economy to a technology-intensive one, how did the development-oriented Chinese government generate an innovation-driven new development mode? Furthermore, when the government's development philosophy changed, what specific changes did the Chinese government make to its industrial policy tools? Analysis of these issues is relatively rare in the existing literature.

The Chinese government values a gradualistic approach and stresses seeking changes while maintaining stability. It usually tests new policies on a pilot basis before rolling them out nationwide. National High-tech Industrial Development Zones (Hi-tech Zones, HTZs) is an attempt by the Chinese government to reform the science and technology system and a pilot scheme to promote innovation-focused hi-tech industries. The Chinese government's approach toward high-tech zones at different development stages and its understanding of the changing role of high-tech zones reflect its reorientation of development strategy and concept.

Therefore, this paper samples national high-tech zones to analyze the differences in the development patterns of high-tech zones at different development stages and to explore how the changes in the Chinese government's industrial policy affects the HTZ development path. Part 2 of the paper explains the characteristics of the changes in China's industrial policy and theoretical basis for the changes. Part 3 proposes that establishing high-tech zones to develop emerging industries has become an important policy tool for the government as China's industrial development philosophy changes over time. Part 4 divides the HTZ development into three stages and analyzes the features and differences of each stage through comparison to identify the policy factors affecting these differences. Part 5 is a summary of the paper.

The Theoretical Basis for the Changes in China's Industrial Development Strategy

As the economic development stage changes, China transforms its design ideas, objectives, and industrial policy instruments (Jiang & Li, 2018). In the early stage of development, the main objectives of China's industrial policy were to support the leading industries and protect the infant industries; measures include setting import tariffs and quotas, reducing taxes on domestic products, and providing industrial land and infrastructure facilities to create favorable conditions for target industries. The leading industries at this stage are usually those that have lost their comparative advantage in developed countries or those that are already well developed. The government usually offered subsidies for introducing core technology and equipment for the target industries. The subsidies were instruments to incentivize them to leverage the "latecomer advantage" so as to achieve surging growth within a short period of time.

China's expanding industrial scales have been closing the gap with developed countries in terms of industrial strength. The high-tech industries competing with those in developed countries have become China's target industries too. Chinese enterprises are projecting increasing demands for state-of-the-art technology, which cannot be obtained by imitation. So, "endogenous innovation" becomes critical for China's high-tech industries to achieve sustained development. China needs to maintain

competitiveness in the global playing field through innovation. At this development stage, China's industrial development strategy and policy instruments have also begun to shift from leveraging the comparative advantage to creating incentives and favorable conditions for technological R&D and institutional innovation.

At the beginning of reform and opening-up, China's industrial development strategy was mainly influenced by Neoclassical Economics, and the industrial policy was produced to correct the "Market Failure". Since China initiated the innovation-driven development strategy in the 21st century, the Neo-Schumpeterian Economics that highlights the fundamental role of knowledge and technology on economic development has begun to exert its impact on China's industrial development (Liu et al., 2017).

The prominent difference between Neo-Schumpeterian and Neoclassical Economics lies in their interpretations of technological progress in economic growth. Neoclassical theory argues that economic growth results from increased levels of savings and investment caused by exogenous technological progress (Solow, 1956). A decrease in government intervention in the economy will lead to an increase in supply, and thus the economic growth will naturally settle into equilibrium. Neo-Schumpeterian Economics, on the other hand, does not regard technological progress as an exogenous variable of economic growth; instead, it regards technological innovation as an endogenous and determinant factor that drives economic growth. Notably, Romer (1986) suggests that economic output is not only dependent on the input of traditional factors such as capital and labor, but also on the accumulation of knowledge. Therefore, the incremental returns on the accumulation of knowledge can offset the diminishing returns on the accumulation of factors, making endogenous economic growth possible. This is another solid proof that the neoclassical growth model is inadequate in explaining the long-run trend of economic growth. After Romer (1986), Neo-Schumpeterian Economics characterized by "endogenous growth theory" began to refine the Neoclassical Economics (Grossman & Helpman, 1991; Romer, 1990). The core idea is to endogenously include education, research and development, and innovation into the growth model. The neo-Schumpeterian theory of growth refutes that economic growth is an equilibrium continuum. Instead, it defines that the economic growth breaks down existing economic relations, which is a "creative destruction" (Aghion & Howitt, 1992).

Another important difference between Neoclassical Economics and Neo-Schumpeterian Economics lies in their perception of the role of government. With extremely high costs and risks of R&D, and externalities of technology diffusion, R&D may produce much more benefits to the community than to the individuals. Therefore, market-driven R&D investment will be significantly insufficient. The neoclassical theory overemphasizes the role of the free market, and thus, to some extent, ignores the role of the government

in the intervention. However, the neo-Schumpeterian growth theory argues that the government should intervene in the economy when necessary (Freeman, 1989), especially when it comes to protecting intellectual property rights (IPRs) and establishing a patent system, subsidizing R&D for industrial innovation, and organizing, mobilizing and coordinating projects that are jointly implemented by the government, the enterprise, the research institution, and/or the institution of higher education. This also provides the theoretical basis for the Chinese government to enact support policies for high-tech industries in designated sectors.

HTZs: A Policy Tool for Piloting the Development Strategy of High-Tech Industries

In order to provide R&D subsidies, tax exemption and reduction, and lower-cost facilities for high-tech industries, the Chinese government has built HTZs to take advantage of the industrial agglomeration effect. It is an important policy tool for the Chinese government to develop high-tech industries.

Theories supporting the industrial park development originate from Weber's (1909) a least cost theory of industrial location. According to this theory, to reduce transportation costs of raw materials and labor costs, industrial enterprises tend to seek spatial clustering in a premium location. As the industry thrives in the area, firms of the same industry or related industries will relocate close to that area to access the existing infrastructure, machinery and equipment, and so on. Thus, a mutually beneficial symbiotic industrial organization is formed, resulting in the industrial agglomeration effect, as well as increasing productivity and returns to scale (Krugman, 1991; Marshall, 1891). Since the 20th century, many countries have been developing industrial parks. The park can amplify the functions of an industrial cluster. In building a park, the government can provide certain public goods, such as public transportation, sewage treatment, water, and electricity access, so that the resident firms can save these costs. For developing countries, industrial parks are designed for another important function: using limited funds to create an enabling business environment to attract foreign capital together with advanced technology to boost the regional economy.

High-tech industries are less dependent on land and natural resources than traditional industries, but generally have higher requirements for high-quality human capital, easy access to knowledge, and an enabling environment for innovation and entrepreneurship. Therefore, the favorable conditions provided by HTZs are distinct from those provided by traditional industrial development zones. For example, HTZs are meant to accelerate regional "industry-university-research" cooperation to form a multifaceted, and sophisticated interaction network between different institutions and organizations such as enterprises, research institutions, universities, intermediary

service agencies, and financial institutions. In terms of location, HTZs need to be built close to universities, research institutes, and other intellectual resources-intensive areas to pool human resources. In terms of infrastructure, HTZs should achieve intensive use of their building space to provide startups with functional areas for industrial incubation, technology transfer, achievement exchange, and more, as well as livable environment with convenient communication networks. In terms of the institutional environment, HTZs need to establish a series of laws and regulations that facilitate the transformation of S&T achievements, protect IPRs, and encourage venture capital. Therefore, HTZs only work when a certain level of economic development has been achieved.

Development Stages and Policy Factors of China's HTZs

China's national HTZs are set up for the purpose of developing high technologies in designated areas. As comprehensive vehicles based on intensive intellectual resources and technologies with an open environment, HTZs equipped with various preferential policies and reform measures optimize the soft and hard environment for the development of high-tech industries in designated areas. The HTZ system is a great achievement of China in reforming the economic, scientific, and technological systems. The official mission of HTZs is "developing high technology to realize industrialization"¹. However, since HTZs are built at different stages of China's economic development, their objectives and functions may vary. With the transformation of the national development strategy, HTZs have been evolving from economic and technological development zone (ETDZ)-featured traditional industrial parks to functional S&T parks powered by high-tech enterprises, tech incubators, and tech-innovation platforms. Generally, the development of national HTZs can be divided into three stages, also known as "the Three Stages". The evolution of the three stages demonstrates that the development of China's high-tech industries has shifted its focus from factor accumulation-powered industrialization to state-of-the-art technology-driven innovation.

The rest of the section will analyze the characteristics of industrial parks at different stages in terms of the form, industrial structure, characteristics of industrial technology, and industry-university-research cooperation modality. The impact of the government's understandings and policy measures on the development of HTZs and hi-tech industries will be analyzed based on the major measures and policies HTZs adopted at different development stages.

1 On April 23, 1991, Deng Xiaoping inscribed for the Work Conference of the "863 program" held by the State Science and Technology Commission and the Work Conference of the High Technology Industry Development Zones "developing high technology to realize industrialization." This inscription also became the purpose of the industrial development of HTZs.

“The First Stage”: (1991-2000)

The first HTZ in China was the Beijing High Technology Industrial Development Pilot Zone (predecessor of the Zhongguancun Science and Technology Park) established in 1988. The predecessor of the first HTZ is the “Zhongguancun Electronics Street” in the early 1980s, the eve of China’s reform and opening-up program applying nationwide. At that time, the country’s industrial foundation was rather weak and high-tech industries were virtually non-existing. Since 1988, provinces and cities across the country have followed the suit of Zhongguancun and established HTZs tailored for regional characteristics and conditions. In 1991, the State Council issued the Notice of the State Council Concerning the Approval of the National Development Zones for High Technology Industries and Relevant Policies and Provisions. The first 26 state-level HTZs were approved along with the Notice. In 1992, 25 more HTZs were approved. From the first in 1988 to Shaanxi Yangling Agricultural High-tech Industry Demonstration Zone set up in 1997, the State Council altogether approved 53 HTZs in total in the First Stage (see Figure 1), opening the curtain on the large-scale development of national HTZs.

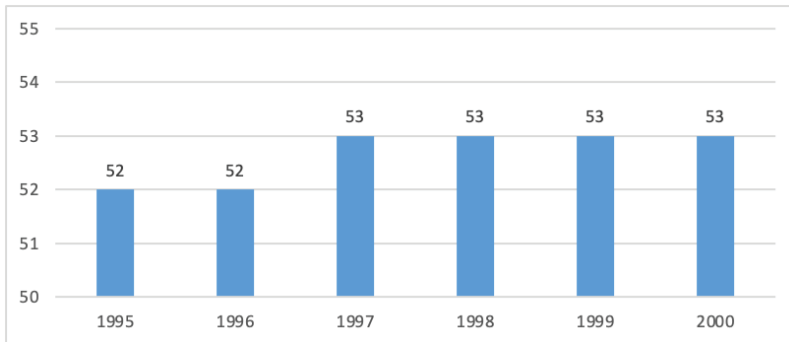


Figure 1. National HTZs in “the First Stage.”

Based on the analysis of the major characteristics of this development stage, HTZs are basically in the “budding” stage. Extensive development is the main pattern of development, whose major purpose is to build up the basic support for industrial development. Most HTZs “put industrialization first”, i.e., they gathered production factors swiftly by introducing industrial enterprises. Most HTZs in coastal areas have undertaken massive global industrial transfer to develop processing manufacturing, textile, automobile manufacturing, electronics manufacturing, and other industries. They provided sound infrastructure, such as “five accesses and one leveling” (i.e. accesses to water, electricity, transport, communication, ventilation, and land leveling). Generally speaking, at this stage, HTZs were manifested as “industrial parks” or industrial agglomerations. The total industrial output value of HTZs registered a sustained and rapid growth. In 2000, the 53 HTZs generated nearly 800 billion yuan

(120.85 billion USD) industrial output value (Figure 2). Therefore, both the nature and form of HTZs at this stage were industrial park-featured.

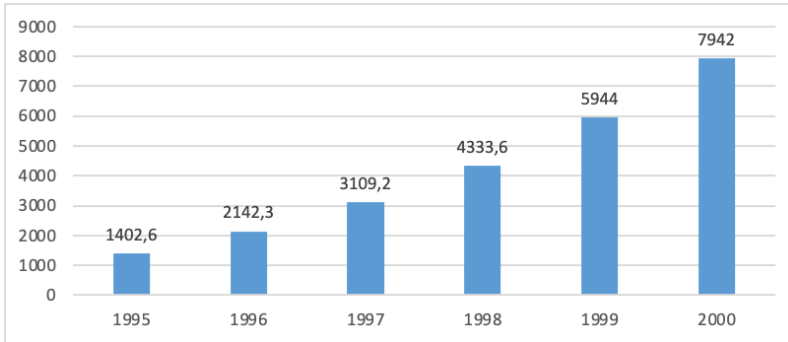


Figure 2. Total industrial output value in “the First Stage” (100 million yuan).

The Focus of the HTZ Development Policies in “The First Stage”: Piloting Policies and Building Sound Infrastructure to Create Industrial Development Prospect

In 1982, the Chinese Government put forth the strategic guideline that “economic development must rely on science and technology, and science and technology work must be oriented toward economic development”. In March 1985, The Decision of the CPC Central Committee on the Reform of the Science and Technology System was promulgated, which formally kicked off the system reform program. According to the requirements on economic development proposed at the 13th CPC National Congress and Plans on Industrial Development made by the CPC Central Committee, the State Science and Technology Commission (SSTC), the predecessor of the Ministry of Science and Technology (MoST), began to implement the “Torch Program” in July 1988. To ensure the success of the State Council-approved HTZs in Beijing and other regions was written in the “Torch Program” (1988-1990). Furthermore, coastal regions and human resource-intensive hinterland cities were encouraged to establish pilot HTZs according to their respective conditions and to create an enabling environment for technological and industrial growth. In 1991, the SSTC and the State Taxation Administration issued the Interim Provisions on Certain Policies Concerning National High Technology Zones and the Regulations on the Tax Policy for the National High-Tech Industries Parks respectively, rendering legislative teeth to the preferential policies of HTZs, especially in taxation, credit, and land.

With the improvement of China-US relations in the 1980s, the US and Europe eased controls on technology export to China, so the local governments in China introduced many sets of foreign industrial equipment. In addition to the earliest “Shenzhen Science

and Technology Industrial Park” and “Beijing Zhongguancun Electronics Street”, Beijing, Shanghai, Wuhan, Nanjing, Tianjin, Guangzhou, Lanzhou, Xi’an, Shenyang, Changsha, and Guilin were all working on making overall plans and preferential policies for HTZs. They raised funds and selected special projects in line with their respective comparative advantage.

In terms of the first-stage HTZ development, constrained by the economic development at that time, the focus was on the allocation of production factors. The government’s main policy measures include: first, providing “five accesses and one leveling”, and other production conditions; second, vigorously attracting investment with preferential policies, such as tax holidays and land transfer. Besides, following the experience of the Beijing High Technology Industrial Development Pilot Zone, the local governments granted certain autonomy to the HTZs under their administration. With streamlined procedures for project approval, business registration, and HTZ settlement, the delegation improved administration efficiency and service. As a result, at the initial stage, HTZs, with preferential policies and institutional mechanisms, have gathered a large number of production factors in a short time. However, due to the lack of attention to the selection of high-tech industries, the HTZs were basically a gathering of traditional industries.

Table 1
Features of HTZ Development Forms and Policy Transmission Mechanism in “the First Stage”

Time	1991—2000
Features	
Industrial Structure	No leading industries. Most industries are machinery manufacturing, auto parts manufacturing, electronics manufacturing, etc.
Technology Features	Undertaking overseas industrial transfer with a low technology level
Industry-University-Research Cooperation	Basically, no close cooperation
Layout and Form	A separate area designated by the government with an industrial park-featured form
Industrial policy orientation	
Major Objectives	HTZ-led regional economic development
Policy Focus	Attracting foreign investment to expand industrial scale
Major Measures	Preferential policies in taxation, land, and credit, government subsidies, provision of “five accesses and one leveling”
Guiding Policies	<i>Notice of the State Council Concerning the Approval of the National Development Zones for High Technology Industries and Relevant Policies and Provisions (1991), Regulations on the Tax Policy for the National New and High Technology Industries Parks (1991), Circular of the State Science and Technology Commission on Strictly Controlling the Adjustment of the Planned Area of the National New and High Technology Industries Parks (1997), Guiding Opinions on Promoting the Exports of High-tech Products (1999)</i>

“The Second Stage”: (2001—2010)

In the 21st century, along with the acceleration of China’s reform and opening up, the first national HTZs have gained strong industrial and economic strength. However, as a rising economy, China has put forward higher requirements for HTZs. “The First Stage” overemphasized attracting investment and clustering industrial enterprises and failed to fully materialize the original purpose of integrating science and technology into the economy, technology transfer, transformation of technological achievements, and endogenous and intensive development of HTZs. As a result, most high-tech industries in the HTZs stayed at the low end of the value chain, i.e. in the processing and manufacturing sectors.

In 2001, based on the latest status of HTZs, MoST proposed to adjust the development goals. At a symposium participated by mayors of the cities where national HTZs were located, Minister Xu Guanhua suggested that restrained by limited industrial space and diminishing returns, the extensive development of HTZs in “the First Stage” was held back, and that “the Second Stage” should be based on endogenous growth and development-oriented rather than survival-oriented. In November 2002, MoST issued the Decision of the Ministry of Science and Technology on Further Supporting the National Development Zones to support HTZs to engage in “the Second Stage”.

At this stage, the role of science and technology in development were better reflected in HTZs. Available approaches include introducing R&D institutions as well as S&T and educational resources to create a knowledge-rich atmosphere, establish innovation platforms, promote the transformation of scientific and technological achievements, and build incubators. As shown in Figure 3 and 4, the increase in tech company incubators, Productivity Promotion Centers, and other entrepreneurship and technology service institutions based in HTZs at the second stage present a steeper upward curve than it was at the first stage. This also shows that HTZs in China have embarked on the journey toward “science and technology parks”, consistent with its original orientation.

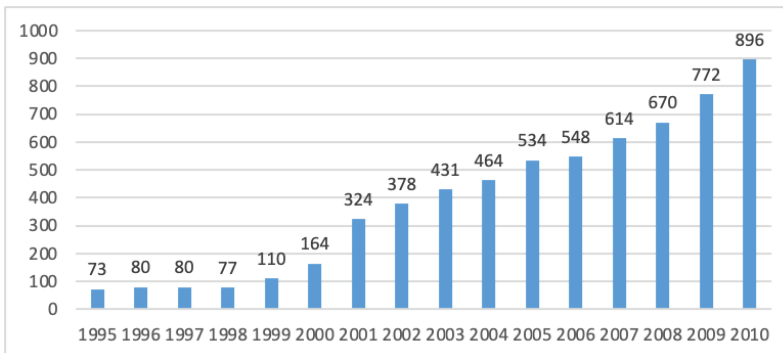


Figure 3. The number of tech company incubators in HTZs.

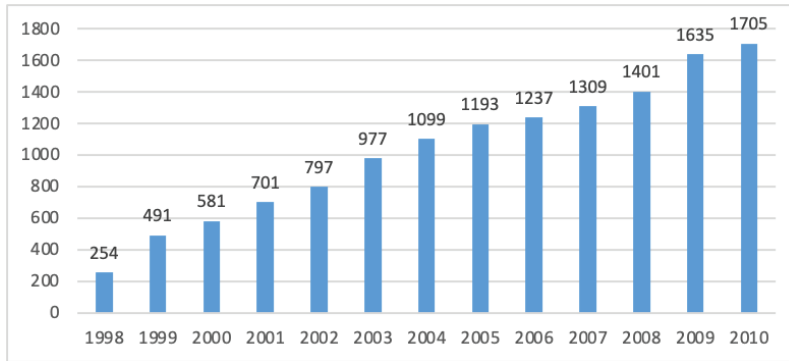


Figure 4. The number of Productivity Promotion Centers in HTZs.

Since the major goal of “the Second Stage” of HTZs was to promote value chain upgrading and technological transformation. The development of the leading industries focused on undertaking the transfer of overseas well-developed technologies and to absorb them. Transformation and upgrading of traditional industries, electronic information industry, computer manufacturing, and Internet industry were the leading industries in most HTZs. On the whole, the HTZs were a mix of a science and technology park and an industrial park.

The Focus of the HTZ Development Policy in “the Second Stage”: Promoting S&T Transformation for Technology Absorption and Building Platforms for Industry-University-Research Cooperation to Develop the Technological Service Sector

Since China’s accession to the WTO in 2001, the international trade environment has undergone profound changes, which, to a large extent, promoted the introduction of foreign capital and technologies to China. Meanwhile, HTZs quickly accumulated capital, technologies, and human resources. The role of enterprises as major innovation players has been increasingly prominent, and they have developed their technological strength and capacity to absorb technologies.

At this stage, under the influence of Neo-Schumpeterian Economics, the Chinese government began to refocus its development strategy. In 2005, the State Council put forward a “Four-Pronged Overall Plan”² for the development of national HTZs. MoST introduced “Transformations on Five Fronts” to “the Second Stage”, namely, the transformation from a factor (e.g. resource, capital, etc.)-intensive growth mode to

2 During his visit to Zhongguancun Science and Technology Park in June 2005, the then Premier Wen Jiabao stated that the National HTZ should leverage its advantages as an important base for high-tech industrialization, and strive to become a major vehicle for promoting technological progress and enhancing endogenous innovation, a powerful engine for driving restructuring and transformation of regional economic growth patterns, a service platform for high-tech enterprises to go global and participate in international competition, and a frontline for seizing the high ground of the world’s high-tech industry.

one that is driven by technological innovation, the transformation from a preferential policy and investment introduction-driven mode to one that focuses on optimizing the innovation and entrepreneurial environment and fostering endogenous driving force, the transformation from a homogeneous industrial development mode to the one focuses on the development of specialty and leading industries, the transformation from hard environment-focused construction to soft environment-focused development which facilitates the optimal allocation of scientific and technological resources for quality service, the transformation from a domestic market-oriented mode that champions “bringing in” to an international market-oriented mode that integrates “bringing in” and “going global”.

Insufficient innovative factors constrained the regional economy, so a major mission of the national HTZ was to take a lead in building a stronger innovation capacity for the region. Therefore, at this stage, a number of policies were rolled out in HTZs to build technological business incubators and R&D centers, promote industry-university-research cooperation programs, and establish industrial alliances. To introduce industries into HTZs, more attention was paid to the planning of leading industries and the implementation of the planning. More research institutes and HTZ-based enterprises began to cooperate for technological achievements transformation. And more HTZs began to understand the significance of a science and technology park.

Table 2
Features of HTZ Development Forms and Policy Transmission Mechanism in “the Second Stage”

Time	2001—2010
Features	
Industrial structure	Electronic information industry, computer manufacturing, and Internet industry
Technology features	Introducing international technologies for further absorption. Most industries focus on low value-added manufacturing
Industry-University-Research cooperation	Sporadic and less close cooperation
Layout and form	As some parks begin to merge and expand, a pattern of “multiple parks in one zone” is established, which is a mix of a science and technology park and an industrial park
Industrial policy orientation	
Major objective	HTZ-led industrial technology innovation
Policy focus	Promoting the introduction and transformation of technologies to build industrial clusters
Major measures	Cultivating hi-tech businesses based on incubators, encouraging S&T intermediary service, granting subsidies and awards for technological introduction, and planning leading industries
Guiding policies	<i>Guiding Opinions on Piloting Equity Incentives for State-owned High-tech Enterprises (2002), Decision of the Ministry of Science and Technology on Further Supporting the National Development Zones for New and High Technology Industries (2002), Action Plan for the Eleventh Five-Year Plan to Build National High-tech Industry and Environment (Torch Program) (2007), Measures for the Administration of the Accreditation of High-Tech Enterprises (2008)</i>

“The Third Stage”: (2011-Now)

Since 2011, national HTZs have entered the third stage, i.e. “the Third Stage”. This period has witnessed significant changes in the international and domestic environment. First, China has become the second largest economy in the world with an urgent need to build its economic strength rather than simply build its size. Second, after 20 years of development, more national HTZs have been approved with a much larger size in terms of both output and area. It is their mission to achieve innovation-driven development. Since the 18th CPC National Congress, innovation has become a top priority of the Five Development Concepts with changing nature and scope.

At this stage, more national HTZs have been approved (as shown in Figure 5), and the number reached 169 in 2018. HTZs are no longer local experiments but applied nationwide and playing a bigger role in leading economic growth and transformation. In terms of leading industries, most HTZs have been moving from traditional secondary industries to strategic emerging industries and high-end service industries, with focuses on next-generation information technology, biomedicine, artificial intelligence, integrated circuits, and other industries. As a result, this stage has seen more high-tech enterprises with stronger value creation ability compared with the second stage (see Figure 6 and 7).

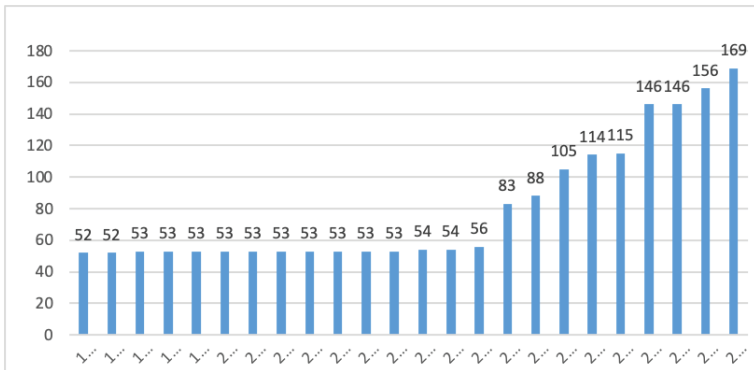


Figure 5. The number of national HTZs in “the Second Stage” and “the Third Stage.”

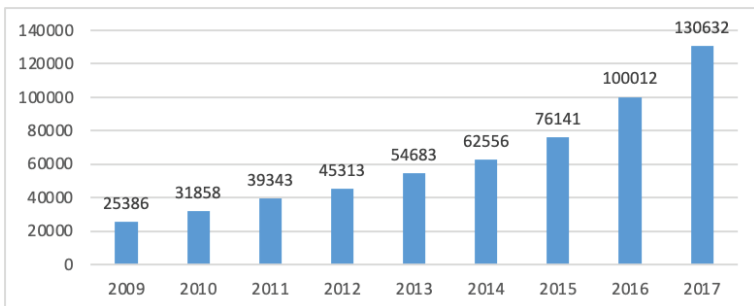


Figure 6. The number of enterprises in national HTZs.

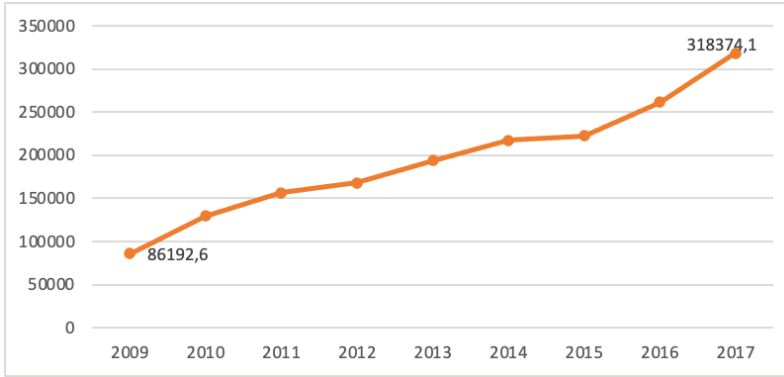


Figure 7. Revenue of hi-tech enterprises (100 million yuan).

With all these changes, national HTZs have entered a “comprehensive innovation” stage. To achieve comprehensive innovation, HTZs should leverage every innovation-conducive factor and stay committed to creating an enabling environment for endogenous innovation. This has geared HTZs toward building “an innovation ecosystem” for comprehensive development. Also, as the city-industry integrated development in major HTZs becomes mainstream and creates a new form of towns, they are more and more “innovation economy”-featured and -structured (Wang, 2017).

The Focus of the HTZ Development Policies of “The Third Stage”: Improving the Innovation Environment and Encouraging Endogenous R&D to Further the Institutional Reform

In 2012, the 18th CPC National Congress initiated the innovation-driven development strategy and highlighted that S&T innovation is a strategic support for social productivity and comprehensive national power (CNP) and must occupy a central place in China’s development plan. In 2013, the Third Plenary Session of the 18th CPC Central Committee adopted the “Decision of the Central Committee of the CPC on Some Major Issues Concerning Comprehensively Deepening the Reform” and laid out the goal to promote the integrated industry-city development. In 2015, Opinions of the Central Committee of the CPC and the State Council on Deepening the Institutional Reform to Accelerate the Implementation of Innovation-driven Development Strategy and Plan for the Implementation of Deepening the Science and Technology System Reform was issued. The 19th CPC National Congress mapped out the ambition of building an innovative country and a global powerhouse in science and technology and established the vision of high-quality development. The Chinese government has made a series of shifts in strategic thinking at this new stage, which reflects China’s understanding and application of the theory that proposes intensive growth driven by

technological innovation. By strengthening innovation in technology, industry, and system in HTZs, the Central government hopes to create regional innovation demonstration zones. In addition, it will keep optimizing the layout of national endogenous innovation demonstration zones to develop high technology and nurturing new industries.

Since HTZ serves as the core vehicle for innovation-driven development strategy, national HTZ is the best manifestation of China's integration of science and technology with the economy. Undoubtedly, it should be defined as the most important strategic force for China's high-tech industry and a leading force to achieve science and innovation-oriented sustainable development. At this stage, all governments administering HTZs have set how to build regional innovation models as their primary development goal, with specific initiatives including widening access to global high-end innovation factors to attract high-caliber talent; encouraging R&D by rewarding endogenous innovation; building SME incubations; promoting reform of institutional mechanisms for innovation; and establishing business-friendly and livable city-industry integration zones.

These initiatives also reflect that the Chinese government has transformed its development philosophy in four aspects. First, it aimed to shift its growth drivers from being resource-labor intensive to innovation-intensive. HTZs have become more aware of the importance of endogenous innovation, more active to nurture new growth drivers, broad new prospects for development, and promote S&T-focused comprehensive innovation. Second, it focuses on improving the supply system for a sound industrial system. It also accelerates the development of cutting-edge emerging technologies such as big data and artificial intelligence for deeper integration with the real economy. Third, it aims to eliminate the dichotomy between scientific and technological development and economic development and helps enterprises shake off institutional mechanism constraints on innovation. It encourages enterprises to cooperate with research institutes to build an "innovation complex" that integrates R&D, production, financing, and mode reform. Fourth, it extends park management to social governance, ecological governance, and protection of people's rights and wellbeing.

Table 3
Features of HTZ Development and Policy Transmission Mechanism in “the Third Stage”

Time	2001—2010
Features	
Industrial structure	Next-generation information technology, biomedicine, artificial intelligence, integrated circuits, etc.
Technology features	Promoting endogenous technological innovation and gradually enhancing the endogenous industrial innovation capability
Industry-University-Research cooperation	A close-knit innovation community
Layout and form	Well-developed parks demonstrate an industry-city integration, generating cross-regional growth and creating an innovation complex
Industrial policy orientation	
Major objectives	Building a regional innovation model
Policy focus	Improving the innovation system environment, motivating entrepreneurial innovation, and reforming institutions and mechanisms
Major measures	Building the international innovation platform for international talent introduction, developing venture capital funds to support the construction of new R&D institutions, and improving urban environment
Guiding policies	<i>Notice on Issuing the Guidance on Further Strengthening the Torch Program to Promote High-tech Industrialization (2011), Opinions on Deepening the Reform of the Scientific and Technological System and Speeding up the Building of a National Innovation System (2013), Opinions of the General Office of the State Council on Strengthening the Dominant Position of Enterprise Technological Innovation to Comprehensively Improve Innovation Capabilities of Enterprises (2013) Opinions of the State Council on Several Policies Measures for Vigorously Advancing Entrepreneurship and Innovation (2015), Notice by the Ministry of Science and Technology of Issuing the Guiding Opinions on Promoting the Development of New Types of Research and Development Institutions (2019), Notice of the Ministry of Science and Technology on Issuing Some Policy Measures for Supporting Small and Medium-Sized Tech Companies in Innovative Development in the New Era (2019), Guiding Opinions of the General Office of the State Council on Supporting State-level New Areas in Deepening Reform and Innovation and Accelerating High-quality Development (2019), Opinions of the State Council on Promoting High-quality Development of National High-tech Industrial Development Zones (2020)</i>

Conclusion

In summary, in the four decades of the reform and opening up, the Chinese government has demonstrated a distinctive pragmatic approach in promoting industrial development. In the early stage of reform, it made full use of neoclassical economic ideas and vigorously attracted foreign investment and industrial technologies with its opening-up policy to compensate for market failures and to provide sufficient space for industrial development in line with its comparative advantage. In the process of capital accumulation and economic transition, it gradually recognized the key role of the industrial core technology in modern economic development, drew on the neo-Schumpeterian growth theory, and put it into practice extensively. For example, it promoted endogenous research and development and industry-university-research

cooperation, attached importance to the introduction and training of talent, encouraged the development of emerging industries and industrial transformation and upgrading, laying a theoretical foundation for innovation-driven development.

The transformation of the Chinese government's development philosophy has been well reflected in different HTZ development stages. As a developmental state, the Chinese government whose industrial development philosophy has evolved can offer special reference value for other developing countries. Different development stages also adopted different industrial policy tools. At the first stage, by making full use of the comparative advantage and the latecomer advantage, HTZs in China focused on labor-intensive industries as the leading industries, and accumulation of capital by attracting foreign investment and expanding industrial scale. The government provided facilitating conditions for industrial development by granting preferential policies in taxation, land, and credit as well as subsidies to a large extent, and also by improving infrastructure and investment environment. In the second stage, the scope of opening up is expanded to especially encourage the introduction, imitation, digestion, and absorption of technologies. With the support of technology transfer intermediaries and achievement transformation platforms, the government cultivated the technology application capacity of enterprises and guided industrial development with planning by offering subsidies and incentives for technology introduction. In the third stage, the strength of endogenous innovation has been improved, especially in the sectors with frog-leaping opportunities, to create scenarios and markets for industrial development. In the field of source technology, which requires long-term research, platforms for endogenous technological innovation have been built. Human and financial investment in basic research and development have been continuously strengthened through the introduction of overseas high-caliber talent and venture capital funds. Government supports establishing market-oriented new R&D institutions jointly by scientific research institutions and enterprises, to break down barriers to the transformation of achievements, make up for shortcomings in the industrial chain, and continuously promote industrial transformation and upgrading.

It should be noted that at each stage of transition, the effective implementation of development concepts depends on the timely formulation of reasonable industrial development policies. To bridge the gap between policies and implementation and address the conflicts between the two, policymakers and executing agencies need to unify their thinking and strengthen coordination in the design and testing of new policies, which may be another reason why the HTZ, as a pilot area, can better reflect the government's philosophy on transformation.

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RESEARCH ARTICLE

The Developmental Government and Economic Development in Sri Lanka 2005–2019: Lessons from East Asian Developmentalism

Yan He¹ 

Abstract

The political and economic development of Sri Lanka from 2005 to 2019 was occurred amidst much controversy. This article focuses on the relationship between economic growth and regime change in Sri Lanka during those fifteen years and the challenges these events pose to most theories of democratic development. Drawing on an ideal type of East Asian developmentalism to construct an explanatory framework for a comparative study of political and economic policies of the developmental government in Sri Lanka through case analysis and process tracing over three periods of governance, this article argues that efficient strongman leadership, an imbalanced bureaucracy, and simplified industrial policy are important explanatory variables for national development in Sri Lanka. An examination of these variables can clarify the characteristic strengths and weaknesses of developmental governments in Sri Lanka and lead to new explanations of related issues. The applicability of this framework remains to be tested, and the return of the Rajapaksa family to power may give an opportunity for this.

Keywords: Sri Lanka • East Asian developmentalism • Strong leadership • Bureaucracy • Industrial policy • Developmental government

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Since the end of its civil war, Sri Lanka has seen three governments: the Mahinda Rajapaksa government had two consecutive terms in power, from 2005 to 2015, and a coalition government between Maithripala Sirisena and Ranil Wickremesinghe led the country for one term, from 2015 to 2019. Macroeconomic data show that the Sri Lankan economy saw an upward trend overall from 2005 to 2019, showing GDP growth from \$24.4 billion in 2005 to \$84 billion in 2019, most notably after the civil war that ended in 2009 (Figure 1). The developmental environment of Sri Lanka over this decade and a half can be divided into two periods, first that of the war, over the first five years, followed by peace building in the most recent latest decade. The overall rapid economic growth of the country during both periods deserves investigation.

During the first term of the Mahinda Rajapaksa government, from 2005 to 2010, Sri Lanka's economy grew steadily reaching a GDP of \$42.1 billion in 2009, nearly doubling the 2005 GDP. This period was characterized by fluctuating but mainly declining yearly levels economic growth. It also coincided with a critical period in the government's war against the insurgent group Liberation Tigers of Tamil Eelam (LTTE), and the intensity of the war and the eventual victory of the government impacted both social stability and national development.

During its second term, after the end of the civil war, the Mahinda Rajapaksa government managed to bring about Sri Lanka's strongest economic performance until this point, with the economy growing from US\$56.7 billion to US\$80.6 billion. This was widely considered to be the period dividends of peace. Economic growth fluctuated significantly, reaching 8.0% in 2010 after a 3.5% growth in the previous year, with a high of 9.1% in 2012, but declining precipitously to 3.4% in 2013, and hitting a more stable 5% for the following two years.

In 2015, the Mahinda Rajapaksa regime was defeated in the presidential election, and a coalition government came to power with dominating the country's affairs from 2015 to 2019. Although Sri Lanka's GDP grew from \$80.6 billion to \$88.4 billion between 2015 and 2018, growth was relatively weak, with GDP even contracting to \$84 billion in 2019. Economic growth declined over this period, from 5.0% in 2015 to 2.3% in 2019. Overall, the economic picture was bleak during this period.

This pattern of economic growth shows several trends over these three terms. Interestingly, a strong correlation appears among the fluctuations in the growth rate, the election cycle, and the term of government.¹ When the economic growth rates are compared with the election results for 2010, 2015, and 2019, several anomalies appear: one government was re-elected in January 2010, but another regime failed in 2019

1 Sri Lanka has a five-year election cycle, and the term of government was six years prior to the implementation of the 19th Amendment to the Constitution in 2015, but early presidential elections have made each government's term in that period de facto five years. More research on economic growth and election cycles, see Nordhaus (1975).

against a similar backdrop of a sustained economic downturn. In general, a government’s re-election is considered to be assured when economic aggregates are rising and growth rates are shifting from low to high, but in fact, at a time just like this, the 2015 presidential election produced a change of regime. These empirical facts indicate that the relationship between economic growth and electoral politics in Sri Lanka contradicts the economic voting theory.² This theory alone cannot explain the political economy of Sri Lanka.

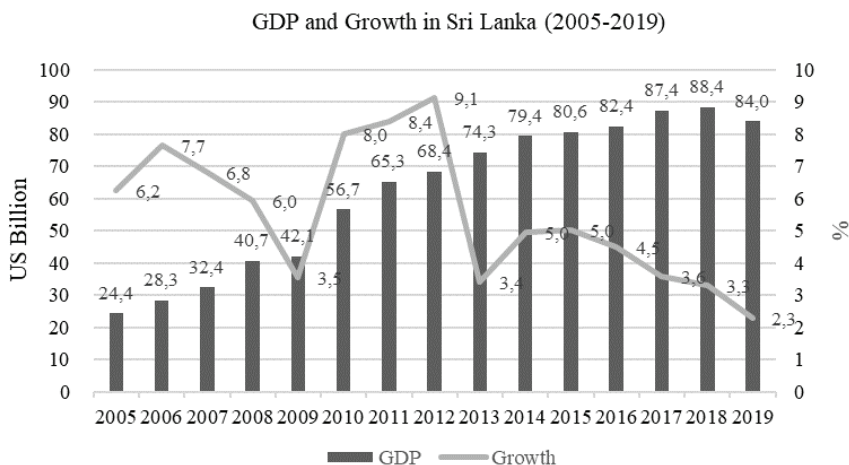


Figure 1. Macroeconomic Indicators of Sri Lanka, from 2005 to 2019.

Source: The World Bank (2020).

To take account of these paradoxes, the following research questions were set: How has Sri Lanka achieved such rapid economic development since 2005? Why did the Mahinda Rajapaksa government fail to be re-elected on the basis of an improving economy? By opposing the Rajapaksa regime, a coalition government was able to come to power, but why did it not able to continue economic growth? This article analyzes the core factors of economic development in Sri Lanka in a developmentalist perspective, seeking to clarify the relationship between economic growth and regime change in Sri Lanka. The article begins with a review of previous work on this issue, followed by a discussion of the ideal type of East Asian developmentalism, and it concludes by constructing a theoretical explanation of developmental government in Sri Lanka through a comparison to the East Asian developmental experience.

2 According to the economic voting theory, voters evaluate the incumbent’s performance in office based on the incumbent’s macroeconomic situation. They use their votes to support or reward the incumbent for re-election when the economy is doing well. In contrast, they vote for other representatives to deny or punish the incumbent when the economy is doing poorly. See Duch and Stevenson (2008).

Literature Review

The relationship between economic growth and regime change in Sri Lanka has been neglected by most mainstream scholars over the last fifteen years of the country's development. Most existing studies focus either on economic growth or regime change, and the relationship between them has rarely been treated in-depth. Three main perspectives are seen in the literature: the economic effects of the war, the peculiarities of the presidential system, and economic interactions with East Asian countries.

First, studies of the civil war indicate that increased military spending can lead to reduced fiscal spending with economic goals, restricting domestic and foreign investment, trade, and commerce. If fiscal public resources are diverted from defense to the civilian economy, this should promote economic growth (Grobar & Gnanaselvam, 1993, pp. 395–405; Pradhan, 2001, pp. 375–384; Selvanathan & Selvanathan, 2014, pp. 69–76; Wijeweera & Webb, 2012, pp. 303–311). This would explain the size of the peace dividend following the civil war. The free market regained vitality and momentum, but a widening current account deficit was a source of support for post-war recovery (Athukorala, 2016; Collier & Hoeffler, 2000; Höglund & Orjuela, 2011, pp. 31–33; The World Bank, 2011). However, the explanatory power of this view seems limited. The peace dividend is weakly established, and although it could account for economic development, it says nothing about the subsequent decline. This view is characterized by its small scope and weak explanatory power, restricting its usefulness for this article.

Second, the presidential system receives a great deal of attention in this connection. In this perspective, the institutional dimension of the Sri Lankan presidential system is emphasized, and that the strongman presidency is taken to demonstrate its strengths and weaknesses. On the one hand, it can positively effect market reforms and is important for maintaining the unity of the country and efficiently addressing development challenges (Senaratne, 2019, pp. 625–638), while rationalizing the process of institutional reform from an actor-centered perspective (Venugopal, 2015, pp. 670–690). On the other hand, this necessitates a centralization of power, which implies a politically flawed governance that is more prone to corruption and nepotism. Here, economic development would be conducive to increased authority (Edirisuriya, 2017, pp. 211–228). This avenue is most closely related to the research questions pursued in this article. However, it cannot account for the conditions or logic of regime change or even identify causal relationships between economic development and regime change. It also includes an endogenous problem related to the discourse on economic development and regime persistence: does the regime enable development, or does development consolidate the regime? This approach leaves something to be desired.

Third, Sri Lanka's adoption of an open economic developmental model improved its position for participation in the international division of labor, including with relation

to East Asian countries. Taking this into account highlights the strengthened ties with East Asian countries that emerged through trade, foreign direct investment (FDI), foreign aid, loans, and infrastructure development, all of which increased total economic output and contributed to Sri Lanka's post-civil war economic development as a result (Javed et al., 2012, pp. 210–220; Sahoo & Dash, 2012, pp. 217–252; Sultanuzzaman et al., 2018). Here, Sri Lanka's economic ties with China in particular were a key aspect of its explanation. The increased aid flows from China had spillover effects on the strengthening of investment and trade ties and created both opportunities and challenges for Sri Lanka (Kelegama, 2014, pp. 131–147). As a result, China's influence has triggered concerns regarding security and the so-called debt trap (Samaranayake, 2011; Weerakoon, 2017, pp. 744–761). This type of economic interaction with East Asian countries indicates how Sri Lanka's developmental path has involved gaining external support and adapting it to its own needs. Such relationships can describe how a developmental government can be built and may have strong explanatory power for the economic growth following the civil war. However, this perspective cannot explain the economic downturn in 2015–2019. As noted above, it is difficult to form an effective developmental model through interactions with East Asian countries alone. This perspective is deficient in two respects: first, it ignores the components of domestic economic policies and economic growth; second, it fails to explain regime change and thus cannot be connected to the economic voting theory in the Sri Lankan case.

These perspectives generally account for the main theoretical trends in previous research, but they are not sufficient to explain the development of Sri Lanka since 2005. While its economic interactions with East Asian countries suggest that a development-oriented government is an option for Sri Lanka, the weakness of previous research prevents the easy construction of a model of this type. This article presents a comparative study of East Asian developmentalism in an ideal form and seeks the combination of conditions for a developmental model for Sri Lanka to construct a new explanatory framework that will extend previous research.

An Ideal Type of East Asian Developmentalism

East Asian developmentalism should be assessed within a contrast between major Western economic theories and East Asian developmental practices, where the latter focuses on the developmental experiences of Japan and China in particular. Japanese developmentalism originated in the 1980s, at a period when the rapid development of the Japanese economy had provoked a theoretical crisis in the Western study of economics. The theories that had held sway, whether neoclassical, Keynesian, or Marxist, could not produce an acceptable explanation for Japan's development (Gao, 2002, p. 3). China's later development can be compared with Japan's to find both structural similarities and process differences. Economists have developed novel

explanations to account for the success of China's Reform and Opening Up policy over the past forty years. Among these, a comparative analysis that includes Japanese developmentalism, the East Asian economic renaissance as understood through the flying geese paradigm (Gill & Kharas, 2007), and the Chinese development model, would be of great importance. Studies have found that the main difference between China and Japan's developmental models is their divergent attitudes toward the market and the resulting institutional arrangements, specifically as regards capital formation, international market relations, degree of technological innovation, resource dependence, and trade dependence (Gao, 2006).

The experience and discourse of Japan and China on developmentalism has led to the production of an understanding of an ideal type of East Asian developmentalism, which has been measured according to the following three indicators.

a. Effective Government

Japanese developmentalism is theoretically based on a system of private property and a market economy (capitalism). However, this system is intended to produce national industrialization (continuous growth of per capita production). To achieve this goal, it admits of government intervention in the market over the long term (Murakami, 2013, pp. 272–273), and allows the government to intervene often for the sake of economic stimulus. Likewise, in China's socialist market economic system, the government's role is that of the visible hand in the economy.

b. Bureaucracy

The Japanese model emphasizes the selection of officials, creating a talented, elite bureaucracy with distinguished management, within a system that guarantees innovation and performance. Most of these officials, who have degrees from the best schools of law and management, are generalists in the formulation and implementation of public policy. They are responsible for identifying and selecting industrial structural policies, formulating industrial rationalization policies, and monitoring competition to ensure efficiency. Japan's model provides room for economic officials to innovate while preventing coercion by interest groups, separating the right to rule from the right to govern (Johnson, 1982).

c. Industrial Policy

Japanese developmentalism considers the state to be the basic unit of political economy and provides a minimal system that supports the market economy and provides redistribution in its broadest sense, namely, as imposing constraints on parliamentary democracy (Murakami, 2013, pp. 273–279). Here, Japanese

developmentalism appears as a form of industrialized economics that seeks a dynamic process of wealth creation in this post-industrialized country. It extracts economic effects from industrialization, the ability to coordinate production, and the expansion of national productivity, from industry to the economy at large. Thus, Japan's industrial policy follows a strategy to develop technology-intensive industries. By contrast, China pursues a strategy that encourages labor-intensive industry.

