

Market, Capitalism and Development: Development Theory in the Light of Braudel*

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**Piyasa, Kapitalizm ve Kalkınma: Braudel'in
Işığında Kalkınma Teorisi**

Abstract

In "Civilisation and Capitalism" Fernand Braudel made one of the most comprehensive analysis of all times on the emergence of capitalism. Yet, he did not explicitly discuss the relevance of his analysis to the efforts to "build" capitalism. Starting with the assumption that Braudel's work has important implications for development efforts, this work tries to figure out those implications for contemporary development efforts. While doing this, we take the "Developmental State Theory" as reference point which we believe to have a considerable explanatory power on the deliberative and succesful efforts of catching-up in the post-war era.

Keywords: Fernand Braudel, Market Economy, Capitalism, State, Developmental State Theory

Özet

"Uygarlık ve Kapitalizm"de Fernand Braudel kapitalizmin ortaya çıkışına dair tüm zamanların en kapsamlı analizlerinden birini gerçekleştirmiştir. Bununla birlikte, Braudel eserinde analizinin kapitalizmi "kurma" çabaları üzerindeki etkisine açıkça değinmemiştir. Braudel'in çalışmasının kalkınma çabaları ile ilgili önemli çıkarımlara yol açabileceği ön kabulünden hareketle bu çalışma, çağdaş kalkınma çabaları ile ilgili olabilecek çıkarımları araştırmaktadır. Bu yapılırken, özellikle 2. Dünya Savaşı sonrasındaki bilinçli ve başarılı kalkınma çabaları üzerinde esaslı açıklama gücüne sahip olduğu düşünülen "Kalkınmacı Devlet Teorisi" bir referans olarak alınmaktadır.

Anahtar Kelimeler: Fernand Braudel, Piyasa Ekonomisi, Kapitalizm, Devlet, Kalkınmacı Devlet Teorisi

1. Introduction

Fernand Braudel's magnificent work "Civilisation and Capitalism" is probably the most comprehensive and illuminating study on the birth of capitalism in the old continent. Braudel not only gives a perfect description of the time period (from

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15th to 18th century) but also offers very important theoretical insights to understand how and why capitalism is born in Europe. One of his main conclusions is that contrary to the common view that “capitalism” is interchangeable with “free market economy”, Braudel argues that these are not only different but also constitute two opposite poles. Capitalism emerged out of the market economy but consolidated at the expense of it by bending the rules of the market. Market economy is the sphere of the routine economic life. It is where exchange takes place with modest profits. Markets at every level are the vessels of the economic life, they seize the society from down to the top.

Capitalism , on the other hand, is at the top of the pyramid. It is the sphere of “super” profits. It deals with the aggregates at the top. It has the power, flexibility and superior access to information. Even though capitalists constituted only a minority of the society, they accumulated huge wealth and soon began to control the rest of the society at the top of the social hierarchy. Where capitalism got stronger, the societies began to be transformed in the direction of the needs of capitalism. So, capitalist class and capitalism had an influence much larger than their absolute size and thus played a role of a “lever” for the transformation of the whole society.

At this point an interesting question arrives. What is the relevance of Braudel’s extensive analysis of the birth of capitalism for today? In other words, if capitalism is what Braudel calls “an upper layer above the market economy” and it was born as Braudel explains, what can we derive from this prospect for today’s developing countries whose main aspiration is to transform their society into “modernity” and “build” capitalism in their lands? Our aim in this paper will be making an attempt in this direction and trying to find answers to these questions. In the book, Braudel hardly talks about the issue “development” explicitly. However, we believe that it is still possible to detect certain clues of what would be his perspective that can be deduced from the work. Whenever Braudel talks about the emergence of capitalism and industrial capitalism in particular, there are important lessons to be generalised for today’s development analysts. It is also possible that there are peculiar or unique historical elements in Braudel’s argument that may not mean much for the present day. So, our task will be refining those elements relevant to our discussion from Braudel’s words.

In doing so, to be more concrete, we have to compare our findings with the existing ideas in the development literature. Since it is not practical to survey the whole literature on development in this work, we have to make a choice on which approach we are going to compare with Braudel’s. At this point, our choice is for the “Developmental State Theory” whose pioneers are Chalmers Johnson, Alice Amsden, Frederic Deyo, and Robert Wade. This choice is not arbitrary though.