Japanese developmentalism has had success at home islands and in other Third World countries. Economic growth in certain newly industrializing economies in Southeast Asia and Latin America have become historical successful stories whose industrialization has even surpassed Japan's.

East Asian developmentalism is important as a model for Third World countries. Soon after independence, Sri Lanka ranked high on the list of developing countries on economic and social development indices, higher than Taiwan and South Korea. However, this advantage gradually declined as the times and policies changed. Although the Sri Lankan government attempted a partial economic liberalization in the late 1960s, it took much longer there than in other Asian countries to implement import substitution policies, and it fundamentally failed to change its economic performance. It was not until a new government came to power in 1977 that the economic strategy changed, and a liberalized economic structure was formally established. This began Sri Lanka's true integration into the world economy. Three factors allowed this policy shift: criticism of the previous inward-oriented economic policy, the model of the East Asian economic miracles, and the conditionality of the stabilization funds provided by the World Bank and other aid agencies (Karunaratne, 2000, p. 176). After this, market mechanisms began to play an important role in Sri Lanka's economy. However, after four decades of liberalization and an open market policy, Sri Lanka remains a developing country, although other countries and regions that followed the East Asian developmentalist model have escaped the developmental dilemma and become developed economies. However, Sri Lanka's economic development following its civil war has shown remarkable results, and the correlation between its achievement and East Asian developmentalism has become an interesting question. The ideal type of East Asian developmentalism is investigated to establish the analytical framework for this article, providing a more reasonable explanation to the political and economic development of Sri Lanka over the last fifteen years.

East Asian Developmentalism and Sri Lanka's Developmental Government

Since its accession to power in 2005, the Mahinda Rajapaksa regime has been criticized to varying extents, both from within and outside the country, although its results in political stability and economic development are objectively praiseworthy.

The commitment of successive Sri Lankan regimes to development, including that of Mahinda Rajapaksa, has not wavered, and the 26-year civil war was ended under this regime. A detailed evaluation of the evolution of the Mahinda Rajapaksa regime from 2005 to 2015 and the coalition government from 2015 to 2019 will allow the nature of Sri Lanka's developmentalism and its choices to be grasped.

Government Intervention: Efficiency in Strongman Politics

Government intervention is a central indicator of the ideal type of East Asian developmentalism. The effects of the government's intervention on economic development in Sri Lanka can be seen in terms of the efficiency of strongman politics.

The liberal and open economic system of Sri Lanka, in place since 1978, has long been running smoothly and has demonstrated adaptability and resilience. Free trade policies are theoretically based on the idea of a perfect market without government intervention, where price mechanisms play a leading role in resource allocation, and trade is regarded as the engine of economic growth. In reality, however, markets are imperfect, and price mechanisms cannot achieve their theoretically optimal effects. It has proven difficult, therefore, to achieve economic growth in Sri Lanka through free trade alone. Examination of political developments and economic growth in Sri Lanka from 2005 to 2019 finds that the governmental intervention into the Sri Lankan economy has long been institutionalized, and perceptible differences in its path and degree are directly related to aspects of economic growth. This divergence is rooted in differences in policy effects due to its strongman politics and diarchy, the former clearest under the Mahinda Rajapaksa regime and the latter in the coalition government.

Sri Lanka's political history reveals a de facto institutionalization of government intervention. Its presidential system was born of an elite impulse to create a stable, centralized, and authoritarian political structure to overcome and reverse the negative impact of a populist democratic electoral system on the economy (Venugopal, 2015, p. 673). The drastic economic liberalization reforms of 1978 were enabled by this system. The presidential system has stably been the form of government in Sri Lanka for many years. As an institutional and political background, if it is taken as an explanatory variable for Sri Lanka's economic growth, it will lack reliability and validity, as seen in previous study. At the same time, the institutionally determinist extrapolation of the disadvantages of the presidential system from the results of economic growth is far-fetched and may even put the cart before the horse. This article treats the presidential system as an institutional context. It should be noted that power is not the same for every president but depends on individual strength or weakness.

First, observing the effects of policies under a powerful presidency can allow the causal effects of strongman politics on economic growth to be analyzed. Mahinda

Rajapaksa's two terms in office, from 2005 to 2015, were marked by differing policy characteristics. An objective assessment of Mahinda Rajapaksa's policies during his terms will help us establish the course of Sri Lankan development. A comprehensive survey of the policies followed by his administration shows similarities to the East Asian developmental model. That model centers the role of government in the market and in institutional arrangements, along with participation in a globalized international division of labor (Gao, 2006). It should be noted that although an approach similar to the East Asian developmental model appeared during Mahinda Rajapaksa's administration, this does not mean that Mahinda Rajapaksa copied this model directly into his policy but may instead entail that the Sri Lankan tradition is similar to the that of the East Asian model, such that his administration formed policies similar to those by combining foreign examples with domestic thinking. These specific measures are reflected in the domestic and international impact of Mahinda Rajapaksa's government.

On the one hand, quelling the civil war and maintaining political stability were at the forefront of its policies. East Asian developmentalism occurs under conditions of political and social stability, implying a requirement for peace. The civil war in Sri Lanka was difficult to resolve, even over the course of several regime changes. For example, during the Kumaratunga regime, when the Sri Lankan government forces and the LTTE briefly reached a ceasefire agreement, as the conflict continued afterwards. International forces intervened to mediate the conflict during this period, but they failed. The LTTE's violence exhibited a terrorist flavor, with the assassination of dignitaries, suicide bombings, and the persecution of dissident Tamil civilians. However, successive governments became cautious about resolving the conflict through military action, due to the many defeats suffered by the Sri Lankan government forces as well as the enormous economic and human costs that resulted from attempting to quell the war. From 2006 to 2009, Mahinda Rajapaksa's government took decisive and aggressive military action against the LTTE. Unlike previous administrations, he gave the military absolute authority to fight the LTTE, sacrificing the economy, diplomacy, and international public opinion to achieve national unity (Devotta, 2009, pp. 1041–1042). Years of conflict had hampered Sri Lanka's development, exacerbated its brain drain, and led to social unrest. After the civil war, Sri Lanka had new opportunities for development.

On the other hand, the government efforts during this period prioritized improving the efficiency of government and the institutional environment. Sri Lanka has a history of government-led economic and institutional development. The efficient functioning of the government and improvement to the institutional environment have also helped promote economic development. The Mahinda Rajapaksa government has put a number of incentives and mechanisms in place to promote economic intervention, mainly focusing on encouraging investment, facilitating access to technology and credit, upgrading job skills and cultivating entrepreneurship, formulating industrial standards and norms, and

performing regulatory functions. The government's industrial policy focused on supporting small and medium-sized industrial enterprises, as well as assisting micro and small enterprises. Additionally, it promulgated a number of supportive measures to enable effective governmental intervention in the economy. These policies included improvements to the macroeconomic environment, enhancement of the level of public services, especially increased efficiency for strategic state-owned enterprises (SOEs), strengthening investments in science and technology, and promoting private investment in the construction of new industrial parks (Rajapaksa, 2005, p. vii).

Second, observing the effects of policies when presidential power is weak can enable analyses of the influencing mechanisms of diarchic politics on economic development. From 2015 to 2019, the coalition government followed a completely different path in political development. The advantages of presidential power in Sri Lanka have been the subject of criticism from Western scholars and democratic observers, especially during the decade of Mahinda Rajapaksa's administration. Sirisena's victory in the 2015 presidential election was considered to be a victory for democracy in the West (Devotta, 2016). As soon as Sirisena took office, he set his 100-day reform plan to promote political transformation into motion. Here, amending the constitution to weaken the president's power was an important task. At the end of April 2015, the 19th Amendment to the Constitution was passed by the Sri Lankan Parliament to reduce the president's power. Since then, checks and balances have gradually spread in Sri Lankan governance. In the process, the prime minister's power was strengthened, necessitating a bipolar political situation, where the president and the prime minister could jointly lead national affairs (He, 2020).

The subsequent power struggle between the prime minister and the president distracted the coalition government, and the struggle for power between the various factions took center stage as the main dynamic of Sri Lanka's politics, with decisively negative effects for the development of the country, most importantly, reduced good governance and greater inefficiency. During this period, two institutions managed economic affairs, namely, the Cabinet Committee on Economic Management (CCEM), headed by the prime minister, and the National Economic Council (NEC), headed by the president (SG, 2018). Their functions overlapped and constrained each other, which caused delays in development projects and caused Sri Lanka's macroeconomic performance to decline, with growth falling from 5% in 2015 to 3.3% in 2019. At the same time, social inequality and tensions between the rich and the poor became increasingly prominent under this regime, which lacked government prestige and economic vitality, and the frequency of communal conflict between Sinhalese and Muslims was significantly higher in this period than under previous regimes. For instance, the Ampara and Digana incidents of 2018 led to a state of emergency, and the 2019 Easter attack, which shattered Sri Lanka's national security shield, drew widespread international attention. The inefficiency of the

state apparatus and the intensity of social security tensions severely affected the stability of the Sri Lankan regime.

Thus, strongman politics, bringing efficiency and good governance, produced a peaceful environment and economic growth in Sri Lanka. However, non-strongman politics of diarchy, due to its inefficiency and sclerotic governance, squandered the chance of boosting economic vitality, and this aggravated social inequality and affected the stability of the regime.

Governmental intervention in the economy is an effective means of coordinating resources and regulating market allocation. The above analysis indicates that the effectiveness of governmental intervention into the democracy of Sri Lanka has depended on the degree of its political authority. After Mahinda Rajapaksa came to power, his government's authority grew as he implemented a number of policies, including the effort to end the civil war and return Sri Lanka to peace and stability, which gained the approval of the majority of Sri Lankans. This strengthened his authority, but he was also subject to criticism for what was perceived as democratic decline and authoritarian rule (DeVotta, 2010). However, developmentalism centers the pursuit of development, and excluding value judgments from the analytical framework will help us grasp Sri Lanka's reality more objectively. The positive aspects of the Mahinda Rajapaksa regime are reflected in more efficient governance. Through top-down reforms and policy changes, this regime combined a more open economic development philosophy with a promotion of Chinese investment in the country, as well as making institutional innovations that provided guarantees of stability, such that government efficiency could truly drive economic development. For example, while building infrastructure in the form of solid waste disposal, water supply, and sanitation, it also coordinated central, provincial, and local governments, and the 18th Amendment to the Constitution, passed in 2010 and championed by Mahinda Rajapaksa, gave more autonomous power to lower-level governance, and this improved coordination and efficiency, which proved important for infrastructure projects and enabled all levels of government to benefit from economies of scale in such projects (Biller & Nabi, 2013, p. 5).

As noted above, institutional arrangements and political leadership have played a key role in Sri Lankan developmentalism. The close relationships between the government and enterprises was considered the key to enterprises' success. This led to an effective public service system, supplemented by appropriate checks and balances to minimize potential abuses of power and corruption. This indicates that strong political leadership is a necessary condition for developmentalism in Sri Lanka.

Bureaucracy: A Critique of Familial Politics and Nepotism

As seen in the ideal type of East Asian developmentalism, the form, size, and status of the bureaucracy is another important indicator of developmentalism. The process of selecting and appointing officials in relation to different interest groups is an intermediate factor for testing government efficiency and feeding back market signals. Hence, building an excellent bureaucratic team can lead to fruitful developmental results in terms of innovation and efficiency. The above analysis of effective government indicates that a bureaucracy is a tool that a government can use for reform and development. This presents a dilemma: it must be coordinated and efficient and escape being hijacked by interest groups. An analysis of Sri Lanka's bureaucracy provides a microcosm for understanding details of efficiency and equity in the country's development. In this section, the period from 2010 to 2019 was selected for comparative analysis. It was found that inadequate institutional design and dysfunctional organizational arrangements were the main causes of criticism of the Sri Lankan bureaucracy in the form of familial politics and nepotism.

The shortcomings of Sri Lanka's bureaucratic system are rooted in deficiencies of institutional design and in dysfunctional organizational arrangements. The poor institutional design is attributed to the fundamental influence of the Constitution and its amendments, and the operational dysfunction of the organizations is influenced by the division of functions and the limitations of the special committees that govern the bureaucracy.

After the constitutional reform of 1978, the president and the Cabinet gained power, and this made the bureaucracy and civil service system into an instrument for the president to use to achieve his political will. This gave the president a profound influence over all phases of the administration and deepened the politicization of the civil service (Priyantha et al., 2019, pp. 208–211). The 17th Amendment to the Constitution, ratified in 2001, added a provision that limited the president's jurisdiction over the public service, but this did not succeed due to political discrepancies over the appointment of council members. It was replaced by the 18th Amendment in 2010. The discrepancies among the council members, as mentioned above, mainly centered on the composition of the Constitutional Council, the importance of which is reflected in its power to make personnel decisions and to recommend and appoint suitable officers to subcommittees, offices, and the Public Service Commission (PSC). The PSC, which is empowered to formulate rules, regulations, and procedures pertaining to the recruitment, promotion, and transfer of and disciplinary action against public officers, is an important coordinating body for the bureaucracy and the recent political developments of Sri Lanka. In the 17th Amendment, the PSC was upgraded to an independent commission, accountable only to Parliament. This was intended by the Constitutional Commission to prevent excessive politicization of the public administration through checks and balances on the power of the political authorities (Priyantha et al., 2019, p. 198).

The Constitutional Council, established in 2001 generally has ten members.³ This multi-stakeholder framework may be sufficient to reduce the president's authority and influence in the executive branch. The creation of this body was a meaningful attempt for Sri Lanka to seek a balance of power and pursue the spirit of democracy. Unfortunately, this attempt failed. The failure has strengthened the president's authority over public service, contrary to intention. The Mahinda Rajapaksa regime, ratifying the 18th Amendment to the Constitution, established the Parliamentary Council to replace the Constitutional Council. The most prominent feature of the Parliamentary Council is its small but representative membership. It consists of five members,⁴ and its members are directly nominated by the ruling party, strengthening the president's power to influence political and executive decision-making. The replacement of the Constitutional Committee meant that the president was only required to consult with the Parliamentary Council. The PSC was brought back under the control of the Cabinet, and the Cabinet ministers were able to directly appoint department heads. The 19th Amendment to the Constitution, ratified in 2015, reduced the powers of the president, made rather few other changes to the functional arrangement of the PSC, which was re-established as the body that oversaw the administration of the civil service, with significant administrative responsibilities for managing personnel.

The design of the Sri Lankan bureaucracy has been lacking. Although it has undergone several changes, it is still not optimally constituted and has not formed a benign mechanism, which directly affects the selection of officials and leads to dysfunctional organizational arrangements. The relatively small percentage of professional elite bureaucrats in the talent structure, the preference for stringent loyalty tests for senior positions following the 18th Amendment, and the lower level of salaries in the government than in the private sector, also hinder the selection and retention of high-quality officials. For young civil servants, entry into the Sri Lanka Administrative Service (SLAS), achieved through a public selection examination administered by the PSC, amounts to an ideal political career for university graduates because SLAS officers enjoy social prestige and power, and they can hold key positions in the central government, provincial governments, or other public sector undertakings. Qualified university graduates between the ages of 22 and 28 are eligible for the exam, but the competition is fierce. For example, in the 2011/12 exam, only 112 of 13,423 candidates were accepted, or only 0.83 percent (Nanayakkara, 2015). This rate negatively affects the willingness of university graduates to take the SLAS or to pursue a career in the public service, which hinders the formation

3 The Constitutional Council consists of the prime minister, the speaker, the leader of the opposition in parliament, one person appointed by the president, and five persons appointed by the president on the nomination of both the prime minister and the leader of the opposition. There is also one person nominated upon agreement by the majority of the members of parliament.

4 The Parliamentary Council consists of the prime minister, the speaker, the leader of the opposition, a nominee of the prime minister who is a member of parliament, and a nominee of the leader of the opposition who is also a member of parliament.

of a new generation of elite professional bureaucrats. Nonetheless, Sri Lanka's large bureaucracy is still developing, with approximately 30,000 graduates joining the civil service in 2012. However, the lack of opportunities for newly promoted young civil servants to develop technical expertise, coupled with frequent transfers, make them unattached to particular organizations, increasing their loyalty to particular cadres or officials and hence provide the necessary conditions for establishing personal attachment and nepotism (Liyanaage et al., 2019, p. 297).

This analysis shows that bureaucracy in Sri Lanka is at risk of negative impacts from its institutional design and organizational arrangements, which are characterized by political aims, close socio-economic ties, nepotism, and the separation of central and local bureaucracies (Irfan, 2016, p. 35). This leads additionally to an uneven distribution of interests among political groups (Table 1). The case of the Mahinda Rajapaksa regime illustrates the urgency of this problem, with Mahinda's brothers Chamal Rajapaksa as speaker, Basil Rajapaksa as minister of Economic Development, and Gotabaya Rajapaksa as secretary to the Ministry of Defense and Urban Development. The corruption and familial politics of this regime attracted much criticism and have been widely cited as key factors in the downfall of the Mahinda Rajapaksa regime (Edirisuriya, 2017; Attanayake & Kapur, 2018). Under the coalition government of 2015–2019, despite the constitutional changes, the massive bureaucracy was not able to be transformed so quickly. The coalition government's complaint against Mahinda Rajapaksa and its anti-corruption campaigns acquired the status of a political slogan, but they ultimately failed to reverse the shortcomings of the bureaucracy. In addition, the lack of unanimous political conviction within the political bloc paved the way for its ultimate downfall. In 2015, the bond scam of the Central Bank of Sri Lanka, considered to be the largest instance of financial fraud in the country's history, lifted the veil from the former government's corruption scandal, and its aftermath affected the government's credibility. Ravi Karunanayake, a former minister of Finance and of Foreign Affairs, resigned from his post in August 2017 due to a scandal involving improper dealings with the son-in-law of the former governor of the Central Bank. The following November, Prime Minister Wickremesinghe was questioned about this case, which was the first occasion in Sri Lanka's history where the prime minister testified before a Presidential Commission of Inquiry. There were numerous calls to protest this massive corruption and appeals for political transparency and accountability. Here, the coalition government's ability to govern was questioned (He, 2020), and it stepped down in 2019. This failure was essentially the result of an imbalance in the distribution of power between the bureaucracy and political groups.

Table 1
Attributes and Interests of Political Groups in Sri Lanka (2005–2019)

	Strong Leadership (2005–2015)	Weak Leadership (2015–2019)	
Leader	Mahinda Rajapaksa	Maithripala Sirisena	Ranil Wickremesinghe
Party	Sri Lanka Freedom Party	Sri Lanka Freedom Party	United National Party
Familial relations	The Rajapaksa family	-	The Wickremesinghe family
Identity	Emerging ruling elite	Civilian petty bourgeoisie	Old guard ruling elite
Ideology	Oligarchic elitism	Populism	Democratic elitism
Interests and contradictions	external contradiction: conflicts between own group and other groups	internal contradiction: conflicts among intra groups	

Sri Lanka's bureaucratic system features institutional and organizational weaknesses. Familial politics and nepotism reflect the historical settlement of Sri Lankan political culture. The role of Sri Lanka's bureaucracy in the country's development process can be viewed in two ways. On the one hand, it has the advantage of ensuring efficiency in policy implementation. On the other hand, it restricts the room for reform and innovation. The selection mechanism for officials adopted by East Asian developmentalism, by contrast, provides a guarantee of technocratic professionalism as well as checks and balances that allow for innovation. The reformation of Sri Lanka's bureaucratic system still has a long way to go.

Economic Policy Choices: Strengths of Trade and Shortcomings of Industry

The ideal type of East Asian developmentalism indicates that the ability to coordinate production processes in the domestic economy is an important indicator of a country's development potential. Although Sri Lanka's initial conditions for economic development were weaker than those of the countries of the East Asian region, it had the advantage of facing no serious external security threat after independence while retaining an excellent education system and well-developed infrastructure as a result of its colonial legacy. These initial conditions made free trade the most advantageous option for Sri Lanka's economic development. These historical facts also showed that the decade following economic liberalization in 1978 brought important opportunities for high growth. The continuation of its open economic system demonstrates that this features considerable flexibility and resilience, although it is subject to the constraints of the international market. In particular, in a small country, openness to trade in the world economy is susceptible to changes in the relationship between exports and international demand, so the question of how to keep domestic productivity away from interference by international markets is worth considering for Sri Lanka. As noted, the experience of East Asian developmentalism can be used for reference for addressing this issue. Therefore, this is another option small countries can choose to restore product competitiveness through industrial policy. The following section will analyze the

relationship between trade and industry and describe how trade is integrated with industry in Sri Lanka, along with the shortcomings of its industrial development.

Advantages of Trade Policy

In the East Asian developmental model, the neoliberal developmentalism adopted by China differs from the classical developmentalism of Japan. The former actively opens the domestic market to foreign investment, participates in the global division of production with cheap labor, and drives exports and economic growth through processing trade (Gao, 2006). In the process of economic reform and development, an important part of trade policy is removing or reducing controls on international capital flows, the two most common forms of which are foreign direct investment and public developmental assistance.

Although Sri Lanka does not have a large endowment of natural resources, it was able to stimulate its economy by attracting significant foreign investment. The World Bank reported that FDI in Sri Lanka increased from \$171 million in 2001 to \$272 million in 2005, and then it rose exponentially from \$480 million in 2006 to \$955 million in 2011, finally reaching a peak at \$1.610 billion in 2018 (The World Bank, 2020). Sri Lanka desperately needs FDI for its development. Due to its low level of domestic savings and limited ability to use its own funds for development, Sri Lanka has a strong dependence on FDI. In this way, Sri Lanka may be able to fill the investment gap through foreign capital inflows.

Its political stability is of great importance to Sri Lanka. As its years of civil war have shown, political instability has a significant and negative impact on FDI inflows. The end of civil war was decisive in enabling a peaceful environment for FDI inflows. Moreover, opening up for trade had a positive impact on FDI inflows as well. Since the implementation of an open economic liberalization policy in 1977, successive governments have promoted reforms to reduce restrictions and encourage new investment, in particular the establishment of Export Processing Zones (EPZs) that feature export-oriented foreign-owned enterprises, as well as a privatization policy in 1987 that reduced the burden on SOEs and improve their efficiency and profitability. The size of the market reflects the space for economic development and has a positive impact on FDI. Higher GDPs lead to a larger market, so the momentum of GDP growth must be maintained to attract FDI inflows. In addition, Sri Lanka's FDI promotion system was redesigned to be more effective with the establishment of a Board of Investment (BOI) in 1992, which had its most important moment under the Mahinda Rajapaksa government. The BOI is vested with powers of tax relief and exercises administrative discretion in all FDI matters. The BOI provides a one-stop service for foreign investors, and its responsibilities include approving projects, granting incentives, arranging utility services, and facilitating import and export procedures. This institution

provides institutional support for the country to attract foreign investment. As a result of its work, GDP rose year over year during Mahinda Rajapaksa's two terms.

FDI energized infrastructure development. As FDI inflows increased, two other factors have come to contribute to Sri Lanka's sustained high economic growth; one is the international competitiveness of the export-oriented economy, and the other is urbanized promotion of productive economic activities. These two forces that drive growth, in turn, rely heavily on efficient infrastructure, as well-developed infrastructure can shorten supply chains and also produce agglomeration dividends (Biller & Nabi, 2013, p. 2). As a result, in the decade under the Mahinda Rajapaksa administration, infrastructure was rapidly developed, and projects such as roads, rails, ports, and airports have been developed, with remarkable success. As Table 2 shows, from 2010 to 2018, Sri Lanka attracted the most FDI in infrastructure, followed by manufacturing and services. The Mahinda Rajapaksa government's efforts to boost infrastructure through FDI, including the expansion of Colombo Port, the development of Hambantota, and the creation of the modern Bandaranaike Airport and Mattala International Airport, all of which have greatly improved the country's transportation capacity and brought Sri Lanka closer to a goal of being a dynamic maritime and aviation hub. From 2015 to 2018, it should be noted FDI in infrastructure fluctuated due to the transition to the coalition government, which brought new economic development goals and approaches to attract investment, which directly impacted Chinese investment in Sri Lanka. East Asia's neoliberal developmentalism, as represented by China, emphasizes opening domestic markets to foreign investment, and the Mahinda Rajapaksa government drew on the Chinese experience and achieved success with FDI for development. Driven by the growth in foreign investment, Sri Lanka's GNI per capita also increased, from \$830 in 2001 to \$1,200 in 2005, \$2,400 in 2010, and then \$3,760 in 2015 (The World Bank, 2020). The Mahinda Rajapaksa government achieved an impressive gain in per capita income growth and rapid economic development relative to previous regimes.

Table 2
Foreign Direct Investment in Sri Lanka (2010–2018)

Attracted FDI (US \$ Million)									
Sector	2010	2011	2012	2013	2014	2015	2016	2017	2018
Manufacturing	159.7	322.4	307.7	359.8	333.9	257.0	247.7	347.6	291.5
Agriculture	6.5	18.0	7.2	8.5	5.7	3.9	1.9	1.4	0.5
Services	29.5	269.2	426.7	236.3	506.3	255.4	211.9	317.8	301.3
Infrastructure	320.7	456.5	596.6	786.8	682.5	453.4	339.5	1043.5	1773.7
Total	516.3	1066.0	1338.1	1391.4	1616.6	969.7	801.0	1710.3	1188.7

Source: BOI and the Central Bank of Sri Lanka.⁵

5 See BOI (2015), Report of the Auditor General on the Financial Statements of the Board of Investment of Sri Lanka for the year ended 31 December 2015 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971, p. 12. And also see Table 25, Lakshman (2020).

Deficient Industrial Policies

The above analysis makes it clear that FDI is the external driver of Sri Lanka's economic development, but this is not matched by internal productive capacity. This is closely related to the characteristics and limitations of Sri Lanka's industrial development. The following section presents the shortcomings of Sri Lankan developmentalism by analyzing the composition of the industrial sectors and the ways in which the pillar industries operate.

The industrial sector in Sri Lanka is characterized by a simplified structure and low input. Although FDI in Sri Lanka is concentrated in infrastructure, services, and manufacturing, the industrial sector always receives the lowest share of FDI growth. In fact, Sri Lanka's industrial development has always been relatively weak. Table 3 shows that industrial output has taken a relatively stable proportion of GDP, hovering around 28% from 2005 to 2019. However, it is not difficult to see that the proportion of industry in GDP in 2005–2010 was higher than it was in 2015–2019, which reflects different industrial strategies under the two regimes. It is worth noting that the share of the construction sector has grown as growth has fluctuated, which reflects the impact of debt on the health of the construction sector (Athukorala, Ginting, Hill, & Kumar, 2017, p. 22). Among the parts of the industrial sector, manufacturing and construction are mainstays of industrial development. The main contributor to manufacturing output is from factories. Therefore, policy support for and development of the factory is an important measure of Sri Lanka's industrial performance.

Table 3
Sectoral Composition of GDP in Sri Lanka, Selective Years 2005–2019 (% of GDP)

	2005–2009		2010–2014		2015–2019	
	2006	2009	2011	2014	2016	2019
Agriculture	16.8	12.0	11.2	7.8	7.1	7.0
Industry	27.0	28.6	29.3	26.7	26.6	26.4
Mining	1.9	2.1	2.5	2.5	2.4	2.3
Manufacturing	16.3	17.4	17.3	15.7	15.5	15.6
Factory	13.2	15.8	15.7	-	-	-
Energy*	1.9	2.4	2.4	1.0	1.0	1.1
Construction	7.2	6.6	7.1	7.2	7.1	6.9
Services	55.7	59.3	59.5	56.3	56.7	57.4

Note. *Including electricity, gas, and water.

Source: Central Bank of Sri Lanka.

The development of the manufacturing in Sri Lanka can also be seen in the composition of merchandise exports. In the 1960s, more than 95% of Sri Lanka's exports were agricultural products. beginning with economic liberalization in the late 1970s, exports of manufactured goods have increased. Since the 1990s, the manufacturing sector has dominated Sri Lanka's merchandise exports, accounting for about three-quarters of total exports, with the labor-intensive garment industry dominating among these. Sri Lanka's total exports grew from \$1.97 billion in 1990 to

\$6.34 billion in 2005 and then continued to increase to US\$10.5 billion in 2015, achieving steady growth in absolute terms. Nevertheless, the share of Sri Lankan exports in GDP has shown a declining trend, from 32.3% in 2005 to 21% in 2015. Thus, there is a sharp contrast between the decline in the proportion of exports in GDP and the rapid growth of total exports. This has come about because the Sri Lankan government has shifted its focus to domestic development and construction, as can be seen in the share of the non-tradable sector in GDP, which rose from about 65% around 2005 to 70% in 2015. This change indicates that the Sri Lankan government is focusing more on domestic production. Nevertheless, no breakthrough in industrial production has appeared.

The factory industry, as a dominant part of manufacturing, is concentrated in EPZs, which are a feature of Sri Lanka's industrial policy. It should be noted that EPZ policy is intended as part of industrial policy, but it does not produce economies of scale.

The purpose of establishing the EPZs was to attract foreign investment and lay the foundation for a sound industrial sector. Here, a sound industrial sector relates to advantages in the form of creating jobs, connecting with local enterprises, and transferring technology to local entrepreneurs. In 2016, there were twelve EPZs and industrial parks operating under the administration of the BOI, with 279 companies involved, employing more than 130,000. However, it is noteworthy that less than one-third of the local enterprises are involved in the productive activities of the EPZs, and foreign enterprises in EPZs are largely manufacturing export-oriented economic products, mostly garments and textiles. This makes it difficult for the preferential policies of the EPZs to have effects on local enterprises or to activate local productivity (Agalewatte, 2008). The garment and textile industry is labor intensive, using simple technology and inexpensive labor, which allows it to grow continuously and squeeze out other industries wishing to set up in EPZs.

The establishment of the EPZs reflects global trends and is part of a broader restructuring of the economy, intended to integrate Sri Lanka into the world market and create jobs through export-led development policies. However, Sri Lanka's EPZs are not linked to other sectors of the economy, resulting in a simplification in industry, which is highly dependent on cheap labor and simple technology. Thus, it is difficult to promote industrial transformation or upgrading, and economies of scale are not created. As a result, while Sri Lanka's EPZs appear to be a small step forward in industrial policy, they in fact increase dependence on the old model.

Sri Lanka's experience in manufacturing exports further indicates how the simplification of industrial policy has hindered Sri Lanka's development. This deficiency has prevented workers in most sectors from enjoying the dividends of economic development. Increased income remains a realistic demand of the working

class. Wealth gaps and social inequality are a major issue in the political and economic development of the country. As noted above, FDI alone cannot produce a long-term solution to infrastructure development; instead, a rational reform is needed that will bring the country's industry in line with international standards, based on present advantages of labor and infrastructure. Sri Lanka, the first country in South Asia to open its economy to the world, undoubtedly has a first-mover advantage here in terms of becoming integrated into the international market, and it has improved the market competitiveness of its export products through its reforms, enabling export-oriented economic development.

The historical experience of Sri Lanka from 2005 to 2019 shows that its political and economic changes produced a model of development-oriented government, which centers optimal regulation between the government and the market to improve social and economic development. However, this analysis indicates that Sri Lanka's developmental government has an advantage in efficiency but a disadvantage as well in regulating the allocation of market resources and increasing productivity. The simplification of industrial policy is the main force that restricts the ability of a developmental Sri Lankan government to improve the political and economic development of the country.

Conclusion

From 2005 to 2019, Sri Lanka experienced an intense period of civil war and a period of peaceful development with rapid economic growth under three governmental terms. The political and economic phenomena of these fifteen years attracted worldwide attention and promoted controversy. With reference to the development experience of East Asian countries and the ideal type of East Asian developmentalism, this article constructs a theoretical framework to assess the developmental government of Sri Lanka and finds that government intervention, the bureaucracy, and industrial policy provide a novel explanation for Sri Lanka's economic growth and regime change over the past fifteen years.

Sri Lanka has an adequate historical background and institutional conditions for governmental intervention in economic development. However, the role of governmental intervention in economic growth has been overlooked or underestimated by mainstream Western scholars. The achievements in development over the past fifteen years have shown that strongman politics is an effective government model and constituted a key factor for driving economic growth, as well as playing an incomparable role in maintaining a peaceful and stable environment for development and creating an efficient administration. Nevertheless, the deficiency of this strategy is obvious, and it has often been criticized for being at odds with Western values and even posing a crisis to the

legitimacy of the regime, ultimately losing the support of the voters despite improvements in economic performance. Then, the following coalition government, whose accession was called a win for democracy, was unable to stay in power past one term.

As observed throughout this fifteen-year path, the institutional and organizational shortcomings of the bureaucracy promote the risk of dysfunction. The cultural phenomena of familial politics and nepotism ultimately affect efficiency and fairness, exacerbating inequality and directly threatening the viability of the regime. This imbalance in the bureaucratic dynamic is a double-edged sword, both guaranteeing a certain degree of efficiency in policy implementation and restricting reform and innovation.

For Sri Lanka's economic policy, FDI has injected economic vitality into infrastructure development, but the shortcomings of the country's simplified industrial policy are also evident. The EPZs have not functioned as planned in industrial policy. Instead, the simplified industrial policy has led Sri Lanka to return to a dependence on export-oriented growth without taking advantage of industrial upgrading, technological innovation, or human resources to generate economies of scale. Finally, most do not enjoy the dividends of any economic development.

The combination of efficient strongman politics, imbalance of the bureaucratic system, and the simplification of industrial policy explains the relationships between fluctuations in economic growth and regime change in Sri Lanka. When the government uses strongman politics effectively, the weaknesses of bureaucratic imbalance and of the simplified industrial policy is covered up, and the economy gains growth momentum. When effective strongman politics and a weak or imbalanced bureaucracy appear together, the economy grows, but the regime may nevertheless be changed. Where strongman politics is absent, the faults of a weak or imbalanced bureaucracy and simplified industrial policy will be magnified, causing economic decline and possible regime change.

In Sri Lanka's eighth presidential election, in November 2019, Gotabaya Rajapaksa was elected as the new president. Gotabaya's military background and his philosophy of governance largely reinforced his position as a political strongman. Soon afterwards, in the parliamentary elections of August 2020, the Sri Lanka Podujana Peramuna (SLPP) became the largest party in parliament, and Mahinda Rajapaksa was appointed as prime minister. The regime of Gotabaya Rajapaksa and Mahinda Rajapaksa may herald a resurgence of strongman politics and a re-emergence of familial politics on the Sri Lankan political stage. Consequently, the applicability of the explanatory framework on the developmental government of Sri Lanka with regard to the political and economic development over the next five years remains to be seen.

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RESEARCH ARTICLE

Developmental States in Sub-Saharan Africa: Reflections on State, Development, and Foreign Policy

Hüseyin Emrah Karaoğuz¹ 

Abstract

This article examines discussions on state development in the context of sub-Saharan Africa by concentrating on the nexus of state, development, and foreign policy. First, the article notes ambiguity to still exist on what the essential characteristics of a developmental state are, both in general as well as in sub-Saharan Africa, mainly because developmental state scholars see development as a context-dependent process. Also, scholars often even analyze different aspects of developmental states in the same context (i.e., quality of democracy, developmental outcomes, analysis of what is, and reflections on what *should be*). Second, even though the developmental state framework endorses a perspective that sharply contradicts the neoliberal orthodoxy, the case may be that the two occasionally converge on some policy proposals. Thus, if the goal is to formulate and implement effective policies in sub-Saharan Africa, it is better not to derive an oversimplified dichotomy between developmental state and orthodoxy. Lastly, the article highlights relatively recent attempts to have occurred investigating developmental states' foreign policy dimension in the context of South Africa, thus offering a novel and timely research agenda.

Keywords: Developmental state • Developmental states in sub-Saharan Africa • African development • State and development • Neoliberalism

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Due to the 2008 global economic crisis hitting all regions of the world, Africa also had its due share. In sub-Saharan Africa (SSA), growth rates fell by more than 4% between 2007 and 2009 (International Monetary Fund [IMF], 2010). The number of countries with growth rates of 5% or higher declined from 29 to seven while those facing negative growth jumped from two to eight (Osakwe, 2010, p. 204). Sharp falls in export volumes were also recorded, as well as drastic decreases occurring in export prices, especially in commodities crucial to the region's export performance (Osakwe, 2010). Volatile capital flows and exchange rates also injected uncertainty and instability into economies (Osakwe, 2010). Mainly through the trade channel, many African countries' basic macroeconomic indicators deteriorated. The most vulnerable groups in societies (the young, the aged, and in many cases the women) were affected the most by the crisis. For instance, many problems such as access to health worsened (Akintola et al., 2016; Mensah, 2014) with severe human consequences (Friedman & Schady, 2013).

In the face of these devastating developments, many scholars and policy-makers heavily criticized SSA's neoliberal approach to development. One vein of this scholarship has drawn on the developmental state framework while articulating its assessment of neoliberalism. In fact, political leadership in countries like South Africa and Ethiopia, under the influence of Asian developmentalism, explicitly declared their countries to be developmental states. Discussions have been multidimensional and reflect the diversity, heterogeneity, and richness of SSA. This article takes stock of the debates on contemporary developmental states in SSA to highlight three points. First, developmental state as a term is still used in different contexts with different meanings and connotations. Thus, one may get different answers to the questions of what makes a state developmental and how can one identify a developmental state when one sees it. This has arguably two reasons: (i) Development for many developmental state scholars is context-dependent, and (ii) the case is often that researchers and/or politicians even focus on different dimensions of the developmental state within the same contexts (i.e., democratic qualities, economic success, analysis of *what is*, and reflections on *what should be*).

Second, some studies conducted on sub-Saharan developmental states have tended to assess the mainstream approach to development by focusing on the core arguments put forward two or three decades ago while their investigations mostly concern contemporary issues, including recent debates on developmental states.¹ Moreover, while in some cases the mainstream is associated with an extreme market-oriented

1 Orthodoxy and mainstream are used interchangeably in this article, loosely referring to the collection of theories and models that either follow or are heavily influenced by neoclassical economics. This approach and the consequent policy prescriptions are mainly advocated by the World Bank and the International Monetary Fund (IMF). This study has adopted this rather broad definition because this is what many scholars have implicitly done in their analyses of developmental states in SSA, which is the focus of this article. Also, developmental state scholars often using neoliberal as a word to denote mainstream has noteworthy importance, which can be understood in the above manner. The implications of this are discussed throughout this article.

perspective, the developmental state is treated within a homogenous approach that assigns just the right roles to the state and the market in development processes. This article suggests this kind of stance to risk oversimplifying the subject-matter, especially in regard to policy proposals. By not elaborating on recent advancements in the mainstream but instead focusing on what was state-of-the-art in the 1980s or the 1990s, a *straw man* is created. Neither the mainstream nor the developmental state is as homogenous as is occasionally presented. Thus, this study claims that, if the objective is to pursue pro-poor development in SSA, concentrating on the points upon which the mainstream and the developmental state may agree upon is crucial. Lastly, relatively recent attempts have occurred to analyze the foreign policy dimension of developmental states in the context of South Africa. This article highlights the relevance of these attempts by noting how they've offered a new research agenda. The following sections elaborate on each of these points in turn.

A Brief Look at Developmental States in Sub-Saharan Africa and Definitional Issues

SSA is one of the most curious regions in the world for developmental state scholars. SSA has diversity in terms of state capacity (strong, weak, fragile) and socio-economic performance. Also, many countries explicitly or implicitly pursue a state-led development agenda. This has especially been the case since the 2008 global economic crisis, although many countries had begun to implement developmentalism long before the crisis. What is particularly interesting in SSA is that countries like South Africa and Ethiopia explicitly draw upon the developmental state framework while articulating their approach to development. For example, Edigheji (2010, p. 2) aptly underlined, "The South African government is one of the few governments in the world that has expressly committed itself to the construction of a developmental state. Most developmental states were labelled as such after the fact, not by government officials but by scholars." Thus, the form, quality, and future of developmental states in SSA has been a lively topic of discussion.

Some countries that had implemented state-led development in SSA have been particularly successful in terms of socio-economic performance. Two of these cases, Ethiopia (Clapham, 2018; Jostein Hauge, 2019) and Rwanda (Harrison, 2016; Mann & Berry, 2016), are also frequently classified as developmental states. For instance, Ethiopia's gross domestic product (GDP) growth rate was the second highest in the world and the highest in Africa at 9.6% in 2015 (Clapham, 2018, p. 1151). The country's growth rate was a spectacular 9.5% for the 2000-2013 period, while the sub-Saharan average was 5.2% (Clapham, 2018, p. 1151). The country was also successful in reaching its Millennium Development Goals (MDGs), such as in education and health (United Nations Development Program, 2015). These achievements are noteworthy

because they took place “in a country notorious as a scene of famine and civil war, with an exceptionally rugged landscape, very poor communications, and little by way of natural endowments, and also (since Eritrea’s independence in 1991) landlocked” (Clapham, 2018, p. 1151). Indeed, Ethiopia has been called Africa’s lion by some scholars (Hauge, 2019). Another success case that has often been classified as a developmental state is Rwanda; for example, it has been noted as follows: “20 years after its horrific genocide, Rwanda has become a model for economic development” (Mann & Berry, 2016, p. 119). The average GDP growth was 7.9% between 2000 and 2018, while the growth rate was above 10% in 2002, 2006, and 2008 (World Bank Indicators). Like Ethiopia, Rwanda has also shown strong performance in achieving its MDGs by executing developmentalism. As put forward, “determined government policies involving investment in health and education and their energetic implementation with the support of development partners are identified as ultimately responsible for [*sic*] success in improving the lives of ordinary Rwandans” (Abbott et al., 2017, p. 103). These were drastic changes: “Real per-capita incomes in Rwanda [in 1997 were] less than half their level in 1970!” (Rodrik, 1998, p. 1). Botswana (Botlhale, 2017) and Mauritius (Tang et al., 2019) are other prominent cases of success in SSA, especially in terms of economic performance.

Being the only BRICS member from Africa, South Africa is another case that endorsed the developmental state approach to development. South Africa is in a different league compared to many others in the region regarding development, but the country is commonly considered to be a relative failure in terms of developmental state success. While some scholars see institutional deficiencies as the cause of South Africa’s failure (Edigheji, 2010), others see “the structural class power of business” under neoliberal globalization as the root cause of dissatisfactory performance (Masondo, 2018, p. 204). Nigeria is likewise considered to be a relative failure. Weak developmental state institutions such as a weak bureaucracy (Eme & Ugwu, 2011), and “overdependence on single product export-crude oil-without profound efforts to diversify the economy” have been seen as the main causes of Nigeria’s relatively poor performance (Ezema & Ogujiuba, 2011, p. 100). In Zambia and Zimbabwe, many factors including neoliberal policies and insufficient investments have been said to undermine the countries’ new developmental initiatives (Saunders & Caramento, 2018). In short, a number of countries in SSA have pursued state-led development in the 2000s; this has increasingly attracted scholarly attention, especially after the 2008 global economic crisis.

A comprehensive review on African developmental states concluded that “there is not an East Asian model that can simply be copied, cut and pasted over to Africa” (Routley, 2014, p. 170). Consensus still is found in the literature regarding this statement. Almost all developmental state scholars explicitly note Asian experiences

as offering valuable insights and perspectives on the nature and form of state-led developmentalism but that these experiences were context-dependent and reflective of the unique socio-economic and geopolitical circumstances of Asia.² Because SSA differs from Asia in almost every aspect and sub-Saharan countries face a different international political economy structure, state-led developmentalism necessarily reflects local and new external conditions in SSA. The same review further indicated developmental state as a term to be able to be considered as a “buzzword” referring to different phenomena in different contexts, including well-being, efficiency, growth, and prosperity (Routley, 2014, pp. 172–173). This is also still the case. For instance, Brown and Fisher (2020, p. 186) observed that what Western donors understand by developmental state in the Ethiopian context is “varied, vague and superficial.” In essence, the “donors have too readily and uncritically accepted, internalized, and deployed [the idea that a tolerable trade-off exists between economic development and undemocratic behavior] using the ‘developmental state’ concept to justify their withdrawal from serious engagement on democratic reform” (Brown & Fisher, 2020, p. 186). What is more, scholars frequently even examine different traits of developmental states in the same context. While some analysts concentrate on what is (empirical analysis), others elaborate on what should be (empirically-guided normative analysis). One example illustrates this broad pattern.

While reflecting on Ethiopia and on what Evans (1995) had conceptualized as embedded autonomy, Hauge and Chang (2019) characterized developmental states as follows: prioritization of economic development through industrialization, legitimization of policies through economic development, and influence of Asian developmentalism. This is a plausible approach, but at least two questionable issues occur here. First, the nexus of democracy and development is not essential for the authors but a highly contested issue in the context of Ethiopia’s developmental state. Does a trade-off exist between democracy and economic development? Which one should come first? Hauge and Chang (2019) problematized this subject, albeit briefly, noting that expecting to see a type of democracy reflecting “an idealized version of Anglo-American state structures” in all developmental states would be a misleading endeavor. This is an accurate observation. However, the authors did not elaborate on this remark further because the aforementioned traits of developmental states were more crucial in their analysis. In Dejene and Cochrane (2019), however, democracy is a defining trait of developmental states. This is why the authors argued, “We find the developmental state was effective in a number of ways [in Ethiopia], but that this modality of governance appears to have passed its peak of securing advantage... A shift from the developmental state to developmental democracy appears to be underway. Decision-making and economic policies need to align with this change” (Dejene & Cochrane,

2 For a review of developmental state literature, see Öniş (1991), Haggard (2018), Ricz (2019), and Karaoğuz (2019).

2019, p. 161). For Hauge and Chang (2019), developmental states also mean prioritizing economic development as the chief objective (the authors mainly refer to economic growth) through industrialization. This is also a debatable proposition, especially if the discussion is about 21st century developmentalism. Many scholars contend achieving high growth rates to be insufficient on its own for today's aspiring developmental states; social welfare and income equality are equally crucial. Furthermore, industrialization may not be as essential as it had been in the previous century because the rules and political economy dynamics of development are different in the contemporary knowledge society (Edigheji, 2010; Evans, 2010). Finally, especially regarding democratic developmental state discussions in SSA, following whether democracy is objectively or normatively relevant for economic development is often difficult. Namely, does one talk about an ideal-typical democracy or discuss democracy by putting it in a historical perspective? While the former approach usually leads to elaborations on what should be, the latter one leads to examinations of what is.³ In summary, different perspectives still exist on what the defining traits of developmental states are in the discussions on SSA developmental states.

Developmental State Perspective vs. Mainstream: An Oversimplified Dichotomy?

This article suggests that while there are obvious, major differences between the developmental state framework and the mainstream regarding political economy dynamics of development processes, which can be neither overlooked nor reconciled, this does not necessarily imply that there are no common grounds which the two perspectives may agree upon to achieve better institutional configurations and policies in SSA. To start with, changes have occurred at the hearts of both camps in the last three decades or so, creating ample opportunities for convergence on certain issues. The initial success of developmental state paradigm in the 1980s should be remembered as laying in its acknowledgement of the market's role in development, an issue that had been insufficiently covered by the structuralist development economics of the 1950s and the early 1960s (Öniş, 1991, p. 110). Consequently, occasional characterizations of developmental states that derive their logic mainly from sharp contrasts with the mainstream, thus giving the impression that the developmental state is a homogenous construct, need to be evaluated in this regard. As Harrison (2010, p. 1) noted, "Grand concepts like neoliberalism are both necessary and dangerous [*sic*], dangerous because [they] enable generalizations, finesse specificities, and tempt people to reckless degrees of certainty in their observations." This is a crucial warning, and should also be taken into consideration alongside developmental state analyses. As Harrison and Cline-Cole (2009, p. 477) further highlighted:

3 For examples of historically-rooted democracy analyses in Ethiopia, see Harrison (2016) and Mann and Berry (2016).

Answers to the pressing questions regarding social justice, struggle, and development must always be provisional and subject to as much questioning as that reserved for a new World Bank lending programme or a large oil investment on the Bight of Benin [because] it would be tragic [...] if critical scholars replaced the vulgar teleologies of neoliberal ideology with new teleologies that set out necessary, correct, or irrefutable prospectives for Africa.

Influenced by these ideas, the second argument of this article is that a more productive dialogue can be established between developmental state scholars and the mainstream perspective. To further elaborate, scholars in some cases have drawn a very sharp contrast between the orthodoxy and the developmental state framework at the beginning of their studies to highlight the analytical merit of the latter. While the mainstream is associated with a stateless market-oriented perspective, the developmental state represents a rather homogenous approach of striking the right balance between market and state. Furthermore, while analyses have covered contemporary issues and recent developmental state discussions, they have also mainly criticized the orthodoxy of the 1980s and the 1990s. For instance, Dadzie's (2012, p. 14) analysis starts with the note:

Neoclassical economists contend vehemently that the state's role should be limited to nothing but a "facilitator" or "custodian" [...] Heterodox development economists argue strongly that the role of the state in development goes beyond the scope defined by neoclassical economists.

Dadzie (2012) aptly claimed neoliberal thinking to have mistakenly demonized states in SSA. The author concluded, "Instead of demonizing the state as was the case particularly starting in the early 1980s, policy initiatives should seek to refine the state in ways that allow it to execute its developmental functions while becoming a stronger partner of the private sector" (Dadzie, 2012, p. 22). While elaborating on this key argument, Dadzie (2012) mainly adhered to the developmental state literature. Dadzie's (2012) analysis emphasized crucial points but did not cover recent mainstream developments. Nor did it problematize the inherent issues or diverse views within the developmental state approach. Therefore, it did not question whether overlapping ideas and concerns are found between the two approaches that could be suggested for solving SSA's contemporary problems. Likewise, after noting that the two approaches have been debated extensively by scholars and policy-makers, Kieh (2015, p. 1) highlighted:

Liberal/neo-liberal school argues that the state should have a minimal role in the economy [...] control of the economy should rest with the "market" and "market forces" based on the overarching principles of competition and "supply and demand." In contradistinction, the statist school [...] posits that the state generally should play a greater role in the economy, and serve as an engine of socio-economic development.

Kieh then underlined the International Monetary Fund (IMF) and World Bank's roles in promoting the market-oriented perspective. Although the analysis covered crucial matters, Kieh (2015) did not review mainstream's recent initiatives, nor did he problematize the different analytical views within the developmental state framework

(however, different types of developmental states were broadly discussed). Also, Kieh did not elaborate on the possible points of convergence between the two stances.

To further exemplify, while emphasizing the importance of local economic development agencies in the building of South Africa's developmental state, Khambule (2018, p. 2) noted:

Interest in the developmental state is [*sic*] a reaction to the need to create states that can address [*sic*] national development challenges [*sic* and achieve] inclusive [*sic*] development [which contradicts] neoliberal-driven systems, which often do not prioritize immediate national interests in the pursuit of [*sic*] growth that is often not inclusive.

A stark contrast was derived between the two approaches in Khambule's analysis. As a last indicative example, Kaseke (2017) assessed South Africa's developmental state by placing special emphasis on how social workers may play a role in the process. Even though the study put forward many relevant arguments, it nevertheless oversimplified both the mainstream and developmental state paradigms. As the writer noted:

Developmental state represents a particular approach to development. It contrasts sharply with the regulated state... In a regulated state the market is responsible for allocating or distributing resources... In a regulated state, development is market-driven unlike in a developmental state where development is state-driven. (Kaseke 2017, p. 472)

Regulated states are exemplified in the United States, but one can clearly observe a "hidden developmental state" even in the United States, as many authors have illustrated (Block, 2008). Thus, the issue is more complex than the broad differences that appear at first glance between the mainstream and the developmental state.

In other cases, even when scholars have defined developmental state in ways that overlap with the mainstream's recent suggestions, they do not discuss emergent implications. To exemplify, Ezema and Ogujiuba (2011, p. 100) started their analysis by noting, "There is a renewed interest in the idea of the developmental state in Africa [...] partly a reaction to the failure of the pro-market reforms under the Washington Consensus." The author goes on to note:

Neo-liberal distaste for state intervention often caused them to overlook a great deal of evidence of mutually supportive relations between states and the market. In several cases [*sic*] the state has commonly played an important role as protector and enabler of private sector development (Ezema & Ogujiuba, 2011, p. 101).

These broad differences are properly placed. Yet, as Ezema and Ogujiuba (2011, p. 101) further put forward without an elaboration, orthodoxy's recent stance comes closer to the developmental state on certain points: "Post-Washington consensus [*sic*] hinges the solution to development problems on 'getting the institutions right.'" Whether post-Washington consensus is satisfactory or not is a question in its own right

(Öniş & Şenses, 2005). However, it begs for further analysis. Some crucial aspects of the developmental state discussed by Ezema and Ogujiuba (2011) were more encompassing. Also, more engagement could occur with the mainstream: “The question boils down on how to reduce transaction costs through the establishment of good property rights, effective rule of law, [and] democratic accountability of government” (Ezema & Ogujiuba, 2011, p. 101). These remarks could have been used as a timely opportunity to introduce the broad literature on institutions’ role in development. The mainstream offers different perspectives on this issue. Similarly, Kuye and Ajam (2012) mainly discussed developmental state scholarship while discussing South African developmental state but made only one passing reference to the orthodoxy: “Neoliberal approaches typically favor free markets, minimal government intervention, private enterprise, free trade and investor friendliness, and stringent intellectual property protection regimes” (Kuye & Ajam, 2012, p. 52). However, as aptly noted in the article, “In practice, the South African government since 1994 has followed [*sic*] an ‘intermediate model’ [*sic*] with some neoliberal, some development state, some welfare state, and some clientelist neopatrimonial state characteristics” (Kuye & Ajam, 2012, p. 56). This crucial remark requires extensive elaboration. Dadzie (2012, p. 21), likewise, singled out “strong state-society relations and embedded autonomy” and “effective bureaucracies” as important ingredients of success. Kieh (2015, pp. 9–13) stressed the significance of embedded autonomy among many other fundamentals in the creation of a social democratic developmental state in Africa. Kuye and Ajam (2012, p. 53) noted the necessity of democracy, embedded autonomy, and a capable bureaucracy in nurturing democratic developmental states in Africa. However, the writers did not elaborate on how today’s mainstream may contribute to this agenda. As a last indicative example, Mabasa and Mqolomba (2016) examined the Chinese developmental state to derive lessons for Africa. Although the authors acknowledged the fact that China has successfully pursued a heterodox policy bundle including market-oriented reforms (Mabasa & Mqolomba, 2016, p. 77), they did not discuss potential overlaps between the developmental state and the mainstream as these two perspectives had been defined at the extremes (i.e., market-oriented versus state-led).

To do justice to the aforementioned studies, they did raise significant points, and their intention was not to make a structured comparison between the developmental state perspective and the mainstream approach to development. However, the way the comparisons were made is still indicative. On that note, a more balanced and in-depth elaboration of both the developmental state and the mainstream may reveal which issues have room for collaboration and creative thinking between the two perspectives. In fact, one example of this was well-outlined by Peter Evans more than twenty years ago. As Evans (1998) investigated in detail, both the mainstream (exemplified by the World Bank’s market-friendly stance) and the developmental state framework (exemplified by studies proposing industry-specific policies) acknowledge a quite

capable state bureaucracy to be a prerequisite of development. This was the case even in the extremist market-based approach because bureaucrats with technical knowledge and a bureaucratic structure that can coherently function were seen as necessities for success. Why is this important? In the words of Evans (1998, p. 69):

Agreement on basic institutional prerequisites transcends continuing disagreements over which facets of policy are most crucial [*sic*] across various interpretations of policy there is shared conviction that economic success requires a highly capable, coherent economic bureaucracy, closely connected to but still independent of the business community. If there are transferable lessons to be gained from East Asia's success, they almost certainly begin with this institutional combination.

In this spirit, many studies on African developmental states have adopted a more balanced perspective in their assessments of the mainstream. Mkandawire's (2010) analysis is an exemplary case strongly criticizing the orthodoxy while also acknowledging recent developments in the field. For instance, Mkandawire (2010, p. 75) aptly underlined orthodoxy's self-criticism by referring to a 2005 World Bank report:

If there are still economists enamoured by the 'Gospel according to Washington,' there is little ground for looking to Washington for good ideas, given the acknowledgement by World Bank economists that they in fact had no clue about what the good policies for growth were.

The author also referred to a 1997 World Bank report in which a stateless development strategy was admitted to be doomed to fail. Furthermore, Mkandawire (2010) made many on-point observations. To exemplify, the writer noted how earlier studies like Gerschenkron's (1962), who was an inspiration for developmental state scholars (Evans, 1995, p. 22), had elaborated on the state's central role in mobilizing savings and on how the mainstream endorsed this idea after mistakenly proposing financial liberalization at all costs. The lesson Mkandawire (2010, p. 66) drove home after evaluating both perspectives was this: "There is a key role to be played by the state in mobilising savings in African countries." To cite another example, after emphasizing the necessity of pro-business policies rather than pro-market ones in igniting economic growth, Mkandawire (2010) noted how the previous neoliberal stance had failed to understand this distinction but then realized the fact that not all pro-market policies are necessarily pro-business. Based on this, Mkandawire (2010) discussed what needs to be done in Africa to better construct a pro-business environment through the states' active participation in the process.

Shaw (2012) also evaluated Africa's attempts to build developmental states while turning a keen eye on the mainstream position on and potential contribution to the process. For instance, the author underlined that both the United Nations Economic Commission for Africa's (UNECA) endorsement of developmental states and the World Bank's later strategy on development had emphasized the importance of flexible partnerships and regionalisms for Africa, especially given the failure of previous

attempts exemplified by the G8. Like Mkandawire (2010), Shaw (2012) highlighted the World Bank's more flexible approach to development, which included allowances for different ratios of government and market interventions. He then discussed how the region can increase regional coordination and minimize conflict. Shaw (2012) also cited concrete examples like how the World Bank's networks and programs had contributed to positive developments such as improvements in the work conditions in mines and better resource management. Likewise, Cramer (2010, p. 213) focused on macroeconomic policy, claiming that a would-be democratic developmental state in South Africa would be able to use fiscal policy as a supply-side tool to fund developmental programs. Equally importantly, Cramer (2010, p. 213) carefully observed: "Interestingly a similar reorientation of the role of fiscal policy in development is becoming more widely accepted in international policy development [the IMF and the World Bank]."

The recent methodological turn in studies on developmental states should be noted to provide ample opportunities for better engaging with different perspectives in the field, including the mainstream. Previously, developmental state scholars had tended to design their analysis by focusing on outcomes first (i.e., economic growth) then work backwards to identify and explain the causes (i.e., Weberian bureaucracy, autonomy, state capacity; Williams, 2014a, pp. 7–8). This approach tended to construct models for other countries to replicate (while being careful about overgeneralizing). Nevertheless, it made the paradigm vulnerable to methodological criticisms related to selection bias regarding the choice of dependent variables (Geddes, 2003; Haggard, 2015). Currently, studies tend to converge on the idea that "rather than seeking to emulate successful models [...] developmental states must forge country-specific developments that take seriously local conditions, social demands from a myriad of class forces and domestic politics" (Williams, 2014a, p. 24), which acknowledges how many domestic conditions have significantly influenced development trajectories. Rather than outcomes, the question has become more about the factors that shape developmental states' structure in the new millennium. This broad perspective opens room for other perspectives to jump in and contributes to developmental state theorization. For instance, Williams (2014b) underlined in an edited volume four new conditions that the 21st-century developmental states face: economic restructuring (shift from manufacturing to knowledge economy), democratization, emphasis on development rather than economic growth, and ecological limits. In the same volume, Evans (2014) explained how recent advances in modern economic theory and development studies (new growth theory, institutional approaches, and capability approach) had converged on important points for influencing developmental state's re-conceptualization. Evans (2010, p. 40) elaborated how Marxist and mainstream scholars "have come to surprisingly similar conclusions" in the context of Africa. Thus, the methodological re-orientation in the examination of developmental states

has enabled more interactions with other perspectives based on which creative and timely policies can be crafted to better address SSA's contemporary problems.

Developmental State Institutions and Foreign Policy in Sub-Saharan Africa

Developmental state scholars are primarily interested in explaining economic development. They usually adopt an institutionalist approach in defining an ideal, typical developmental state and examining the political economic determinants of economic success. Some studies have also questioned the political origins of developmental state institutions (Doner et al., 2005; Kohli, 1994). The presence of a relatively recent attempt at analyzing foreign policy preferences and foreign policy-making processes of aspiring developmental states (Landsberg, 2005; Landsberg & Georghiou, 2015) is also crucial to note. The key idea is that developmental state institutions, which are relevant in the context of industrial or innovation policy, are also relevant in the realm of foreign policy. That is because ideal, typical, developmental states (should) prioritize economic development in their foreign affairs. As Landsberg and Georghiou (2015, p. 481) aptly noted, this is an understudied subject in the field: "While there is a growing developmental state discourse and theory, very little attention has as yet been placed on what constitutes the diplomatic and foreign policy dimensions of a developmental state." On that note, Landsberg (2005) and Landsberg and Georghiou (2015) defined developmental foreign policy and exemplified the relevance of this concept in the context of South Africa.⁴ In short, Landsberg and Georghiou (2015, pp. 486, 488) noted:

Maximising the objectives of South Africa's economic policy by way of trade, market access and foreign direct investment should become overriding goals of South Africa's diplomatic activities. Developing new markets in every corner of the globe is vital, hence the importance of economic diplomacy. This requires that the relationship between departments of foreign or international affairs and those of international trade should become more closely coordinated [*sic*] economic and political officers and attachés should work more cooperatively together [*sic*] diplomats are expected to have a firm and sophisticated sense of what constitutes the national interest of the state [and] a developmental diplomacy should be built on the foundations of a meritocratic diplomatic corps that is able to effectively [*sic*] operationalise foreign policy.

Thus, Landsberg and Georghiou (2015) illustrated that political will, embedded autonomy, and bureaucratic structure matter for the formulation and execution of developmental foreign policy, the foreign policy approach of a future developmental state. The authors go on to conclude that, in the South African context:

Twenty years into the post-settlement era, the Republic does not seem to have the organisational capacity as yet to ensure that it has the most effective and efficient structures and systems in place to realise its goals of becoming a successful developmental state (Landsberg & Georghiou, 2015, p. 493).

4 Karaoğuz and Kutlay (2020) expanded on Landsberg (2005) and Landsberg and Georghiou (2015) to further the discussion on developmental foreign policy by using Turkey as an illustrative case.

The authors also questioned the quality of developmental state institutions related to South African foreign policy. This article suggests expanding both the conceptual and empirical scope of developmental foreign policy by concentrating on other SSA countries to be a timely addition to the research agenda, especially for countries that are considered to be promising examples of state-led developmentalism such as Ethiopia.

Conclusion

This article has examined developmental state discussions on SSA to make three points. First, developmental state as a term is still operationalized in different ways in different contexts. Hence, the question of what makes a state developmental and how one can identify a developmental state when looking at one is still contested. This is arguably because developmental state scholars see development as a context-dependent process, and academicians and/or policy-makers even concentrate on different aspects of the developmental state within the same context (democratic qualities, economic success, analysis of what is, and reflections on what should be). Second, the article claims an oversimplified dichotomy to sometimes have been derived between the mainstream and the developmental state. While mainstream is associated with an extreme market-oriented perspective, the developmental state is considered to be a homogenous stance striking the right balance between the state and the market. Furthermore, mainstream is commonly criticized for its views put forward in the 1980s and the 1990s without taking its recent propositions into account, thus creating a *straw man*. This article suggests that if the goal is to achieve pro-poor development in SSA, concentrating on the points upon which the mainstream and the developmental state may agree upon is also important. Finally, the article notes relatively recent efforts to examine foreign policy preferences and foreign policy-making processes of aspiring or ideal-typical developmental states to have been conducted in the context of South Africa. These efforts offer a timely and a novel addition to the research agenda. Much value also exists in expanding the empirical and conceptual scope of these analyses by concentrating on other cases in SSA.

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ARAŞTIRMA MAKALESİ

Türkiye’deki Planlı Kalkınmanın Eğitim Kurumu Olarak Halk Eğitimi Merkezleri

Mehmet Güven Avcı¹ , Elif Kiran² 

Öz

Eğitim, tarihin her döneminde ekonomik ve toplumsal değişimlerin sonucunda istendik bireye ulaşmanın en önemli aracı olmuştur. Yetişkin eğitimi bu anlamda ayrı bir öneme sahiptir. Bu önem yetişkin eğitiminin örgün eğitime göre daha kısa süreli olması ve dolayısıyla sonuca daha hızlı ulaşması ile uygulanan eğitim programlarının esnek yapısından kaynaklanmaktadır. İkinci Dünya Savaşı sonrasında tartışılmaya başlanan kalkınma düşüncesi, 1980’li yıllara kadar sürecektir olan yeni bir ekonomik ve toplumsal anlayışın doğmasına yol açmıştır. Kalkınma tartışmaları Batı kapitalist merkezlerinde refah politikaları ile sonuçlanırken, bu merkezlerce “geri kalmış”, “az gelişmiş”, gelişmekte olan” gibi kavramlarla tanımlanan batı dışı toplumlara önerilen ise planlı kalkınma olmuştur. Ekonomik bir içerikle tanımlanan kalkınma kavramı giderek toplumsal değişimleri de içeren bir kavram haline gelmiştir. Kalkınma düşüncesinin Batı dışı toplumlara yansımada toplumsal içeriğin daha da önem kazandığı görülmektedir. Konuya Türkiye özelinde bakıldığında kalkınma düşüncesinin bir taraftan ekonomik olarak tartışılırken diğer taraftan modernleşme süreci ile birlikte değerlendirilmekte olduğu ve önemli bir toplumsal değişimi hedeflediği görülmektedir. Yürütülen tartışmalarda ise halk eğitimi öne çıkmaktadır. Bu çalışma 1950’li yılların ortalarında kurulmaya başlanan ancak 1960 sonrasında oldukça aktif hale gelen halk eğitimi merkezlerini kalkınma düşüncesi çerçevesinde değerlendirmeyi amaçlamaktadır.

Keywords: Kalkınma • Planlı kalkınma • Türkiye • Toplum kalkınması • Halk eğitimi • Modernleşme

Community Houses: Education Institutions for Planned Development in Turkey

Abstract

Throughout history, education has been one of the most influential means of becoming the ideal individual, and adult education has a special importance to this end. This importance stems from the flexible nature of these education programs and from the fact that adult education is shorter than formal education and thus reaches its aim faster. The notion of development that emerged after the Second World War led to the adoption of a new economic and social understanding that continued until the 1980s. As a result of this understanding, Western capitalist powers sought to sell this understanding to non-Western societies, which they have defined and continue to define as underdeveloped and developing. Though primarily defined in an economic context, the concept of development has gradually come to include social change and the concept of community development is particularly noteworthy. Throughout Turkish history, the notion of development has been discussed through the purview of economics and modernization, the latter being related to social change. Consequently, public education finds itself at the fore in these discussions. This study evaluates the community centers established throughout Turkey in the mid 1950s and their role in societal development.

Keywords: Development • Planned development • Turkey • Social development • Public education • Modernization

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Extended Summary

The concept of development has mostly been used as a synonym of or in place of various other concepts like progress, development, modernization, and industrialization. These terms imply that development is directly linked to economic issues. However, as it is the case for every societal issue, the concept of development is also directly linked to diverse fields in addition to the economy. Those studies that examine different facets of development must, therefore, collaborate with other areas of academia. This study highlights the concept of development and how it has manifested practically in society and its relationship with public education in Turkey. Education, as a social institution, occupies a central place in Turkey's development plans because its modernization period sought to use education to "catch up" with the West in nearly every area and to mold the entire society into a Western one. Together with formal education, public education was instrumentalized to modernize society and—given that development and modernization are used synonymously in Turkish—to cause it to develop. Being both modern and developed are therefore so intrinsically intertwined that it is as if they are merely two sides of the same coin, inseparable from each other. Development prioritizes the progress of countries on social and economical terms, labeling countries, most of which are located outside of the Western world, as being underdeveloped, developing, or undeveloped. This veritable quest for development emerged following the Second World War and has become an issue upon which all industrialized countries, including arch-rivals, have agreed. Mostly supported by international organizations and Western countries, development discourse has evolved into a type of planned development, leading to prescriptions for precipitating socio-economic development being given to countries considered to be moving too slowly in their journey toward progress. One of the most prominent items of these road maps is education. In addition to formal education, adult education is held to have the potential to instigate rapid progress and development. Seen as a tool for social progress (Lindeman, 1945, p. 4), adult education has undergone constant content changes to align it with the needs of the era. The fact that adult education programs are both short term and flexible facilitates makes them easy to be restructured in accordance with society's changing needs. Indeed, adult education, given that it allows one to obtain one's desired goals more rapidly than formal education, has always been given precedence during periods of social upheaval and change.

After the Second World War, Western capitalism implemented Keynesian welfare policies and non-Western societies were motivated toward development through industrialization as a way to achieve prosperity. Managing development in a planned way has been presented as the basic prerequisite for receiving foreign aid and investments. This requirement ensures the controlled integration of so-called underdeveloped countries while also allowing for third-party countries to intervene whenever they deemed it necessary (TMMOB, 2007, p. 6). The desire of non-Western

countries to reconstruct their society through the planned development approach proposed by the West laid the groundwork for both adult and public education's significance during this period.

During the years following the Second World War, Turkey began to employ public education flirt with the notion of public education. However, it was not until 1960 that public education became a fundamental education policy, at which point public education centers were founded throughout the country. Directly tethered to the concepts of development, modernization and progress, public education and the curriculum it would teach were organized accordingly.

A look at the timeline of adult education in Turkey reveals that periodical changes have occurred in response to the needs of each period. Established in the 1930s, Community Houses (Halk Evleri) were instrumental in disseminating the national identity that the new regime wanted to impose. During the 1960–1980s, however, public education centers that conducted both cultural and professional activities emerged to inoculate the prevailing notion of development during that period as a transition from public education to non-formal education was underway at that time. Naturally, this brought about changes in educational content. After 1980, neo-liberal policies highlighted the concept of life-long learning instead of non-formal education, and adult education was again reorganized to fit this ideology.

The literature examining this period reveals that public education was presented as the solution to many perceived social woes, like the economy, culture, women, youth, democracy, regional differences, and leisure. Many issues were dealt with in relation to public education. This understanding has also been resonated in the development plans executed since 1963. Specifically, public education was widely included in the first two development plans.

The post-Second World War notion of development and the Western model of planned development were implemented after the 1960 military coup in Turkey. The first five-year development plan prepared by the State Planning Organization was published in January 1963. Eleven development plans have since been made. However, planned development was an economic and political choice only between 1960 and 1980. The growing influence of neo-liberal policies after 1980 led to a change in Turkey's economic and political understanding, as was the case for the entire world. Accordingly, we have chosen the first four development plans and the importance of public education described in these plans to constitute the core issue of this study. We have examined several aims of public education included in these plans, including educating women, environmental consciousness, technical information, and vocational education. With all that said, however, it still must be emphasized that all forms of such education were formulated to reach the ultimate goal of being developed, modernized, and westernized.

Türkiye’deki Planlı Kalkınmanın Eğitim Kurumu Olarak Halk Eğitimi Merkezleri

Kalkınma kavramı çoğunlukla “ilerleme”, “gelişme”, “modernleşme”, “sanayileşme” gibi diğer kavramların eşleniği olarak ya da bunlar yerine kullanılagelmiştir. Bu eşdeğer kavramlardan da anlaşıldığı üzere “kalkınma” kavramının gerek zihinlerde ilk oluşturduğu anlam gerekse araştırmalarda ele alındığı bağlam iktisadi meselelerle iç içe geçmiş durumdadır. Oysaki bireye ve topluma dair diğer tüm kavramlarda olduğu gibi “kalkınma” kavramı da ekonomi alanıyla sahip olduğu organik bağların yanında diğer pek çok konu ile etkileşim içerisindedir. Dolayısıyla, kalkınma konusunu araştırma nesnesi olarak ele alan çalışmalar aynı anda sayısız farklı bilim dalı ile dirsek temasında bulunmaktadır. Bu makalede, kalkınma konusu toplumsal görünüşleri açısından irdelenmiş ve Türkiye özelinde kalkınma planları kapsamında eğitim kurumunun halk eğitimi boyutunun hem özne hem de nesne şeklinde tezahürü mercek altına alınmıştır. Eğitim kurumu kalkınma hedeflerine ulaşmada oldukça yoğun bir şekilde işlevselleştirilen bir itici güç olmasının yanında önceden tayin edilmiş varış noktasına giden yolculuğun üzerinde olan ve kendisine dair hayati değişiklikler yapılması gerektiği düşünülen duraklardan biri olmuştur. Kalkınma hedeflerinin eğitim kurumu aracılığı ile daha hızlı ve etkin bir şekilde gerçekleştirilebileceğine dair güçlü kanaatler, eğitimi kalkınmanın ideolojik kurumlarından biri haline getirmiştir.

Toplumsal bir kurum olarak eğitimin tarihi insanlık tarihi kadar eskidir. İnsanoğlunun toplum olarak örgütlenmesi bilgi aktarımını her zaman gerekli kılmıştır. Yetişkin eğitimi bu anlamda bireysel ve toplumsal ihtiyaçlar temelinde yürütülen bir eğitim olmuştur. Modern toplumla birlikte ise yetişkin eğitiminin planlı bir şekilde, bireysel ihtiyaçların ötesinde, mevcut iktidarlar düzeyinde ve hedeflenen toplumsal değişimler doğrultusunda yapılandırıldığı görülmektedir. Bu durum yetişkin eğitim program içeriklerinin dönemsel koşullara göre hızlı bir biçimde değişikliğe uğramasına neden olmuştur.

Tarihsel olarak bakıldığında planlı ve düzenli bir biçimde yapılan yetişkinlere yönelik eğitimin içeriğinin toplumsal ve siyasal koşullarla belirlendiği görülmektedir.

Örneğin, Amerika’da bir zamanlar “Amerikalılaştırma” eğitimi olarak ya da “işe yerleştirmek için eğitim” anlamında kullanılmıştır. Bir ülkede okuma yazma eğitimi olarak görülürken, bir başka ülkede erkin (liberal) eğitim olarak algılanmıştır. ... Yetişkin eğitimi İngiltere’deki kullanış biçimiyle yetişkinler için düzenlenen ve mesleki amaçları olmayan eğitsel etkinlikleri belirtirken, diğer ülkelerde mesleki amaçları olan etkinlikleri de içermektedir (Okçabol, 2006, s.18, 19).

Yetişkin eğitiminin bu esnek ve araçsal yapısı dönemlere göre farklı isimlerle adlandırılmasına da yol açmıştır. Yaygın eğitim, dönüşlü eğitim, sürekli eğitim, halk eğitimi, hayat boyu eğitim gibi kavramsallaştırmalar dönemsel ihtiyaçların sonucudur.

Savaş, ekonomik değişim ve bunalımlar, bağımsızlık savaşları gibi toplumsal olaylar yetişkin eğitiminin içeriğini belirleyen etkenlerdir. Bağımsızlık savaşları sonucunda

kurulan devletlerde milli kimliğin oluşturulmasının en büyük araçlarından birisi yetişkin eğitimi olmuştur. Diğer taraftan Birinci ve İkinci Dünya Savaşları sonrasında ülkelerin yeniden yapılanma çabalarında yetişkin eğitiminin önemli bir araç olduğu görülmektedir. Ekonomik bunalım dönemlerinde de toplumsal çözülmeyi önleme amacıyla yetişkin eğitimi kullanılmıştır. Bu durumun önemli örneklerinden birisi ABD'de Genç Hristiyan Erkekler Birliği ile Genç Hristiyan Kadınlar Birliği'nin yürüttüğü yetişkin eğitim faaliyetleridir. 1929 ekonomik bunalımı öncesinde ABD'de yoğun bir biçimde yapılan işçi eğitimleri bunalım yıllarında azalmış ve bunun yerini silahlı kuvvetlerin isteğiyle yukarıda belirtilen örgütlenmelerin yürüttüğü kültürel ve ideolojik eğitimler almıştır (Okçabol, 2006, s.108).

Türkiye'de yetişkin eğitiminin seyri incelendiğinde de dönemsel değişimler net bir biçimde görülmektedir. 1930'lu yıllarda kurulan ve dönemin önemli kurumlarından birisi olan halkevleri yeni rejimin milli kimlik inşasının önemli aktörü olmuştur. 1960-1980 arasının etkin kurumu ise kalkınma düşüncesi doğrultusunda hem kültürel hem de mesleki faaliyetler yürüten halk eğitimi merkezleridir. Dönem içerisinde halk eğitimi kavramından yaygın eğitim kavramına geçiş olmuştur. Bu geçiş eğitim içeriğindeki değişimi de beraberinde getirmiştir. 1980 sonrası ise uygulanan neo liberal politikalar yaygın eğitim yerine hayat boyu öğrenme kavramını öne çıkarmış ve yetişkin eğitimi bu doğrultuda örgütlenmiştir.

“Halk eğitimi” kavramı İkinci Dünya Savaşı sonrasında öne çıkan yetişkin eğitimi kavramlarından birisidir. Kavram savaş sonrasında kalkınma düşüncesinin ürünüdür ve kalkınmanın gerçekleşmesinde eğitimin önemine dair yapılan vurgu ile birlikte dönemi simgeleyen kavramlardan birisi haline gelmiştir. Dönemin literatüründe kalkınma, toplum kalkınması, eğitim, halk eğitimi kavramlarının sık sık birlikte kullanıldığı görülmektedir. Bu durum eğitim düzeyi ile gelişmişlik arasında kurulan ilişkinin kalkınma düşüncesinin temel savlarından birisi olması ve “demokratik değerlerin ve modern yaşam biçiminin yerleşmesinde eğitimin önemli bir işlev gördüğü” söyleminden kaynaklanmaktadır (Buyruk, 2016, s.113).

Genel Hatlarıyla Kalkınma

İlerlemeci kalkınma insan ırkının ahlaki, fiziksel ve entelektüel açılardan ehlileştirilmesini gerektirdi (Coven ve Shenton, 1995, s. 32).

Zihinlerde ilk oluşturduğu mana iktisadi olguları çağrıştıran kalkınma kavramı derin bir analize tabi tutulduğunda ekonomik zaviyenin yanında politik ve sosyal olanlar başta olmak üzere pek çok farklı çalışma alanına değen yan anlamları ile gün yüzüne çıkmaktadır. İşaret ettiği ilk anlam olan ekonomik kalkınma temelde beş ana hedefi kapsamaktadır. Bunlar: kendi kendine devam eden büyüme, üretim modellerinde

yapısal değişiklikler, teknolojik gelişim, sosyal, politik ve kurumsal modernleşme ve kişilerin yaşam koşullarının her yerde iyileştirilmesidir (Adelman, 2000). Bu beşli gruplamadan da görüldüğü üzere her ne kadar başına “iktisadi” nitelendirmesini almış olsa da kalkınma söz konusu olduğunda sosyal meseleler de ön planda olmaktadır. Dolayısıyla kalkınma söz konusu olduğunda aynı zamanda “küçük toplulukların içinde buldukları ekonomik, sosyal ve kültürel koşulları iyileştirmek amacıyla giriştikleri çabaların, devletin bu konudaki çabalarıyla birleştirilmesi, bu toplulukların ulusun bütünüyle kaynaştırılması, ulusal kalkınma çabalarına tam ölçüde katkıda bulunmalarının sağlanması süreci” (Geray, 1968, s. 156) şeklinde tanımlanan toplum kalkınması manası da anlaşılmaktadır. Konu sosyoloji bilimi açısından ele alındığında iktisadın toplumsal kurumlardan biri olduğu, dolayısıyla diğer kurumlar ile sürekli ve karşılıklı bir etkileşim içinde olduğu ortaya çıkmaktadır. “Kişilerin temel sosyal gereksinimlerini karşılamak amacıyla belirlenmiş, onaylanmış ve birleştirilmiş tarzlarda oynadıkları, oldukça sürekli sosyal örüntü, rol ve ilişki yapısı” (Fitcher, 2016, s. 140) şeklinde tanımlanan sosyal kurumlar aile, din, iktisat, hukuk, eğitim ve boş zamanları değerlendirme olmak üzere altı adettir. Bu kurumların herhangi birinde gerçekleşen olumlu olumsuz değişimler diğerlerini de doğrudan ya da dolaylı yoldan etkilemektedir. Bu çalışma, kalkınmanın toplumsal yansımalarını mercek altına alıp özellikle eğitim kurumu üzerine etkilerini Türkiye’deki halk eğitiminin yaşam serüveni bağlamında incelemektedir. Meseleyi bu bağlamda ele almadan önce kalkınmayı genel hatlarla incelemek ve tarihsel süreç içerisinde yaşanan gelişmelerde kalkınmanın izini sürmek yerinde olacaktır. Bu amaçla öncelikle kalkınma söylemini hazırlayan ve güçlendiren tarihsel arka planı incelemek gerekmektedir. Kalkınmanın bir ideal olarak ortaya çıkışına dair yapılan çalışmalar başlangıç noktası olarak İkinci Dünya Savaşı’nı işaret etmektedir. İkinci Dünya Savaşı sonrasında Amerika Birleşik Devletleri dünya tarihinde benzeri görülmemiş bir güce ve sürekliliği sahip olan üretici bir makine haline gelmiştir. Tartışmasız bir şekilde dünyanın merkezine oturarak dünya lideri haline gelen ülke bu güçle yetinmeyip daha fazlasını talep etmiştir. Dünya üzerindeki bu yeni pozisyonunu tamamen görünür hale getirmek ve bunu sürekli kılmak istemiştir. Bu amaçla bir kampanya yürütmeye başlamışlardır ve bu sürecin başlangıcı 20 Ocak 1949’da Başkan Truman’ın göreve gelmesiyle gerçekleşmiştir. Dünya tarihine damgasını vuracak bu yeni dönemin adı “kalkınma çağı”dır. Döneme damgasını vuran isimlerden Truman’ın bir konuşmasında sömürgeleştirme faaliyetlerinin kendi planlarına dâhil olmadığı bunun yerine gelişmemiş bölgelerin gelişmesine yönelik faaliyetlerin yürütüleceği vurgulanmıştır. “Gelişmemiş” sözcüğü ilk defa bu bağlamda kullanılmıştır. Bu kullanımla Truman kalkınma kelimesinin anlamını değiştirmiş, sembolünü oluşturmuş, kelimeye olumlu bir anlam yüklemiştir ve o andan beri “kalkınma” kelimesi Amerikan hegemonyası dönemini işaret eder hale gelmiştir (Esteva, 2010). Başkan Truman’ın konuşmasından sonraki bu dönem dünya üzerindeki iki ana grubu -sömürgeleştiren ve sömürgeler- aynı çatı altında birleştirmiştir. Çünkü o dönemin hâkim düşüncesi para ve siyasi iradenin

bu iki grup arasındaki boşluğu doldurmak için yeterli olacağı fikridir. Genel bir mutluluk halinin ulaşılabilir bir hedef olduğu fikri yalnızca kendi yaşam koşullarını iyileştirmek isteyenler tarafından karşılık bulmakla kalmamış uluslararası boyutta sosyal adaletin sağlanmasını arzulayanlar tarafından da kabul görmüştür. Diğer bir deyişle, içerdiği tüm umut ve beklentilerle birlikte kalkınma kelimesi sonradan kendisini eleştirecek olanlar tarafından bile ilk başlarda oldukça ciddi bir şekilde dikkate alınmıştır (Rits, 2010, s. 20).

Literatüre bakıldığında görülmektedir ki diğer kavramlarda olduğu gibi kalkınma kavramı da zaman içerisinde farklı önem ve manalar kazanmıştır. Kalkınma kavramının teorik ve pratik boyutları değişim geçirmeyen statik varlıklar değildir. Zaman içerisindeki onca sürekliliğine rağmen, kalkınma söylemi de dilini, stratejilerini ve uygulamalarını değiştirmektedir. Bu değişimin altında yatan sebeplerden biri gücün kimin elinde bulunduğu ve kimin kimi yönettiğinde meydana gelen değişikliklerle arasındaki karşılıklı ilişkidir (Crush, 1995 s. 7). Lakin tüm dönemlerde ortak olan ve hala geçerli olan durum kalkınma kavramının kullanıldığı tüm metin ve zeminlerde bu kavramın *gelişme, ilerleme, büyüme, modernleşme* gibi kelimelerin eş anlamlısı olarak ya da onlar yerine kullanılmasıdır. Diğer bir deyişle, kalkınmanın kavramının büyüme, evrim, olgunlaşma gibi kelimelerle bağımlı koparması mümkün değildir. Kalkınma kelimesi her zaman arzu edilen bir değişim, basitten karmaşığa, aşağıdan yukarıya, kötünden iyiye doğru bir değişimi işaret eder. Kişinin gerekli, kaçınılmaz uluslararası bir kanun yolunda ve arzu edilen bir hedefe doğru ilerlediği için doğru yolda olduğunu söyler. Kalkınma kelimesi yüzyıl önce ekolojinin kurucusu olan Haeckel'in verdiği manayı korumaktadır. Haeckel'e göre kalkınma bizi saran tüm gizemleri onun aracılığıyla çözebileceğimiz ya da en azından bize çözüme giden yolda önderlik edecek olan sihirli bir kelimedir (Esteva, 2010, s. 6). Buna ek olarak bilinmektedir ki kalkınma sürecindeki faaliyetler çevre kirliliği başta olmak üzere pek çok olumsuz sonucu da beraberinde getirmektedir. Bu sebeple, kalkınmanın tam anlamıyla bir tanımı yapabilmek için çevre, biyosfer, doğal kaynakların korunması ve her şeyin ötesinde milyonlarca insanın sürekli fakirleşiyor olması gibi yıkıcı yan etkilerinin de göz önünde bulundurulması gerekmektedir (Rits, 2010, s. 24).

Kalkınma söz konusu olduğunda ön plana çıkan pek çok konu bulunmaktadır. Bunların en öne çıkanlarından bir tanesi evrimdir. Sosyal evrim paradigmasına göre toplumlar kademeli olarak ilerleme kaydederler ve bunun bir örneği geleneksel yapıdan modernizme doğru gerçekleşen değişimdir. Kalkınmanın bir diğer önemli bileşeni ise teknolojik ilerlemedir. Bu ikisinin yanında maddi unsurların da kalkınmada oldukça etkili oldukları bilinmektedir. Para örneği üzerinden değerlendirildiğinde bu maddi varlığın bireyin yaşam kalitesinin ölçülmesindeki temel unsur olduğu ve kazanılan para ile gerçekleştirilen ilerleme arasında doğru orantı olduğu görülmektedir. Tüm modern bireyler akılcı ve bencil bir açgözlülük tarafından motive edilmekteler. Bununla

birlikte kişilerin gelirlerinin artışının diğerlerine de olumlu etkilerinin olduğu bilinmektedir. Örneğin ailede bir üyenin kazancının artmasının diğer üyelerin de yararına olması beklenir fakat modernleşme sürecinde yaşananlar bu tabloya uygun şekilde gerçekleşmemiştir. Şöyle ki teknoloji ve gelirden meydana gelen artış dünyanın tümü ile diğer bir deyişle gelişmiş ülkelerin dışında kalanlara da sunuluyorsa eğer niçin modernleşme sürecinde birtakım tökezlemeler yaşanmıştır? Evrimcilere göre geleneksel kültür özelliklere burada bir engel oluşturmaktadır. Kültür çoğu zaman daha az evrimleşmiş olanlar tarafından sergilenen adet ve ritüellerin somutlaşmış halidir (Crewe ve Harrison, 1999, s. 2).

Kalkınma kelimesi büyüme ve gelişme kelimelerinin eş anlamlısı olarak kullanıldığında bir nesne ya da organizmanın potansiyelinin ortaya çıktığı ve sonucunda tamamlanmış doğal haline ulaştığı bir süreci ifade eder. Ayrıca, bu kavramın metaforik kullanımı bitki ve hayvanların doğal büyümesini açıklamada kullanılır. Bu metafor ile kalkınma hedefinin ve daha sonrasında bunun programı ortaya konulmuştur. Biyoloji biliminde, canlı varlıkların gelişimi ya da evrimi organizmaların genetik potansiyellerini kazandığı süreci anlatmada kullanılan bir kavramdır. Bu bitki ya da hayvan genetik programını tamamlamada başarısız olduğunda gelişim sekteye uğrar. Bu vakalarda büyüme bir gelişme olarak değil de anomali olarak adlandırılır. Bu biyolojik metaforun sosyal alanda kullanılmaya başlanması 18. yüzyılın son çeyreğinde gerçekleşmiştir. Sosyal tarihin muhafazakâr babası Justus Moser 1768 yılında *Entwicklung* kelimesini sosyal değişimin kademeli sürecini ifade etmek için kullanmıştır. Birtakım politik durumların değişiminden bahsederken bu değişimlerin doğal süreçler olduğunu vurgulamıştır. 1774'te Herder dünya tarihine dair yorumlamalar yaparken tarihsel gelişimin doğal gelişimin bir devamı olduğunu ve her ikisinin de Allah tarafından yaratılmış olan evrenin homojen gelişiminin bileşenleri olduğunu söylemiştir. 1800lere gelindiğinde *Entwicklung* dönüşlü fiil olarak kullanılmaya başlanmış ve kendi kendine gelişim moda haline gelmiştir. Yani, evrenin popüler algılanışında yaratıcı fikri ortadan kalkmaya başlamış ve yaklaşık yirmi yıl sonra özneye kendi gelişimini başarmanın yolları açılmıştır. Gelişme Marx'ın çalışmalarının ana kategorisi haline gelmiş ve doğal yasalarla birlikte ortaya çıkan tarihi bir süreç şeklinde ortaya çıkmıştır. Hegelyan tarih anlayışı ve Darwinist evrim kavramı gelişme olgusu içinde iç içe geçmiş ve Marx'ın bilimsel atmosferi ile güçlenmiştir. Zaman içerisinde bu metafor vahşi bir sömürgeleştirme gücüne dönüşmüş ve çok geçmeden politikacılar tarafından kullanılmaya başlanmıştır. Tarihi, özünde gerekli ve kaçınılmaz kader olan bir programa dönüştürmüştür. Endüstri odaklı bir sosyal yaşam ulaşılması gereken son nokta olarak görülmüş ve bu adımın insanoğlunun kodlarında var olan potansiyelin ortaya çıkması, mantıksal bir evrimin sonucu olduğu düşünülmüştür. Yani tarih Batılı manada yeniden formüle edilmiştir. Kalkınma metaforu küresel hegemonyaya Batılı bir tarih anlayışı sunmuş ve farklı kültürlerin kendi sosyal yaşam formlarını tanıtmaya imkânını gasp etmiştir. Kalkınmanın ancak kuşatma sonrasında mümkün olabileceği düşünülmüş ve

bu ön adımda bilimin yasaları yaratıcının yerini almıştır. 18. yüzyılda kalkınmaya dair kullanılan bu metaforlar 19. yüzyılda gündelik dilin bir parçası haline gelmiş ve “kalkınma” kelimesi pek çok yan anlam içerir olmuştur. 20. yüzyıla gelindiğinde kavramın farklı bir kullanımı başlamıştır. O günden beri kentsel kalkınma, kent mekânının yeniden yapılanması, kentsel yapıların homojen bir şekilde endüstriyel üretimi ve özel restorasyonlar manasına gelmektedir (Esteva, 2010).

Tarihsel arka planı bu şekilde özetlenebilecek olan ve içerdikleri manalar itibariyle güçlü destekçileri olduğu kadar azımsanamayacak ölçüde itirazcıları da olan *kalkınma*, *büyüme*, *ilerleme*, *gelişme*, *modernleşme* kavramları farklı alanlardan pek çok araştırmacının ilgisini çekmektedir. Kalkınma ve bahsi geçen bu eş anlamlılarının olumlu ve kendilerine bel bağlanan bir zaviyeden sunulduğu metinler çoğunlukla uluslararası kuruluşların çalışmaları olmaktadır. Örneğin Dünya Bankası'nın (Adelman, 2000) yılında yayınladığı bir kalkınma raporunda kalkınma sürecinin ülkelere öğrettikleri şu şekilde yayınlanmıştır:

Gelişmekte olan ülkelerin ekonomik kalkınmaları mümkündür; ekonomik kalkınma süreci çok boyutlu ve çoğunlukla lineer değildir; bu süreç hem üretim modelleri ve teknolojiye hem de sosyal, politik ve ekonomik kurumlar ve insani gelişme konularında farklı şekillerde ilerlemektedir; kalkınmanın benzer seviyelerinde dahi kurumlarda, politikalarda ve bunların sıralanışında farklı yollardan gitmeyi seçme şansı bulunmaktadır; kalkınma inişli çıkışlı bir sürece sahiptir ve her aşama bir diğerine zemin hazırlar; yaratıcı bir evrim, yönlendirme ve yıkım başarılı uzun dönem kalkınmanın özünü oluşturmaktadır; teknolojik değişim, demografik değişim, ekonomik, sosyal ve kurumsal durumlardaki değişim değişimin ana dinamiklerini oluşturmaktadır; kalkınmayı meydana getiren ana unsurlar hem soyut hem de somut olanlardan oluşmaktadır; büyüme ve dağıtım arasındaki ilişki büyümenin faktör yoğunluğuna ve üretimin en önemli faktörünün ne kadar yoğun olduğuna göre değişir; kurumları şekillendirmede ve yeni risk ve fırsatlara karşı alınacak toplumsal tutumda kültürel faktörlerin rolü büyüktür.