Developmental state approach, apart from recent neo-liberal recipees for development under the title “Washington Consensus”, is one of the newest and most influential ones within development economics circles. Its originality is that it is built on the observations of the most successful catch-up story after the rise of the West: The East Asia.

It is needless to repeat that the extraordinary success of East Asia became a touchstone for the development literature and regardless of their ideological stance, hundreds of academicians embarked upon the project of explaining the East Asian success. As a result a great proportion of what is called development literature was devoted to explaining East Asian success or explaining the failure in other developing regions with reference to East Asia. We believe, the above described picture justifies the utilisation the developmental state approach in our comparative analysis.

The rest of the work is organised as follows: In the next section, we are going to lay down the main elements of the developmental state approach. In section 3, we will try to exhibit the points that we think as relevant for a development debate today from Braudel’s work. In section 4, we will be trying to bring together these two sums in a comparative manner. We will finish the discussion by a few concluding remarks.

2. Developmental State Approach

2.1. Description

The developmental state theory was born as a reaction to the neo-liberal view that success of the East Asian “Tigers” was the triumph of market friendly policies over protectionist policies implemented by other regions (especially Latin America). Generally speaking, this line was represented by names like Krueger, Bhagwati and Balassa. However, in the early 80’s a new wave of detailed country specific studies began to emerge. The beginning of this line is usually associated with Chalmers Johnson’s work *MITI and Japanese Miracle* in 1982. Later on, in 1987, Frederic Deyo’s (eds.) *The Political Economy of The New Asian Industrialism* arrived. This was followed by Alice Amsden’s *Asia’s Next Giant* in 1989 on South Korea and Robert Wade’s *Governing The Market* in 1990 on Taiwan. No need to say there were numerous other studies in the same direction during this period.

Developmental state theorists made detailed country studies on East Asia – mainly Japan, South Korea (henceforth simply Korea), Taiwan, Singapore and Hong Kong- and attempted to prove that the reality is quite the opposite of what the neoclassical line argues. They tried to show that the succesful development experience of East Asia was essentially determined by heavy state intervention

into the market mechanism. For our practical purpose in this paper, it is not necessary to get into the country specific details which are in fact quite illuminating in these benchmark works. Broadly speaking, these studies have shown that:

1. Industrial , trade and other policy measures were heavily used in East Asia.
2. Financial markets were strictly controlled in East Asia. This control credits was used as an effective tool to direct and control the capital accumulation process. *Forced savings* by the state was another component of the accumulation process.
3. These policies were used in a *selective* manner. Incentives offered, protections were not permanent but temporary and subordinated under a broader vision of industrial upgrading.
4. Incentives and protections were not given *unconditionally*. Incentives (awards) were conditional to performance (Carrots and stick argument. For evaluation, simple and clear performance criteria were used. Moreover, failure was a reason for punishment. *Monitoring* was an essential component for this mechanism to work efficiently.
5. To achieve these, there were strong and highly efficient bureaucracies in East Asia. Economy bureaucracy had close ties with the business. Bureaucracy was *embedded* on the business. On the other hand bureaucracy was not captured by the business interests and was able to maintain its autonomy (See Evans, 1995 for a detailed discussion of “embedded autonomy” in East Asia).
6. Above all, East Asian countries were characterized by strong and authoritarian states. It is generally argued that this character of East Asian states gave significant autonomy to the state over private interest groups within the society. This authoritarian state gave the economy bureaucracy sufficient scope to take initiatives and to operate effectively (Öniş, 1991, p111).

In *The Political Economy of New Asian Industrialism* edited by Frederic Deyo and in many other studies, the aim was to reveal the distinctive socio-economic characteristics of East Asia. They focused on the state, class formation as well as cultural factors. There were also an important number of studies focusing on the external factors such as international political conjuncture or Japanese colonialism (for Korea and Taiwan). Most of the extensive discussions in that work are outside the scope of this paper. However, we need to underline a few common points for our further discussion. First, East Asian countries, perhaps

with the exception of Hong Kong, were in a struggle of existence for the time period considered. Japan had been ruined by the United States in World War II and forced to kneel down, Korea was ruined in the Korean War was under the continuous threat of a take-over by the North. The same is true for Taiwan threatened by the mainland China. Singapore, a tiny state, had just gained its independence and was trying to exist in a hostile environment.