Bunun yanında çoğunluğu Doğu Asya ülkelerinden oluşan birkaç ülkenin İkinci Dünya Savaşı'ndan bugüne kadar geçen sürede, gelişmemiş ülke konumundan gelişmiş ülke konumuna kadar olan uzun mesafeyi tamamen kat ettikleri, diğerlerinin yolun yarısına kadar geldikleri, yarı sanayileşmiş ülkelerin üretim modellerinde azımsanamayacak ölçüde bir ilerleme gösterdikleri, demokratikleşme ve ekonomik istikrar konusunda kısmen başarılı olup büyümenin olumlu etkilerini geniş kitlelere dağıtmada başarısız oldukları, sahra altı Afrika ülkelerinin işgücü ve altyapı konusunda bir miktar ilerleme kaydetmiş olsalar da üretimde hala oldukça yetersiz oldukları belirtilmiştir (Adelman, 2000). Dünya Bankası raporunda sunulan gerek kalkınmadan alınan dersler gerekse gelişmiş ülkelerin dışında kalan coğrafyalara ait bu değerlendirmeler incelendiğinde ülkelerin kendi sosyokültürel yapılarına göre kalkınmaya farklı yollardan gidebilecekleri iddia edilmiştir. Oysaki kalkınma idealinin temelinde yatan ilerleme fikri Avrupa merkezci bir görüş olup adeta küreselleşmenin getirdiği tektipleştirme benzeri bir yöntemle dünya üzerindeki tüm ülkelerin aynı yollardan aynı araçlarla

giderek aynı hedefe ulaşmalarını dikte etmektedir. Kalkınma söylemi bir anahtar kavramlar ağından meydana gelmiştir. Fakirlik, üretim, devlet ya da eşitlik gibi kavramlara gönderme yapmadan kalkınmadan bahsetmek imkânsızdır. Bu kavramlar öncelikle modern Batı tarihi boyunca önem kazanmış ve ancak o dönemin ardından dünyanın geri kalanına yayılmıştır. Bu kavramların her biri oksidentalit dünya görüşünü güçlendiren birtakım örtük varsayımları belirginleştirmektedir. Kalkınma olgusu bu varsayımları öyle pervasızca dağıtmıştır ki dünyanın her yerindeki insanlar gerçeğin Batılı anlamda bir gerçeklik tarafından kuşatılmışlardır (Sachs, 2010, s. xix). Bu yolda mağlup olan ya da yeterince hızlı ve etkili yol almayı sağlayamayan ülkelerin içerisinde düştükleri olumsuz koşulların temelinde kendilerine örnek gösterildiği şekilde ilerleyememelerinin yattığı düşünülmektedir. Dolayısıyla kalkınmaya dair sunulan teorik bilgiler ve gerçek yaşamda ete kemiğe bürünmüş halde yaşananlar birebir örtüşmemektedir. Bu tutarsızlığa temas eden oldukça fazla sayıda çalışma bulunmaktadır. Örneğin Esteva (2010), süslü elbiseler giydirilerek dünyaya sunulan kalkınma söyleminin arka planına dair düşüncelerini çarpıcı bir şekilde ortaya koymaktadır:

O zamana kadar kullanılan hiçbir politize edilmiş kavram “azgelişmiş” kelimesi kadar hızlı bir kabul görmemiştir. Birdenbire “ben” ve “öteki”ne dair yeni bir anlayış ortaya çıkmıştır. “kalkınma” kelimesinin iki yüzyıllık politik-tarihi anlamı başarılı bir şekilde alaşağı edilmiştir. 20 Ocak 1949 günü iki milyar kişi “azgelişmiş” bireylere dönüşmüştür. O günden bu yana bu şekilde tanımlanan insanlar tüm çeşitliliklerinden bağımsız ötekinin aynasındaki bir gerçekliğe evrilmişlerdir. Bu ayna onları küçümseyen, sıranın en sonuna atan, aslında çok geniş ve çeşitli olan kimliklerini dar ve homojen bir azınlık şeklinde tanımlayan bir aynadır.

Kalkınma idealine yöneltilen eleştirilerin üzerinde durduğu ana noktalardan bir tanesi sosyoekonomik seviye bakımından şanslı addedilebilecek bir azınlığa hitap eden ve dünyanın büyük bölümünü erişemeyecekleri hedefler koymak suretiyle zor şartlar altında yaşamaya mahkûm eden bir varış noktası olmasıdır. Kalkınmanın temel yapı taşlarından biri olan ekonomik büyümenin çevrenin ve insanın zarar görmesi pahasına gerçekleştiği vurgulanmaktadır. Bununla birlikte yüksek standartlarda bir yaşam sürenlerin yoksullarla karşılaşma imkânlarının yok denecek kadar az olduğu ve kendi sahip oldukları ayrıcalıklı hayat şartlarının bir gün tüm insanlık tarafından paylaşılacağı gibi bir aldatmaca içinde oldukları söylenmektedir. Oysaki tüm dünyanın yakın gelecekte muhtemelen paylaşacakları ana unsurlar iklim değişikliği, sera etkisi ya da nükleer bulutlar gibi çevresel sorunlardır. Bu ifadelerden de görülmektedir ki moda bir sözcük olan kalkınma, uygulanabilirliği ya da sürdürülebilirliği olmayan bir sistemi yüceltmek için kullanılmaktadır. Barındırdığı büyük tehlikeler düşünüldüğünde küçük bir azınlığın çıkarına olan hedeflerin gerçekleşiyor olması kalkınma idealini mazur göstermez. Burada akıllara gelen soru ise bunca probleme rağmen kalkınmanın hala bu kadar geniş kabul görmesinin altında yatan sebeptir. Bunun muhtemel cevabı ise her şeye rağmen kişilerin kalkınmaya inançlarının oldukça fazla olmasıdır (Rits, 2010, s. 24–25).

Planlı Kalkınma

Kalkınma olgusu temelde ilerleme düşüncesine yaslanmaktadır. İlerleme hedeflerinin temelinde ise modernleşme çizgisi üzerinde gerekli adımların atılmasını destekleyecek her türlü sosyoekonomik gerekliliğin sağlanması yatmaktadır. Ekonomik anlamda gerçekleştirilecek atılımların başı çektiği bu adımlara sağlık sisteminin iyileştirilmesi, eğitim kurumunun modernite doğrultusunda revize edilmesi, gündelik yaşamın modernizm değerleri doğrultusunda kurgulanması gibi pek çok hedef de dâhil edilmektedir. Buna paralel olarak, kalkınma vurgusu alt metninde “ıslah etme”, “terbiye etme” anlamları da barındırmaktadır. Doğal ve sosyal yaşama yapılan müdahalelerin faydalı olacağına dair tam bir inanışla savunulan bu çabalar modern toplumu oluşturma ve çerçevesini çizme adımları ile birebir örtüşmekte hatta karşılıklı birbirlerini beslemelerinin ulaştığı büyük boyut sayesinde birbirlerinden ayrılmaz hale gelmektedirler.

Kalkınma ideali Soğuk Savaş döneminde de oldukça işlevsel bir hal almıştır. Neredeyse hiçbir konuda mutabık olamayan dünya güçleri kalkınma konusunda hemfikirdiler. Bir diğer deyişle, kalkınma kelimesi zıt kutupları bir araya getiren sihirli bir kelime işlevi görmüştür. Kalkınmanın gerekliliği ve istenilirliğinin son derece açık şekilde kabul edilmiştir ve bu iki ideolojik kutup o dönem Üçüncü Dünya şeklinde tabir edilen bölgede kalkınma adımları atmak için birbirleri ile yarışmışlardır. Sanayileşmiş ülkelerin gelecekteki muhtemel müşterileri olarak görülen fakir halkların gelişimini sağlamaya dair ortak ve samimi bir niyetin bulunduğu su götürmez bir gerçektir. Fakat kalkınma fikri gelişmekte olan ülkeleri bu iki taraftan birinin safında yer almaya zorlamak için kullanılan bir mazerete dönüşmüştür. Böylelikle bu politik oyun sıradan halklardan çok uluslararası arenada etkili olan yönetici elitlerin lehine bir hal almıştır. Fakat zaman ilerledikçe kalkınma idealine giden süreç farklı bir hal almış ve bu hedefe yönelik üretilen projeler eleştirilere tabi tutulmuş ve gelişmekte olan ya da gelişmemiş olarak nitelendirilen ülkelere vaat edilen mallar ulaştırılmamış, hem gelişmekte olan hem de gelişmiş ülkeler bir kalkınma yorgunluğuna yenik düşmüşlerdir. Kalkınma kelimesinin zaman içerisinde kaybettiği o eski canlılığına ulaşması için kavrama çeşitli sıfatlar eklenmesi yoluna gidilmiştir. Uzmanların üretkenlikleri sayesinde kalkınma “endojen”, “insani”, “sosyal”, ve son olarak da “sürdürülebilir” şeklinde tanımlanmış ve adeta tek başına kullanıldığında kirli bir kelime haline gelmiştir (Rits, 2010, s. 20–21). Kalkınma söylemine eklenen bir diğer sıfat da “planlı” nitelendirmesi olmuştur. İkinci Dünya Savaşı sonrasındaki dönem diğer pek çok özelliğinin yanında ulusal kalkınma planları dönemi olmuştur. Bu döneme kısa bir göz atmak bile çağdaş kalkınmanın geçmişi silmeye ya da yeniden yazmaya verdiği büyük önemi görmek için yeterlidir. Çoğu plan bir önceki plan döneminin başarısızlıklarının teknokratik bir değerlendirmesini içerir ve “bu sefer çok daha iyi olacak” çıkarımı yapar. Kalkınma ileriye dönük bir hedef olduğu ve henüz tam olarak anlaşılammış devletlerin başarılarına doğru bir bakış olduğu için geriye dönüp

bakmanın herhangi bir yararı olduğu düşünülmemektedir. Çağdaş plan yazıcılığının teknokratik dili yani modelleri, tahminleri ve projeksiyonları doğru bilgi ve işaretlerin karışımıyla birlikte manipüle edilebilecek, önceden karar verilmiş sonlara sahip bir geleceği inşa etme fikrinin çığırkanlığını yaparlar. Geçmiş, değişime kapalı, dokunulmaz ve düzeltilemez. Bazen kendisinden alınacak dersler vardır ama bu da nadiren olur (Crush, 1995, s. 9) Daha önce de işaret edildiği üzere, kalkınma söyleminin odak noktası batının yükselmesinde, kapitalizmin, modernizmin ve Batılı devletlerin sömürgeciliğinin kurumlarında, disiplinlerinde, kültür ve mekanizmalarında yatmaktadır (Crush, 1995, s. 11). Batı'nın gittiği yoldan gidebilme ihtiyacına bağlı olarak kalkınmanın belirli bir silsileyi takip etmesi bir diğer deyişle gidilecek yolun planlanması gereği doğmuştur. Kalkınmanın temel bileşenlerinden olan iktisadi büyümenin adımlarını ekonomi tarihçisi Rostow (1960) geleneksel toplum, kalkış için gerekli şartlar, kalkış, olgunluğa doğru ilerleme, yoğun kitle iletişim çağı, tüketim ötesi ve dinamik bir üretim teorisi şeklinde sıralar. Bir aydınlanma ideali olan geleneksel olandan, geçmişten kopuş burada da tüm açıklığı ile kendini göstermektedir. Tüm bu noktalardan anlaşılacağı üzere kalkınma bir süreç olup belirli adımları takip ederek ilerlemeyi gerektirmektedir. Bir diğer deyişle gidilecek yolun planlanmasının gereğini işaret etmektedir.

Planlama yapmak beraberinde ölçümü de getirmektedir. Modernitenin birey yaşamına kattığı unsurların başında gelen planlama ve her şeyin ölçülebilir nesnelere haline dönüştürülmesi kalkınma konusunda da etkisini göstermektedir. Ülkelerin kalkınma oranlarını ölçebilmek için çeşitli parametrelere dayanılmakta ve yeni endeksler üretilmektedir. İnsani Gelişim Göstergesi (Human Development Index) bu amaçla geliştirilen ölçümlerden bir tanesidir. 1990 yılında Pakistanlı bir ekonomist olan Mahbub ul Haq'ın geliştirdiği bu ölçü birimi yaşam süresi, eğitim ve yaşam düzeyi, okuryazarlık oranı gibi birimleri içermektedir (wikipedia.org, t.y.). Buna ek olarak, İnsani Gelişim Göstergesi'nin eksik kaldığı yönlerini tamamlamak ve özellikler sosyal parametreleri vurgulamak için Sosyal Gelişim Endeksi (Social Progress Imperative) üretilmiştir. Temel insani ihtiyaçlar, refahın temelleri ve fırsatlar olmak üzere üç temel başlık altında değerlendirilen kategoriler incelendiğinde refahın temelleri ve fırsatlar başlıklarının altında eğitime dair kategorilerin geniş yer tuttuğu görülmektedir (<https://www.socialprogress.org/>) Bunun yanında, kalkınmayı planlı bir şekilde sokmak ve bu planın işliyor olma düzeyini test etmek için çeşitli projeler geliştirilmektedir. Bunlardan bir tanesi 2000 yılında gerçekleştirilen Birleşmiş Milletler Genel Kurulu'nda oluşturulan *Binyıl Bildirgesi* kapsamında belirlenen ve toplam sekiz maddeden oluşan *Binyıl Kalkınma Hedefleridir* (BM, 2000). Gelişmekte olan 130 ülkenin kalkınmalarının planlı bir şekilde sürdürülmesine yönelik koyulan bu hedefler: “aşırı yoksulluğun ve açlığın ortadan kaldırılması, evrensel ilköğretimin gerçekleştirilmesi, kadın-erkek eşitliğinin sağlanması ve kadınların konumunun güçlendirilmesi, çocuk ölümlerinin azaltılması, anne sağlığının iyileştirilmesi, HIV/AIDS, sıtma ve öteki hastalıklarla

mücadele edilmesi ve kalkınma için bir ortaklık geliştirilmesi” şeklinde sıralanmaktadır. Bununla birlikte daha önce üzerinde durulduğu üzere planlar dahilinde tespit edilen hedeflerin ne ölçüde gerçekleştirilip gerçekleştirilmediğini belirlemek üzere binyıl kalkınma hedeflerinin durumunu test eden “binyıl kalkınma hedefleri izleme” isimli bir mekanizma da geliştirilmiştir (www.mdgmonitor.org).

Planlı kalkınmaya dair üzerinde durulması gereken son nokta ise kalkınmanın sürdürülebilir olmasına yönelik hedeflerdir. Birleşmiş Milletler Kalkınma Programı’na dâhil edilen sürdürülebilir kalkınma hedefleri,

yoksulluğa son, açlığa son, sağlık ve kaliteli yaşam, nitelikli eğitim, toplumsal cinsiyet eşitliği, temiz su ve sanitasyon, erişilebilir ve temiz enerji, insana yakışır iş ve ekonomik büyüme, sanayi, yenilikçilik ve altyapı, eşitsizliklerin azaltılması, sürdürülebilir şehirler ve topluluklar, sorumlu üretim ve tüketim, erişilebilir ve temiz enerji, insana yakışır iş ve ekonomik büyüme, sanayi, yenilikçilik ve altyapı, eşitsizliklerin azaltılması, sürdürülebilir şehirler ve topluluklar, sorumlu üretim ve tüketim, iklim eylemi, sudaki yaşam, karasal yaşam, barış, adalet ve güçlü kurumlar ve amaçlar için ortaklık

şeklinde sıralanmaktadır (Birleşmiş Milletler Kalkınma Programı, t.y.)

Gerek sürdürülebilir, gerekse binyıl kalkınma hedeflerinde görüldüğü üzere, planlı kalkınma hedeflerinden bir tanesi eğitime dair yapılması arzulanan düzenlemelerdir. Kalkınmanın idealinin ön koşullarından olan “ıslah etme”, “dönüştürme”, “değiştirme” eğitim olmadan varılacak bir bitiş çizgisi değildir. Dolayısıyla kalkınmanın mercek altına alındığı çalışmalarda gerek örgün eğitim gerekse halk eğitimi son derece önemli bir yere sahip olmaktadır.

Türkiye’de Kalkınma Tartışmalarında Halk Eğitimi

Türkiye’de kalkınma tartışmaları 1950’li yılların ikinci yarısından sonra yoğunluk kazanmaya başladı. 1960 sonrasında ise planlı kalkınma uygulamaları ile birlikte kalkınma, farklı toplumsal olgular çerçevesinde farklı yönleri ile alındı. Dönemin literatürü kalkınma ile modernleşme arasında doğrudan bir ilişki kurulduğunu göstermektedir. Kalkınmayı modernleşmeci bir anlayışla ele alan yaklaşımlar 19. yüzyılın ilerleme anlayışından beslenmekte ve bu anlayışın sonucu olarak toplumları gelişmemiş, az gelişmiş, gelişmekte olan gibi kavramlarla sınıflandırmaktadırlar. Kalkınmak, modernleşme hedefine, gelişmiş ülke olma hedefine ulaşmak anlamına gelmektedir. Eğitim ise bu hedeflere ulaşmanın en büyük aracıdır.

Türkiye özelinde bakıldığında kalkınma tartışmalarının bir diğer boyutu 1950-1960 arasındaki Demokrat Parti iktidarı döneminin modernleşme sürecinde bir kesinti olarak görülmesi ve 1960 sonrasında tekrar erken Cumhuriyet modernleşmesi ile ilişki kurulma çabasıdır. İncelenen konu açısından bakıldığında benzer bir yaklaşımın eğitim, özellikle de yetişkin eğitimi ile ilgili tartışmaları da etkilediği görülmektedir.

Yetişkin eğitimi, kalkınma tartışmaları çerçevesinde halk eğitimi olarak ele alınmıştır. Halk eğitimine ise toplumsal değişmeyi sağlayacak bir rol yüklenmekte ve modernleşmenin eğitim yoluyla sağlanacağı vurgulanmaktadır. 1968 yılında Ankara Üniversitesi Eğitim Bilimleri Fakültesi Dergisi’nde Hikmet Sami TÜRK tarafından yazılan “Niçin Halk Eğitimi?” başlıklı makale eğitim, kalkınma ve modernleşme arasında kurulan ilişkiyi göstermesi bakımından önemli bir örnektir. Makalede Newton’un duran bir cisme bir kuvvet uygulanmadığında yerinde kalacağı şeklindeki eylemsizlik kuramına gönderme yapılarak eğitimin önemi şöyle açıklanmaktadır:

Bu fizik kanunlarını –benzetme yoluyla da olsa- sosyolojiye aktarırsak; bir toplumsal değişimi meydana getirmek veya hızlandırmak, özellikle hurafe ve cehaletin örümcek ağlarıyla sarılmış bir toplumu harekete geçirmek için bir itici kuvvete ihtiyaç vardır, diyebiliriz. Böyle bir kuvvetten hemen zor anlaşılmamalıdır. Zorla yüzeyin altına inecek sağlam bir değişim yaratılabileceği çok şüphelidir. Çeşitli kuvvetler arasında kafaları kazanmağa, dolayısıyla düşünce ve davranışları değiştirebilmeğe en uygunu eğitimdir (Türk, 1968, s. 87).

Eğitime yüklenen bu rolün sonrasında halk eğitiminin gerekliliği üç madde de açıklanmaktadır. Kültürel ve toplumsal nedenler, iktisadi nedenler ve siyasi nedenler (Türk, 1968, s. 97-110). Kültürel ve toplumsal nedenler başlığında, daha önce de belirtildiği gibi döneme ait literatürde çok sık görülen, erken dönem Cumhuriyet modernleşmesi referans alınmakta ve kalkınma ile okur yazarlık oranı arasında bağ kurulmaktadır. (Türk, 1968, s. 95–100) İlköğretim sonrasında halk eğitimi aracılığıyla eğitimin devam etmesi gerekliliği ve kadınların eğitiminde halk eğitiminin önemine yapılan vurgu dönemin literatürünün örneğidir. “Kadının anne sıfatı ile eğitici görevini yerine getirmesi” için “ilköğretimin erişemediği kadınlarımızı, halk eğitimiyle bilgi ışığına” çekilmelidir. (Türk, 1968, s. 101) Diğer taraftan “uygarlığın en basit nimetlerinden uzak ve talihsiz” kısmı olan ülkenin doğusunun “uygarlığın nimetleri”ne ulaşması halk eğitimi aracılığıyla gerçekleştirilecektir. Bu bölgeleri “her şeyden önce Türk Kültür çevresine almak, böylece milli bütünleşmeyi kuvvetlendirmek zamanı çoktan gelmiştir. Bunun en etkin ve çabuk yolu halk eğitimidir. Halk eğitimi, öğrenim imkanlarından yoksun insanlara ve bölgelere soyal adaletten gecikmiş nasiplerini verecektir.” Belirtilen kültürel ve toplumsal nedenler ile uygulanması gereken halk eğitimi aynı zamanda iktisadi kalkınmanın da bir gereği olarak görülmektedir. İktisadi olarak kalkınmanın temellerinden biri olarak görülen iç tasarrufun halk eğitimi ile sağlanabileceği görüşü hakimdir. Hikmet Sami Türk’ün iktisadi nedenler başlığı altında ortaya koyduğu görüşler aynı zamanda planlı kalkınmaya mesafeli duran Demokrat Parti geleneğinin temsilcisi Adalet Partisi’nin söylemlerine de bir cevap niteliğindedir ve dönemin planlı kalkınma tartışmalarını göstermektedir. Türk’e göre “gösterişe düşkün siyasi iktidarlar da barajların, limanların, fabrikaların göz kamaştırıcı açılış törenlerini tercih ederler. Barajlar, limanlar fabrikalar kurmak bunları işletecek, bakım yapacak, ve geliştirecek idareci, bilim adamı, mühnedis, teknisyen, memur, ustabaşı, yetişkin işçi yoksa neye yarar” (Türk, 1968, s. 103). Türk’ün bu konudaki referansı

Amerikan iktisatçı John Kenneth Gabriel'dir. Gabriel'e göre insana yapılan yatırım barajlara, makineler ya da başka araçlara yapılan yatırımdan daha fazla artış sağlar (Türk, 1968, s. 103). Son olarak siyasi nedenler başlığı altında yine dönemin demokrasi ve halkın bilinç düzeyi ile ilgili tartışmalara göndermede bulunulmakta ve sorunun çözümü halk eğitimine bağlanmaktadır. Türk'e göre halkın "demogojik hokkabazlıklara" aldanmaması için çözüm halk eğitimi aracılığıyla halkın aydınlatılmasıdır (Türk, 1968, s. 109). Hikmet Sami Türk'ün "Niçin Halk Eğitimi" isimli makalesi dönemin aydınlarının önemli bir kısmının halk eğitimi kavramına yüklediği rolü göstermektedir. Bir taraftan iktisadi kalkınma için halk eğitimi önemsenirken diğer taraftan ülkenin özgül koşullarında yürüyen modernleşme tartışmalarında halk eğitimi önemli bir argüman olarak kullanılmaktadır. Türk'ün makalesinin sonunda bulunan "Türkiye'nin ihtiyaçları, bütün aydın kuvvetlerin cehaleti, geriliği yok edecek bir 'halk eğitimi seferberliğinde' birleşmesini gerektirmektedir. Bu, devlet olarak, aydın kişi olarak çilekeş Türk halkına borcumuzdur. Türkiye artık kendi 'barış gönüllüleri'ni istiyor" (Türk, 1968, s. 110) cümleleri halk eğitimi ile ilgili temel referans noktasını göstermektedir.

Halk Eğitimi tartışmalarında önemli örneklerden birisi de Nusret Köymen'in "Büyük Aydınlığa Doğru" adıyla 1960 yılında yayınlanan kitabıdır. Kitabın kapağında bulunan "İnsanlığı Kurtuluşa Götüren Yol" ibaresi halk eğitimine yüklenen rolü göstermesi bakımından önemlidir. Köymen 1960 yılında yayınladığı kitabın ekler bölümünde 1920-1950 arasında halk eğitimine ilişkin yazılara ve konuşmalara yer vermiş ve halk terbiyesi kavramı ve tartışmaları ile halk eğitimi tartışmaları arasındaki bağlantıları göstermiştir. Ayrıca yine ekler bölümünde 1951 yılında Türkiye'ye gelen ve halk eğitimi konusunda çalışmalar yaparak bir rapor hazırlayan Amerikalı yetişkin eğitim uzmanı Watson Dickerman'ın raporuna da yer vermiştir. Raporda etkili bir halk eğitimi için öneriler bulunmaktadır:

1-Halkın bulunduğu yerden işe başlayınız! 2-Köprüyü halkın bulunduğu yerden başlayarak geçmesi olan yere yapın! 3-Söze karışmağı teşvik ediniz! 4-İnsanları kendi işlerini yapmağı teşvik ediniz. 5-Mahalli önderlerden faydalanınız. 6-Yardım etmek istediğiniz insanların mevcut bilgi ve tecrübelerinin ne olduğunu anlamağı ve çalışmalarınızı bu temel üzerinde bina etmeğı bakınız! 7-Mümkün olduğu kadar gösteri metodu kullanınız, fakat diğer metotları da ihmal etmeyiniz. 8-Çalışmadan ameli neticeler elde ettiklerini şu veya bu şekilde faydalandıklarını veya ilerlediklerini görebilmelerine yarım ediniz! 9-Kaç kişinin katıldığıнын bir halk eğitimi çalışmasının başarı ölçüsü olamayacağını asla unutmayınız! Bir çalışma ancak katılanların yaşayışlarında meydana getirdiğı değışmeler nisbetinde iyi ya da kötüdür! (Köymen, 1960, s. 148-150).

Halktan kopuşun önlenmesi önerilerin temel amacıdır. Köymen kitabında halkevlerinin başarıya ulaşamamasının nedenleri üzerinden bu önerileri önemsedini göstermektedir. Nitekim kitabın ilk bölümünde halkevlerine bu anlamda yönelik eleştiriler mevcuttur (Köymen, 1960, s. 37-42). Halk eğitiminin önemi ise dönemin bir çok ismi gibi Nusret Köymen tarafından da vurgulanmaktadır:

İnsanın yetişmesine yardım etmek dünyada ve bir memlekette yapmağa değer işlerin başında gelir. Çocuk, fert, grup ve toplum eğitimleri en yaygın tesire malik olanı, en süratli netice veeni halk eğitimidir. Demokrasiyi de ancak o kurtarıp geliştirebilir, milletleri ve insanlığı ancak o büyük aydınlığa doğru yürütebilir (Köymen, 1960, s. 42).

Dönemin yetişkin eğitimi konusunda önemli isimlerinden birisi de Cevat Geray'dır. Geray halk eğitiminin ana görevlerini, kitle ile seçkinler arasındaki ayrılığın, kopukluğun giderilmesi, demokrasi eğitimi, değişmeye uyum sağlama, boş zamanların değerlendirilmesi ve bireysel gelişim olarak sıralamaktadır (Geray, 1978, s. 10). Geray'a göre toplumsal bütünleşmeyi sağlamak, bireyleri meslek sahibi yapmak, bireyin toplumda yer edinmesini sağlamak ve kişiyi kamusal işlere ve siyasal gücün kullanılmasına katılımını sağlamak halk eğitimi aracılığıyla sağlanabilir (Geray, 1978, s. 35, 36). Geray ekonomi ve halk eğitimi ilişkisine de ayrıntılı olarak değinmiş ve halk eğitimi aracılığıyla, doğal kaynaklardan daha iyi yararlanma, tasarruf yoluyla yatırımları destekleme, çağdaş teknoloji ile yurttaşların tanıştırılması, ürünlerin tüketiciye götürülmesi ve en önemlisi olarak nitelikli işgücünün yetiştirilmesinin halk eğitimi aracılığıyla mümkün olduğunu vurgulamaktadır (Geray, 1978, s. 36, 37). Görüldüğü gibi halk eğitimi gerek iktisadi gerekse sosyal yönden önemli bir araç olarak değerlendirilmektedir.

Amiran Kurtkan "Sosyolojik Açıdan Eğitim Yoluyla Kalkınmanın Esasları" adlı kitabında ve dönemin Halk Eğitimi Genel Müdürlüğü tarafından yayınlanan Halk Eğitimi dergisinin 56. Sayısında aynı isimle yayınlanan makalesinde halk eğitimin kalkınmadaki önemine değinmekte ve halk eğitiminin merkezi bir şekilde örgütlenmesini gerektiğini ve işgücü gruplarının kendilerine ihtiyaç duyulan alanlarda faaliyet göstermeleri ile başarıya ulaşacağını belirtmektedir (Kurtkan, 1975, s. 4, 5).

Dönemin literatürü incelendiğinde halk eğitiminin bir çok sorunun çözümü olarak sunulduğu görülmektedir. Ekonomi, kültür, kadınlar, gençlik, demokrasi, bölgesel farklar, boş zaman vb. bir çok konu halk eğitimi ile ilişkili olarak ele alınmaktadır. Bu anlayış 1963 yılından itibaren uygulamaya konulan kalkınma planlarına da yansımıştır. Özellikle ilk iki kalkınma planında halk eğitimine geniş ölçüde yer verilmiştir.

Türkiye'de Planlı Kalkınma ve Kalkınma Planlarında Yetişkin Eğitimi

Türkiye'de ilk planlama çalışması Mayıs 1934 yılında yürürlüğe giren Birinci Beş Yıllık Sanayi Planı'dır. Bunu 1936 yılında yapılan sanayi kongresi sonrasında oluşturulan İkinci Beş Yıllık Sanayi Planı izler. Bu iki planda hedeflenen hammaddesinin tamamının ülke içinden sağlanabildiği alanlarda sanayileşmedir (Alkın, 1970, s. 392). 1947 yılında yapılan planda ise diğer iki plandan farklı olarak dış finansman sorunu ile büyük alt yapı yatırımları gündeme alınmıştır (Alkın, 1970, s. 96).

İkinci Dünya Savaşı sonrası değişen koşullarla birlikte 1950 seçimleri sonucu yaşanan iktidar değişikliği Türkiye’de yeni ekonomi politikaları uygulanmaya yol açmıştır. Demokrat Parti, Cumhuriyet Halk Partisi’ne oranla özel teşebbüse daha çok önem vermiş ve özel teşebbüsün desteklenmesi parti programına konulmuştur. 1951 yılında yapılan üçüncü kongrede oluşan parti programında zorunluluk olmadıkça piyasalara müdahale edilmemesi görüşü net bir biçimde belirtilmiştir (Takım, 2012, s. 165). Bu doğrultuda politikalara yönelen Demokrat Parti planlı kalkınma uygulamalarına uzak kalmıştır.

İkinci Dünya Savaşı sonrası oluşan kalkınma düşüncesi ve batı dışı toplumlara önerilen planlı kalkınma modeli Türkiye’de 1960 darbesi sonrası hayata geçirilmiş ve “dünya konjonktüründeki eğilimlere uygun olarak, Türkiye de dünya kapitalizmine eklenme biçimini “planlı kalkınma” modeline oturtmuştur” (Barbaros ve Karatepe, 2009, s. 262). 1961 Anayasasının 41. maddesinde bulunan “iktisadî, sosyal ve kültürel kalkınmayı demokratik yollarla gerçekleştirmek; bu maksatla, millî tasarrufu artırmak, yatırımları toplum yararının gerektirdiği önceliklere yöneltmek ve kalkınma planlarını yapmak Devletin ödevidir” (1961 Anayasası, 1961) ibaresi ile devlet planlama yapmakla görevlendirilmiştir. Anayasanın 129. maddesinde ise “iktisadî, sosyal ve kültürel kalkınma plâna bağlanır. Kalkınma bu plâna göre gerçekleştirilir.” (1961 Anayasası, 1961) denilmektedir. Ekonomik alan dışında sosyal ve kültürel yapının da anayasada plan kapsamında tutulması kalkınma tartışmalarının çağdaşlaşma ve modernleşme kavramları ile birlikte yürütüleceğinin habercisidir.

5 Ekim 1960 tarihli Resmi Gazete’de yayınlanan kanunla kurulan Devlet Planlama Teşkilatı’nın görevleri kanunda

Memleketin tabîi, beşerî ve iktisadi her türlü kaynak ve imkânlarını tam bir şekilde tesbit ederek takip edilecek iktisadi ve sosyal politikayı ve hedefleri tâyinde Hükümete yardımcı olmak; b) Muhtelif bakanlıkların iktisadi politikayı ilgilendiren faaliyetlerinde koordinasyonu temin etmek için tavsiyelerde bulunmak ve bu hususlarda müşavirlik yapmak; c) Hükümetçe kabul edilen hedefleri gerçekleştirecek uzun ve kısa vadeli plânları hazırlamak; d) Plânların başarı ile uygulanabilmesi için ilgili daire ve müesseselerle mahallî idarelerin kuruluş ve İşleyişlerinin ıslahı hususunda tavsiyelerde bulunmak, e) Plânın uygulanmasını takip etmek, değerlendirmek ve gerekli hallerde plânda değişiklikler yapmak; f) Özel sektörün faaliyetlerini plânın hedef ve gayelerine uygun bir şekilde teşvik ve tanzim edecek tedbirleri tavsiye etmek (Resmi Gazete, 1960, s. 2274).

şeklinde belirlenir. Teşkilatlanma yapısı içerisinde İktisadi Planlama Dairesi Başkanlığı’nın yanı sıra Sosyal Planlama Dairesi Başkanlığı adında bir birim de bulunmaktadır.

Devlet Planlama Teşkilatı tarafından hazırlanan Birinci Beş Yıllık Kalkınma Planını Ocak 1963’te yayımlandı. Bu tarihten günümüze onbir kalkınma planı yapıldı. Ancak planlı kalkınmanın ekonomik ve politik bir tercih olduğu dönem 1960-1980 dönemidir.

1980 sonrasında tüm dünyayı etkisi altına alan neo liberal politikalar Türkiye’de de ekonomik ve politik anlayışın değişmesine yol açmıştır. Bu nedenle konumuz açısından ilk dört kalkınma planı önem taşımaktadır.

Birinci Beş Yıllık Kalkınma Planı’nda halk eğitimi konusuna önem atfedilmekle beraber konunun toplum kalkınması bölümünde incelendiği belirtilmiştir (DPT, 1963, s. 461). Planda toplum kalkınması bir kalkınma yöntemi olarak görülmekte ve “çeşitli hizmet ve çalışmaların yapılması, demek, kooperatif gibi teşkilâtların kurulması ve idare ile toplulukların işbirliğinin sağlanmasını kavrayan bir çalışmadır Bu, kitleleri eğitecek, birlikte çalışmaya yöneltecek, toplum yapısında istenen değişikliklerin gerçekleşmesini sağlayacak, toplumsal enerjiyi yaratıcı bir şekilde harekete geçirmeye yol açacak önemli bir kalkınma metodudur” (DPT, 1963, s. 101) şeklinde tanımlanmaktadır. Tanımdan da anlaşılacağı üzere eğitim ile hedeflenen toplumsal değişikliğin ve bireylerin bu değişikliği kabullerinin sağlanmasıdır. Planda toplum kalkınması daha çok köy ile ilişkilendirilmekle beraber eğitim ve işçi yetiştirilmesinde genel politika başlığı altında mesleki eğitime de vurgu yapılmış ve teknik personel yetiştirilmesinin hedeflendiği vurgulanmıştır (DPT, 1963, s.147).

İkinci Beş Yıllık Kalkınma Planı’nda yetişkin eğitiminin karşılığı olarak halk eğitimi kavramından çok yaygın eğitim kavramının kullanıldığı görülmektedir. Yaygın eğitim ile

örgün eğitim yanında, vatandaşlık haklarının kullanılması ve görevlerinin yerine getirilmesi yönünden gerekli olan okur - yazarlık eğitimi ile toplumun bilgi seviyesini yükseltmek ve çeşitli çalışma konularında ve özellikle sanayide verimliliği artırmak üzere yaygın eğitim çalışmalarına ve yetiştirme programlarına öncelik verilecektir. Bu eğitimle çalışma şartlarının iyileştirilmesi, köylerden şehirlere gelenleri yeni çevre ve çalışma alanlarına intibak ettirmek (DPT,1968, s. 159).

amacının hedeflendiği planda vurgulanmaktadır. Birinci Beş Yıllık Kalkınma Planı’nda olduğu gibi İkinci Beş Yıllık Kalkınma Planı’nda da eğitim, toplumsal değişimin, değişime bireyleri hazırlamanın aracı olarak görülmekte ve kalkınma, refah, mutlulukla eğitim arasında bağ kurulmaktadır (DPT, 1968, s. 158). Halk Eğitimi Genel Müdürlüğü’nün Köy İşleri Bakanlığından, Milli Eğitim Bakanlığına devredilmesi de bu planla gerçekleşmiştir.

İkinci Beş Yıllık Kalkınma Planı’nın önemli özelliklerinden birisi yaygın eğitim ile kadınlar arasında kurulan ilişkidir. “Yaygın eğitim programları için kadınların “Ev kadını ve anne olarak” Türk toplumundaki üstün değerini etkin bir şekilde artırmayı hedef tutan ‘Kadın eğitimi programları’ nı uygulamanın önemi büyüktür” (DPT, 1968, s. 180) ifadesinden sonra planda kadınlara yönelik farklı eğitimlerin önerildiği görülmektedir. Kız teknik öğretim kurumları üzerinden düzenlenecek eğitimler, akşam kız sanat okulları, köy kadınları gezici kursları ile kadınlara yönelik özel eğitim programları düzenlenmesi ve bu eğitimlerin geniş kitlelere yayılması için sivil toplum

kuruluşlarının desteğinin sağlanması kadın eğitiminde başlıca hedeflerdir (DPT, 1968, s. 180). Annelik ve kadınlık üzerine yapılan vurgu toplumsal değişimin aileden başlayacağı şeklindeki klasik modernleşme düşüncesinin etkisini göstermektedir. Bu planla ayrıca halk eğitimi kavramının içerisine kütüphanecilik, spor, aile planlaması, aile danışma hizmeti, şehirleşme ile ortaya çıkan sorunların çözümü, boş zaman eğitimi gibi geniş bir faaliyet alanı yerleştirilmiş ve halk eğitiminin tüm bu alanlarda etkin bir biçimde yürütülmesi hedeflenmiştir (DPT, 1968, s. 191–233)

Üçüncü Beş Yıllık Kalkınma Planı'nda da yoğunluklu olarak yaygın eğitim kavramı kullanılmıştır ancak bu planda eğitim sisteminin tümüyle birlikte yaygın eğitimle doğrudan nitelikli iş gücü ile ilişkilendirilmiştir. “Uzun dönemli insangücü ihtiyaçlarında beliren büyük sayısal açıklar ve nitelik sorunu”nun “örgün ve yaygın eğitim sisteminin, mesleki ve teknik eğitime yönelmesi” ile çözülmesi planlanmaktadır (DPT, 1973, s. 757). Üçüncü Beş Yıllık Kalkınma Planı'nda hızlı toplumsal değişim dönemlerinde yaygın eğitimin örgün eğitime göre daha işlevsel olduğunun sıkça vurgulanmaktadır. Yaygın eğitimin önemi “örgün eğitimde kısa sürede yetiştirilemeyen ve ekonomik kalkınmanın süratle gerektirdiği insangücünü yetiştirmek üzere ve örgün eğitimle bir bütünlük sağlayacak şekilde düzenlenecek, örgün eğitim dışı kalmış kişilere beceri kazandıracak tek imkan olarak, üzerinde önemle durulacaktır” (DPT, 1973, s. 723) şeklinde açıklanmaktadır. Yaygın eğitim ile iş gücü arasında kurulan ilişki kurulmaması daha önce yapılan planların eksikliği olarak Üçüncü Beş Yıllık Kalkınma Planı'na yansımaktadır. İkinci Beş Yıllık Plan'da yaygın eğitim içerisinde nitelikli iş gücü yerine okum yazma eğitimine verilen ağırlık eleştirisi konusudur (DPT, 1973, s. 773). Bu nedenle planda yaygın eğitim kavramı yeniden ele alınarak “örgün eğitim sistemini tamamlamış veya herhangi bir kademesinden çıkmış ve bu sisteme hiç girmemiş fertlerin temel eğitim ve meslekî bilgi ve beceri kazanmalarını veya yeteneklerini geliştirmelerini sağlamak üzere verilen kısa süreli eğitim” olarak tanımlanmış ve yaygın eğitimde önceliğin mesleki ve teknik olması gerektiği vurgulanarak “Mesleki Teknik Yaygın Eğitim Kurumu” kurulması planlanmıştır (DPT, 1973, s. 775, 778). Yaygın eğitimin mesleki teknik eğitim veren kurumlarca desteklenmesi yaygın eğitim ile ilgili en temel öneridir.

Dördüncü Beş Yıllık Kalkınma Planı bir önceki planda olduğu gibi mesleki teknik eğitimi merkeze alır ve benzer bir şekilde yaygın eğitimle ilgili olarak daha önceki planlardaki hedeflerin gerçekleştirmediğini vurgular (DPT, 1979, s. 150). Yaygın eğitimin kısa süreli, düşük maliyetli ve esnek yapısı nedeniyle değişime uygunluğuna rağmen geçen plan döneminde bu özelliklerinin tersine bir yaklaşımla yürütülmesi eleştirilmektedir (DPT, 1979, s. 453). Plana göre “örgün eğitim dışında kalan geniş yığınların eğitim eksikliklerini giderici, onların değişen toplumsal koşullara uymalarını sağlayıcı, kentleşmenin, endüstrileşmenin ve tarımda ileri teknolojinin gerektirdiği bilgi ve becerilerle donatılmalarına yönelik kapsamlı bir yaygın eğitim sisteminin

düzenlenmesi gereği ağırlığını korumaktadır” (DPT, 1979, s. 453). Kentleşme, endüstrileşme ve kırsalın modernleşmesinin amaç olarak görüldüğü ve kalkınmanın içeriğini oluşturduğu bu anlayışın yaygın eğitim önerisi endüstri ile ilişkili, sanayide istihdamı, tarımda ise modernizasyonu merkeze alan mesleki ve teknik eğitimidir.

Kalkınma planları incelendiğinde halk eğitimi kavramının 1960-1970 yıllarına ait ve dönemin anlayışını simgeleyen döneme özgü bir kavram olduğu görülmektedir. 1973 yılında yapılan Üçüncü Beş Yıllık Kalkınma Planı’nda halk eğitimi kavramının yerini, içeriği daha çok istihdam, iş gücü, mesleki eğitim ile doldurulan, yaygın eğitim kavramına bıraktığı görülmektedir. Bu planda halk eğitimine sadece çevrenin korunması ve geliştirilmesi konusunda toplumun bilinçlendirilmesi için kullanılacak bir araç olarak değinilmiştir (DPT, 1973, s. 867). Dördüncü Beş Yıllık Kalkınma Planı’nda halk eğitimi kavramı tamamen terk edilmiş, endüstrileşme, şehirleşme, tarımda modernizasyon hedeflerine ulaşmada daha çok teknik bilgiyi içeren yaygın eğitim kavramı kullanılmıştır. Yetişkinlere yönelik eğitimde halk eğitime kavramından yaygın eğitim kavramına doğru yönelme kalkınmaya yüklenen anlam ile ilişkilidir. İkinci Dünya Savaşı sonrasında 1970’lere kadar kalkınma, modernleşme ile ilişkilendirilmiş ve sadece ekonomik ve teknik bir konu olarak değil toplumsal bir konu olarak görülmüştür. Döneme ait literatürde görüldüğü gibi kalkınma Türkiye’nin modernleşme süreci ile doğrudan ilişkili olarak görülmektedir. Bu nedenle dönemin yayınlarında kalkınma kavramı sık sık aydınlanma, çağdaşlaşma, modernleşme kavramları ile birlikte kullanılmakta, temel araç halk eğitimi olarak görülmekte ve özellikle erken Cumhuriyet modernleşme dönemine referanslar yapılmaktadır. Bu eğilim bir kesim tarafından devam ettirilse de 1970’lerden sonra kalkınma ile teknik bilgi arasında ilişki kurulmuş ve yaygın eğitim kavramı teknik bilgi içeriğiyle kullanılmıştır. Bu değişimde dünyadaki ekonomik anlayışta yaşanan gelişmelerin yanı sıra ülkedeki ekonomik ve siyasi aktörlerin etkisi de bulunmaktadır.

Kalkınma Düşüncesinin Kurumu Olarak Halk Eğitimi Merkezleri ve Faaliyetleri

Yeni bir yetişkin eğitim projesi olarak halk eğitimi faaliyetlerinin planlanması 1952 yılında Halk Eğitimi Bürosu’nun kurulması ile başlamıştır. Büronun kurulmasında 1951 yılında ülkeye davet edilen ve Millî Eğitim Bakanlığı’na yetişkin eğitimi ile ilgili bir rapor sunan Watson Dickerman’ın teklifi etkili olmuştur (MEB, 1973, s. 28). Halk Eğitimi Bürosu’nun kurulmasından sonra köylerde Halk Okuma Odaları ve ilçelerde Halk Eğitimi Merkezleri açılmaya başlanmıştır. Çalışmalar UNESCO tarafından desteklenmiş ve UNESCO’nun desteği ile 1957 yılında Hasaoğlan Atatürk İlköğretim Okulu’na bağlı bir Temel Eğitim Merkezi kurularak yerli ve yabancı uzmanların katılımıyla halk eğitimi ve toplum kalkınması denemeleri yapılmıştır (MEB, 1973, s. 28).

Halk eğitiminin Milli Eğitim Bakanlığında genel müdürlük düzeyinde ilk örgütlenmesi 1956 yılında Halk Eğitimi Umum Müdürlüğü'nün kurulmasıdır. Müdürlüğün kuruluş kanununda yürüteceği işler on beş maddede sıralanmış ve halk eğitimi toplumun her alanı ile ilişkilendirilmiştir. (MEB, 1956, s. 3, 4) Okuma yazma öğretimi ile mesleki eğitimlerin yanısıra çeşitli kültürel eğitimler, halk eğitimi uzmanlarının yetiştirilmesi, yayın yapılması ve halk eğitimi ile ilgili gelişmelerin takibi müdürlüğe verilen görevlerdir. Görevler arasında doğrudan toplum kalkınması kavramı kullanılmasa da “vatandaş topluluklarının problemlerini çözmeye, kalkınma ve ilerlemelerini kendi ellerine alma işlerinde teşkilatlanmalarına yardım edilmesi” (MEB, 1956, s. 4) ifadesi halk eğitimi ile toplum kalkınması arasında ilişki kurulmuştur. Kanunun gerekçelerini açıklayan bölümde ise halk eğitiminin demokrasinin bir gereği olduğu, iktisat, savunma, kültür ve sağlık bakımından zorunluluğu, devletle halk arasındaki işbirliğini sağlayacağı, bakanlığın çalışmalarında işbirliğini sağlayacağı belirtilmiştir (MEB, 1956, s. 7–12).

Kurulan bu genel müdürlük 1960 sonrasında Halk Eğitimi Genel Müdürlüğü ismini almış ve ülke çapında kurulmaya başlanan halk eğitimi merkezlerine ait yönetmelik 01 Haziran 1963 tarihinde yayınlanmıştır. Yönetmelikte halk eğitimi merkezlerinin amaçları iki maddede sıralanır:

- a) Vatandaşlara Atatürk devrimlerinin manasını kavratmak; Cumhuriyet esaslarını ve demokratik yaşayışı benimsetmek, yurt ölçüsünde kökleştirmek; demokratik yaşayışın temeli olan hür disiplin, karşılıklı sevgi, saygı ve hoş görürlük duygularını geliştirmek,
- b) Vatandaşlara bilgi, hüner kazandırmak; vatandaşların bilgi ve hünerlerini, davranışlarını ve değer hükümlerini geliştirmek ve ilerletmek suretiyle toplumun sosyal, kültürel ve ekonomik eğitsel yollarla yardım ve kılavuzluk etmektir (Resmi Gazete, 1963, s. 11).

Belirtilen bu amaçlar doğrultusunda halk merkezlerinin görevleri yönetmelikte okuma yazma kursları ile genel ve mesleki kurslar düzenlemek, hizmet ettikleri bölgenin tarihi, turistik ve kültürel yapısını araştırmak ve yapılacak araştırmaları desteklemek, okuma salonları açmak, kütüphaneleri desteklemek, kadın dernek ve kuruluşları ile iş birliği halinde kadınların sosyal hayatta aktif hale getirmek için çalışmalar yapmak, boş zamanların etkili ve verimli değerlendirilmesine yönelik çalışmalar yapmak, “vatandaşlara, ihtiyaçlarını sezdirerek, onlarda öğrenme, daha iyi ve daha ileri bir hayat seviyesine ulaşma isteğini uyandırmak; problemlerini kavramlarına, çözmelerine ve bu yönde örgütlenmelerine eğitsel yollarla yardım etme” (Resmi Gazete, 1963, s. 11, 12) olarak sıralanmıştır. 1964-1967 yılları arasında bu müdürlük Köy İşleri Bakanlığı'na 1967 yılında ise tekrar Milli Eğitim Bakanlığı'na bağlanmıştır. Bu dönemde köy kalkınması ile birlikte ele alınan halk eğitimi merkezleri 1962-1966 yılları arasında köy önderleri yetiştirme eğitimleri yapmış özellikle öğretmen, muhtar ve imamlar bu proje kapsamında eğitimlere alınmışlardır (MEB, 1973, s. 76). Halk eğitimi merkezlerinin belirlenen amaç ve görevleri dönemin halk

eğitimi tartışmalarında ileri sürülen fikirler ile birinci ve ikinci kalkınma planlarındaki önerileri yansıtmaktadır.

Halk eğitimi merkezlerinin sayısı 1960 yılında 22 iken 1970 yılında 334'e çıkmıştır. Bu on yıllık sürede merkezler kültürel eğitimler, teşkilatlanma eğitimleri, estetik eğitimi ile sanat ve meslek eğitimi başlığında dört ana grupta eğitimler yürütmüştür. Kültürel eğitimler başlığı altındaki faaliyetler konferans, açık oturum, sohbet ve eğitim toplantıları, belirli gün ve haftaların kutlanmasıdır. Teşkilatlanma eğitimleri daha çok toplum kalkınmasını hedef edinmiştir. Bu hedef doğrultusunda bu başlık altındaki faaliyetler kooperatif, dernek, birlik ve kulüp kurulması teşvik edilmesine yönelik faaliyetler ile “halkla birlikte mahalli programlar hazırlama, mahalli ve saha elemanları yetiştirme, köy gençlerinin eğitim ve teşkilatlanmalarını” sağlanmasına yönelik faaliyetlerdir. Estetik eğitimini tiyatro, müzik, konser, spor, mahalli oyunlar, milli ve mahalli bayramların kutlanması ve anma programlarından oluşmaktadır. Sanat ve meslek eğitiminde ise halıcılık, yün, örgü, trikotaj, dokuma, battaniye, ağaç oyma ve kakmacılık, taş işlemeciliği ve toprak işleri, sim sarma, sap ve lif örücülüğünden oluşan el sanatları, mahalli ve turistik sanatlar, tarım sanatları olarak nitelenen aile konserveciliği, marmelat, reçel, meyve ve sebze kurutma, şıra, sirke ve şarap yapma ile ev aile yönetimi, biçki-dikiş, yemek, temizlik, çocuk bakımı, teknolojik gelişmeleri tanıtma ve benimsetme eğitimleri yapılmıştır (MEB, 1973, s. 83, 84).

1973 yılında Milli Eğitim Bakanlığı tarafından yayınlanan Halk Eğitimi Yıllığı 1960-1970 isimli yayında halk eğitiminin ülkedeki temel meselelerin çözülmesinin bir aracı olduğu belirtilerek halk eğitiminin gereği on bir maddede açıklanmıştır. Bu maddelerdeki

halkımız kaderine razı ve mütevekkildir. Çeşitli olaylar onda güvensizlik uyandırmış, şüpheciliği geliştirmiştir. Halkı boş ve yanlış inanışlardan kurtarmak, toplumun doğru düşünme ve iyiyi, güzeli bulma, ayırma yeteneklerini beslemek ve geliştirmek gerekmektedir” ve “toplumun yapısını ve değer sistemlerini ilerleme ve kalkınmaya uygun bir ortam yaratacak yönde geliştirmek suretiyle toplumda özellikle küçük birimlerinde gerekli ortam yaratma, bireyleri kendi sorunlarını kavrayabilen, çözüm yollarını bulan, kendi kendine karar veren, kaynakları en iyi şekilde kullanacak kendi gücüyle, devlet olanaklarını birleştirebilecek hale getirmek gerekir (MEB, 1973, s. 16, 17).

ifadeleri dönemin hakim yetişkin eğitimi anlayışını ve eğitim politikalarını net bir biçimde göstermektedir. Halk eğitimi ekonomik ve sosyal kalkınmayı, ilerleme ve modernleşmeyi sağlayacak bir araç olarak görülmüş ve halk eğitimi merkezlerinin örgütlenmesi bu doğrultuda yapılmış ve faaliyetler yürütmesi sağlanmıştır.

Sonuç

Konu olduğu zaman ve mekandan bağımsız olarak “ilerleme”, “büyüme”, “gelişme”, “modernleşme” olgularını bünyesinden barındıran kalkınma söylemi dünya ajandasında İkinci Dünya savaşı sonrası döneme damgasını vuran kavramların en öne çıkanlarından

bir tanesidir. İlk adımda ekonomik bileşenleri çağrıştırıyor olsa da kalkınma ideali hem süreç hem de sonuç aşamalarından sosyal değişkenlerde bağımsız düşünülemez. Tüm toplumsal kurumlar arasında var olan sürekli ve karşılıklı etkileşim sürecinin yansımaları temelde iktisat kurumu içerisinde gerçekleşen kalkınma hedefleri için de geçerlidir.

“Az gelişmiş”, “gelişmekte olan” ya da “gelişmemiş” şeklinde nitelendirilen ve çoğunlukla batı dışı coğrafyalarda yer alan ülkelerin İkinci Dünya Savaşı sonrasındaki zaman diliminde ekonomik ve sosyal alanlar başta olmak üzere her açıdan ilerlemesini önceleyen kalkınma ideali birbirlerinin ezeli rakibi olan sanayileşmiş ülkelerin dahi üzerinde mutabık oldukları bir hedefe dönüşmüştür. Çoğunlukla uluslararası kuruluşlar ve Batılı ülke yönetimleri tarafından desteklenen kalkınma söylemi zaman içerisinde planlı kalkınmaya doğru evrilmiş ve ilerleme çizgisindeki yolculuklarında “yeterince” hızlı olmadığı düşünülen ülkelere sosyo-ekonomik gelişim reçeteleri sunulmuştur. Bu yol haritaların öne çıkan maddelerinden bir tanesi de eğitimidir. Örgün eğitimin yanında yetişkin eğitimi aracılığı ile de kalkınma hedefine giden yolda hızlı bir ilerleme katedileceği görülmüştür.

Sosyal ilerlemenin bir aracı (Lindeman, 1945, s. 4) olarak görülen yetişkin eğitimi dönemsel ihtiyaçlar doğrultusunda sürekli içerik değişikliğine uğramıştır. Yetişkin eğitim programlarının kısa süreli ve esnek olması dönemsel ihtiyaçlar üzerinden yeniden yapılandırılmasını kolaylaştırmaktadır. Diğer yandan istenilen hedeflere hızlı bir şekilde ulaşmada örgün eğitime göre daha avantajlı olan yetişkin eğitimi bu özelliği nedeniyle değişim dönemlerinde her zaman ön planda olmuştur.

İkinci Dünya Savaşı sonrasında Batı kapitalizmi Keynesci refah politikalarını uygulamaya geçirmiş, batı dışı toplumlara ise refaha ulaşma yolu olarak sanayileşme yoluyla kalkınma gösterilmiştir. Kalkınmanın planlı bir yolla gerçekleştirilmesi bu toplumlara yapılacak dış yardım ve yatırımların temel şartı olarak sunulmuştur. Bu şart “az gelişmiş” ülkelerin sisteme entegrasyonunu kontrollü bir şekilde sağlama amacı taşımakta ve müdahaleye olanak sağlamaktadır (TMMOB, 2007, s. 6). Batı tarafından Batı dışı toplumlara önerilen planlı kalkınma yaklaşımına uygun toplumsal yapıya ulaşma isteği döneme ait yetişkin eğitim anlayışını ortaya çıkarmış ve halk eğitimi kavramı dönemi simgeleyen kavramlardan birisi haline gelmiştir.

İkinci Dünya Savaşı sonrasında Türkiye’de de halk eğitimi kavramı kullanılmaya başlanmıştır. Ancak halk eğitiminin temel bir eğitim politikası haline gelmesi 1960 sonrasında, hızla, ilçelerde halk eğitimi merkezlerinin açılması ile gerçekleşmiştir. Kalkınma, modernleşme ve ilerleme kavramları ile doğrudan ilişkili olarak kullanılan halk eğitimi bu doğrultuda örgütlenmiş ve halk eğitimi merkezlerinin program içerikleri bu amaç üzerinden düzenlenmiştir.

1960'dan günümüze kadar Milli Eğitim Bakanlığı'nın yetişkin eğitimlerini yürüten taşra teşkilatı halk eğitimi merkezi olarak adlandırılmakla birlikte program içerikleri dönemlere göre değişmiştir. Bu değişim merkez teşkilatının adlandırılması üzerinden de görülebilir. 1960 yılında kurulan Halk Eğitimi Genel Müdürlüğü yerini 1977 yılında Yaygın Eğitim Genel Müdürlüğü'ne, 1978 yılında Çıraklık Eğitimi Genel Müdürlüğü'ne 1983 yılında ise Çıraklık ve Yaygın Eğitim Genel Müdürlüğü'ne bırakmıştır. Bu durum sosyal ve kültürel değerler sistemine yönelik eğitim programlarından mesleki eğitimin öne çıktığı programlara geçişten kaynaklanmaktadır. 2011 yılından itibaren ise günümüzün yetişkin eğitimi anlayışını yansıtan hayat boyu öğrenme kavramını merkezine alarak Hayat Boyu Öğrenme Genel Müdürlüğü adını taşımaktadır.

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Kovid-19 Küresel Salgın Sürecinde İstanbul Üniversitesi

Uzaktan Eğitim Uygulamalarına Genel Bir Bakış

Mahmut Ak¹ , Levent Şahin² , Ahmet Naim Çiçekler³ , Mehmet Ali Ertürk⁴ 

Öz

Bu çalışma, KOVID-19 küresel salgın sürecinde dünyada ve Türkiye'deki yükseköğretim kurumlarının eğitim öğretim faaliyetlerinin yürütülmesinde başat rolü oynayan uzaktan eğitim uygulamalarını merkeze almaktadır. Bu minvalde çalışmanın amacı, küresel salgının hızlı ilerleyişinin paralelinde Yükseköğretim Kurulunun almış olduğu kararlar doğrultusunda Türkiye'deki pek çok üniversitenin kendisine rol model olarak kabul ettiği İstanbul Üniversitesinin 2019-2020 eğitim öğretim yılı bahar yarıyılı uzaktan eğitim tecrübesini incelemektir. Bu kapsamda İstanbul Üniversitesi Açık ve Uzaktan Eğitim Fakültesi koordinatörlüğünde yürütülen uzaktan eğitim süreci tüm yönleriyle birlikte anket çalışmalarının sonuçları ve diğer bazı sayısal veriler de kullanılarak irdelenecektir. Çalışmanın sonucunda, süreç içerisinde karşılaşılan tüm koşul ve gelişmeler ışığında 2020-2021 eğitim öğretim yılı için yenilikçi bir perspektif sunulmaya çalışılacaktır.

Anahtar Kelimeler: KOVID-19 küresel salgını • Dijitalleşme • Uzaktan öğretim • İstanbul Üniversitesi • Sağlık

An Overview of Istanbul University's Distance Education Practices During the COVID-19 Pandemic

Abstract

This study centers on the distance education applications that have played a leading role in implementing educational activities conducted by higher education institutions in Turkey and around the world during the COVID-19 global pandemic. In this context, the purpose of this study is to examine educational experiences during the 2020 Spring Semester at Istanbul University, which has been regarded as the role model by many other Turkish universities for complying with decisions made by the Council of Higher Education in Turkey (CHE) in parallel with the rapid spread of the global pandemic. In this regard, the distance education processes coordinated by Istanbul University's Faculty of Open and Distance Education will be scrutinized in all aspects using the outcomes from questionnaires and other certain statistics. The study aims to help present an innovative perspective for the 2020-2021 academic year in light of all the circumstances and developments encountered during the COVID process.

Keywords: COVID-19 global pandemic • Digitalization • Distance education • Istanbul University • Health

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Extended Summary

This study centers on the distance education applications, which have played a leading role in implementing educational activities conducted by higher education institutions in Turkey and around the World during the COVID-19 global pandemic. COVID-19 and similar crises, unlike financial crises, not only affect financial conditions and job security but also profoundly impact mankind sociologically and psychologically, causing communicational breakdowns with others, even loved ones such as family and close friends. Undeniably, digital tools and methods became better known and made better use of following the COVID-19 outbreak. Parallel to the rapid increase in the global pandemic, almost all developed and underdeveloped countries decided one by one to conduct distance education. This paper examines the administrative insight of higher education in Turkey as well as the decision-making mechanism specific to CHE and Istanbul University. Within this framework, the study is comprised of four main parts. The first section involves the effects of the COVID-19 global pandemic on educational activities, the second section addresses the possible developments that are expected in the education sector after the pandemic, the third section handles the administrative style adopted by CHE during the global pandemic and the decisions made in line with this, and the final section discusses the distance education implements Istanbul University used during the 2020 spring semester.

UNESCO advised schools and teachers to use distance education programs and open education applications and platforms to preserve the continuity of education as another option besides closing schools. The pandemic has not only significantly impacted teachers and students but also parents, academic assessment systems, graduations, and education economy. These are indicated under the sub-headings of Impacts on Parents, Impacts on Educational Institutions, Impacts on the Processes of the Educational Assessment System, and Impacts on Educators.

The section titled Possible Post-COVID-19 Developments to Expect suggests that applications and studies of new ideas will be supported by universities as well as all sectors and areas with the beginning of a normalization period in light of the experiences gained during the pandemic period. Topics such as increasing the density of blended education, increasing open educational sources, and expediting the digitalization process are discussed.

The section titled Operation of the Turkish Higher Education System During the COVID-19 Pandemic Under the Coordination of the Council of Higher Education discusses the roadmap and milestones of the period starting with the three-week period starting once education activities were cancelled on March 16, 2020 until the end of the 2020 Spring Semester as ordered by the Presidency on March 12, 2020.

The section Distance Learning Actions Istanbul University Made During the COVID-19 Pandemic tells the 6 month-long successful story of the oldest university

in Turkey (among the oldest universities in the world) in dealing with the pandemic. Information is given here about Istanbul University's structure, history, and operations and the distribution of students based on registration type, age, and gender from the Faculty of Open and Distance Education (FODE) which has been instrumental in its success. Under the more serious conditions of the global pandemic starting on March 23, 2020, Istanbul University's reflections on starting distance learning using digital capabilities in all universities with the capacity (including pre-graduate, graduate, and post-graduate studies) was made under the publication "The Distance Learning Practices of Istanbul University." In this respect, a learning management system with its own resources for all levels of formal students was first prepared within a short period of five days under the leadership of FODE. This system, called the Istanbul University Learning Management System (IULMS), was prepared with unprecedented procedural management success with the aim of creating an interstage between Istanbul University students and teachers.

One of the most important surveys made in the 2020 Spring Semester at Istanbul University was conducted with the students after finishing the semester. The survey is important in two aspects. Firstly, the students were more informed and experienced in August in terms of the distance learning procedures. Secondly, the questions in the survey covered not only the application of the procedures but also all aspects of distance education. In this respect, the survey covered courses, the IULMS and the online course system, assessments and evaluation, teaching materials, and general aspects of evaluation.

In the equally important measurement and evaluation section, higher levels of satisfaction are understood to exist for some aspects and lower levels for others. Accordingly, the students stated having had no problems uploading the open-ended exam papers and having sufficient time allocated to them for homework and projects. However, they were also observed to be hesitant about the adequacy of the time given for the open-ended exams and of the exams prepared for measuring the information that had been conveyed during live lessons. All these analyses have great importance for Istanbul University to be able to provide a more qualified digital education in the 2020-2021 academic year. This can be said to be an important reference resource for improving the quality of the subjects that students were relatively less satisfied with and for instilling an important sense of institutional belonging.

Education is undoubtedly a dynamic that has changed and transformed structurally during the global pandemic and that according to some people has also developed. With the soaring number of cases, face-to-face education at all levels was able to be sustained using digital platforms and distance education. This has surely led to different impacts on not only the structure of education systems but also all the agents within the system. Accordingly, students, their families, institutions, the structure of academic services, and

educators have all been affected during this time. Thus, the principles of digital education, which is likely to prevail for years, have started to gain more general importance in the situation. This course is expected to give rise to blended education, the quantity and the quality of open educational resources, and the digital education processes overall.

Istanbul University, one of the oldest and most established universities both in Turkey and the world, has managed the process efficiently thanks to its Faculty of Open and Distance Education, which has accumulated distinct know-how and experience over the past 10 years. Providing students with a considerably rich digital learning platform possessing synchronous and asynchronous courses, Istanbul University has been an outstanding example to quite a number of universities. Istanbul University continues down the road by taking the necessary precautions to minimize the setbacks through the feedback received from instructors and students and through cooperation with strong communication channels by focusing on improving and enriching distance education and its resources for the 2020-2021 academic year.

Kovid-19 Küresel Salgın Sürecinde İstanbul Üniversitesi Uzaktan Eğitim Uygulamalarına Genel Bir Bakış

Son yıllarda sayısı giderek artan ve toplumsal yaşamın alt katmanlarına kadar etkisini hissettiren küresel salgınların sonuncusu, dünyanın tamamını etkisi altına alan KOVİD-19 olmuştur. KOVID-19 ve benzeri krizleri, ekonomik ya da finansal krizlerden farklılaştıran en önemli husus, etkilerinin sadece iktisadi temelli kalmayıp sosyolojik ve psikolojik travmalara neden olmalarıdır. KOVİD-19 deneyimi, diğer küresel krizlerle nasıl başa çıkılabileceği veya küresel zorlukların üstesinden gelirken ne tür zorluklarla karşılaşılabilceğine dair örnek bir vaka niteliğindedir. “Evde Kal” sloganıyla birlikte evlerine sığmaya çalışan insanlar arasında yeni nesil etkileşim araçları gündeme gelirken, e-posta kullanımındaki yoğunluk yerini yeni iş birliği araçlarına bırakmış; görüntülü arama normal hâle gelmiştir. Günler içinde, eğlenceden alışverişe, konferanslardan yükseköğretime kadar hizmetlerin önemli ölçüde dijitalleştiği görülmüştür. Kuşkusuz küresel salgın kaynaklı dijitalleşmeden en fazla etkilenen sektörlerin başında “eğitim” gelmiş ve dünyada okul öncesi eğitimden yükseköğretime kadar tüm düzeylerde yüz yüze eğitimler yerini uzaktan eğitime bırakmıştır.

Her ne kadar uzaktan eğitimin tarihi çok eskilere dayanıyor ve pek çok ülkenin eğitim sistemi içerisinde önemli bir yer tutuyor olsa da dünyanın geneli açısından bakıldığında KOVİD-19 sürecinden sonra dijital eğitim araç ve yöntemlerinin çok daha fazla bilinir ve uygulanır hâle geldiği gerçeğini kabul etmek gerekmektedir. Bu bağlamda küresel salgının artış hızının paralelinde dünyanın gelişmiş ya da az gelişmiş ülkelerinin tamamı ardı ardına uzaktan eğitim kararı almaya başlamıştır.

Türkiye, KOVİD-19 salgın sürecinin eğitime olan etkilerini en hızlı ve etkin yönetmeye çalışan ülkelerin başında gelmiştir. Bunun en önemli nedeni gerek Millî Eğitim gerekse de Yükseköğretim düzeyinde önceki yıllarda dijital eğitime yapılmaya başlanan yatırımlardır. Gerçekten de Türkiye her iki düzeyde de hızlı bir adaptasyon süreci yaşamıştır. Bu çalışma, Türkiye’de yükseköğretimin KOVİD-19 sürecindeki yönetim anlayışını, karar alma mekanizmasını ve uygulama safhasını YÖK ve İstanbul Üniversitesi özelinde incelemektedir. Bu çerçevede çalışma dört ana başlıktan oluşturulmuştur. Birinci başlıkta KOVİD-19 küresel salgın sürecinin eğitim faaliyetleri üzerindeki genel etkileri; ikinci başlıkta salgın sonrası eğitim sektöründe beklenen olası gelişmeler; üçüncü başlıkta YÖK’ün küresel salgın sürecinde yükseköğretimi yönetme tarzı ve bu doğrultuda almış olduğu kararlar ve nihayet son başlıkta İstanbul Üniversitesinin 2019-2020 eğitim öğretim yılı bahar yarıyılındaki uzaktan eğitim uygulamaları anlatılmıştır.

Kovid-19 Küresel Salgın Sürecinin Eğitim Faaliyetleri Üzerindeki Etkileri

KOVİD-19 küresel salgını, son yirmi yılda gerçekleşen yedi uluslararası sağlık krizinden (Deng Humması, Sars, Kabakulak, Grip, Mers ve Zika) sadece biridir. Bu

durum, önümüzdeki yıllarda da yeni sağlık krizlerinin ortaya çıkabileceği yönünde bir beklentinin de oluşmasına neden olmuştur. İlerleyen yıllarda oluşabilecek yeni bir sağlık ya da iklim krizi, yeni çevresel felaketler yaratarak küresel toplum üzerinde benzer etkiler gösterebilir (von Buchwaldt ve ark., 2020). Bu salgın, her şeyden önce bir sağlık krizi olarak ortaya çıkmıştır. Krize dönüşen sürecin ilk zamanlarında yöneticilerin okulları kapatmak (temasları azaltmak ve hayatları kurtarmak) ile açık tutmak (insanların çalışmasına ve ekonomiyi sürdürmesine izin vermek) arasında ikileme kaldıkları görülmesine rağmen nihai noktada birçok ülke eğitim kurumlarını kapatmaya karar vermiştir. Günlük yaşamdaki kısa süreli keskin aksamalar dünyadaki birçok aile tarafından derinden hissedilmiştir. Özellikle evde eğitimin, ebeveynlerin işlerini planlama ve yürütmede; çocukların ise sosyal yaşamları ve öğrenme süreçleri üzerinde derinden bir etki oluşturduğu söylenebilir. Bu etki ilk olarak bozulan günlük alışkanlıklar ve yeni sürece uyum ve kabullenme sorunları biçiminde kendini göstermiştir. Uzaktan eğitim, ön testleri yapılmadan ve örneği görülmemiş bir ölçüde ve hızda çevrim içi ortamda yapılmaya başlanmıştır. Aynı şekilde öğrenci değerlendirmeleri de herkes için çok fazla belirsizliği beraberinde getirmiştir. Bu durumun kısa süreli bir sorun olarak kalmayıp etkisini arttırarak uzun vadeli sonuçlar doğurması beklenmektedir (Burgess ve Sievertsen, 2020).

Okul ve üniversitelerin yüz yüze eğitime ara vermesi sadece öğrencileri, öğretmenleri ve aileleri etkilemekle kalmayacak aynı zamanda yakın bir gelecekte geniş kapsamlı ekonomik ve toplumsal etkileri de beraberinde getirecektir (UNESCO, 2020). KOVİD-19'a tedbir olarak gerçekleştirilen eylemlerden okulların kapanması, öğrenci harçları, dijital öğrenme, gıda güvensizliği, evsizlik, çocuk bakımı, sağlık hizmeti, barınma, internet ve engellilik hizmetlerine erişim gibi çeşitli sosyal ve ekonomik konularda yeni değerlendirmelerin yapılması gerektiği gündeme getirilmiştir. UNESCO, okulların kapanmasına çözüm olmak üzere okullara ve öğretmenlere eğitimin devamlılığını sağlamak için uzaktan eğitim programlarının, açık eğitim uygulamalarının ve platformlarının kullanılmasını önermiştir. Küresel salgın sadece eğitimci ve öğrencileri değil aynı zamanda velileri, akademik değerlendirme sistemini, mezuniyetleri ve eğitim ekonomisini de derinden sarsmıştır.

Öğrenci ve Aileleri Üzerindeki Etkileri

Ebeveynler hem kendi kaygılarını hem de çevrelerindeki endişeyi kontrol altında tutmaya çalışırken bir yandan da iş, çocuk bakımı ve kişisel süreçlerini dengeleme mücadelesi vermeye başlamıştır. İş kaybı, okul kapanmaları ve çocuk bakım hizmetlerinin bulunmaması, özellikle düşük gelirli ailelerde yaşayan kişilerin bu süreci daha fazla desteğe ihtiyaç duyarak geçirmelerine sebep olmuştur. Çocukların eğitimdeki başarısı ile ebeveynlerinin eğitimi ve sosyoekonomik durumu arasında pozitif bir ilişki olduğu genel kabul gören bir durumdur (Björklund & Salvanes, 2011). Yani anne ve baba bir

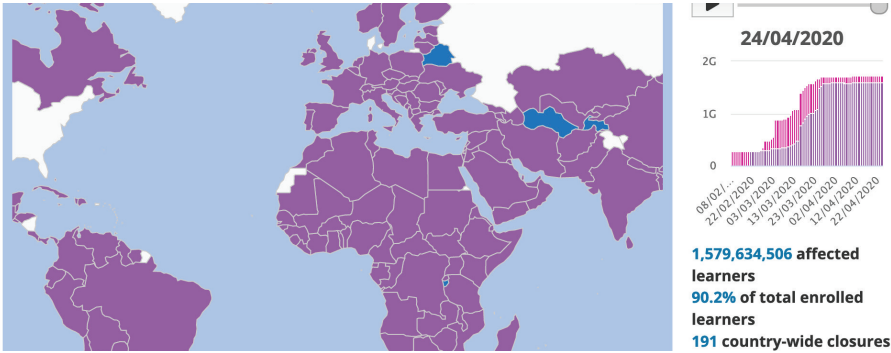
çocuğun eğitim hayatındaki en etkili faktörlerden biridir. Evde eğitim bazen ilham verici ve eğlenceli anlar yaşatmış olsa da bazen de kızgınlık ve hayal kırıklığı oluşturmuştur. Özel olarak değerlendirildiğinde pek çok ülkede evden eğitimin okul sürecinde yaşanan öğrenme ortamının yerini alamayacağı görülmüştür. Ebeveynlerin bilişsel olmayan becerileri, ders kaynaklarına erişmedeki zorlukları, kendilerinin bile bilmediği bir konuda çocuklarının öğrenme aşamalarında yardımcı olmalarındaki güçlükler, bu durumun altındaki sebepler olarak sıralanabilir. Bu sürecin olumlu yöne evrilebilmesi için ailelerin hem kendi hem de çocuklarının motivasyonlarını arttırmak hususunda temel bilgilerle sahip olmaları gerekmektedir. Bunun için de ailelerin, evde uzaktan eğitim üzerine destek hizmetlerinden faydalanmalarına yönelik imkânlar artırılabilir.

Eğitim Kurumları Üzerindeki Etkileri

Okulların kapatılması bir yandan fiziksel mesafenin korunması yoluyla çocukların ve gençlerin sağlıklarını koruma altına alırken öte yandan eğitim kurumlarının uzun süre kapalı kalması onların psikolojileri üzerinde olumsuz etkiler meydana getirmiştir. Ülkelerin bu küresel salgın ortamında eğitim teknolojilerini kullanarak eğitimde sürekliliği sağlamaya çalıştığı ancak her ülkenin aynı seviyede teknolojik kabiliyetlere sahip olmadığı görülmüştür. Birçok ülkede özellikle teknolojiye erişim ve geniş internet veri ağı alt yapısı istenilen seviyede değildir. Bu şartlar altında ülkeler farklı stratejiler izleyerek küresel salgın durumunda eğitim hizmetlerini sürdürme mücadelesi vermeye devam etmektedir. Bazı ülkeler (Afganistan) salgının yayılmasına karşı okullarda önleyici uygulamalar alma yoluna gitmiş; bazıları (Mısır, Rusya, Belarus) vaka tespit edilmesi durumunda izlenecek yollarla ilgili protokoller hazırlamış ve sosyal ve müfredat dışı faaliyetleri azaltıp fiziksel teması sınırlandırma yoluyla okulları açık tutarak eğitime devam etmişlerdir. Hindistan gibi bazı ülkeler ise ilk adım olarak bölgesel düzeyde okulları kapatma kararı almışken vaka sayısının artmasıyla birlikte bu uygulamayı ülke geneline yaymıştır. Dünya genelinde en fazla tercih edilen stratejilerden biri ülke seviyesinde tüm okulların kapatılması olmuştur. Çocukların ve gençlerin KOVİD-19'dan en az etkilenen grup olduğu bilinmesine rağmen taşıyıcı olmaları durumunda virüsü aile bireylerine, özellikle de yaşlı kişilere bulaştırma riskinden dolayı dünya genelinde birçok ülkede tüm okulların kapatılma kararı uygulanmıştır. Okulların kapalı olduğu süre boyunca Türkiye, Çin, İtalya, Fransa, Almanya, Suudi Arabistan, Vietnam ve Moğolistan gibi ülkeler tamamen uzaktan eğitimi tercih ederek eğitimin devam etmesini sağlamıştır. Singapur örneğinde öğretmenlerin ve yöneticilerin çevrim içi eğitim sistemine ve sürecine aşina olmaları, uzaktan eğitim uygulamalarının gerçekleştirilmesinde önemli bir rol oynamıştır. Bulgaristan'da öğretmen ve veliler için 800.000'den fazla çevrim içi hesap açılmış, ülkedeki yayıncılar birinci sınıftan onuncu sınıfa kadar dijital ders kitaplarını ve öğrenme materyallerini kullanıma sunmak için girişimlerde bulunmuş, ulusal yayın yapan iki kanal eğitim hizmetleri için devreye sokulmuştur. (Azzi-Huck ve Shmis, 2020)

UNESCO'nun (2020, s. 19) tarihlendirerek tuttuğu kayıtlara göre dünya genelinde bu salgının ülkeler üzerindeki etkisi şu şekilde ortaya çıkmıştır:

- 22 Şubat 2020 tarihinde Çin ve Moğolistan'da ülke genelindeki tüm eğitim kurumlarının kapanmasıyla 299 milyon öğrenci eğitime yüz yüze ara vermiştir.
- 1 Mart 2020 tarihinde 10 ülkede (İran, Japonya, Güney Kore, Kuveyt, Gürcistan, Ermenistan gibi) daha tüm eğitim kurumlarının kapatılmasıyla eğitime ara veren öğrenci sayısı 336 milyona çıkmıştır.
- 15 Mart 2020 tarihinde 52 ülkede (Ukrayna, İtalya, Belçika, İrlanda, Yunanistan, Pakistan, Afganistan, Suudi Arabistan, Cezayir, Bolivya, Paraguay gibi) tüm eğitim kurumlarının kapatılmasıyla eğitime ara veren öğrenci sayısı 485 milyona ulaşmıştır.
- 31 Mart 2020 tarihine gelindiğinde 194 ülkede eğitim kurumlarının kapatılmasıyla 1.6 milyar öğrenci eğitimine ara vermiştir. Bu tarihte kapanan eğitim kurumu sayısındaki artışla birlikte dünya genelindeki öğrencilerin %91'i bu salgından etkilenir hale gelmiştir.
- 10 Nisan 2020 tarihinde Tacikistan, Türkmenistan ve Belarus'ta eğitim kurumları tekrar açılmıştır.
- 24 Nisan 2020 tarihinde dünya genelinde 191 ülkede okulların ülke genelinde kapalı olduğu görülmüştür.



Şekil 1. Salgının Okulların Kapanması ve Açılması Üzerine Etkisi
(<https://en.unesco.org/KOVID19/educationresponse>).

Şekil 1'de 24.04.2020 tarihi itibarıyla küresel salgının eğitim üzerindeki etkisi ve öğrencilerle ilgili güncel veriler paylaşılmıştır. Buna göre 24.04.2020 tarihinde 191 ülkede geniş çaplı kapatma uygulanmış, yaklaşık 1.579.634.506 öğrenci doğrudan etkilenmiştir. Dünyanın dört bir yanında ülke çapında okulların kapatılması sonucu tüm dünyadaki öğrencilerin %80'inden fazlasının eğitimi kesintiye uğramıştır. UNICEF,

bugün bu gelişmeler ışığında bir yandan okulların güvenli alanlar olarak kalması, diğer yandan da çocukların eğitimlerine devam edebilmelerine yardımcı olmak için tüm ülkelerde verdiği desteği arttıracaklarını duyurmuştur. Ayrıca gelir seviyesi düşük ve orta seviyede olan 145'ten fazla ülkede aşağıda belirtilen dört başlıkta çalışmalarını sürdürüleceğini belirtmiştir. Bu başlıklar:

- Teknik destek, hızlı risk analizi, veri toplama ve okulların yeniden açılmasını planlama dâhil hükümetlerin krize müdahale planlarına katkıda bulunmak,
- Okulların güvenli işleyişinin planlanması ve uygulanması ile güvenli okul rehberlerinin tercüme edilmesi, basımı, yaygınlaştırılması ve hayata geçirilmesi dâhil risk iletişimi çalışmalarına destek vermek; okulları hijyen paketleriyle donatmak ve hastalık önleme konusundaki kritik bilgileri paylaşmak; öğretmenlere ve çocukların bakımından sorumlu kişilere kendilerine ve öğrencilere psikososyal ve ruh sağlığı desteği sağlayabilmeleri için eğitim vermek,
- İnternet, radyo ve televizyon aracılığıyla sunulabilecek alternatif eğitim programlarının tasarlanması ve hazırlanması da dâhil eğitimin ve uzaktan eğitim programlarına erişimin devamlılığını sağlamak,
- Mevcut müdahaleler ve gelecekte yaşanabilecek salgınlara ilişkin bilgi paylaşımı ve kapasite oluşturma çalışmalarını geliştirmek (UNICEF, 2020).

Genel olarak her kurumun kendi bağlamında krizi idare ettiğini ancak kriz yönetimi zamanlarında ortak temel yaklaşımların ortaya çıktığını söylemek yanlış olmayacaktır. Şu anda çoğu kurum, yaşanan eğitim aksamalarından kurtulmaya ve iş sürekliliğini sağlamaya odaklanmıştır. Kurumlar salgın dolayısıyla almaya başladıkları önlemleri geliştirmeye çalışırken bahar ve yaz dönemi için kurumsal esneklik uygulamalarına öncelik vermişlerdir. Güz dönemi ile birlikte gelecek planlarını yeniden değerlendirme süreçlerini başlatacaklardır. Kurumların bu süreçte izledikleri adımları üç aşamalı olarak değerlendirmek mümkündür:

İş Sürekliliğini Sağlamak: Eğitim kurumları ilk olarak güvenlik, iletişim ve eğitim sürekliliğine öncelik vermiş ve öğrencileri hızla uzaklaştırmıştır. Böylece hem öğrencilerin hem de çalışanların güvenliği sağlanmıştır. Her kurum kendi bünyesinde iş sürekliliği planlama ekiplerini ve kriz yönetim merkezlerini kurarak iletişim protokollerini oluşturmuş ve uzaktan öğrenmeyi başlatmıştır. Bu dönemde öğrencilerin ve personelin acil ihtiyaçlarının, öğrenci kayıt dondurma oranlarının, yeni dönemde eğitime katılacak öğrencilerin ve finansal gerçeklerin değerlendirmesi yoluyla yakın dönemde ortaya çıkabilecek kurumsal istikrarsızlık riskini anlamak çok önemli bir hale gelmiştir.

Kurumsal Esneklik Oluşturma: Bahar dönemi sonunda ve yaz döneminde, hemen uygulamaya alınan yeni yapıları destekleyen alt sistemler devreye konulacaktır.

Uzaktan öğrenme alt yapıları sürekli iyileştirme ve desteğe ihtiyaç duyacak ve uzaktan çalışmakta zorlanan personelin süreçlere uyumu gerekecektir. Bazı alt yapıların ölçeklendirilmesi, bazılarının ise yeniden konumlandırılması ve güven vermesi ise bu süreçteki kritik faaliyetler olacaktır.

Geleceği Yeniden Şekillendirmek: Yaz sonunda kurumlar geleceklerini yeniden şekillendirmeyi değerlendireceklerdir. İlk olarak kaliteli çevrim içi eğitim yazılımları standart hâle gelecek ve bunu destekleyen tüm alt yapıların (teknoloji, öğretim tasarımcıları, ses ve görüntü stüdyoları, öğrenci destek hizmetleri) kurumlarda yerleşik hâle getirilmesi beklenecektir. Bazı kurumlar ölçekleme yapabilmek için birtakım hizmetleri paylaşmayı, iş birliğini veya birleşmeleri gündemine almayı düşünebilir.

Salgın, deprem, iklim değişiklikleri gibi toplumların düzenlerini ve kurumların işleyişlerini aksatabilecek durumlara karşı hazırlıklı olunması gerektiği fikri ülkeler tarafından üzerinde hassasiyetle durulması gereken konulardan biridir. Bu küresel salgınla birlikte çevrim içi eğitimin geliştirilmesi öğretmenlerin, öğretim üyelerinin, öğrencilerin ve velilerin çevrim içi ortamlarda eğitime aşinalıklarının artırılması ve bu konuda cesaretlendirilmesi gerektiği görülmektedir. Ulusal düzeyde eğitim yazılımlarının üretilmesi gibi konular üzerinde de çalışmaların artırılması zorunlu gözükmektedir.

Akademik Değerlendirme Süreci Üzerindeki Etkileri

Okulların ve üniversitelerin kapatılması öğretimi kesintiye uğratmakla kalmayıp birçok ülkede sınavların ertelenmesine veya iptal edilmesine neden olmuştur. Çevrim içi ortamda eğitim, üniversiteler tarafından doğrudan veya dolaylı olarak son yıllarda deneyimlenmiş olsa da ölçme ve değerlendirmenin çevrim içi olarak nasıl yapılabileceği ile çok fazla ilgilenilmemiştir (Sahu, 2020). Dolayısıyla proje, ödev, rapor gibi çalışmalar üzerinden değerlendirilecek olan öğrencilerin bu süreçte nasıl ilerleyebilecekleriyle ilgili olarak sorunlar yaşaması beklenmektedir. Aynı şekilde öğretim üyeleri de öğrencileri nasıl değerlendirecekleriyle ilgili belirsizlikler yaşıyor olabilirler. Laboratuvar, uygulama ve saha çalışmaları üzerinden değerlendirilecek öğrenciler için alternatif yöntemler bulunması konusunda daha fazla zorlukların yaşandığı ise aşikârdır.

Oxford ve Cambridge de dâhil olmak üzere dünya üzerinde ilk 500'e girmiş üniversitelerin bir kısmı çevrim içi sınav uygulamasını benimsemişlerdir. Bu üniversitelerin çevrim içi sınav uygulamasının nasıl kullanılacağına ilişkin öğrencilerine yayınladıkları duyurularda; ilk aşamada vize sınavlarının çevrim içi olacağı, eğer normal hayata dönüş kısa süre içerisinde gerçekleşmezse final sınavlarının da çevrim içi sistem üzerinden gerçekleştirileceği ifade edilmiştir. Çevrim içi sınav uygulaması bu süreçte kullanılan yöntemlerden sadece biri olarak görülebilir. Bunun yanında ödev ve/veya proje uygulaması; açık materyal kullanımına izin vererek sistemin belirli bir

süre açık kaldığı çevrim içi sınav uygulaması, sınavların yaz sonuna ertelenmesi gibi yöntemlerle öğrencilere belirli ölçülerde esneklikler sağlandığı görülmektedir.

Yukarıda bahsedilen ölçme-değerlendirme yöntemlerinin dışında özellikle Amerika'nın bilinen üniversitelerinin (Harvard, Boston, Stanford gibi) alternatif değerlendirme yöntemlerini kullanacaklarını açıklamasıyla birlikte dünya genelinde pek çok üniversite de benzer yaklaşımı benimsediğini duyurmuştur. Bu yeni değerlendirme Başarılı / Başarısız Sistemi olarak ifade edilmiştir (Radsken, 2020). Bu yeni değerlendirme sisteminde öğrencilere AA, BB, CC veya DD gibi harf notlarının verilmeyeceği ifade edilmiştir. Fakültelerin tercih edeceği yöntemle sınavların gerçekleştirilmesi ve sınavlardan örneğin 50 ve üstü puan alanların başarılı olarak sayılması planlanmıştır. Belirlenen en düşük başarı puanından az olan öğrenciler ise başarısız olarak değerlendirilmiştir. Üniversiteden üniversiteye göre başarılı ve başarısız olma şartları değişim göstermiştir. Bu durumun öğrenci sistemlerinde bu döneme özgü Kovid Başarılı-Kovid Başarısız gibi yeni kodlar ile tanımlanması planlanmıştır. Bu yeni terminolojinin, arşiv kaydında bu dönemin kendine özgü doğasını göstermek ve notlarını üniversitenin standart derecelendirme sisteminden ayırt etmek amacıyla özel olarak seçilmesi beklenmiştir. Bununla birlikte Başarılı veya Başarısız değerlendirmelerini reddedip harf notu isteyen öğrencilere sınavlardan önce başvuru yapılması şartıyla aldıkları harf notlarının görünmesi hakkının verilmesi de bu kurumlar tarafından planlanmıştır.

Eğitim kurumları bu tarz yeni ölçme-değerlendirme ölçütleri belirlerken özellikle son sınıfta okuyan bazı üniversite öğrencileri organize olarak öğrencilik hayatları boyunca yapılan değerlendirmelere göre mezuniyet notlarının hesaplanmasını talep etmişlerdir. Çünkü sürecin, psikolojileri üzerindeki derin etkileri, onların normal bir şekilde değerlendirme sistemi içerisinde olmalarına imkân sağlamamıştır. Benzer şekilde evinde çocuklarıyla ilgilenmek durumunda olan, babası-annesi işsiz kalan, ailesinde veya çevresinde sağlık sorunu yaşayan, yeni öğrenme ortamlarına uyum sağlayamayan, internet veya bilgisayara erişimi olmayan, sağlık sektöründe çalışan aile fertleri için kaygı ve endişe içinde olan öğrenciler de bu duruma örnek olarak gösterilebilir.

Akademi dünyasında eğitimin dijital ortamlarda gerçekleştirilmesine açık olursa da değerlendirme sistemleri hâlâ geleneksel yöntemlerde yüz yüze yapılabilmektedir. Dijital dünyanın avantajları ve dezavantajları birlikte değerlendirilerek çevrim içi ortamlarda alternatif ve yenilikçi ölçme-değerlendirme sistemleri üzerine araştırmalar yapılması bu alanda yenilikçi ve öncü yöntemlerin bulunmasına imkân sağlayabilir.

Eğitmciler Üzerindeki Etkileri

Küresel salgınla birlikte dünya genelinde okulların büyük bir kısmı eğitime ara vermiş ancak pek çok ülkede öğretim bütünüyle durdurulmamış, daha önce de ifade edildiği gibi ülkeler ve okullar uzaktan eğitim uygulamalarına yönelmiştir. Televizyon,

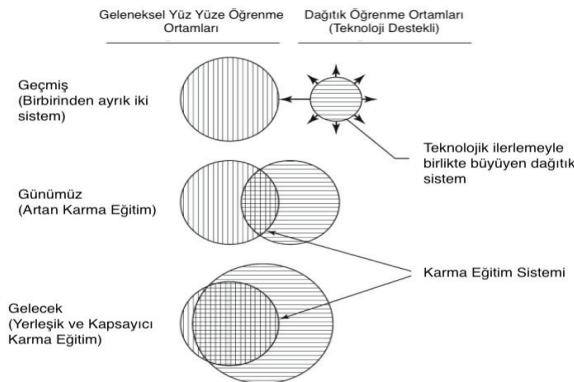
çevrim içi platformlar, internet, mobil uygulamalar gibi teknolojik araçlar kullanılarak öğrencilerin eğitim öğretim süreçlerinden tamamıyla kopmaması için çeşitli tedbirler alınmıştır. Türkiye dâhil pek çok ülke okulların kapanmasının ardından çok hızlı bir biçimde uzaktan eğitime başlamıştır. Bugüne kadar hiç böyle bir deneyimi olmayan, hizmet öncesi ve hizmet içi eğitim süreçlerinde böyle bir krizle nasıl baş edileceğine dair yeterli eğitim almayan pek çok eğitimci bu sürece oldukça hazırlıksız yakalanmıştır. Pek çok ülkede eğitimcilerin inisiyatif olarak bu süreci kendi başlarına yürütmeleri beklenmiştir. Uzaktan eğitim sağlama yeterlikleri ve becerileri kısıtlı olan eğitimciler bu süreci tek başlarına etkili bir biçimde yürütmeye güçlüklerle karşılaşmıştır. Ayrıca Türkiye’de ve pek çok ülkede dijital araçlara erişim ve bu araçları kullanabilme yeterlikleri açısından eğitimciler arasında önemli farklar bulunduğu da bilinmektedir. Eğitim kurumunun sahip olduğu kaynaklar, öğrencilerin dijital araçlara erişim durumu ve kullanma yeterlikleri, uzaktan eğitim sürecini nasıl geçirdiğini önemli ölçüde etkilemektedir. Genel olarak uzaktan eğitim süreci, öğrencilerden kopuş anlamına gelebilmiştir. OECD tarafından 98 ülkeden toplam 330 eğitim çalışanı ve paydaşına okulların kapatıldığı bu kriz sürecinde eğitimle ilgili öncelikli müdahale alanlarına ilişkin görüşleri sorulduğunda katılımcıların %84’ü bu süreçte öğrencilerin öğrenme sürecinin devamlılığının sağlanmasının oldukça önemli olduğunu bildirmiştir. Katılımcılar tarafından oldukça önemli görülen diğer iki seçenek ise öğretmenlere profesyonel destek verilmesi (%77,9) ve öğretmenlerin iyi olma hâlinin sağlanması olmuştur (%77,6). OECD araştırmasının sonuçlarına paralel şekilde, bu süreçte eğitimcilerin en çok zorlandıkları konuların başında uzaktan eğitim uygulaması gelmektedir. Ülkelerin; eğitimcileri bu süreçte yönlendirmek, onlara ihtiyaç duydukları desteği sağlamak, örnek uygulamalar sunmak, eğitimciler arası iş birliğinin uzaktan da yürütülmesine imkân verecek ortamlar oluşturmak gibi adımlar atması gerekmektedir. Hem KOVİD-19 salgını boyunca hem de sonrasında eğitimcilere çok büyük görevler düşmektedir. Bu nedenle eğitimcilere gerekli desteğin sağlanması büyük önem arz etmektedir (Salgın Sürecinde Öğretmenler, 2020). Uzaktan eğitimin temelinde; teknolojiyi kullanarak eğitimcilere kolay erişilebilir ve esnek bir eğitim imkânı sağlamak yatmaktadır. Bu esneklik uzaktan eğitimin hizmet içi eğitimlerde kullanımını yaygınlaştırmaktadır. Uzaktan hizmet içi eğitimin planlanması ile ilgili olarak birtakım öneriler de sunmak mümkündür. Bunlardan biri uzaktan hizmet içi eğitim tasarlanırken hedef grupta yer alan eğitimcilerin görüşlerine yer verilmesidir. Bu görüşler sayesinde daha etkili bir eğitim oluşturulabilir (Taşlıbeyaz ve ark., 2014). Şunu da belirtmekte fayda var ki YÖK ve Cumhurbaşkanlığı tarafından 2019’da hayata geçirilen dijital dönüşüm projesi adeta bugün içinde bulunduğumuz durumun önceden sezinlenip dünyanın değişen sürecine uyum sağlama konusunda öncü bir adım olmuştur. Bu sayede pek çok ülkede eğitimcilerin önemli bir kısmının yaşadığı dijital eğitime uyum süreci Türkiye’de asgari düzeye indirilmiştir.

Kovid-19 Küresel Salgını Sonrası Beklenen Olası Gelişmeler

KOVID-19 salgınının en büyük zorluklarından biri bu salgının ne zaman ve nasıl biteceğinin bilinmiyor olmasıdır. Virüsün mevsimsel etkiler gösterip göstermeyeceği, ikinci bir dalganın başlayıp başlamayacağı, bu virüs nedeniyle hastalanıp iyileşmiş kişilerde bu virüsün ilerleyen zamanlarda nasıl bir etki yaratacağı konularında büyük belirsizlikler yaşanmaktadır. Buna rağmen ülkeler bir yandan tedbirleri devam ettiren bir yandan da normalleşme süreci için planlamalar yapmaktadır. Normalleşme döneminin başlamasıyla birlikte salgın sürecinde elde edilen tecrübeler ışığında her alanda olduğu gibi eğitim sektöründe de yeni fikirlerin, uygulamaların ve araştırmaların üniversitelerce destekleneceği düşünülebilir.

Harmanlanmış (Blended) Eğitimin Artması

Dijital öğrenme ortamları, kurumların öğrenciler ve öğretmenler için öğrenme sistemlerini nasıl yapılandırdıkları üzerinde önemli bir değişim yaratmaktadır. Kurumlar, öğrencilere ve öğretmenlere daha esnek bir öğrenme deneyimi sunmak için eş zamanlı ve eş zamansız eğitim teknolojilerini nasıl kullanabileceklerine dair daha fazla arayış içindedirler. Dijital mimarilerin sağladığı çeviklik hem öğrencilere hem de öğretmenlere eğitim yaklaşımlarını yeniden değerlendirme ve kavramlaştırma fırsatı verebilir. Educause Öğrenme Girişimi'nin her yıl düzenli olarak gerçekleştirdiği yükseköğretimde temel sorunlar ve fırsatlar temalı araştırmalarının sonucunda çevrim içi ve harmanlanmış eğitim kendine ikinci sırada yer bulmuştur. Bu durum da harmanlanmış eğitimin yükseköğretimde üzerine çalışma yapılan temel başlıklardan biri olduğu sonucunu ortaya çıkarmıştır (O'Brien, 2020). Harmanlanmış eğitimin öğrencileri bilişsel, duyuşsal ve davranışsal olarak nasıl etkilediği ve akademi için dönüşüm potansiyeli incelendikçe yükseköğretim için nasıl bir fırsat oluşturacağı daha net olarak ortaya çıkacaktır.



Şekil 2. Yüz Yüze ve Dağıtık Öğrenme Ortamlarının Harmanlanmış Eğitim Sisteminin Ortaya Çıkışına Etkisi (Bonk ve Graham, 2006).

Şekil 2’de görüldüğü gibi birbirinden bağımsız hareket eden yüz yüze ve dağınık öğrenme ortamları, günümüzde birbirlerini etkileyerek harmanlanmış eğitim sistemini ortaya çıkarmıştır. Geleceğe ilişkin öngörüler, yüz yüze eğitimin önemli ölçüde azalacağı ve buna karşılık harmanlanmış sistemlerin ve dağıtık sistemlerin daha fazla büyüyeceği yönündedir.

Geleneksel üniversite eğitiminin dijital eğitime geçişindeki en önemli ara kademelerden biri şüphesiz harmanlanmış eğitim modeli olacaktır. Eğitim kurumlarının alanlarındaki bağlamdan kopmadan kurum, program, ders veya faaliyet seviyesinde uygulanabilecek başarılı harmanlanmış öğrenme modellerinin neler olabileceği üzerine çalışmalar yapması bu geçiş sürecinde hem harmanlanmış eğitimi anlamada hem de eğitimcilerin ve öğrencilerin bu sisteme hazır olmalarını sağlamada önemli bir faktör olacaktır.

Açık Ders Kaynaklarının Arttırılması

Yükseköğretim kurumlarında sahip olunan bilgi en değerli fikrî mülkiyet hakkı olarak görülse de son yıllarda artan sayıda kurum ve eğitmen de dijital öğrenme kaynaklarını internet üzerinden açık ve ücretsiz olarak “açık eğitim kaynakları” olarak paylaşmaktadır (Hylén, 2006). Bu alanda birçok ülkede çok sayıda çalışma ve girişim devam etmektedir. Örneğin (Wiley, 2007) Çin’deki 176’dan fazla üniversite çevrim içi 450’den fazla kursu olan Çin Açık Kaynaklar Eğitim Girişimi’yle içerik üretmiş, Fransa’daki en iyi 11 üniversite 178 ders ile ParisTech OCW Projesi’ni oluşturmuştur (<http://graduateschool.paristech.org/>), Amerika Birleşik Devletleri’nde üniversite tabanlı yedi proje tarafından binlerce ders kaynağı açık erişimdedir (<http://ocw.mit.edu/>, <http://cnx.rice.edu/>, <http://ocw.jhsph.edu/>, <http://ocw.tufts.edu/>, <http://www.cmu.edu/oli/>, <http://ocw.nd.edu/>, <http://ocw.usu.edu/>), Japonya’da 350 ders, Japon OCW Konsorsiyumu’na katılan 10 üniversite tarafından sağlanmaktadır (<http://www.jocw.jp/>).

Avustralya, Brezilya, Kanada, Küba, Macaristan, Hindistan, İran, İrlanda, Hollanda, Portekiz, Rusya, Güney Afrika, İspanya, Tayland, İngiltere, Amerika Birleşik Devletleri, Vietnam ve diğer birçok ülkede açık eğitim kaynaklarına yönelik projeler ortaya çıkmaya devam etmektedir. Türkiye’de de YÖK’ün girişimleriyle eğitim materyalleri <https://yokdersleri.yok.gov.tr/> adresinde bir araya getirilerek açık ders materyalleri biçiminde kullanıma sunulmuştur. İstanbul Üniversitesi, Atatürk Üniversitesi ve Anadolu Üniversitesinin katkılarıyla oluşturulan sistem diğer üniversitelere açık hâle getirilmiştir. YÖK tarafında yürütülen bu çalışmanın daha da genişleyerek kapsayıcı olması beklenmektedir.

Açık ders kaynakları için Yükseköğretim koordinatörlüğünde bir proje ekibi oluşturularak açık ders kaynaklarının kullanımı ve üretiminde üniversiteler arasındaki ulusal iş birliği düzeyi arttırılabilir, öğretim üyesi ve öğrenciler desteklenebilir, üretilecek içeriklerin kalitesi, teknolojisi ve yönetimi açısından etkili çevrim içi

yöntemler bulunabilir, ulusal kaynak paylaşımı teşvik edilebilir, ders kaynaklarının etiketlenmesi, depolanması ve dağıtılması için ulusal bir üniversite ağı kurulabilir.

Dijitalleşme Sürecinin Hız Kazanması

İnsanlar artık küresel bir öğrenme ağının parçası hâline gelmiş durumdadır. Özellikle mobil cihazlar sayesinde devamlı bir şekilde öğrenme ağlarına bağlı kalılabilmektedir. Facebook ve Twitter gibi aktif kullanılan sosyal medya araçları sayesinde insanlar yaş gözetmeksizin her gün yeni bilgiler ile karşılaşmaktadırlar. Google, Bing, Yahoo ve Yandex gibi arama motorları da özünde değerli, ama erişilemez kalacak olan bilgiye çok az çaba ile ulaşılmasını sağlayarak devrim niteliğinde yeniliklere imza atmışlardır. İnternet teknolojilerinden önce kütüphanelerde kaynakça bulmak zor, yoğun çaba ve zaman gerektiren bir uğraşırken şimdi kaynakça bulmaktan daha değerli olan kaynakları sınırlandırabilmek olmuştur. Günümüzde bilgi devrimi, var olan bilgi miktarından ziyade bu bilgilerin ağlar sayesinde ne kadar hızlı bir şekilde her yere ulaştığı ve her ulaştığı yerde katlanarak arttığıdır. Dijital eğitimin giderek daha fazla önem kazandığı düşünülürse bu dijital dönüşümün başarılı olması için öğrenci, eğitmen ve kurumlara büyük sorumluluklar düşmektedir.

Çevrim içi derslere ve programlara kaydolun öğrenci sayısının artmasıyla birlikte, dünya çapında hem üniversiteler hem de akademik personel tarafından çevrim içi teknolojilerin benimsenmesi giderek artmaktadır. Buna rağmen, akademisyenlerin artan bu talepler için hazır olup olmadıkları ve çevrim içi eğitim kalitesine yapacakları katkı hâlâ soru işaretleriyle doludur (Maor, 2006). Yükseköğretimde birçok akademisyen, öğrencilerin öğrenmelerini desteklemek için eğitim teknolojilerini kullanmaları gerektiği konusunda kendilerini baskı altında hissetmektedir. Çevrim içi eğitimdeki artış eğilimine rağmen, birçok öğretim üyesi bu teknolojileri henüz çok fazla kullanamamakta veya kullananlar da etkili bir şekilde kullanıp kullanmadıkları konusunda emin olamamaktadır. Bu sorunu çözümenin bir yolu, pedagojik ve öğretimsel amaçlara uygun profesyonel programlar sunmaktır. Mevcut durumda öğrencileri zengin, yoğun etkileşim ve iş birlikli öğrenme ortamına dâhil etmek yerine, çoğu e-öğrenme ortamı, içeriğin yüklenmesi ve indirilmesi, web’de arama, çevrim içi test, değerlendirme ve öğrencinin ilerlemesinin izlenmesi için farklı araçlar kullanarak bireysel, kendi kendine öğrenmeye odaklanmış durumdadır. Çözülmesi gereken önemli zorluklardan biri de öğrenci ihtiyaçlarını, pedagojiyi ve teknolojiyi ilişkili tutarak etkili çevrim içi öğrenme ortamları oluşturmaktır.

Genellikle, çevrim içi öğrenme materyalleri bireysel olarak öğretim üyeleri tarafından hazırlanır. Şu anda pek çok öğretim üyesi çevrim içi eğitim ortamında nasıl ders verileceği veya nasıl ders materyali hazırlayacaklarına dair bir eğitim almış durumda değildir. Sonuç olarak da çevrim içi ders materyalleri ve sunum standartları birçok açıdan tutarsızdır. Gelişmiş çevrim içi öğrenme materyallerinin hazırlanması sıklıkla

akademisyen ile öğretim tasarımı personelleri arasındaki iş birliğine dayanır. Önceleri akademisyenler ders notlarını, sunumlarını, ek kaynaklarını ve ölçme materyallerini hazırlamak için kendi başlarına hareket ederlerken; gelişmiş çevrim içi öğrenme materyalleri üretmek için öğretim tasarımı uzmanlarıyla, multimedya ekipleriyle ve yazılım geliştiricilerle iş birliği yapmaları gerekmektedir.

Çevrim içi eğitimde en dikkat çekici konuların başında öğrenci başarısının önemli faktörlerinden biri olan “öğrenci katılımı” gelmekte (Centner, 2014) ve hatta bu durum eğitimin bir numaralı eğilimi haline gelmektedir (Bonk ve Graham, 2006). Buna bağlı olarak ders materyallerinin kalitesi çevrim içi eğitimde acil ve çözülmesi gereken öncelikli alan olarak görülmektedir (Gaston ve Lynch, 2019). Günümüzde hâlâ en yaygın kullanılan temel içerik “metin tabanlıdır” ve standartların neredeyse tamamı bu tür içeriğe odaklanmıştır. Metin tabanlı içeriklerin kullanımı başlangıçta en doğru seçenek olarak görülse de ilerleyen dönemde diğer tüm içerik türlerinin değerlendirilmesi kritik bir ihtiyaç olarak ortaya çıkmıştır. Bunlar video, ses, resim, illüstrasyon, 3b modeller, simülasyonlar ve oyunlar olarak çeşitlendirilebilir. Kitleleşmiş erişimin arttığı, öğrenci profilinin daha fazla çeşitlilik ve değişiklik gösterdiği günümüzde bu tür içerikler de çoklu öğrenme ortamlarında önem kazanmıştır.

Bilginin stratejik konumunu koruması, işlenmesi, aktarımı, organize edilmesi, yönetilmesi ve erişilmesi için yeni sistem ve yöntem bulunması zorunlu bir durumdur. Kaynakların organize edilmesi ve erişilebilirliği planlı ve programlı bir şekilde yapılmadığı müddetçe artan kaynak sayısı önemli bir sorun olarak ortaya çıkmaktadır (Bain & Zundans-Fraser, 2017).

Eğitim içeriklerinin oluşturulmasında ve bu içeriklerin öğrenme yönetim sistemlerine dâhil edilmesi süreçlerinde standartlara uyum eksikliği, yeniden kullanılabilirlik, esneklik ve işlevsellik üzerinde olumsuz bir etkiye neden olmaktadır. İçerik ve içerik yönetim sistemleri gibi tamamlayıcı teknolojilerin altyapı görevi gören öğrenme yönetim sistemi içine sorunsuzca entegre edilebilmelidir. İçerik yönetim sistemlerinden ders içeriklerinin bir geliştirme ortamı olarak işlevsellik kazanıp içeriklerin düzenlenmesi, içerik üzerinden öğrenciler ile akademisyenler arasında iletişimi desteklemesi beklenir. Bunun için öğrencilere yönelik etkili öğretim materyallerinin hazırlanmasına ve geliştirilmesine imkân sağlayan daha iyi geliştirme araçları gerekmektedir (Watson & Watson, 2007).

YÖK Koordinasyonunda Türk Yükseköğretim Sisteminin Krizle Mücadele Stratejisi

Yukarıda ana hatlarıyla ifade edildiği gibi küresel salgın süreci, ülkelerin eğitim model, yöntem ve metotları üzerinde çok önemli değişiklikler meydana getirmiştir. Her ne kadar dijital eğitim olanaklarının ve onun “bilinen ve görünen yüzü” olan uzaktan eğitimin tarihsel kökenleri çok eskilere dayanıyor olsa da bu kadar kısa bir

süre zarfında uygulamada kendisine bu denli yer bulması ancak böyle bir acil durum yönetiminde tahayyül edilebilirdi. 12 Mart 2020 tarihinde Cumhurbaşkanlığı'nın eğitim öğretime ara verildiğine ilişkin yapılan ilk açıklamadan bugüne gelinen noktada Türk eğitim sisteminin bütüncül olarak dünyadaki pek çok ülkeye göre daha başarılı bir süreç yaşadığını söylemek yanlış olmayacaktır. Bu çalışmanın ana konusu yükseköğretim ve bu süreçteki İstanbul Üniversitesi tecrübesi olduğu için bundan sonraki kısımda ilk, orta ve lise düzeyindeki uzaktan eğitim uygulamalarına yer verilmeyecektir.

12 Mart 2020 tarihinde Cumhurbaşkanlığı tarafından bütün yükseköğretim kurumlarında 16 Mart 2020 tarihinden itibaren 3 hafta süreyle eğitime ara verildiği açıklaması yapılmıştır. Bu tarihten bugüne gelinceye kadar YÖK koordinasyonunda Türk yükseköğretim sistemi başarılı bir süreç yönetimine imza atmıştır. Bu süreç yönetiminde YÖK, “güçlü koordinasyon, esnek yönetim ve yetki paylaşımı” unsurlarını ön plana çıkarmış ve devletin yetkili organlarının istikameti doğrultusunda küresel salgın sürecinin gidişatına uygun kararları hızlı bir şekilde yürürlüğe koymuştur.

Her ne kadar ilk olarak üç haftalık bir süre için eğitime ara verilmiş olsa da çok kısa bir süre sonra 18 Mart'ta YÖK'ten önemli bir açıklama gelmiş ve 23 Mart 2020 tarihi itibarıyla ön lisans, lisans ve lisansüstü tüm düzeyleri kapsayacak şekilde uzaktan eğitim kapasitesine sahip olan tüm üniversitelerde dijital imkânlar ile uzaktan eğitim sürecinin başlanacağı; öncelikli olarak an itibarıyla yeterli düzeyde uzaktan eğitim alt yapısına sahip olmayan üniversiteler olmak üzere bütün üniversitelerin kullanımına açık ders materyalleri havuzunun açılacağı ve teorik derslerin tamamının ve uygulamalı ders ve eğitimlerin teorik kısımlarının dijital imkânlar ve uzaktan öğretim yöntemleri kullanılarak yapılacağı bildirilmiştir. YÖK, bu kararı almadan önce farklı üniversitelerde uzaktan eğitim konusunda uzman olan öğretim üyelerinden oluşan “Yükseköğretimde Dijital Dönüşüm Komisyonu”nu kurmuştur. Bu Komisyon, “Pandemi Dönemi Uzaktan Öğretim Uygulamaları Yol Haritası”nın son hâline gelmesinde önemli katkılarda bulunmuştur. Bu yol haritası, gerçekleştirilecek olan uzaktan eğitim faaliyetleri için beş temel alanda değerlendirmelerde bulunmuştur. Bunlar; *mevzuat*, *alt yapı*, *insan kaynakları*, *içerik* ve *uygulama* konularını kapsamıştır. *Mevzuat* başlığı altında Uzaktan Öğretim Usul ve Esaslarında önemli değişiklikler yapılması yoluyla örgün öğretimlerin uzaktan eğitim yöntemleriyle yapılmasının önü açılmıştır. *Alt yapı* konusunda üniversitelerden gelen geribildirimler çerçevesinde 123 üniversitede Uzaktan Öğretim Uygulama ve Araştırma Merkezi (UZEM) olduğu ve dolayısıyla alt yapılarının uzaktan eğitim yapmaya müsait olduğu tespit edilmiştir. Bu üniversitelerin haricinde kalanlar için de YÖK koordinasyonunda alt yapısı hazır olan diğer üniversitelerle iş birliğine gidileceği bildirilmiştir. *İnsan kaynakları* alanında tüm öğretim elemanlarının uzaktan eğitim kabiliyet ve yeterliliklerini artırmak adına YÖK koordinasyonunda “Dijital Çağda Yükseköğretimde Öğrenme ve Öğretme” başlıklı eğitimin verilebileceği ve ayrıca Üniversitelerin de kendi bünyelerinde bu niteliksel artış için hizmet içi eğitimler

tasarlayacağı değerlendirilmesi yapılmıştır. Uzaktan eğitimin en önemli unsuru olarak kabul edilen *içerik* oluşturma konusunda gerekli olan araç ve rehberlerin sürekli olarak paylaşılacağı bilgisi verilmiştir. Son olarak *uygulama* konusunda ise üniversitelerin senkron (çevrim içi, eş zamanlı, canlı) ya da asenkron yöntemlerden arzu ettiklerini kullanabilecekleri bir perspektif sağlanmıştır. Bu bağlamda YÖK'ün küresel salgın sürecinde eğitim öğretim faaliyetlerine ilişkin almış olduğu kararlarda geniş tabana yayılan, alanın uzmanlarının görüşlerine önem ve değer veren paylaşımcı bir model kullandığını söylemek yerinde olacaktır (YÖK, 13 Mart 2020). Türkiye'de şu anda bünyesinde açık öğretim ya da açık ve uzaktan eğitim fakültesi bulunan dört üniversite bulunmaktadır. Bunlardan biri Ankara Üniversitesi Açık ve Uzaktan Eğitim Fakültesi ilk defa 2020-2021 eğitim öğretim yılında faaliyete geçmiş olacaktır. Onun haricinde açık ve uzaktan eğitim alanında önemli tecrübe, bilgi ve birikime sahip olan Anadolu, Atatürk ve İstanbul Üniversitelerinin ellerinde bulunan tüm dijital kitaplar, 23 Mart 2020 tarihinde "YÖK Dersleri Platformu"nda ülkenin hizmetine sunulmuş ve ilerleyen dönemlerde diğer Üniversitelerin katkılarıyla birlikte nicelik ve nitelik açısından daha da gelişmeye başlamıştır. YÖK'ün uzun zamandır izlediği "Açık Bilim ve Açık Erişim" politikasının önemli bir çıktısı olarak görülebilecek olan bu platform, bugün geline nokta iki bin civarı dijital kitaba ev sahipliği yapmaktadır. Platforma, KKTC'den ABD'ye pek çok ülkeden sisteme giriş yapıldığı ve kısa bir süre içerisinde büyük bir kullanıcı kitlesine hizmet verdiği açık bir şekilde görülmüştür (YÖK, 31 Mart 2020).

Nisan ayına yaklaşıldığında bir taraftan uzaktan eğitime ilişkin yukarıda ifade edilen gelişmeler yaşanırken bir taraftan da küresel salgın sürecinin etkileri giderek ağırlaşmaktaydı. Çok geçmeden 26 Mart 2020 tarihinde YÖK, 2019-2020 eğitim öğretim yılı bahar yarıyılında eğitim faaliyetlerinin sadece uzaktan eğitim, açık öğretim ve dijital öğretim imkânları ile sürdürülmesine karar verdi. Bu bağlamda bahar yarıyılında yüz yüze eğitim yapılmayacağı, yüz yüze eğitimin şart olduğu uygulama derslerinin ise yüz yüze imkânların müsait olduğu yaz döneminde sıkıştırılmış bir akademik takvimle yapılacağı belirtildi (YÖK, 26 Mart 2020).

YÖK, bahar yarıyılında eğitim öğretimin dijital imkânlarla sürdürüleceğini açıkladıktan sonra eğitim öğretim faaliyetlerinin aksamadan yürütülmesini destekleyecek şekilde Üniversitelere kılavuzluk yapmak ve onları rahatlatmak adına bir dizi önlemler ve kararlar bütününe imza atmıştır. Bu minvalde ilk olarak 1 Nisan 2020 tarihinde küresel salgın nedeniyle ön lisans, lisans ve lisansüstü düzeyde öğrenim gören öğrencilerin talep etmeleri hâlinde 2019-2020 eğitim öğretim yılı bahar döneminde kayıtlarını dondurabilmelerine; tez savunma ve yeterlik sınavlarının ise denetlenebilir olma ve kayıt altına alınma şartıyla video konferans gibi dijital imkânlar ile yapılabilmesine olanak sağlamıştır (YÖK, 1 Nisan 2020). Bu gelişme küresel salgın sürecinin bireyler ve öğrenciler üzerindeki etkilerini hafifletmesi ve onlara kendi gelecekleri için en doğru karar vermeleri açısından oldukça önemli bir adım olmuştur.

Eğitim öğretim faaliyetlerinin aksamadan devam etmesi ve küresel salgın sürecinin etkilerinin tüm akademik camia açısından asgari düzeyde tutulması açısından YÖK, ardi ardına önemli kararlar almaya ve uygulamaları için üniversitelere duyurmaya başlamıştır. Bunlardan ilki; uygulamalı eğitim modelinin uygulandığı başta Fen ve Mühendislik olmak üzere bazı Meslek Yüksekokulu programlarının son döneminde yer alan sanayi işletmelerinde iş başında uygulamalı eğitim kısmının, küresel salgın nedeniyle pek çok işletmenin faaliyetine ara vermiş olması da göz önünde bulundurularak öğrencilerin herhangi bir mağduriyet yaşamaması adına ders, ödev, proje, uygulama dosyası ve benzeri etkinlikler veya yaz öğretimi gibi uzaktan eğitim yöntemleriyle yapılabilmesine olanak sağlanması ile ilgilidir (YÖK, 9 Nisan 2020). Bir gün sonraki karar ise, Hemşirelik programı öğrencilerini ilgilendirmiştir. Bu kapsamda YÖK, hemşirelik programında mezun aşamasında olan öğrencilerin staj/uygulama eğitimlerini sağlık birimlerinde koruyucu önlemler alınarak yapabilecekleri gibi uzaktan öğretim yoluyla simülasyon eğitimi, proje, vaka analizi vb. faaliyetlerle de tamamlayabileceklerine dair bilgiyi açıklamıştır (YÖK, 10 Nisan 2020).

YÖK, eğitim öğretim faaliyetlerinin niteliğinden taviz vermeden rahatlatıcı önlemler almaya 13 ve 24 Nisan 2020 tarihlerinde duyurmuş olduğu kararlarla devam etmiştir. Buna göre ilk olarak 13 Nisan'da Diş Hekimliği ve Eczacılık programlarından mezun aşamasında olan öğrencilerin, 2019-2020 eğitim öğretim yılı bahar dönemiyle sınırlı kalmak üzere, staj/uygulama eğitimlerini; yaz dönemi de dâhil uygun zamanda sağlık birimlerinde ve serbest eczanelerde koruyucu önlemler alınarak yapabilecekleri gibi Eczacılık programları için simülasyon eğitimi, proje, vaka analizi vb. yollarla; ayrıca her iki program için de dijital imkânlarla uzaktan öğretim yoluyla tamamlayabilecekleri hususunu açıklamıştır (YÖK, 13 Nisan 2020). Ardından 24 Nisan'da yapılan bir başka rahatlatıcı ve uygulama kolaylığı getirici açıklamayla da tıp fakültelerinin son sınıf öğrencilerine (intörn) önemli bir açılım sağlanmıştır. Buna göre, 2019-2020 eğitim öğretim yılı bahar dönemi ile sınırlı kalmak kaydıyla tıp fakültesi son sınıf öğrencilerinin, rızalarının da alınması kaydıyla eğitimlerine kendi hastanelerinde devam edebilmelerine ve uygulama eğitimlerinin kalan sürelerini, dijital imkânlarla uzaktan öğretim yoluyla ders, ödev, proje, vaka analizi gibi faaliyetlerle tamamlayabilmelerine olanak tanınmıştır (YÖK, 24 Nisan 2020).

YÖK'ün üst üste almış olduğu bu kararlar, bir taraftan Üniversitelerin eğitim öğretim faaliyetlerinin işlerliğini kolaylaştırmış öte yandan da an itibarıyla kendi üzerlerine düşen en önemli görev olan dijital imkânları geliştirmek misyonuna daha fazla yönelmelerine sebebiyet vermiştir. Bu bağlamda Üniversiteler kendi öğrenme yönetim sistemlerini tasarlama yoluna gitmişler, senkron ve asenkron metotları uygulama çabasının içerisine girmişlerdir. Bu arada YÖK, uzaktan eğitimde fırsat eşitliğinin sağlanması hususunda önemli bir adım atmış ve tüm Üniversite öğrencilerine YÖK Dersleri Platformunda ve kendi Üniversitelerinin sunmuş olduğu uzaktan eğitim ara yüzlerinde kullanmaları üzere 6 GB'lık ücretsiz internet kullanımı sağlamıştır (YÖK, 29 Nisan 2020).

Her ne kadar insan sağlığı ve sağlık sistemi üzerinde derin yara bırakan bir süreç yaşanmış ve yaşanıyor olsa da bütün bu gelişmeler, Türkiye’de uzaktan eğitim alanında belki de 10-15 yıl içerisinde alınacak olan yolun çok daha kısa bir süre içerisinde varılmasında büyük etken olmuştur. Gerçekten de pek çok Üniversitenin kısa ve orta vade stratejileri içerisinde yer almayan dijital öğrenmeye ilişkin kaynak ve projeler ardi ardına gün yüzüne çıkmış ve bu alanda çok önemli gelişmeler kaydedilmeye başlanmıştır. Bütün bu gelişmeleri yakından takip eden YÖK, bir veri analizi çalışması yaparak 127’si devlet ve 62’si vakıf olmak üzere toplamda 189 Üniversiteden geribildirim alarak bir aylık durum analizini 3 Mayıs 2020 tarihinde kamuoyuyla paylaşmıştır. Buna göre Üniversitelerin uzaktan eğitime oldukça hızlı bir şekilde geçiş sağladığı, teorik derslerin neredeyse tamamı olmak üzere bahar döneminde yer alan tüm derslerin %90,1’inin uzaktan eğitim kapsamına alınmış olduğu, derslerin %22’sinde senkron (canlı) sınıf uygulamasına geçildiği sonucuna ulaşılmıştır. Bununla birlikte uzaktan eğitim yöntemlerinin en fazla kullanıldığı bilimsel alanın Sosyal Bilimler olduğu, ara sınav (vize) uygulamasının ağırlıklı olarak ödev ve proje yoluyla yapıldığı ve öğretim elemanı ile öğrencilere yönelik bilgilendirme ve destek hizmetlerin yoğun bir etkileşimle sağlanmaya çalışıldığı görülmüştür (YÖK, 3 Mayıs 2020).

Bütün bu gelişmeler yaşanırken YÖK, engelli öğrencileri de unutmamış ve onların eğitim imkânlarına erişimde yaşayabileceği sorunları asgari düzeye çekebilmek için Üniversitelerin gereğine bir dizi önlemler bütünü almıştır. Buna göre öncelikle programlardaki engelli öğrencilerin tespit edilmesi ve programda ders veren öğretim elemanlarına almaları gereken önlemler konusunda bilgi vermeleri istenmiştir. Bu bağlamda özellikle canlı ders platformuna erişimde ve bağlanmada sorun yaşayan öğrencilerle görüşülerek mevcut sorunlarının giderilmesi; uzaktan eğitim sistemlerine yönelik olarak bu öğrencilere yazılı olarak da bilgi verilmesi hususu ön plana çıkarılmıştır. İşitme engelli öğrenciler için ders içeriklerinin metin olarak da sağlanması, mümkün ise ders anlatımlarının alt yazılı olarak da verilmesi, ders içeriklerinin önceden metin olarak öğrenciye gönderilmesi, dudak okuyabilen öğrenciler için ders sunumlarının yanı sıra öğretim elemanlarının ekranda görünmesinin sağlanması önem arz ederken görme engelli öğrenciler için okuyucu sistemlerin kullanılabilmesi zengin metin biçimlerinin ders metinlerinde kullanımı açısından özen gösterilmesi, sunumlarda büyük punto ve kontrast renk kullanılması, görsel içeriklerin, grafik ve tabloların ders anlatımı sırasında betimlenmesi, özellikle sınavlarda grafiklerin betimlenmesi konuları ön plana çıkmıştır. Bununla birlikte yapılacak olan çevrim içi sınavlarda engellilik durumuna göre ek süre tanınması ve zihinsel engelli ya da otizm spektrum bozukluğu bulunan az sayıda öğrenci için de yükseköğretimle bağlantısının kopmaması için özen gösterilmesi, düzenli aralıklarla aile ve öğrenciyle temasa geçilmesi, gerekirse psikoloji ve diğer alanlardan akademisyenlerden de destek alınarak öğrenciye faydalı bulunulması istenmiştir (YÖK, 7 Mayıs 2020).

Yukarıda da ifade edildiği üzere Mayıs ayı itibarıyla Üniversiteler ara sınavlarını ağırlıklı olarak ödev ve proje yoluyla yapıp tamamlamış ve küresel salgın sürecinin

devamı ile birlikte dönem sonu (final) sınavlarına doğru yol almaya başlamıştır. Tam da bu hususta YÖK'ten dönem sonu sınavlarına ilişkin ardı ardına iki önemli açıklama gelmiştir. Buna göre öncelikle 12 Mayıs'ta yapılan açıklamaya göre üniversitelerde dönem sonu sınavları ile bu eğitim ve öğretim yılına ait diğer sınavların yüz yüze imkânlarla gerçekleştirilemeyeceği, sınavların üniversite yetkili kurullarınca tercih edilecek dijital imkânlar veya ödev, proje gibi alternatif yöntemler uygulanarak yapılacağı bildirilmiştir (YÖK, 12 Mayıs 2020). Kısa bir süre sonra 27 Mayıs'ta ise üniversitelerde dijital ortamlarda gerçekleştirilecek olan dönem sonu sınavların uygulanmasına yönelik temel ilke ve çerçeveyi belirtmiştir. Buna göre şeffaflık ve denetlenebilirlik esasları çerçevesinde dijital ortamlarda gözetimli ya da gözetimsiz olarak açık uçlu ya da çoktan seçmeli çevrim içi sınavlar, ödevler, çevrim içi kısa sınavlar, projeler, Öğrenme Yönetim Sistemi (ÖYS) etkinlikleri, ÖYS kullanım analitikleri ve benzeri uygulamaların kullanılabilirliği belirtilmiştir. Ayrıca teknik konular da dâhil olmak üzere sınavın işleyişine ilişkin tüm konularda öğrenci ve öğretim elemanlarının açık ve net bir şekilde bilgilendirilmeleri gerektiği üzerinde önemle durulmuştur. Yine eğitimde fırsat eşitliği ilkesi çerçevesinde dijital erişim konusunda sıkıntı yaşayan öğrencilere teknik destek sağlamak amacıyla öğrencinin bulunduğu yerdeki üniversite birimleri öncelikli olmak üzere gerektiği takdirde Millî Eğitim Bakanlığı ve diğer kamu kurumlarının bilgisayar ve internet olanaklarına erişim sağlanması imkânı tanınmıştır (YÖK, 27 Mayıs 2020).

YÖK'ün dijital eğitim olanaklarının geliştirilmesine yönelik stratejisinin sadece küresel salgın dönemine ilişkin olduğunu söylemek doğru olmayacaktır. Bunun en önemli göstergelerinden biri, yaklaşık iki yıl önce Doğu ve Güneydoğu Anadolu Bölgelerinde yeni kurulmuş olan 16 üniversitedeki öğretim elemanları ve öğrencilerine mevcut dijital yetkinliklerini artırmak amacıyla verilen eğitim programıdır. Bu eğitim programında Anadolu Üniversitesi iş birliği ile 10.725 öğretim elemanına çevrim içi olarak "Dijital Çağda Öğrenme ve Öğretme" ile 61.346 öğrenciye bir dönemlik kredili olarak "Dijital Okuryazarlık" dersleri verilmiştir. Bununla birlikte 16 Mart'ta başlayan ve ilgili 16 üniversiteye ilaveten yeni kurulmuş beş teknik üniversite ve Anadolu'da bulunan üç üniversitemizin öğretim elemanlarına YÖK, CISCO ve ODTÜ iş birliği ile "Siber Güvenlik ve Ağ Yönetimi" konularında eğitimler vermeye başlanmıştır (YÖK, 27 Ağustos 2020). Bu bağlamda YÖK'ün özellikle 4 Haziran'da almış olduğu kararlar, küresel salgın sürecinden bağımsız bir şekilde Türk yükseköğretim sisteminin geleceğine ilişkin büyük bir anlam ifade etmekteydi. Buna göre YÖK, mevzuat yönünden bir değişikliğe imza atarak ön lisans, lisans ve lisansüstü düzeylerin tamamında örgün öğretimlerde uzaktan öğretim yoluyla verilebilecek ders oranını %30'dan %40'a yükseltmiştir. Ayrıca en az %10'unun uzaktan öğretim yöntemleriyle verilmesi şiddetle tavsiye edilmiştir. Bunun anlamı küresel ya da yerel şartlar ne olursa olsun önümüzdeki dönemlerde karma (harmanlanmış, blended) eğitim yöntemlerinin Türk yükseköğretim sistemi içerisinde kendisine çok daha fazla yer bulabileceğidir (YÖK, 4 Haziran 2020).

YÖK'ün yakın zamanda yapmış olduğu en önemli hamlelerden biri de şüphesiz ki “Küresel Salgında Yeni Normalleşme Süreci” ismiyle çıkarmış olduğu kılavuzdur. Kılavuz, salgının dinamik bir süreç ihtiva etmesinden hareketle bölgesel ve yerel seyrine göre Üniversitelerin farklı programlar için ilgili programın yeterlilikleri, kazanımları, öğrenci sayıları, alt yapı imkânları gibi kriterler çerçevesinde farklı önlemler almaları gerektiğinden hareketle oluşturulmuştur. *Uzaktan öğretim uygulamaları, uygulamalı eğitimler, ölçme ve değerlendirme uygulamaları, yabancı uyruklu öğrenciler, toplantılar, kongreler ve değişim programları* başlıkları altında yapılandırılan bu kılavuzda uzaktan öğretimle ilişkili en önemli ilke kararları aşağıdaki gibi özetlemek mümkündür:

- Küresel salgın döneminde uygulanan acil durum uzaktan öğretim uygulamaları ile önceden planlanmış ve önemli bir eğitim yöntemi olarak sunulan uzaktan öğretim uygulamalarının önemli farklılıklar taşıması gerektiği,
- Karma (harmanlanmış) eğitim yöntemlerine daha fazla ağırlık verilmesi gerektiği,
- Yüz yüze yürütülecek olan derslerde önemli bir farklılık yaratmak üzere sınıf içi etkinliklerin yanı sıra çevrim içi etkinliklerin eklenmesi,
- Görsel kapasite ve yüksek etkileşim unsurları çerçevesinde zenginleştirilmiş eğitim materyallerinin tasarlanmasına ağırlık verilmesi,
- Üniversitelerin uzaktan eğitim alt yapılarının sürekli olarak geliştirilmeye devam etmeleri,
- Öğretim elemanlarının uzaktan eğitim yeterliliklerini geliştirecek her türlü adımın atılması,
- Uzaktan öğretim yapılanması ve organizasyon yapısının sürekli olarak geliştirilmesi,
- Ders dışı çevrim içi etkinliklerin planlanması ve tasarlanması,
- Salgının seyri, ilgi programdaki öğrenci sayısı ve alt yapı olanakları dâhilinde Üniversitelerin teorik eğitimlerini uzaktan öğretim yöntemleriyle vermeye devam etmeleri ve uygulamalı eğitimlerini desteklemeye yönelik olarak uzaktan öğretim süreçlerini planlamaları,
- Salgının seyri ne olursa olsun yukarıda da ifade edildiği gibi yüz yüze programlardaki derslerin %40'ının uzaktan öğretimle verilmesine yönelik kararlar alınmıştır.

Görülebileceği üzere YÖK, 12 Mart'tan itibaren Türk yükseköğretim sistemini oldukça dinamik, istişare zemininden kopmadan ve üniversitelere özerk inisiyatif alanı tanıyarak yönetmiştir. Dünyada pek çok ülkenin eğitim sisteminin aynı dönem içerisinde büyük sıkıntılar yaşadığı ve işleyiş açısından önemli zafiyetler bulundurduğu göz önüne alındığında Türkiye'nin çok başarılı bir süreç yaşadığını söylemek yanlış olmayacaktır. Bu bağlamda bir sonraki başlık altında İstanbul Üniversitesinin anlatılan bu süreçte uyumu ve ortaya koyduğu performans hakkında bilgi verilmeye çalışılacaktır.

İstanbul Üniversitesi'nin Kovid-19 Sürecindeki Uzaktan Eğitim Hamleleri

YÖK'ün küresel ve yerel gelişmeleri zamanında ve yerinde takip ederek hızlı ve esnek anlayışa dayalı sürdürdüğü karar mekanizması, üniversiteler açısından bir şans olduğu kadar önemli sorumluluklar yükleyen bir yapıya sahiptir. Bu bakımdan alınan kararların zamanında ve doğru bir biçimde vücut buldurma işlevi tamamen üniversitelere aittir. Türkiye'de pek çok üniversite açısından bu sürece geçiş çok da kolay olmamıştır. Bir üst başlıkta geçiş sürecinde üniversitelerin genel olarak başarılı bir performans sergilediğinden bahsedilmiş olsa da özellikle üniversitelerin öz kaynaklarıyla oluşturulmuş bir öğrenme yönetim sisteminin mevcudiyeti ya da tasarlanması, nitelikli öğretim materyallerinin düzenli bir şekilde sisteme yüklenmesi, öğrencilerle sağlıklı bir iletişimin kurulması konusunda önemli sorunlar yaşanabilmiştir. Bunların dışında en büyük eksiklik alanı ise senkron (canlı) derslerin yapılması konusunda oluşmuştur. Pek çok üniversite senkron ders yapamamış ya da sadece sınırlı düzeyde yapabilmiştir.

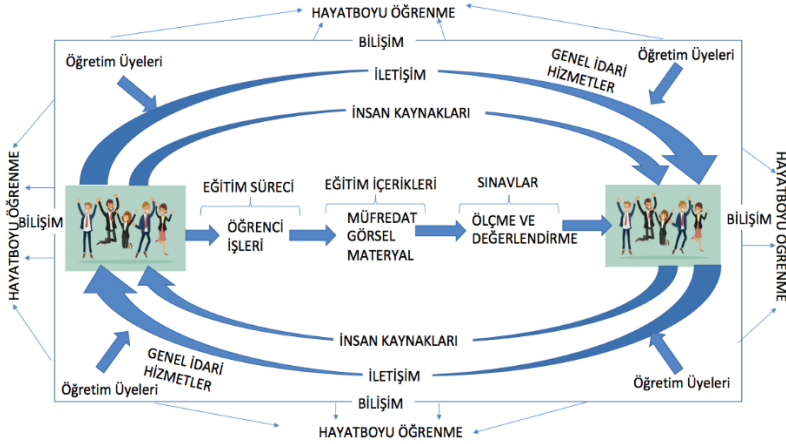
Türkiye'nin ve hatta dünyanın en eski ve köklü üniversitelerinden biri olan İstanbul Üniversitesi, yaklaşık altı aylık sürede genel olarak çok başarılı bir süreç geçirmiştir. Bunu, çalışmanın ilerleyen kısımlarında anlatılacak olan öğrenci ve öğretim elemanlarına yapılan anketin sonuçlarından da rahatlıkla görmek mümkündür. Bu denli başarılı bir sonucun oluşmasının altında yatan en önemli etkenlerden biri şüphesiz ki üniversitenin müstakil bir Açık ve Uzaktan Eğitim Fakültesine sahip olmasıdır. Dolayısıyla çalışmanın bu başlığı, iki alt başlık hâlinde değerlendirilecektir. Birinci başlıkta genel hatlarıyla İstanbul Üniversitesi Açık ve Uzaktan Eğitim Fakültesi (AUZEF) kuruluşundan bu yana genel hatlarıyla değerlendirilecek; ikinci başlıkta ise AUZEF koordinasyonunda yürütülen Üniversite uzaktan eğitim tecrübesine değinilecektir.

İstanbul Üniversitesinin Dijital Fakültesi: AUZEF

An itibarıyla Türkiye'de kurulu bulunan dört açık öğretim ya da açık ve uzaktan eğitim fakültesinden biri olan AUZEF, 2010 yılında kurulmuş ve 2011-2012 eğitim öğretim yılında ilk defa öğrenci kabul etmeye başlamıştır. AUZEF'in 2011-2012 eğitim öğretim yılında dört programda 7.000'i aşkın öğrenciyle başladığı eğitim öğretim serüveni, bugün gelinen noktada 34'ü açık öğretim (15 lisans, 15 ön lisans, 4 lisans tamamlama) ve 18'i uzaktan eğitim (9 lisans, 7 ön lisans, 2 lisans tamamlama) olmak üzere toplam 52 programdaki 325.000 (200 bin aktif, 125 bin pasif) öğrenciyle devam etmektedir. İstanbul Üniversitesinin nitelik ve nicelik olarak çok güçlü bir akademik kadroya sahip olması, AUZEF'in nadir diploma programlarının etkin bir şekilde yürütülmesini sağlamaktadır. Hemen her programı, sahip olduğu özelliklerden ötürü önemli talep gören AUZEF'teki programlardan bazıları doğrudan iş hayatına hazırlama noktasında avantajlar sunarken bazıları daha çok entelektüel bilgi birikiminin artırılmasına hizmet etmektedirler. Eğitim hayatından iş gücü piyasasına geçişi kolaylaştıracak programlar arasında Çocuk Gelişimi, Sağlık Kurumları İşletmeciliği,

Sivil Hava Kurumları İşletmeciliği, İş Sağlığı ve Güvenliği, İşletme, Adalet, Sosyal Hizmetler, Tıbbi Dokümantasyon ve Sekreterlik, Uluslararası Ticaret ve Lojistik Yönetimi, Yönetim Bilişim Sistemleri bulunurken entelektüel bilgi birikiminin artırılmasında ön plana çıkan programları Sosyoloji, Tarih, Felsefe, Kültürel Miras ve Turizm olarak belirtmek mümkündür.

Açık ve uzaktan eğitim alanında on yıllık bir bilgi, birikim ve tecrübeye ulaşılmış olan AUZEF, özellikle hayat boyu öğrenme perspektifi doğrultusunda Türkiye’de hizmet veren en önemli eğitim kurumlarının başında gelmektedir. Kurumsal işleyişi, departmanlar arasındaki etkileşim ve çalışma dinamikleri, almış olduğu kalite ödül ve belgeleri ile her biri kendi alanında üst düzey niteliğe sahip olan personel yapısı sayesinde AUZEF, her geçen yıl bir önceki yıla göre kendini daha da güçlendirmekte ve kurumsallaşma sürecini başarılı bir şekilde yapılandırmaktadır. Açık ve uzaktan eğitim alanında yaşanan değişim ve dönüşümlerin çok hızlı ve aktif bir yapıda olduğu düşünüldüğünde AUZEF’in bu değişimlere uyum sürecinde bir o kadar dinamik davranış sergileme zorunluluğu bulunduğunu söylemek yanlış olmayacaktır.

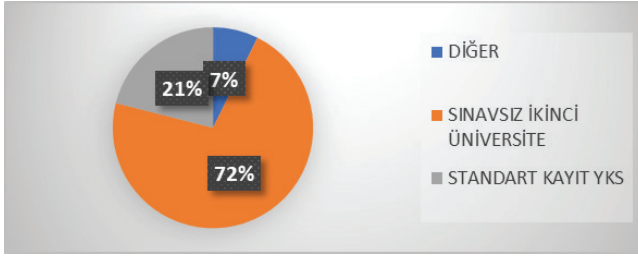


Şekil 3. AUZEF'in Kurumsal Yapı ve İşleyişi.

Hayat boyu öğrenme anlayışı içerisinde Türkiye’deki açık öğretim fakülteleri, ikinci üniversite kapsamında sınavsız öğrenci alımı yapabilmektedir. Bunun anlamı, herhangi bir ön lisans programında hâlihazırda eğitimine devam eden ya da mezun olan bir bireyin dilediği bir ön lisans açık öğretim programına; herhangi bir lisans programında hâlihazırda eğitimine devam eden ya da mezun olan bireyin ise yine dilediği bir lisans ya da ön lisans açık öğretim programına sınavsız bir şekilde kaydolabilme imkânına sahip olmasıdır. Günümüzde gerek sosyal gerekse de çalışma yaşamının gereklilikleri noktasında ikinci bir diploma programını tamamlamanın ve o programın yeterlilik ve kazanımlarına sahip olmanın ne denli önemli olduğu düşünüldüğünde, AUZEF'in

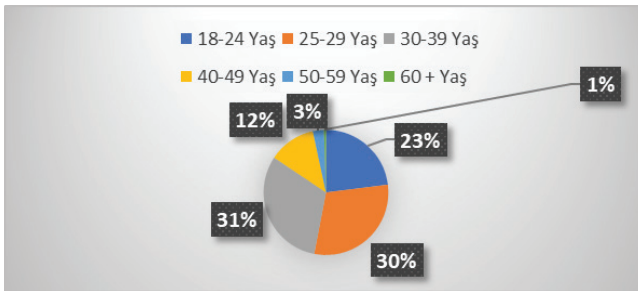
ortaya koyacağı nitelikli eğitim performansının da topyekûn ülkenin gelişimi, refahı ve kalkınması açısından önemli olduğu rahatlıkla anlaşılabilir.

AUZEF, diğer tüm fakültelerde olduğu gibi merkezî sınavla (YKS) da öğrenci alan bir fakülte konumundadır. Yani YÖK tarafından ilan edilen kontenjan nispetinde her yıl programlarına öğrenci kabul etmektedir. Ancak genel olarak bakıldığında öğrencilerin önemli bir kısmının ikinci üniversite kapsamında gelen öğrencilerden oluştuğu görülmektedir. An itibarıyla AUZEF'teki toplam öğrenci sayısının %72'si sınavsız ikinci üniversite kapsamında gelen öğrencilerden oluşmaktadır. Bu durum, hayat boyu öğrenme penceresinden bakıldığında büyük önem arz etmektedir.



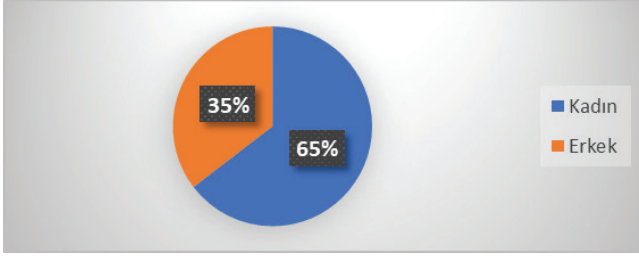
Grafik 1. Kayıt Türüne Göre Öğrenci Oranları (%).

AUZEF'in toplum mozağının tamamına hitap ettiğini söylemek de yanlış olmayacaktır. Buna göre bahsedilen 325 bin öğrencinin yaş dağılımına bakıldığında 18-24 yaş grubunun %23; 25-29 yaş grubunun %30; 30-39 yaş grubunun %31; 40-49 yaş grubunun %12; 50-59 yaş grubunun %3 ve 60 yaş ve üstü yaş grubunun %1 düzeyinde olduğu görülmektedir. Bu bağlamda genel olarak genç ve dinamik bir öğrenci yapısına sahip olmakla birlikte 40 yaş ve üzerinde de yaklaşık 53 bin gibi göz ardı edilemeyecek büyüklükte bir potansiyele sahip olduğu gözükmektedir.



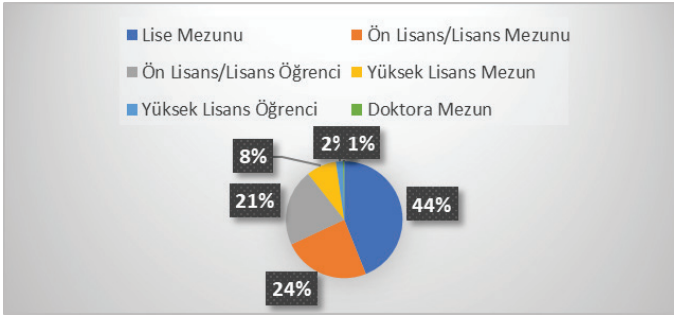
Grafik 2. AUZEF Öğrencilerinin Yaş Dağılımı (%).

Yine cinsiyet dağılımına göre değerlendirildiğinde kadın öğrencilerin sayısının daha fazla olduğu görülmektedir. Buna göre toplam öğrencilerin %65'ki kadın; %35'i erkeklerden oluşmaktadır. Aslında bunun da toplumdaki sosyoekonomik ve kültürel gelişimin bir yansıması olarak değerlendirebilmek mümkündür.



Grafik 3. AUZEF Öğrencilerinin Cinsiyet Dağılımı (%).

AUZEF öğrencilerinin mezun oldukları son eğitim kurumlarına göre eğitim düzeylerine bakıldığında ise; lise mezunlarının %44; ön lisans veya lisans mezunlarının %24; ön lisans ya da lisans öğrenciliğine devam edenlerin %24; yüksek lisans öğrencilerinin %2, yüksek lisans mezunlarının %8 ve doktora mezunlarının %1 olduğu görülmektedir. Bütün bu veriler tek bir potada eritildiğinde sosyolojik yelpazenin ne kadar geniş olduğu net bir şekilde anlaşılmaktadır.



Grafik 4. AUZEF Öğrencilerinin Eğitim Durumu (%).

İstanbul Üniversitesinin tarihsel köken ve evrensel kimliğine uygun bir biçimde açık ve uzaktan eğitim alanında geleceği şekillendiren ve dünya çapında referans gösterilen bir fakülte olma vizyonuna sahip olan AUZEF'in bu anlamda sahip olduğu kalite politikası ve stratejik planı kendisiyle aynı hizmeti veren kurumlara önderlik edecek bir hâle ulaşmıştır. Özellikle stratejik planında benimsemiş olduğu beş temel amaç ve bu amaçların altındaki hedefler bunun en güzel örneği olarak gösterilebilir. Detaya girmemekle birlikte AUZEF'in 2023 vizyonundaki hedefleri sırasıyla;

- Deneyim odaklı e-öğrenci profilinin oluşturulması,
- Öğrenmeyi merkeze alan zenginleştirilmiş eğitim içerik ve materyallerinin üretilmesi,
- Ulusal ve uluslararası ölçme ve değerlendirme merkezi hâline gelmesi,

- Fakültenin fonksiyonlarını mükemmelleştirecek düzeyde bilişim ağı ve alt yapısının oluşturulması,
- Yenilikçi ve modern iletişim teknolojileriyle hayat boyu öğrenme merkezi hâline gelmesi

olarak belirtmek mümkündür. Bütüncül bir bakış açısıyla açık ve uzaktan eğitim alanının tamamını kapsayacak şekilde tespit edilen bu amaçların hayata geçirilmesi, içerisinde bulunduğumuz dijital çağda kuşkusuz hem İstanbul Üniversitesi hem de Türkiye açısından büyük bir değer ortaya çıkarmış olacaktır.

Küresel Salgın Döneminde İstanbul Üniversitesi Uzaktan Eğitim Uygulamaları

Küresel salgın sürecinin giderek ağırlaşmasının hemen ardından yapılan 18 Mart 2020 tarihli YÖK açıklamasında, “23 Mart 2020 tarihi itibarıyla ön lisans, lisans ve lisansüstü tüm düzeyleri kapsayacak şekilde uzaktan eğitim kapasitesine sahip olan tüm üniversitelerde dijital imkânlar ile uzaktan eğitim sürecinin başlanacağını” belirtilmesi, tüm Üniversitelerde olduğu gibi İstanbul Üniversitesinde de oldukça dinamik bir çalışma sürecini başlatmıştır. Bu bağlamda ilk olarak AUZEF koordinatörlüğünde bir hafta gibi çok kısa bir süre içerisinde tüm eğitim düzeylerindeki örgün öğrencilerin hizmetine sunmak üzere öz kaynaklarla bir öğrenme yönetim sistemi tasarlanmıştır. Gerçekten de benzerine az rastlanan bir süreç yönetimi içerisinde tamamlanan ve İstanbul Üniversitesi Öğrenme Yönetim Sistemi (İÜÖYS) adı verilen bu sistem, öğrencilerle öğretim elemanlarını bir araya getiren yetenekli bir ara yüz olarak kurgulanmıştır.

İÜÖYS üzerindeki teknolojik ar-ge çalışmaları ve geliştirmeler her gün artarak devam ederken bir yandan da 19 Mart 2020 tarihinde uzaktan eğitimden sorumlu rektör yardımcısının başkanlığında yapılan ve AUZEF yöneticileri ile bilişim personelinin de hazır bulunduğu önemli bir toplantı düzenlenmiştir. Bu toplantıya, üniversitedeki tüm akademik birimlerin yöneticileri davet edilmiş ve örgün öğretimlerin uzaktan eğitim yöntemleriyle yapılmasında uygulanacak olan temel stratejilerin neler olduğu hakkında detaylı bilgi verilmiş ayrıca 2019-2020 eğitim öğretim yılı bahar yarısında her bir diploma programından sorumlu olacak “uzaktan eğitim koordinatörleri”nin tespit edilip bildirilmesi istenmiştir. İki gün gibi kısa bir süre içerisinde tüm diploma programlarının koordinatörleri tespit edilmiş ve hiç vakit kaybetmeden kendilerine İÜÖYS’nin kullanımı ile ilgili hizmet içi eğitim verilmiştir. Her ne kadar her bir diploma programından sorumlu uzaktan eğitim koordinatörü tespit edilmiş olsa da, ilk defa tecrübe edilecek böyle zorlu bir süreçte AUZEF’in teknik donanım açısından nitelikli personeline de ihtiyaç duyulacağı düşünülmüştür. Buna göre akademik ve idari işleyiş açısından benzerlik taşıyan programların koordinatörleri kendi içerisinde sınıflandırılarak bir araya getirilmiş ve her bir grup için de en az iki AUZEF teknik sorumlusu her an

kendilerine destek verebilecek şekilde yeni bir iletişim modeli kurgulanmıştır. Programlarda ders veren öğretim elemanlarının anlık karşılaşılabileceği sorunların çözümünde zorluk yaşayan tüm koordinatörler hızlı bir şekilde AUZEF personeli ile irtibata geçebilmiş ve zaman kaybetmeden oluşabilecek sorunlar çözülmüştür.

İÜÖYS, genel olarak akıllı bir kurgu ile tasarlanmıştır. Bu kurgunun en önemli özelliği hem senkron hem de asenkron eğitim modüllerine rahatlıkla cevap verilemesinde yatmaktadır. Buna göre asenkron modül yeteneği ile 23 Mart 2020 itibarıyla tüm düzeylerdeki öğrencilerin hizmetine sunmak üzere sekiz farklı içerikten oluşan eğitim materyalleri yüklenmeye başlanmıştır. Bu içerikler; “ders kitabı, ders notu, ders sunumu, ders videosu, ders kitabı linki, ders notu linki, ders sunumu linki ve ders videosu linki”nden oluşmuştur. Öğretim elemanları, bahar yarıyılında yürüttükleri her bir ders için yukarıda ifade edilen bu eğitim materyallerinden en az birini öğrencinin istifadesine sunmaya başlamıştır. Bu süreç başladığında bahar yarıyılına bitimine sekiz haftalık bir eğitim öğretim dönemi var idi. Dolayısıyla öğretim elemanları bu sekiz eğitim haftasının her biri için materyallerini yüklemeye başlamıştır. Çok kısa bir süre içerisinde oldukça büyük bir eğitim materyali arşivi oluşmuş ve nihayetinde eğitim öğretim döneminin son haftasında bu sayı 71.077 adet materyale ulaşmıştır. Burada yüklenen materyallerin sadece nicelik değil nitelik açısından da bu kısa bir süre içerisinde ulaşılacak en yüksek seviyeye çıktığını söylemek yanlış olmayacaktır. Tabi ki bu başarının sağlanmasında akademik birimlerin üst düzey yöneticilerinin ve uzaktan eğitim koordinatörlerinin katkısı yadsınamayacak düzeyde olmuştur. Koordinatörler, yükleme yapacak olan tüm öğretim elemanları ile yakın temas kurmuş ve nitelik artışında önemli bir fayda sağlamıştır.

Tablo 1

Akademik Birim Ayrımıyla İÜÖYS'ye Sekiz İçerik Türünde Yüklenen Öğretim Materyalleri

Akademik Birim	D. Notu	D. Sunumu	D. Videosu	D. Kitabı	D. Notu Linki	D. Sunumu Linki	D. Videosu Linki	D. Kitabı Linki	D. Notu Linki	Toplam İçerik
Edebiyat Fakültesi	7994	1946	124	551	412	88	555	95	261	12026
İstanbul Tıp Fakültesi	3494	5416	195	60	4	34	95	0	4	9302
Fen Fakültesi	3309	1346	156	110	70	17	200	27	62	5297
İktisat Fakültesi	2882	2261	51	251	164	52	720	68	25	6474
İlahiyat Fakültesi	1455	725	65	195	72	76	338	89	20	3035
İşletme Fakültesi	1223	389	6	61	99	4	85	90	26	1983
Diş Hekimliği Fakültesi	782	294	105	11	4	22	98	2	0	1318
Siyasal Bilgiler Fakültesi	734	471	22	165	81	23	261	23	21	1801
Hukuk Fakültesi	710	706	18	260	66	11	65	6	2	1844
Eczacılık Fakültesi	635	188	2	15	2	0	4	0	4	850
İletişim Fakültesi	448	463	5	73	25	4	60	13	16	1107
Su Bilimleri Fakültesi	293	210	17	29	11	0	14	2	0	576
Ulaştırma ve Lojistik Fakültesi	201	165	0	11	25	0	7	4	2	415

Mimarlık Fakültesi	85	0	2	4	0	0	3	0	2	96
Devlet Konservatuvarı	1457	80	12	99	37	2	181	7	102	1977
Yabancı Diller Y. O.	1068	261	31	56	222	9	20	43	5	1715
Adalet Meslek Yüksek- kokulu	158	100	2	5	2	0	74	2	0	343
Sosyal Bil. Enstitüsü	7953	2668	32	917	576	107	388	273	263	13177
Fen Bil. Enstitüsü	1359	605	28	125	34	10	38	25	23	2247
Sağlık Bil. Enstitüsü	1354	1241	12	90	22	0	28	39	7	2793
İşletme İkt. Enstitüsü	1042	422	5	47	118	6	96	51	5	1792
Atatürk İlk. ve İnk. Tar. Ens.	281	33	8	40	8	0	4	6	31	411
Deniz Bil. ve İşl. Enstitüsü	221	71	0	61	9	9	0	2	9	382
Havacılık Psik. Araşt. Enstitüsü	86	18	0	8	2	0	0	0	2	116
Toplam İçerik	39224	20079	898	3244	2065	474	3334	867	892	71.077

İÜÖYS'nin senkron modülü ise 6 Nisan 2020 itibarıyla başlamıştır. Bahar yarıyılında tüm öğretim düzeylerinde yer alan derslerin tamamının sistem kapsamına alındığı bu modülde, öğrencilere önceden duyurulan bir ders programı takvimi dâhilinde akademik birimlerin tespit ettiği gün ve saatte canlı dersler yapılmaya başlanmıştır. Buna göre örneği çok da görülmedik bir şekilde bahar yarıyılında yer alan toplam 8.365 adet dersin tamamen uygulamaya dayalı olanlar haricinde kalan 8.231'i uzaktan eğitim kapsamına alınmıştır. Bu 8.231 adet dersin 7.319'una eğitim materyali yüklenmiş ve 7.238 tanesi için düzenli canlı ders yapılmıştır. Yani bunun anlamı İstanbul Üniversitesi, her bir eğitim haftasında 7.238 derste 2.700'ün üzerinde öğretim elemanı ile 50.000 civarında öğrencisini canlı ders kapsamında bir araya getirmiştir. Yapılan bu canlı dersler esnasında önemli sayılabilecek tek bir sorun dahi yaşanmamıştır. Tabii bu durumun oluşumunda daha önce de ifade edildiği gibi AUZEF tecrübesinin çok büyük bir payı bulunmaktadır.

Tablo 2

Bahar Yarıyılı Uzaktan Eğitim Çalışmalarının Genel Görünümü

Eğitim Düzeyi	Bahar Yarıyılındaki Toplam Ders Sayısı	Uzaktan Eğitim Kapsamına Alınan Ders Sayısı	Eğitim İçeriği Yüklenen Ders Sayısı	Canlı Ders Kapsamına Alınan Ders Sayısı
Ön Lisans	43	42	42	42
Lisans	5.764	5631	4858	4696
Yüksek Lisans	1610	1610	1517	1578
Doktora	948	948	902	922
TOPLAM	8365	8231	7.319	7.238

Bütün bu çalışmalar gerçekleştirilirken üzerinde önemli durulması gereken konulardan biri de tabii sürecin işleyişinin kolaylaştırılması adına öğretim elemanları ve öğrenciler için “uzaktan eğitim sistemlerinin kullanımına ilişkin kılavuzlarının ve açıklayıcı videoların” oluşturulması olmuştur. İstanbul Üniversitesinde, her bir yeni modülün kullanımı öncesinde öğretim elemanlarına ve öğrencilere Türkçe ve İngilizce

olmak üzere iki ayrı dilde kullanım kılavuzları ve videolar hazırlanmıştır. Hazırlanan bu kılavuz ve videolar, Üniversitenin ana sayfası ve sosyal medya kanalları (Twitter, Youtube, Facebook ve Instagram) üzerinden duyurulduğu gibi ayrıca her bir öğretim elemanı ve öğrenciye cep telefonu üzerinden SMS yoluyla ve elektronik posta aracılığıyla gönderilmiştir. Örneğin 6 Nisan 2020 tarihinde başlayacak olan senkron dersler için 3 Nisan 2020 tarihinde “İstanbul Üniversitesi Canlı Ders Sistemi Kullanım Kılavuzu” yayınlanmış ve öğretim elemanları ve öğrencilere yukarıda ifade edilen yöntemlerle gönderilmiştir. Ayrıca öğrenciler tarafından sıkça sorulan sorular, video yayınları ile yanıtlanmış, akademik birimlerin uzaktan eğitim koordinatörleri ve AUZEF teknik destek ekibi, sürecin sorunsuz ve aksamadan ilerleyebilmesi için arzu edildiği an çevrim içi destek vermiş ve gerektiğinde çevrim içi eğitimler düzenlemiştir.

Örgün öğretimlerin uzaktan eğitim yöntemleriyle sürdürülmesine yönelik süreç oldukça dinamik bir yapı arz ettiğinden ötürü bilgi akışındaki süreklilik ve şeffaflık ilkesinden asla taviz verilmemiştir. Yukarıda ifade edilen İÜÖYS'nin kullanımına ilişkin kılavuz ve videoların haricinde öğrencilerle iletişimin kopmaması ve anlık sorunlarına yanıt verilebilmesi adına İstanbul Üniversitesi Akademik Kayıt Sistemi (AKSİS) üzerinden düzenli olarak talepler alınmış ve anında yanıtlanmaya çalışılmıştır.

İstanbul Üniversitesi bu zaman zarfı içerisinde öğretim elemanları ve öğrencilerinden sürekli olarak geribildirim almaya devam etmiştir. Bu çerçevede biri uzaktan eğitime geçildikten hemen bir ay sonra (Nisan), diğeri ise bahar yarıyılıının tamamlanmasının hemen ardından (Ağustos) iki ayrı anket yapılmış ve sonuçlarını yayınlamıştır. Buna göre birinci ankette öğrencilere ve öğretim elemanlarına daha çok sistemin kullanımına yönelik sorular oluşturulmuştur. Bunun sebebi, henüz bir aylık zaman diliminde uzaktan eğitimin pedagojik yapısına yönelik sorulara verilecek cevapların bilimsel açıdan doğru sonucu vermeyeceği yönünde oluşan kanaatten kaynaklanmıştır. Sistemin kullanımına yönelik yapılan anketin sonuçlarına göre çok kısa bir sürede ve hızlı bir şekilde uzaktan eğitim yöntemlerine geçiş yapılmış olmasına rağmen öğrencilerin genel olarak sistemden memnun kaldıkları görülmüştür. Sistemin işleyişine ilişkin genel bilgilendirmelerin ve duyuruların eksiksiz ve doğru zamanlarda yapılmış olması, İÜÖYS'nin erişim, yetenek ve hareket kabiliyeti açısından kullanıcı dostu bir arayüze sahip olması, öğrencilerin kendilerine yüklenen materyallere kolaylıkla erişim sağlayabilmeleri, canlı ders sisteminin işleyişinin ve takibinin kolay olması gibi pek çok faktör genel memnuniyetin oluşmasında önemli birer faktör olarak ortaya çıkmıştır. Öğrencilerin tüm bu süreçler içerisinde tam olarak memnun kalmadıkları unsurun çözüm destek kısmında meydana geldiği görülmüştür. Her ne kadar İstanbul Üniversitenin ana portalı olan AKSİS üzerinden talep toplanmış ve cevaplanmış olsa da bu anlamda daha fazla geliştirme yapılması gerekliliği ortaya çıkmıştır.

Tablo 3
Nisan 2020 Uzaktan Eğitim Değerlendirme Anketi Sonuçları (Öğrenci)

Ölçülen Süreç	Anket İfadeleri	Genel Memnuniyet Oranları	Genel Ortalama
Genel Bilgilendirme ve Duyurular	1 Uzaktan eğitim süreci hakkında zamanında bilgilendirildim.	%79,2	%76
	2 Uzaktan eğitim süreci ile ilgili yapılan bilgilendirmeler yeterliydi.	%73,4	
	3 Uzaktan eğitim sistemi ile ilgili yayımlanan bilgilendirme videoları ihtiyaçlarımı karşıladı.	%73,8	
	4 Uzaktan eğitim kılavuzu ihtiyaçlarımı karşıladı.	%75,5	
	5 Bilgilendirmeler ışığında sistemi kolaylıkla öğrendim.	%77,2	
Sistemlere Erişim	6 Öğrenme Yönetim Sistemi'ne (ÖYS) rahatlıkla erişim sağladım.	%75,9	%73
	7 Canlı Ders Sistemine (Adobe Connect) rahatlıkla erişim sağladım.	%71,0	
ÖYS Sistem Kullanımı	8 Öğrenme Yönetim Sisteminde (ÖYS) kolaylıkla ders materyallerini görüntüledim.	%74,1	%73
	9 Öğrenme Yönetim Sistemi (ÖYS) kullanıcı dostu bir arayüze sahiptir.	%72,8	
Canlı Ders Sistemi (Adobe Connect)	10 Canlı Ders Sistemini (Adobe Connect) rahatlıkla kullanabildim.	%70,7	%69
	11 Canlı Ders Sisteminde (Adobe Connect) sunum ve materyalleri sorunsuz olarak takip edebildim.	%67,2	
	12 Canlı Ders Sisteminde (Adobe Connect) derse katılım unsurlarının işlerliğini gözlemledim.	%70,3	
	13 Canlı Ders Sisteminde (Adobe Connect) dersleri etkin biçimde takip edebildim.	%67,3	
Çözüm Destek	14 Sistemlerle ilgili sorun yaşadığımda kolaylıkla çözüme yönelik destek alabildim.	%61,9	%62
Genel Değerlendirme	15 Uzaktan eğitim sürecinin koordinasyonunun başarı ile yürütüldüğünü düşünüyorum.	%66,2	%66
GENEL ORTALAMA		%72	

Nisan 2020 tarihli anket soruları, bahar yarıyılında ders veren öğretim elemanlarına da sorulmuştur. Verilen yanıtlar çerçevesinde genel bir değerlendirme yapılmak istenirse öğretim elemanlarının memnuniyet düzeyinin öğrencilerden de yüksek olduğu görülmektedir. Buna göre bahar yarıyılındaki uzaktan eğitim sürecince öğretim elemanları gerek genel bilgilendirme ve duyurulardan gerek sistemlere erişim ve kullanım kolaylığından gerekse de canlı ders sistemi ve çözüm hizmetlerinden çok yüksek bir düzeyde memnun kaldıklarını belirtmişlerdir. Bu sonuç, pek tabii ki farklı bakış açılarıyla değerlendirilebilir. Bunlardan biri, İstanbul Üniversitesi gibi büyük bir yapının bu kadar kısa bir süre içerisinde bilişim teknolojileri açısından hazır hâle gelmesidir. İlk etapta kafalarında “acaba sistem alt yapısı bu kadar çok öğrenciyi kaldırır mı, canlı ders ekranı donar mı? vb.” pek çok soru taşıyan öğretim elemanları bu ve benzeri sorunlarla karşılaşmadıkları ya da asgari düzeyde karşılaştıkları için büyük bir memnuniyet içerisinde girmişlerdir. Yine özellikle diploma programlarının

uzaktan eğitim koordinatörlerinin ve onların bağlı olduğu AUZEF teknik destek personelinin üst düzey gayretleri ve neredeyse kendilerine her ulaşıldığında sorunların hızlı bir şekilde çözüme kavuşturulmuş olması da bu memnuniyetin ana omurgalarından birini teşkil etmiştir. İÜÖYS'nin öğretim elemanlarının kullanımı açısından kolay bir ara yüze sahip olması ve sekiz farklı içerik türünün de öğretim materyali olarak yüklenebiliyor olması da bir başka memnuniyet etkeni olarak görülmektedir. Öğretim elemanlarının bu zaman zarfı içerisinde en az memnun kaldıkları durumun öğrenciye sesli yanıt için söz hakkı vermek olduğu tespit edilmiştir. Her ne kadar kullanılan canlı ders sisteminde (Adobe Connect) öğrenciye sesli yanıt için söz hakkı verme fonksiyonu bulunuyor olsa da dönem boyunca bu unsurun çok verimli çalışmadığı görülmüş ve gerekli olan düzeltme faaliyetleri başlamıştır.

Tablo 4
Nisan 2020 Uzaktan Eğitim Değerlendirme Anketi Sonuçları (Öğretim Elemanı)

Ölçülen Süreç	Anket İfadeleri	Genel Memnuniyet Oranları	Genel Ortalama
Genel Bilgilendirme ve Duyurular	1 Uzaktan eğitim süreci hakkında zamanında bilgilendirildim.	%94,9	%92,9
	2 Uzaktan eğitim süreci ile ilgili yapılan bilgilendirmeler yeterliydi.	%92,3	
	3 Uzaktan eğitim sistemi ile ilgili yayınlanan bilgilendirme videoları yeterliydi.	%93,2	
	4 Uzaktan eğitim kılavuzu ihtiyaçlarımı karşıladı.	%92,7	
	5 Bilgilendirmeler ışığında sistemi kolaylıkla öğrendim.	%91,1	
Sistemlere Erişim	6 Öğrenme Yönetim Sistemi'ne (ÖYS) rahatlıkla erişim sağladım.	%91,6	%89,6
	7 Canlı Ders Sistemine (Adobe Connect) rahatlıkla erişim sağladım.	%87,6	
ÖYS Sistem Kullanımı	8 Öğrenme Yönetim Sistemimde (ÖYS) kolaylıkla materyal yükleyebildim.	%87,4	%87,9
	9 Öğrenme Yönetim Sistemi (ÖYS) kullanıcı dostu bir arayüze sahiptir.	%88,5	
Canlı Ders Sistemi (Adobe Connect)	10 Canlı Ders Sistemini (Adobe Connect) rahatlıkla kullanabildim.	%85,1	%81,3
	11 Canlı Ders Sistemimde (Adobe Connect) sunum ve materyalleri rahatlıkla paylaştım.	%84,2	
	12 Canlı Ders Sistemimde (Adobe Connect) öğrenciye sesli yanıt için söz hakkını rahatlıkla verebildim.	%71,9	
	13 Canlı Ders Sistemimde (Adobe Connect) dersleri etkin biçimde yürütebildim.	%84,2	
Çözüm Destek	14 Sistemlerle ilgili sorun yaşadığımda kolaylıkla teknik destek alabildim.	%85,7	%85,7
Genel Değerlendirme	15 Uzaktan eğitim sürecinin koordinasyonunun başarı ile yürütüldüğünü düşünüyorum.	%89,3	%89,3
GENEL ORTALAMA		%88	

İstanbul Üniversitesi 2019-2020 eğitim öğretim yılı bahar yarıyılında yapılan en önemli anketlerden biri, dönem tamamlandıktan sonra öğrencilere yapılmış olan

ankettir. Yukarıda da ifade edildiği gibi bu anketin iki açıdan büyük bir önemi bulunmaktadır. Bunlardan birincisi, Ağustos ayına gelindiğinde öğrenciler artık uzaktan eğitim süreçleri hakkında daha tecrübeli ve bilgi sahibi olmuşlardır. İkincisi ise, bu anketteki sorular sadece sistemin işleyişini değil uzaktan eğitimin tüm yönlerini kapsamıştır. Bu bağlamda anket; *dersler, İÜÖYS ve canlı ders sistemi, ölçme ve değerlendirme, öğretim materyali ve genel değerlendirme* boyutlarından oluşmuştur.

Ankete verilen yanıtlar değerlendirildiğinde, İÜÖYS'nin ve canlı ders sisteminin öğrenciler tarafından yine büyük oranda beğenildiği görülmüştür. Bu çerçevede İÜÖYS'nin kullanılabilirliği, öğretim materyallerinin kolaylıkla görüntülenebilmesi, canlı ders sisteminden derslerin aktif bir şekilde takip edilebilmesi ve genel olarak uzaktan eğitime ilişkin bilişim uygulamalarının yeterli bulunması konularında büyük bir memnuniyet sağlanmıştır. Sistemden duyulan memnuniyet kadar olmasa da genel olarak tatminkâr kalındığı anlaşılan diğer bir boyut da öğretim materyali boyutudur. Buna göre öğretim materyallerinin nitelik düzeyi, çeşitliliği, canlı ders anlatımlarının kalitesi öğrenciler tarafından yeterli bulunmuştur.

Çok olumsuz bir tablo görülmemekle birlikte görece daha düşük memnuniyet düzeylerinin olduğu boyutlara bakıldığında öncelikle derslerin işlenişinin tam olarak yeterli bulunmadığına ilişkin bir bakış açısının ortaya çıktığını söylemekte fayda görülmektedir. Bu bağlamda özellikle derslerin takip etme açısından ilgi çekiciliği ve dersler için tanınan sürenin yeterliliği konularında yetersizliklerin olduğu anlaşılmıştır. İstanbul Üniversitesi, derslerin işlenişinin cazibesini ve niteliğini artırmak için makalenin ilerleyen kısımlarında detaylı bir şekilde anlatılacak olan hizmet içi eğitim faaliyetlerini gerçekleştirmiştir.

Bir diğer önemli boyut olan ölçme ve değerlendirme kısmında ise bazı hususlarda daha yüksek bazılarında ise daha düşük memnuniyet düzeylerinin bulunduğu anlaşılmıştır. Buna göre öğrenciler açık uçlu sınav kâğıtlarının yüklenmesinde önemli sayılabilecek bir sorun yaşamadıklarını, ödev ve projeler için kendilerine tanınan sürenin yeterli olduğunu ifade etmişlerdir. Bununla birlikte açık uçlu sınavlar için verilen sürenin yeterliliği ve sınavların canlı derslerde aktarılan bilgileri ölçecek şekilde hazırlanmış olması konularına tereddütlü bir şekilde yaklaşmış oldukları göze çarpmıştır.

Tablo 5
Ağustos 2020 Uzaktan Eğitim Değerlendirme Anketi Sonuçları (Öğrenci)

Öçülen Süreç	Anket İfadeleri	Memnuniyet Oranları	Genel Ortalama
1. Dersler	1 Uzaktan eğitim sürecinde derslerin işlenişi tüm yönleri ile iyi organize edilmişti.	%65	%62
	2 Dersler, takip etme açısından ilgi çekiciydi.	%60	
	3 Dersler, açık ve anlaşılır bir biçimde işlendi.	%68	
	4 Dersler için tanınan süre yeterliydi.	%60	
	5 Genel olarak uzaktan eğitimle işlenen derslerin faydalı olduğunu düşünüyorum.	%59	
2. İstanbul Üniversitesi Öğrenme Yönetim Sistemi (İÜÖYS) ve Canlı Ders Sistemi	6 İÜÖYS'yi kullanışlı ve yeterli buldum.	%72	%73
	7 İÜÖYS'de öğretim materyallerini kolaylıkla görüntüledim.	%80	
	8 Canlı Ders Sisteminden (Adobe Connect) dersleri etkin biçimde takip edebildim.	%73	
	9 İÜÖYS'ye erişimde herhangi bir sorunla karşılaşmadım.	%73	
	10 Genel olarak uzaktan eğitime ilişkin bilişim uygulamalarını yeterli buldum.	%67	
3. Ölçme ve Değerlendirme	11 Ödev ve/veya proje biçiminde gerçekleşen çevrimiçi sınavlar derslerde aktarılan bilgileri ölçecek biçimde hazırlanmıştı.	%66	%66
	12 Açık uçlu soru biçiminde gerçekleşen çevrimiçi sınavlar derslerde aktarılan bilgileri ölçecek biçimde hazırlanmıştı.	%64	
	13 Açık uçlu sınav kağıdının yüklenmesinde herhangi bir sorunla karşılaşmadım.	%73	
	14 Ödev ve projelerin tamamlanması için verilen süre yeterliydi.	%71	
	15 Açık uçlu sınavlar için verilen süre yeterliydi.	%59	
	16 Genel olarak uzaktan eğitim sürecinde uygulanan ölçme ve değerlendirme araçlarından memnun kaldım.	%63	

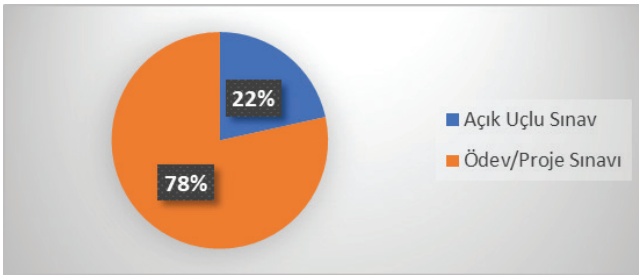
Tablo 5
Devamı

4. Eğitim Materyali	17	Öğretim materyallerinin nitelik düzeyinden (kullanılan dil, akıcılık, akademik yeterlilik) genel olarak memnun kaldım.	%70
	18	Ders sunumlarının nitelik düzeyinden (görsel zenginlik, metinsel sadelik) genel olarak memnun kaldım.	%67
	19	Canlı ders anlatımlarının nitelik düzeyinden (anlatım akıcılığı, sürükleyicilik, zamanın iyi kullanılması) genel olarak memnun kaldım.	%65
	20	Ders öğretim elemanlarının canlı derslerini yaptıkları fiziksel ortamı uygun buldum.	%76
	21	Paylaşılan eğitim materyalleri çeşitlilik bakımından yeterliydi.	%66
5. Genel Değerlendirme	22	Genel olarak uygulanan uzaktan eğitim sürecini başarılı buldum.	%62
GENEL ORTALAMA			%70

Bütün bu analizler, İstanbul Üniversitesinin 2020-2021 eğitim öğretim yılında daha nitelikli bir dijital eğitim sunması açısından büyük önem arz etmektedir. Öğrencilerin görece düşük memnuniyet duydukları konuların daha nitelikli bir hâle getirilmesi için önemli bir referans kaynak olarak görülmesinin yanında önemli bir kurumsal aidiyet aşıladığını söylemek de mümkündür.

Örgün öğretimlerin uzaktan eğitim yöntemleriyle sürdürülmesinde önemli konulardan biri şüphesiz ki ölçme değerlendirme süreçleri olmuştur. Fakültelerin birbirinden farklı yapısal özellikleri bulunuyor olsa da İstanbul Üniversitesi genel olarak sınav sürecini başarılı bir şekilde atlatmıştır. Buna göre yarıyıl/yıl içi etkinlikleri (ara sınav/vize), yarıyıl/yılsonu bitirme sınavları (final ve telafi) ve eğitimde fırsat eşitliği çerçevesinde yaşanabilecek olası teknik sorunların yaratacağı tahribatı en aza indirgeyebilmek için alınan önemli bir karar olan yarıyıl/yıl sonu bitirme-telafi sınavlarında teknik açıdan hatasızca yakın, pedagojik açıdan ise oldukça iyi bir performans sergilenmiştir. İlk olarak yarıyıl/yıl içi etkinliklerinin değerlendirmesinde ödev, proje ve kısmi ve zorunlu hâller için de açık uçlu sınav yapılması kararı alınmış ve hiç vakit kaybetmeden tarih aralıkları öğrencilere tüm iletişim kanallarından duyurulmuştur. 24 Nisan-5 Mayıs 2020 tarihleri arasında öğretim elemanları, dersleri ile ilgili olarak ödev ve proje konularını İÜÖYS'ye yüklemiş ve öğrencilere ödev/projelerini tamamlamaları için yaklaşık bir aylık (5 Haziran'a kadar) süre verilmiştir.

Yarıyıl/yılsonu bitirme sınavları ve yukarıda da ifade edildiği gibi bu sınavlarda yaşanabilecek bazı teknik sorunların telafisi için konulan yarıyıl/yılsonu bitirme-telafi sınavlarında ara sınava oranla daha yüksek sayıda açık uçlu sınav yapma imkânı sunulmuştur. Bu bağlamda bitirme sınavlarında bir taraftan öğretim elemanlarının ödev/proje konularını sisteme yüklemeleri için 25 Mayıs-1 Haziran 2020 tarihleri belirlenirken öte yandan da öğrencilerin ödev/projelerini teslim etmeleri için 3 Temmuz'a kadar süre tanınmıştır. Bununla birlikte açık uçlu sınav yöntemini tercih eden öğretim elemanları ve öğrenciler için sistem hazır hâle getirilmiş ve 22.06.2020-03.07.2020 tarihleri arasında akademik birimler tarafından öğrencilere duyurulan gün ve saatlerde sınavlar gerçekleştirilmiştir.



Grafik 5. İstanbul Üniversitesi Bitirme Sınavlarında Gerçekleştirilen Sınav Türleri.

Bitirme sınavlarına gerçekleştirilen sınav türleri açısından yaklaşıldığında sınavların büyük kısmının yine ödev/proje şeklinde gerçekleştiğini ancak önemli sayıda açık uçlu sınavın da yapıldığı görülmektedir. Buna göre toplam 7152 adet sınavın 5612'si ödev/proje; 1540'ı da açık uçlu olarak yapılmıştır. Aynı tablonun bitirme-telafi sınavı için de geçerli olduğunu söylemek mümkündür. Burada üzerinde önemli durulması gereken bir husus, açık uçlu bitirme sınavlarına katılan öğrenci sayısının oldukça yüksek olmasıdır. Buna göre toplamda 100.000 kullanıcının katılması gereken açık uçlu sınavlara 85.907 kullanıcı dâhil olmuştur. Bu da oran olarak %85,1'e tekabül etmektedir. Bitirme-telafi sınav talebinde bulunan öğrenci sayısı ise tekil 2.840 olmuştur. Bütün bu veriler tek bir potada eritildiğinde İstanbul Üniversitesinin en azından teknik açıdan çok başarılı bir sınav süreci geçirmiş olduğu rahatlıkla söylenebilir.

Bir önceki başlıkta değinildiği üzere YÖK'ün 4 Haziran 2020 tarihinde almış olduğu karar ve yapmış olduğu mevzuat değişikliği gereğince küresel salgın sürecinden bağımsız olarak Türkiye'de üniversiteler örgün eğitimlerinin %40'ına kadar olan kısmın uzaktan eğitim yöntemleriyle sürdürebilme imkânına kavuşmuşlardır. Bu kararın hemen akabinde İstanbul Üniversitesi Senatosu, küresel salgın sürecinin ilerleyişi ne olursa olsun 2020-2021 eğitim öğretim yılı güz yarıyılı ön lisans ve lisans programlarının (Tıp, Diş Hekimliği ve Eczacılık fakültelerindeki programlarda %10-20 arası olabilir) toplam AKTS'sinin en az %20'si olmak üzere %40'ına kadar olan kısmının uzaktan eğitim yöntemleriyle yapılacağı kararını almıştır. Bu durum, İstanbul Üniversitesinin önümüzdeki yıllara ilişkin eğitim öğretim yöntemlerine ilişkin vizyonu hakkında da önemli bir referans olarak gösterilebilir.

Uzaktan eğitim sürecine ilişkin İstanbul Üniversitesi AUZEF ve Bilgi İşlem Daire Başkanlığı koordinatörlüğünde bir taraftan sistemsel iyileştirmeler öte yandan da dijital eğitim ve uzaktan öğretim faaliyetlerinin niteliğinin artırılmasına yönelik çalışmalar devam etmektedir. Bunların belki de en önemlisi “Planlamadan Değerlendirmeye Uzaktan Eğitim: Öğrenme ve Öğretme Süreci” başlığı ile yapılan ve üç gün (26-28 Ağustos 2020) boyu süren çevrim içi eğitim olmuştur. Bu çevrim içi eğitimin omurgasını oluşturan “aynı adlı” bir kılavuz kitap hazırlanmıştır. Eğitim kitabı ve videosu ile eğitimde kullanılan sunumların tamamı hiç vakit kaybetmeden üniversitedeki tüm öğretim elemanlarına SMS ve kurumsal eposta adresleri üzerinden gönderilmiştir. Bu önemli faaliyet, uzaktan eğitim koordinatörlerine yönelik olmuş ve kendilerinden de almış oldukları bu eğitimin bir benzerini diploma programlarındaki öğretim elemanlarına vermeleri istenmiştir.

Eğitim ve bu eğitimin kökünü temsil eden kılavuz kitap, dört ana bölümden oluşturulmuştur. Bunlar, dijitalleşme ve dijitalleşmenin eğitimdeki görünen yüzü olan uzaktan eğitimin mevcut durumunun ve geleceğinin ayrıntılandırıldığı “Eğitimde Dijitalleşme”; daha nitelikli bir uzaktan eğitim sürecinin ve öğretim materyali

tasarlayabilmenin planlamadan değerlendirmeye kadar sunulduğu “Uzaktan Eğitimde Planlama, Öğretim Materyali Tasarımı ve Değerlendirme”; öğrenciyi eğitime bağlayacak içerikte ve görsellikte sunumun hazırlanmasını ve bunun ekran karşısında etkili bir şekilde aktarımını detaylandıran “Çevrim İçi Derslerde Nitelikli Sunum Hazırlama ve Etkili İletişim” ve ölçme değerlendirme sürecinde kullanılan objektif ve sübjektif testler ile alternatif araçların tüm yönleriyle anlatıldığı “Eğitimde Ölçme ve Değerlendirme Kriterlerine Uygun Sınav Hazırlama” başlıklarıdır. Eğitim tamamlanmasının hemen ardından üniversitenin tüm programlarında önemli bir planlama sürecine başlandığı ve öğretim elemanlarının kendilerini yeni eğitim öğretim yılına daha güçlü bir şekilde hazırladığı görülmüştür.

Son olarak 08.09.2020 tarihli İstanbul Üniversitesi Senatosunun 2020-2021 eğitim öğretim yılı güz yarıyılı için almış olduğu karara göz atmakta fayda görülmektedir. Buna göre bir taraftan küresel salgın ve bulaş riskinin öte yandan da bulaşın en aza indirilmesine yönelik faaliyetlerin önemli oranda arttığı bir dönemde ulusal ve uluslararası öğrencilerinin sayısı, hareketliliği, yurt ve barınma olanakları, kent içi ve dışı ulaşım faaliyetleri gibi etkenler göz önünde bulundurularak Tıp, Dış Hekimliği ve Eczacılık Fakülteleri ile Devlet Konservatuvarının pratik ve klinik uygulama derslerinin haricinde kalan tüm ön lisans ve lisans derslerinin dijital imkanlarla ve uzaktan eğitim yöntemleriyle yapılmasına karar verilmiştir. Lisansüstü eğitimde ise küresel salgın kapsamında gerekli önlemlerin alınabilmesi durumuna göre yüz yüze eğitimle sürdürülebilmesine olanak tanınmıştır.

Sonuç Yerine

KOVID-19 küresel salgını, pek çok düşünür ve yazar tarafından “dünyada hiçbir şeyin bir daha eskisi gibi olmayacağı” yeni bir ekosistemin tasarlayıcı etkeni olarak gösterilmektedir. Buna göre toplumsal sistem ve onun alt boyutlarının tamamı önemli değişikliklere konu olmaya devam edecektir. Sosyal yaşamdan sağlığa, ekonomiden siyasete, aileden sivil toplum ilişkilerine, kentleşme tarzlarından çalışma hayatına kadar toplumsal dinamiklerin tamamı küresel salgın sürecinden derin bir şekilde etkilenmiş ve her biri için bazı “yeni normaller” oluşmaya başlamıştır. Bütün bu dinamiklere ilişkin tutumlar, davranış tarzları ve beklentiler günden güne farklılaşmaya başlamıştır.

Küresel salgının yapısal anlamda değiştiren dönüştürdüğü ve yine bazılarına göre geliştirdiği dinamiklerden biri de şüphesiz ki “eğitim” olmuştur. Salgının artış göstermesiyle birlikte yüz yüze gerçekleştirilen her düzeydeki eğitimler dijital olanaklarla ve uzaktan eğitim yöntemleriyle sürdürülür hâle gelmiştir. Tabi bu durum, sadece eğitimin sisteminin yapısı üzerinde değil, sistemin içerisindeki tüm aktörler üzerinde farklı etkiler bırakmıştır. Buna göre öğrenciler ve aileleri, eğitim kurumları, akademik faaliyetlerin yapısı ve eğitimcilerin kendileri bu süreçten önemli oranda

etkilenmiştir. Dolayısıyla belki de etkileri uzun yıllar boyunca devam edecek olan dijital eğitimin ilke ve prensipleri eğitimin genel gidişatı içerisinde çok daha fazla yer tutmaya başlamıştır. Bütün bu sürecin yakın gelecekte değiştirmesi beklenen en önemli gelişim kanallarını; harmanlanmış eğitimin artması, açık ders kaynaklarının nicelik ve nitelik olarak artış göstermesi ve topyekûn dijital eğitim süreçlerinin daha da hız kazanacak olması olarak belirtmek mümkündür.

Tüm ülkelerin eğitim sistemlerinden olduğu gibi Türk eğitim sisteminde de KOVİD-19 küresel salgınının ilerleyişi doğrultusunda çok önemli değişiklikler yaşanmış ve sağlıklı bir eğitim öğretim sisteminin işleyişi için ardi ardına kararlara imza atılmıştır. Bu çalışmada sadece yükseköğretim sistemi analiz edildiğinden dolayı YÖK'ün aldığı kararlara ve yönetim tarzına odaklanılmıştır. Genel olarak değerlendirildiğinde YÖK'ün gelişmeleri yakından takip ettiğini, uzaktan eğitimin mutfak kısmında güçlü dinamikleri bir araya getirdiğini, hızlı ve stratejik karar aldığını ama alınan kararların uygulanmasında genel çerçeveye uymak suretiyle yükseköğretim kurumlarına kendi yetenek ve kapasiteleri doğrultusunda özerk bir inisiyatif alanı tanıdığını söylemek mümkündür. Bu bağlamda çok büyük bir krizin, en hasarla atlatılmasını sağlayacak güç, irade ve uygulama esnekliğini ortaya koyduğunu söylemek yanlış olmayacaktır. Türkiye'deki üniversitelerin bilişim kapasitelerinin ve uzaktan eğitim tecrübelerinin birbirlerinden büyük oranda farklılık arz ettiği gerçeğinden hareketle özellikle "esneklik" bakış açısının ne kadar doğru olduğu ortaya çıkmıştır.

Türkiye'nin ve hatta dünyanın en eski ve köklü üniversitelerinin başında gelen İstanbul Üniversitesi, bu süreci on yıllık bir bilgi birikim ve tecrübe sahibi olan müstakil bir açık ve uzaktan eğitim fakültesine sahip olmanın avantajını da kullanarak oldukça başarılı bir şekilde yönetmiştir. Hem senkron hem de asenkron süreçlerde öğrencilerine oldukça zengin bir dijital öğrenme ortamı sunan İstanbul Üniversitesi, bu alanda Türkiye'deki pek çok yükseköğretim kurumuna bu süreçte örnek olmuştur. İstanbul Üniversitesi, öğretim elemanları ve öğrencilerinden aldığı geribildirimler ve kuvvetli iletişim kanallarıyla kurulan iş birlikleri aracılığıyla bir taraftan sistemdeki aksaklıkları asgari düzeye indirgeyecek önlemleri almaya; öte yandan da 2020-2021 eğitim öğretim yılı güz yarıyılında uzaktan eğitim sürecinin ve dijital eğitim olanaklarının geliştirilip zenginleştirilmesine yönelik çalışmalara ağırlık vererek yoluna devam etmektedir.

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RESEARCH ARTICLE

Horizontal Skills Mismatch in Vocational Education in Turkey: The Reasons for Out-of-Field Employment

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Abstract

As a type of skills mismatch, horizontal skills mismatch (HM) is a particularly important problem for vocational education and training (VET) in Turkey because the majority of VET graduates work in a different field than the one in which they were educated. This study aims to determine the reasons why some VET graduates in Turkey work in fields other than their original field of study. For this purpose, we have employed a sequential mixed-model research design, first conducting face-to-face interviews with 20 VET graduates and then applying a questionnaire to VET graduates that elicited 4,863 responses. The study uses descriptive analysis for the qualitative data from the interviews and an open-ended item from the questionnaire. The qualitative results show the most common reasons for VET graduates' employment out of their field of study to include being unable to find a job in their field of study, low wages, lack of necessary vocational skills, lack of experience, and working conditions. Quantitative results show VET graduates to want to be employed in their field of study and to make significant efforts in finding jobs that match their field. We have concluded HM to be a common problem and all the factors influencing VET graduates' out-of-field employment to be related to a weak relationship between VET and the Turkish labor market.

Keywords: Skill mismatch • Vocational education and training • Employment • Labor market • Field of study

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Education has always played an important role in countries' economic development in addition to providing students with academic and professional skills. According to human capital theory, investment in education creates positive outcomes both at the individual and national levels (Organisation for Economic Co-operation and Development [OECD], 2001). Becker (1994, p. 11) explained this phenomenon as investments in human capital (i.e., schooling, on-the-job training, medical care, immigration, etc.) lead to improved skills, knowledge, or health, and thereby raise money or psychic incomes. At the microeconomic level, investment in education increases individual production, thus enabling individuals to have a higher income. At the macroeconomic level, it increases the country's total production and the potential to develop innovative technologies, thus supporting the country's economic development (OECD, 2014; Vichet, 2018).

The real reflection of the theoretical benefits investing in education has on the economy depends on the collaboration between educational institutions and the labor market. If the skills developed through education have insufficient value in the marketplace, this disconnect leads to limited earnings on both an individual and national scale. Therefore, investment in education provides economic benefits only if a strong education-employment chain is present (Vichet, 2018).

The transition from school to work places a burden on both the education system and the labor market, and their relationship determines the smoothness of this transition. Closely linked educational programs smooth the school-to-work transition (Rözer & Van de Werfhorst, 2020). The strength of the relationship between education and the labor market varies among countries depending on structure of their labor markets and the relationships among institutions, employers, and other stakeholders (DiPrete et al, 2017; Iannelli & Raffe, 2007; Müller & Gangl, 2003; Shavit & Müller, 1998). In this context, Germany has attracted significant attention for years due to its students' smooth transitions into the workforce (Deissinger, 2015) due to its dual vocational education system having an especially strong link with its labor market (Rözer & Van de Werfhorst, 2020). However, recent studies have demonstrated that the strength of the linkage may change within an education system (DiPrete et al., 2017; Muja et al., 2019; Rözer & Bol, 2019; Rözer & Van de Werfhorst, 2020), indicating the granular linkage structure of the system (DiPrete et al., 2017). For example, although Germany has stronger connections among its systems than France, some educational programs in France provide stronger linkage than the equivalent programs in Germany (Rözer & Van de Werfhorst, 2020). Therefore, in order to accurately understand the strength of the connections between these institutions, recognizing that neither vocational nor general educational systems are homogeneous entities is important (Muja et al., 2019).

Vocational and technical education (VET) plays a different role in the transition from school to work when compared to general education. VET is a type of education that aims to provide students with professional and vocational skills, combining theoretical courses with intensive on-the-job and internship training (OECD, 2015). In other words, VET aims to provide students with the necessary academic skills along with their vocational skills (NCVER, 2007). In a successful education system, students can gain the professional skills expected by the labor market and today's rapidly changing social and business conditions (Darling-Hammond, 2006, 2014; Goldin & Katz, 2009). Such dynamic changes, including the widespread use of automation and artificial intelligence technologies, have caused the structure of VET to evolve (Acemođlu & Restrepo, 2018; Ozer, 2020d, 2020e; Ozer & Perc, 2020; Perc et al., 2019). However, the success of a VET system is not related only to the quality of the processes and skills of VET graduates (Ozer & Suna, 2020a). Though they may produce highly skilled graduates, VET systems are considered unproductive when those graduates cannot be employed in their field of study, when no mechanisms to reward in-field employment exist in the labor market, and when education and labor market demands are incompatible (Ozer & Suna, 2020a).

To structure an effective VET system, the vocational and academic skills required by the labor market must first be determined prior to designing educational processes that facilitate the most effective development of these skills (OECD, 2015). Human capital educated through VET following this framework would be compatible with the needs of the labor market. Achieving this match strengthens the connection between these two institutions, thus improving VET graduates' probability of employment and integration into the labor market. With regard to skills match, national employment policies can be developed systematically based on data related to the labor market's needs. Otherwise, VET graduates' ability to take part in the labor market becomes difficult and skills mismatches in employment become widespread as a result (Bender & Roche, 2013; Robst, 2007). This situation decreases the VET system's productivity and creates costs for both employees and employers (Somers et al., 2016).

Skills mismatch is defined as an incompatibility between the skills demanded by the labor market and those of the graduates of the educational system (European Centre for the Development of Vocational Training [CEDEFOP], 2014; International Labour Organization [ILO], 2017). Two related types of mismatches exist between graduates' skills and jobs in the labor market (ILO, 2017; Institute of Labor Economics [IZA], 2019). Vertical skills mismatch occurs when graduates are either over- or under-educated for the jobs required by the labor market (Chevalier & Lindley, 2009; IZA, 2019). Horizontal skills mismatch occurs when the labor market is unable to find employees with the appropriate types of skills for open job positions or when employees have skills that are incompatible with their position descriptions (ILO, 2017; Nordin

et al., 2010; Robst, 2007). Skills mismatch can also be geographical: in this case, the trained or skilled workers who could potentially fill a need in the labor market are located outside of the region where the need exists (CEDEFOP, 2020).

Skills mismatches often occur because educational institutions produce more graduates than can be employed in various vocations; thus, worker supply outpaces the job market's demand. This situation, known as skills surplus, increases competition among graduates in the labor market and forces graduates to work outside of their field of study (CEDEFOP, 2016; Ozer, 2019a). When more graduates must work outside of their field of study, their opportunities to use their skills in the labor market decrease, and the efficiency of individual and national investment in human capital resultingly decreases (Somers et al., 2016). In summary, in the case of skills surplus, the employability of graduates' decreases, thus those graduates who experience difficulty finding employment opportunities in their field of study tend to work in a field not directly related to their field of study.

Another consequence of incompatibility between the labor market and educational sector is the skills gap. Skills gaps form when the educational system does not produce enough workers with the vocational skills required by the labor market (CEDEFOP, 2016; National Centre for Vocational Education Research [NCVER], 2007). In such cases, employers may struggle to produce products and services of the same quality compared to a market where workers with the necessary skills and training are adequately supplied. For employers, providing training to individuals who do not have the skills to do the job successfully is difficult and costly. Therefore, the deterioration of the supply-and-demand balance negatively affects employment in such cases (Bartlett, 2007; Johansen & Gatelli, 2012; Ozer & Perc, 2020).

Studies investigating the effects of skills mismatch have identified the primary issues as graduates' being employed out of their field of study, low job satisfaction, and negative impact on graduates' well-being (Allen & van der Velden, 2001; Büchel, 2002; Quintini, 2011; Quintano et al., 2008; Tsang, 1987). Researchers have contended that the effects of skills mismatch on the national economy are even greater in countries with high youth unemployment (Aytaş, 2014).

In summary, skills mismatch creates a significant imbalance between education and the labor market, complicates the school-to-work transition, and leads to many negative consequences for both graduates and employers. The most common type of skills mismatch in the labor market is the horizontal variety, which as a consequence has graduates working outside of their field of study. Failure to employ workers with vocational skills in positions where they can use these skills effectively is a critical issue at both the individual and national scale. While VET graduates are employed at higher rates than graduates of general education (e.g., colleges and universities), the

main problem with VET in Turkey is that the ratio of VET graduates who are employed in their field of study is quite low (Ministry of National Education [MoNE], 2018; Ozer, 2019a). Therefore, horizontal skills mismatch in the labor market is a common problem for VET graduates in Turkey. Although studies have been conducted on the nature of the link between VET and the labor market in Turkey (Aytaş, 2014; Erikli, 2015; Hatipođlu, 2016; Ozer & Suna, 2020a; Susanli, 2020), little research has occurred on the reasons for VET graduates being employed in an area not directly related to their field of study (i.e., out-of-field employment).

This study investigates horizontal skills mismatch for VET graduates in Turkey, as well as their reasons for out-of-field employment. To gather opinions and reflections from this population, we have developed a questionnaire to collect information about VET graduates' employment status and emailed it to all individuals registered with the Ministry of National Education (MoNE) graduate e-portal. We also conducted face-to-face interviews with 20 VET graduates. The quantitative and qualitative data obtained from the questionnaire and interviews have been analyzed in detail to determine the respondents' reasons for out-of-field employment. This is the first comprehensive data-driven study investigating the reasons for VET graduates' out-of-field employment by examining VET graduates' opinions.

Horizontal Skills Mismatch and Out-of-Field Employment in Turkey

Students in the VET system in Turkey receive education through two channels: vocational and technical Anatolian high schools (VTAH) and vocational training centers (VTC; MoNE, 2018). VTAHs constitute the types of institution where academic education is more dominant, and more than 90% of VET students in Turkey receive their education there (MoNE, 2018; Ozer & Suna, 2019). About 10% of VET students are trained with workplace-based apprenticeship programs at VTCs. The total number of students in both types of VET is almost two million, and these students constitute about 35% of the total number of secondary education students in Turkey (Ozer, 2018, 2019a, 2019b).

Employment numbers for VET high school graduates in Turkey are better than for general high school graduates (Ozer & Suna, 2020a). According to the Turkish Statistical Institute (TurkStat) data, VET graduates' employment percentage is higher than for general high school graduates, and unemployment rates are lower now than they were in the past decade. Table 1 presents labor force statistics for VET graduates over the last decade compared with general high school and higher education graduates (Ozer & Suna, 2020a).

As seen in Table 1, data from the last decade shows graduating from a VET high school to improve one's employment prospects compared to general high school graduate employment rates. VET high school graduates' unemployment rates are lower than those for higher education graduates between 2015 and 2018.

Table 1

*Labor Force Statistics for VET High School Graduates, General High School Graduates, and Higher Education Graduates (2009–2018)**

Employment Rate (%)										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General High School	42.6	43.3	45.5	45.8	46.7	47.1	47.3	47.2	47.6	48.0
Vocational High School	55.2	57.1	58.3	58.1	58.3	58.1	58.7	58.2	58.2	58.6
Higher Education	68.5	70.1	71.0	71.1	71.9	70.7	71.0	70.1	70.1	69.6
Unemployment Rate (%)										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General High School	18.0	15.9	12.6	11.8	12.0	11.9	12.4	13.4	13.3	13.1
Vocational High School	15.6	13.2	11.0	10.1	10.5	10.6	10.2	11.6	11.9	11.4
Higher Education	12.1	11.0	10.4	10.1	10.3	10.6	11.0	12.0	12.7	12.4

* Turkstat Employment Statistics Data (2009-2018)

However, the statistics for VET high school graduates presented in Table 1 do not provide information on whether graduates are employed in their field of study. The employment rates for VTAH graduates within and outside of their field of study are given in Figure 1 (MoNE, 2018).

As seen in Figure 1, the percentages of VTAH graduates working in their field of study ranges from 0.01% to 18.28% depending on the field, and the percentages for those working outside of their field of study range from 22.98% to 57.20%. The out-of-field employment rates of VET graduates are higher than the in-field employment rates across all vocational areas. Thus, a considerable skills mismatch issue comes to the fore in the labor market within the scope of VET in Turkey. The percentage of graduates working in their field of study exceeds 10% in areas such as laboratory services, aircraft maintenance, entertainment services, marketing, and retail. When examining the data, students who are graduates from VET programs are apparently largely employed outside of their fields of study.

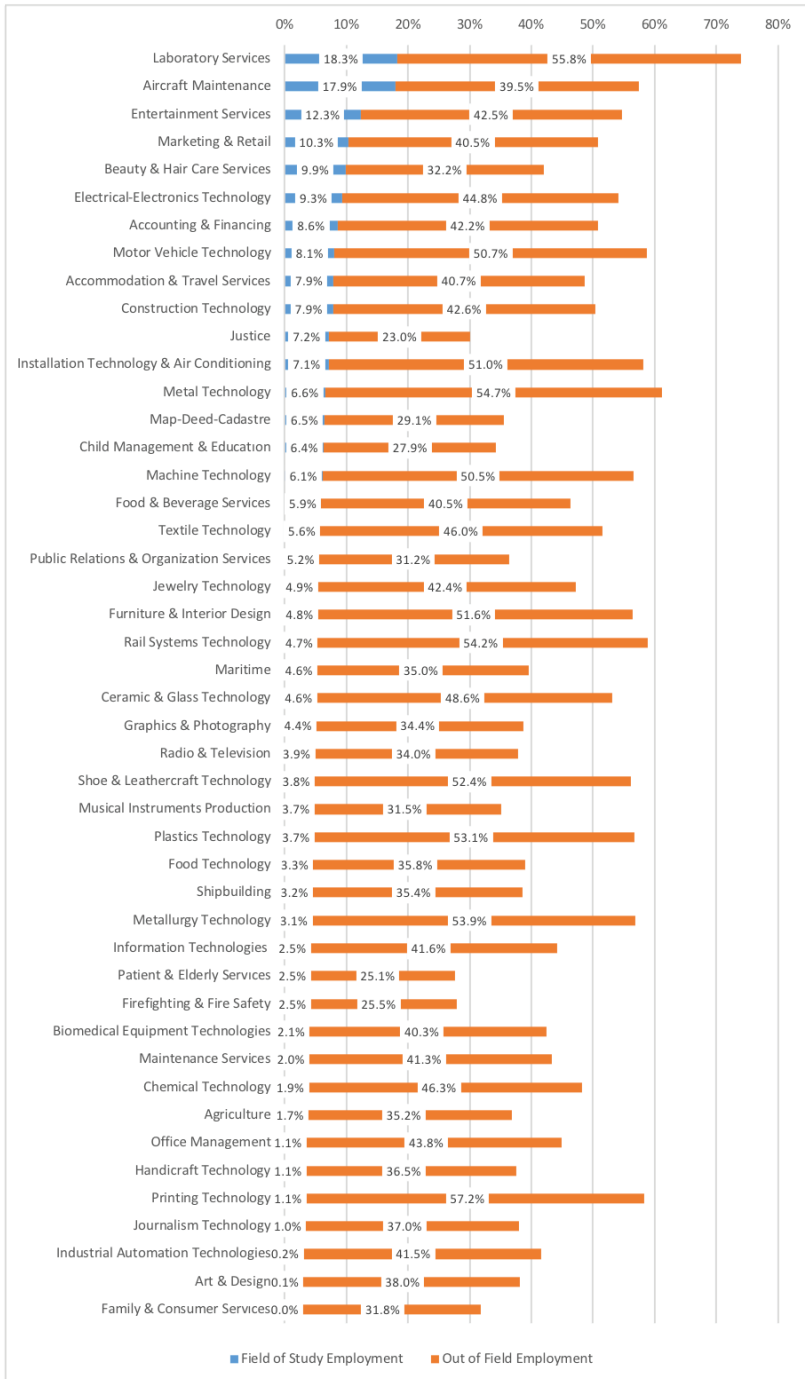


Figure 1. Employment percentages for VET high school graduates by employment status and vocational area (MoNE, 2018).

Methodology

Research Design

This study utilizes an exploratory mixed-method design in which both quantitative and qualitative data are analyzed (Creswell & Plano Clark, 2011). The qualitative data collection occurred during the first stage of the study, and the development of the quantitative data collection instrument (the questionnaire) is supported by the findings of the study's qualitative component (Creswell & Creswell, 2017). Face-to-face interviews have been conducted during the data collection process primarily for the purpose of obtaining qualitative data to develop the questionnaire. An open-ended item has been added to the questionnaire to obtain secondary qualitative data from a high-volume sample. One key advantage of the exploratory design is that the inclusion of quantitative component guides are more acceptable and the findings from the qualitative component are more generalizable (Creswell & Plano Clark, 2011). Based on the structure of the study, the data collection process began with the qualitative component followed by the quantitative component; these phases have been conducted consecutively in coherence with the exploratory sequential mixed method outlined by Creswell & Creswell (2017). The trajectory of the exploratory design used in the present study is shown in Figure 2.

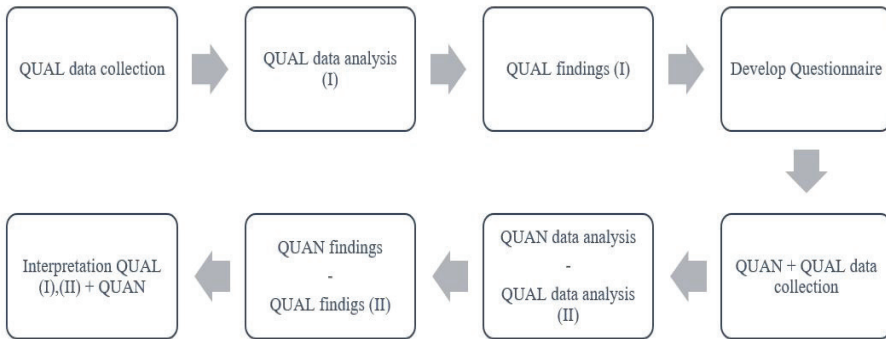


Figure 2. Exploratory sequential design used in the study
(QUAL = Qualitative component; QUAN = Quantitative component).

As can be seen in Figure 2, the exploratory design requires the iterative application of qualitative and quantitative components. The findings from the qualitative component and quantitative component are analyzed separately but presented together in the Results and Discussion sections of this article.

Sample

The sample for this research consists of 4,863 graduates from Turkish VET high schools from various years. To establish contact and gather this sample, the questionnaire

(quantitative study instrument) was emailed to 83,208 VET high school graduates registered with the MoNE e-graduate portal. The MoNE e-graduate portal is a national registry of all VET graduates in Turkey and is used to monitor their transition from VET to the labor market. The response rate for the survey was 6%. Table 2 shows the distribution of the 4,863 survey respondents by demographic categories and employment characteristics.

Table 2
Distribution of the Demographic and Employment Characteristics of the Sample

	Group	All Respondents		Respondents (Out-of-Field Employment)	
		f	%	f	%
Gender	Female	2,613	53.7	708	48.5
	Male	2,250	46.3	751	51.5
Education Level	High School	1,545	31.8	552	37.8
	Two-Year (Associate) Degree	1,985	40.8	556	38.1
	Bachelor's Degree	1,234	25.4	318	21.8
	Graduate Degree	99	2.0	33	2.3
High School Graduation Year	No Info	54	1.1	18	1.2
	2004 and Before	126	2.6	33	2.3
	2005–2009	131	2.7	40	2.7
	2010–2014	1,286	26.4	382	26.2
	2015–2019	3,266	67.2	986	67.6
Match Between Education and Job	Completely matched	1,528	31.4		
	Partially matched	751	15.4		
	Unmatched	2,584	53.1		

As seen in Table 2, VET high school graduates in the sample show a balanced distribution in terms of gender. Of the respondents, 93.6% had graduated from VET high schools over the last 10 years; 68.23% have continued their education after high school and completed an associate's degree or attend higher education. However, only 31.42% of the graduates answered being currently employed in a job that is fully compatible with their field of study, while 53.14% stated being employed in a job that is completely incompatible with their field of study.

In line with the aim of the study, 1,459 out of the 2,584 respondents not employed in their field of study reported being currently employed and responded to the open-ended item regarding their reasons for having out-of-field employment. As seen in Table 2, the distribution of gender and education level for these 1,459 respondents is similar to distribution across the entire sample.

Data Collection Tools

The VET graduates' opinions regarding employment status have been collected through a questionnaire and semi-structured face-to-face interviews. The semi-structured interviews have been conducted with a certain predefined process in terms

of theory and method, but otherwise had no strict structure (Blandford, 2013). In such interviews, researchers can interact with respondents in a detailed enough manner to enable subjective feedback while still maintaining a core methodology consistent across all respondents (Evans, 2017; Flick, 2009). Accordingly, we prepared questions about the status and reasons for VET graduates' employment within or outside of their field of study. Based on their responses to these initial questions, participants were asked additional follow-up questions to generate more in-depth answers.

These interviews were conducted with 20 VET graduates during the first phase of the study to gather qualitative data to help develop the quantitative questionnaire. We analyzed the qualitative data from the interviews to discover the themes regarding VET graduates' employment. Because little theoretical literature exists on the reasons for employment within/outside of graduates' field of study, we used both the feedback from the interviewees and the literature on skills mismatch to shape the question design. Thus, we asked the interviewees about the factors affecting their employment status after graduation and which questions they believed should be asked of survey respondents for the purposes of the study. After transcribing and analyzing the interview data, we converted the questions suggested by the interviewees into questionnaire items. The draft questionnaire was then presented to seven interviewees to solicit their feedback. After revising the draft questionnaire based on the comments from the respondents and two psychometricians, the questionnaire items were examined over a small group of VET graduates and finalized after additional revisions. The final version of the questionnaire was studied in detail by two psychometricians who concluded the instrument to have an adequate level of face validity. In line with the feedback received from the participants, we developed a short questionnaire with a limited number of options to increase the response rate. Participation in the study was voluntary, with all participants providing informed consent after reading about the study objectives and receiving assurance that their anonymity would be protected.

Data Analysis

The study has collected the quantitative data through the questionnaire items and the qualitative data through face-to-face interviews and an open-ended item on the questionnaire. The qualitative data obtained from the interviews and responses to the open-ended item on the questionnaire have been analyzed in accordance with descriptive analytical methods. Descriptive analyses of qualitative data aim to describe the considered phenomenon in a detail without any intervention (Elliott et al., 1994; Nassaji, 2015). The descriptive analysis of the qualitative data was performed independently prior to checking for consistency among individual analyses and making the respective revisions. In line with the suggestions by Creswell & Creswell (2017) to increase analytical validity and reliability, the findings were shared with seven

interview participants to solicit their feedback on the researchers' interpretations. Participants mostly agreed with the coding and themes, and their limited disagreements were considered and incorporated into revisions. We used the program Atlas.ti for coding and developing themes and generating a conceptual diagram to represent these findings (see Figure 3).

The questionnaire items focus on VET graduates' employment status, their reasons for being employed outside of their field of study, and their levels of satisfaction with respect to their vocational field. Given that the items on the questionnaire nominally and ordinally measure these phenomena, we have chosen not to perform parametric tests (Cooper & Johnson, 2016). Moreover, as the items are multidimensional, each item has been examined individually. Therefore, the questionnaire items are analyzed descriptively, and the findings are presented with frequency distributions.

Results

The findings are presented in two parts. First, we provide the analysis of the qualitative data gleaned from the interviews and questionnaire. Second, we present the analysis of the quantitative data obtained from the questionnaire.

Qualitative Findings

This section gives findings from the face-to-face interviews conducted with 20 VET graduates, as well as findings from the 1,086 responses to the open-ended survey question regarding graduates' reasons for out-of-field employment. First, we present a conceptual diagram illustrating the results from the semi-structured interviews. Second, we combine the qualitative findings from the semi-structured interviews with the open-ended items from the questionnaire. Figure 3 presents the themes and sample coding from the semi-structured interviews.

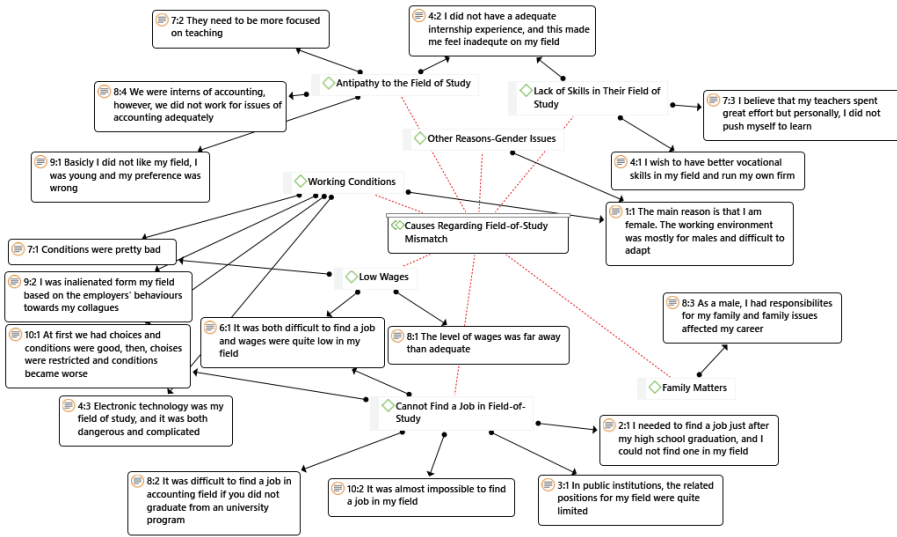


Figure 3. Conceptual diagram of the findings from the semi-structured interviews.

The themes influencing graduates' work outside of their field of study that emerged include low wages, lack of vocational skills in their field of study, working conditions, and antipathy to their field of study. The same seven themes are also importantly noted to have emerged in the responses to the open-ended item from the questionnaire (see Figure 4). We identified two additional themes from the questionnaire as well: pursuing higher education and lack of experience.

Figure 4 presents the distribution of the qualitative findings from the open-ended item in the questionnaire regarding the reasons for out-of-field employment.

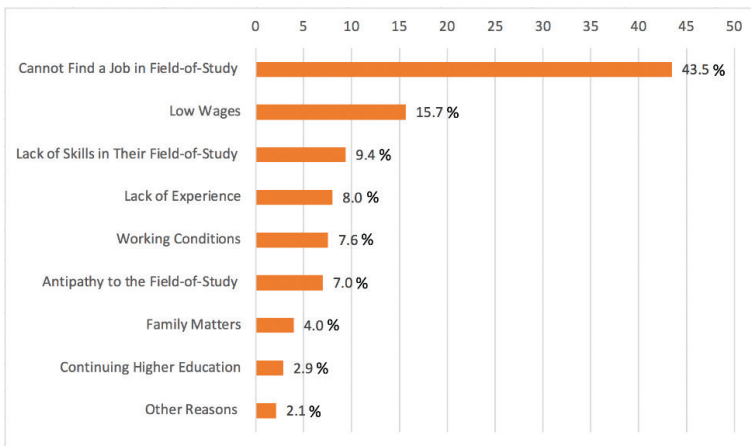


Figure 4. Distribution of participants' reasons for out-of-field employment from the questionnaire.

As seen in Figure 4, the most common reason for out-of-field employment expressed by the VET graduates is the inability to find a job in their field of study. Other prominent reasons included low wages, lack of vocational skills in their field of study, lack of required experience, working conditions, and antipathy to the field of study. In the following sections, we expand upon these themes from the semi-structured interviews and open-ended questionnaire item.

Cannot Find a Job in Field of Study

The most frequent reason for out-of-field employment is that VET graduates were unable to find employment opportunities in their field of study. Graduates explained this with responses such as, “It is impossible to be employed in my field,” “There is almost no job opportunities in the private sector in my field,” “The high number of graduates [looking for employment],” and “The jobs I can find in my field are limited.” Specifically, graduates working in production stated, “There are no factories related to my field;” and “There is no job opportunity in my field, and when I rarely find one, it comes with a sub-par salary.” Graduates also expressed, “There is no job opportunities in public institutions in my field,” “Many people are employed, even though they are not from this field,” and “It is difficult to find a job because my field has too many graduates.” Additional responses demonstrate open positions to be located outside of the regions where respondents live; for example, “There is no job for my field where I live” and “I could not find a job suitable for my field.”

Low Wages

Answers indicating low wages include, “I had insufficient financial income in my field,” “My income was insufficient,” “I needed money urgently,” “I worked in the field where I found a job that made sustaining my life easier,” “I knew I could not make [enough] money in my field of study,” and “I had to manage myself financially.” Graduates also expressed this sentiment by responding, “The private sector doesn’t even provide a minimum salary;” “Even if I were to work in the private sector, earning a decent wage in this field would be impossible,” and “The private sector is already very problematic in my field.”

Lack of Skills in Their Field of Study

Graduates who lacked the necessary vocational skills required by the job market explained their situation as follows: “The only function of school is giving a diploma,” “I had to study in a different field because education was inadequate,” “I couldn’t fully learn the profession,” “I don’t feel confident about my vocational skills,” “School was indifferent and inadequate,” “We did not take cultural courses [i.e., teaching generic skills],” and “Our educators were insufficient.” Foregrounding the need for additional

training beyond vocational high school, some graduates explained this phenomenon saying, “High school graduates are not considered sufficient in business life, they [employers] want university graduates and this makes you feel inadequate” and “I felt inadequate because they [employers] didn’t hire high school graduates.”

Lack of Experience

Graduates who were unable to find work in their field of study due to lack of experience explained their experiences stating, “Employers want work experience in jobs related to my field,” “Employers do not recruit new graduates in my field,” “I do not have any experience because employers do not recruit high school graduates,” and “Employers are looking for experienced university graduates.”

Working Conditions

Participants described the working conditions in their field of study to involve “long and irregular working hours,” “working conditions we do not deserve,” “late working hours,” “weekly off-time is not specific,” “the working environment is a stressful heavy construction site,” “there is no environment for a woman to work,” “lack of a shift system,” and “despite hard work and workload, we did not have proper salaries or tier payments.” Additional reasons provided by graduates that fell under this umbrella include “because we are employed without insurance,” “because employers also want cleaning duties on top of our routine tasks,” “because employers don’t have work ethics and regular workplaces,” and “because they are part-time jobs despite full-time demand.” Other responses that fell within this scope include “We work in very dangerous jobs,” and “We are employed in the private sector under very extreme conditions.”

Antipathy to the Field of Study

Graduates expressed negative feelings about their field of study, saying “It was too early for me to choose a field,” “I do not like my field of study,” “I was unhappy in the field I had chosen,” “I realized that I don’t like my field and I find it absurd for someone to choose their profession at the age of 13,” “I hated my job because of internships,” and “We were employed in irrelevant jobs in internships, thus I don’t like my field.”

Family Matters

Some participants identified their families’ expectations as having caused their out-of-field employment, explaining, “I maintain the family business,” “It’s my father’s profession,” and “It was our family company.” Additional participants explained wanting to be close to their family having caused them to seek out-of-field employment, explaining

“I could not leave my family,” “I do not want to be far away from my family,” and “I do not want to leave my family alone.” Another common theme within this scope involves family health problems, indicated by responses like “because we have a family health problem,” and “my brother is ill and I am looking after him, I cannot move away from home, so it is impossible to work regularly in a job in my field.”

Continuing Higher Education

VET graduates electing to continue their education instead of working in their field of study explained their choice as follows: “They [employers] absolutely want a university degree in the workplace,” “Otherwise, I do not think that I will progress further in my field of study,” “I want to have a better career,” “I want to work in a better field,” “I do not want to be considered as a high school graduate,” and “Mostly because I want to be on the brain team in the field that I want.”

Other Reasons

Graduates mentioned personal situations at a lower frequency than the aforementioned themes, and these are gathered under the heading of Other Reasons. Some graduates stated employers discriminating against gender in their respective fields, stating, “They [employers] are looking more for female candidates,” “They [employers] separate women from men in kitchens,” “It was a problem for me to be a woman in this field,” and “They [employers] requested employees be male.” Moreover, some graduates explained being unable to work in their field of study because they cannot speak a foreign language. One respondent described this situation, saying, “I could not speak the required foreign language in my field.” Finally, some graduates cited personal health problems as the main reason for not working in their field of study. In this regard, expressions such as “I am not working because my profession affects my physical and mental health,” “I have been hyper-myopic,” and “to avoid problems such as a herniated disc at a later age” were provided as reasons for out-of-field employment.

Quantitative Findings

Figure 5 illustrates the frequency distributions of the responses provided to the questionnaire.

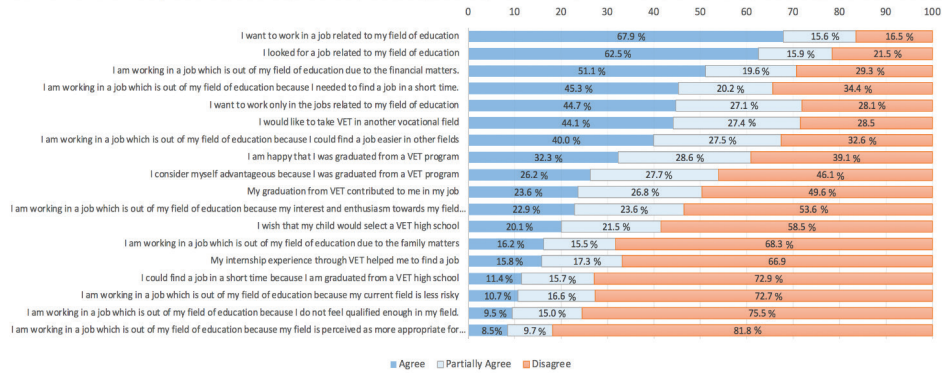


Figure 5. Frequency distributions for graduates' responses to the questionnaire items.

As seen in Figure 5, 78.45% of the respondents stated looking for a job in their field of study. Similarly, 83.55% agreed partially or completely with the statement “I want to work in a job related to my field of study,” while 71.86% desired only to work in jobs in their field of study. The high positive responses given to these three items in Figure 5 indicate that respondents largely want to work in their field of study and make significant efforts in this regard. However, only 49.63% of respondents stated being a VET graduate to have contributed (either completely or partially) to them getting their job. This finding shows that, although the VET graduates want to work in their field of study and make efforts to this end, only half of them can use their vocational skills in their job to any extent.

Of the respondents, 60.91% fully or partially agreed to being satisfied with their VET training, while 53.91% saw themselves as having an advantage due to their VET experiences. Despite this, only 27.11% of respondents stated VET to have helped them find a job in a short time.

Discussions and Conclusion

While sociologists of education have long debated whether vocational education provides “an effective safety net” to students or diverts them from “prestigious occupations,” the role of vocational education in the stratification process varies across countries (Shavit & Müller, 2000, p. 438). Accordingly, any study on the dream and realities of vocational education should be evaluated from a comparative perspective (Ozer & Perc, 2020). Whatever the role of vocational education in stratification, a VET system’s performance is determined by the strength of the relationship between education and employment. When this relationship is not strongly established, skills mismatches arise in the labor market. Skills mismatch is not only a problem of education

but also an important indicator of the performance of the relationship between education and the labor market. Many studies have demonstrated the tremendous consequences skills mismatches have for the labor market and for national economies (Büchel, 2002; Korber, 2019; Nordin et al., 2010; Schweri et al., 2019).

As previously stated, Germany has received praise for its smooth transition for VET graduates due to both its dual system and the size of the relevant vocational sectors (Dissinger, 2015; Rözer & Van de Werfhorst, 2020). However, some studies maintain the strong linkages the VET approach has to result in a trade-off where stronger linkages provide an observable advantage only for younger graduates' transition while perhaps having a detrimental effect as these graduates' get older (Hanushek et al., 2011 & 2017). However, some recent studies have shown this trade-off to not be supported (Muja et al., 2019; Rözer & Van de Werfhorst, 2020). The contradictory findings on this issue require additional research to understand and clarify the underlying mechanism of the linkage between education and the labor market. The present study has considered the widespread problem of horizontal skills mismatch for VET graduates in Turkey and provided new evidence in its support.

VET in Turkey has contributed significantly to the country's development for years. Moreover, in times of crisis such as the COVID-19 pandemic, VET's contribution to the needs of society through its production and capacity for adaptation has become even more crucial (Ozer, 2020a, 2020b, 2020c; Ozer & Suna, 2020b). In Turkey, VET has provided significant employment advantages for vocational school graduates. However, it also suffers from a large proportion of out-of-field employment that has led to a skills mismatch in the labor market. The reasons behind this influx of out-of-field employment have been speculated about for years, but VET graduates getting employed outside of their field of study has typically been directly attributed to the performance and quality of the VET system. Thus, this has typically been considered an educational problem. Consequently, MoNE has conducted several recent projects to improve the quality of VET in Turkey (Ozer, 2018, 2019a, 2019b; Ozer & Suna, 2020a). However, no such effort has been made to understand the underlying reasons for the skills mismatch with regard to the labor market's responsibility. The relationship between education and employment is two-dimensional, and these concerns are shared by both educational institutions and the labor market. To our knowledge, no empirical study has occurred on the background of VET graduates' out-of-field employment in Turkey (Ozer, 2019a; Ozer & Suna, 2020a). Therefore, we investigated the reasons for VET graduates' out-of-field employment in this study. Within this framework, we have carried out a mixed-methods study to determine VET graduates' reasons for out-of-field employment.

The quantitative findings of the study show VET graduates to want to work in their field of study and to make considerable efforts in this regard. However, only a small

number of graduates find a chance to work within their field of study. Moreover, only half of the graduates stated being able to use the skills they had gained through VET in their job. This indicates an important productivity problem both at the individual and national level. This also leads to a dissatisfaction at the personal level and loss of skilled human resources at the national level.

Qualitative findings of the study also illustrated that, among graduates' stated reasons for out-of-field employment, the most common reason is that they cannot find a job within their field of study. This finding indicates that there are not enough employment opportunities in VET graduates' vocational fields. These findings also indicate the number of graduates educated through VET to be greater than the labor market's demand in Turkey. Therefore, this study provides the first evidence of the shift of graduates to employment outside of their field of study to not be merely a problem related to educational quality but to also be a consequence of the limited employment capacity of the labor market. The high number of graduates and lack of adequate recruitment in the job market verifies the excessive worker supply in regard to Vocational and Technical Anatolian High Schools (see also Ozer & Suna 2020a; Schweri et al., 2019). The narrower employment capacity of the labor market seems to lower the chance of graduates finding a job related to their field of study. Therefore, in order to decrease the skills mismatches present in the labor market, Turkish vocational programs must take into consideration the balance between supply and demand.

Low wages are another important reason for out-of-field employment, indicating that VET graduates' fields-of-study do not offer wages at a sufficient level. The mechanisms to encourage VET graduates to work in their field of study seem not to be adequately set up in the labor market. This also constitutes a second noticeable weakness in the relationship between VET and the labor market. In countries with a strong linkage between these institutions, the labor market provides some kind of award mechanism to encourage VET graduates to work in their field of study (De Lange et al., 2014; Korber, 2019). For example, VET graduates in Germany receive wage advantages only if they work in the field of their vocational education, otherwise their wages decrease at a rate of 10–20% (Bol et al., 2019). However, wages in Turkey are not sufficiently distinguished because no such mechanism exists in the labor market; thus, graduates prefer to work in fields where it is easier to find work with better working conditions as opposed to seeking a job in their area of expertise (Ozer & Suna, 2020a). Among the quantitative findings, the fact that more than half the graduates responded positively to the statement "It is easier to find a job in other fields" also confirms this phenomenon. Therefore, this finding also provides evidence that the influx of out-of-field employment does not stem from the quality of VET education but to rather be related to the lack of award/penalty mechanisms within the labor market.

Working conditions and gender-based discrimination are also factors directly related to the labor market in Turkey. The lack of appropriate and reasonable working conditions and the use of gender as a criterion in selecting human resources encourage VET graduates' out-of-field employment. The statements from participants also indicate that employers use such criteria in hiring employees.

VET graduates' lack of experience also constitutes a serious problem when attempting to find a job within the appropriate field of study. VET graduates with little or no experience look for other out-of-field opportunities. Additionally, the distance between a graduate's home and workplace influences out-of-field employment. In this context, graduates stated being unable to find a job matching their field of study in the regions where they live. Such geographical mismatch is also a type of horizontal skills mismatch (CEDEFOP, 2020) and also indicates an infrastructure problem as many VET institutions are not located around companies that require graduates with their corresponding specialized field of study. Therefore, both companies' locations and their future needs should be considered when reorganizing VET programs. This reorganization will both improve the quality of education and decrease the probability of geographical mismatch. In fact, MoNE has already prepared a vocational skills map identifying the relevant sector and field clusters for all provinces in Turkey and has started to realign vocational programs and school locations with the related sectors (Canbal et al., 2020).

Respondents related out-of-field employment with their lack of the skills required in their field of study and antipathy to their field of study. These respondents seem to be unhappy about choosing their field of study at an early age. This is a consequence of the VET structure because it admits students directly after middle school. Respondents' unhappiness could also be related to the lack of guidance and orientation services about VET in both middle and secondary schools. Studies show that, when students are placed in schools based on their academic performance, achievement gaps between school types increase (Karaağaç Cingöz & Gür, 2020; Suna et al., 2020a, Suna et al., 2020c). Clustering comparatively low-performing students in a particular school type such as VTAHs leads to higher levels of absenteeism and even school dropout (Bölükbaş & Gür, 2020; Ozer et al., 2020; Suna et al., 2020a; Suna et al., 2020b). Some VET graduates also attribute their out-of-field employment to low quality education at VET schools, even though the problem only becomes visible in the labor market.

We conclude that restructuring vocational and technical education is necessary to alleviate the detrimental effects of choosing school type and field of study an early age. Moreover, increasing guidance services and improving the quality of education provided at VET schools should be top priorities. When evaluating the qualitative and quantitative findings as a whole, the causes of out-of-field employment are clearly related to failures in establishing a strong connection between the labor market and

VET schools. To reduce VET graduates' being employed out of field, this study proposes increasing the collaboration between VET schools and industry sectors as well as establishing a supply-demand balance based rationally on the best available data regarding the vocational and general skills required in the job market. We also suggest establishing award mechanisms to provide incentives for employability in jobs related to graduates' fields-of-study.

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Appendix

Survey Form

Dear participant,

This study aims to determine the vocational fields where vocational and technical education graduates are frequently employed, their opinions about the benefits of the vocational education in their profession, and the reasons why employees are employed out of their field of study. Participation is voluntary and completing the form will take about 10-15 minutes. Please answer all questions with your direct opinions. You can enlarge the spaces reserved for your answers under the questions, make your responses as long as you would like. Privacy and anonymity of your responses within the scope of the study will be protected.

Thank you for your participation.

1. Gender:

Female Male

2. Level of Education:

High School Degree Associate Degree Undergraduate Degree Graduate Degree

3. Year of VET Graduation:

4. From which vocational field did you graduate?

5. Were you ever employed after your graduation from VET high school?

Yes No

6. How long after you graduated were you employed? (Months or Years)

7. Is your current/recent job related to your vocational field?

Strongly related Partially related Not related

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- Sosyoloji alanı ile ilgili nicel, nitel araştırmalara, en son literatürü kapsamlı biçimde değerlendiren derlemelere, meta-analiz çalışmalarına, model önerilerine ve benzeri özgün yazılara yer verilir.
- Çalışmaların yöntembilim açısından yetkinlikleri kadar alana orijinal ve yeni katkı sunmaları da temel yayımlanma kriteridir.
- Yayımlanan yazıların sorumluluğu yazarına aittir. Yayımlanan yazılar, düşünsel planda *İstanbul Üniversitesi Sosyoloji Dergisi*'ni bağlamaz.
- Yayımlanmış yazıların yayım hakları *İstanbul Üniversitesi Sosyoloji Dergisi*'ne aittir.
- *İstanbul Üniversitesi Sosyoloji Dergisi* ve yazar/ların ismi kaynak gösterilmeden alıntı yapılamaz.

Dergiye gönderilecek yazılar;

- Derginin web sayfasında belirtilen yazım kurallarına uygun şekilde hazırlanmalıdır.
- Yüklenen tablo, şekil, resim, grafik ve benzerlerinin derginin sayfa boyutları dışına taşmaması ve daha kolay kullanılmasını amacıyla 10 x 17 cm'lik alanı aşmaması gerekir. Bundan dolayı tablo, şekil, resim, grafik vb. unsurlarda daha küçük punto ve tek aralık kullanılabilir.
- İngilizce uzun özet de dâhil olmak üzere çalışmalar 35 sayfayı aşmamalıdır.
- Başvuruların Online Başvuru Yönergesi'ne uygun şekilde yazılması gerekir.

Gönderilen çalışmaların aşağıda koyu yazılan bölümleri içermesi gerekmektedir;

- *Türkçe Başlık Sayfası* (makale başlığını, yazar/lar'ın tam adlarını ve unvanlarını, çalıştıkları kurumlarını, adres, telefon, faks ve elektronik posta bilgilerini içermelidir)
- *Türkçe Öz* (150-200 kelime arası)
- *Anahtar Kelimeler* (5-8 kelime arası)
- *Ana Metin* (Nicel ve nitel çalışmalar giriş, yöntem, bulgular, tartışma bölümlerini içermelidir)

Yöntem kısmında ise eğer yeni bir model kullanılmışsa model alt bölümü ile mutlaka örneklem/çalışma grubu, veri toplama araçları ve işlem alt bölümleri bulunmalıdır. Derleme türü çalışmalar ise problemi ortaya koymalı, ilgili literatürü yetkin bir biçimde analiz etmeli, literatürdeki eksiklikler, boşluklar ve çelişkilerin üzerinde durmalı ve çözüm için atılması gereken adımlardan bahsetmelidir. Diğer çalışmalarda ise konunun türüne göre değişiklik yapılabilir, fakat bunun okuyucuyu sıca-cak ya da metinden faydalanmasını güçleştirecek detayda alt bölümler şeklinde olmamasına özen gösterilmelidir.

- Tablo, şekil, resim, grafik vb. metin içerisinde yer almalıdır.
- *Kaynakça* (Hem metin içinde hem de kaynakçada Amerikan Psikologlar Birliği (APA) tarafından yayımlanan Publication Manual of American Psychological Association adlı kitapta belirtilen yazım kuralları uygulanmalıdır).

Yayım Süreci Üzerine Notlar

- Yayımlanan yazıların içeriğinde ya da alıntılarında olabilecek çarpıtma, yanlış, telif hakkı ihlali, intihal vb. hususlardan yazar/yazarlar sorumludur.
- Yayımlanan yazıların içeriğinden yazarları sorumludur. İlgili çalışmada, eğer etik onay alınması gereken durumlar söz konusu ise yazarların etik kurullardan ve kurullardan onay aldığı var sayılmaktadır.
- Hem metin içinde hem de kaynakçada *TDK Yazım Kılavuzu* (*Yazım Kılavuzu*, 2009, Türk Dil Kurumu, Ankara) veya www.tdk.gov.tr adresindeki online hali) yazım kuralları, akademik atıf ve gelenekler bağlamında ise *Publication Manual of American Psychological Association* [6. Baskı] esas alınır.

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- Comprehensive literature reviews, meta-analysis, or meta-synthesis,
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 - Findings must be supported, detailed, and further elaborated on with qualitative data.
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