Second, these peculiar conditions endowed East Asian countries a relatively egalitarian societal structure. This does not mean that social or ethnic tensions were totally absent. Moreover, the authoritarian regimes was able to pursue “supply side policies” by repressing the labour politically and keeping real wages low.

Third, the authoritarian regimes of East Asia not only used “economic nationalism” as an ideological tool for self-legitimation but they had no other choice. They were well aware of the fact that the future of the regime was dependent on the ability to economically stand on its own. So rapid industrialisation and capital accumulation was the only way out.

Lastly, we have to keep in mind that East Asian development was a regional phenomenon. In accordance with the “flying geese” hypothesis offered by Akamatsu, there was a continuous and sequential catch-up process within East Asian regional economy. Japan was the leader. Japanese investments played a major role in the development of Korea and Taiwan. The same is true for the later Korean and Taiwanese investments into Indonesia or Malaysia.

2.2. Assessment

Developmental state approach defines the concept of “late industrialisation”. Being a latecomer is costly. Late industrialisers have to start from a disadvantageous position vis-a-vis the developed countries so they have to follow the developed countries through “learning” and develop their own technological base. To compensate for the disadvantages of being late, late industrialisers need the guidance and the support of the state in economy. For developmental state theorists, this is exactly what happened in East Asia. The state, by various policy tools, restricted the market mechanism so that a *continuous capital accumulation* and *industrialisation* process occurred.

The state also guaranteed that investments were directed towards strategic sectors, sectors with a higher value added and more technology intensive. Especially in Japan and Korea, the state supported large business groups, allowed them to make huge profits by various protections and market entry restrictions and then forced them to invest these profits in the targeted sectors. In Taiwan, large state enterprises replaced big business. Larger size meant greater scale

economies and more efficiency which in turn meant greater competitiveness in the international markets. As it is argued in various notable studies, East Asian success was neither an export boom nor a productivity miracle but a continuous and rapid capital accumulation process under a vision of structural upgrading (See Dornbusch & Park , 1987 ; Rodrik, 1995; Storm & Naastepad, 2005 for a detailed discussion of growth regime in East Asia). The state in East Asia by devoting itself to economic development *created* capitalism through *capitalism conforming* interventions.

3. Braudel and Development

Now, after briefly reviewing the Developmental State Approach, we may turn back to Braudel's *Civilization and Capitalism*. To see the whole picture we will try to bring together some micro foundations step by step.

3.1. The World Economy and A World-Economy

Two important concepts to distinguish in Braudel's terminology are the world economy and a world-economy.¹ The world economy is simply the aggregation of all economies of the world. It is the sum of all economies. On the other hand, a world-economy, a term corresponding to the German term *Weltwirtschaft*, "only concerns a fragment of the world, an economically autonomous section of the planet able to provide for most of its own needs, a section to which its external links and exchanges give a certain organic unity." It is critical to underline that a world-economy is a self-sufficient unit among others which together form the world economy.

A world-economy is identified by its boundaries. The boundaries of a world-economy are usually dictated by natural reasons, such as the existence of a large sea, ocean or masses of mountains in between though cultural and social factors may also play an important role. Europe was a world-economy whose boundaries were defined by geographical as well as cultural and religious factors. Balkans under the rule of Muslim Ottoman Empire were excluded from this Christian entity although there is no geographical obstacle. So, world economies referred exclusive economic zones whose boundaries are only worth crossing in "exceptional circumstances" since otherwise "the loss in exchange would outweigh the gain."

One last point to be mentioned on the borders is that they do not change easily. They change only as a result of major economic and social changes and only very slowly.

¹ This section is based extensively on the arguments in Braudel (1984), Vol III p 21-88

A world-economy is characterised by a hierarchy of economic zones interconnected in itself. At the centre of a world-economy there is a dominant capitalist city. This city is the heart of the economic activity within the world-economy. “News, merchandise, capital, credit, people, instructions, correspondence all flow into and out of the city.” It is home to the economically powerful people. The dominant city within a world-economy can and does change. These shifts of the centre, whether as result of conscious and deliberate efforts or spontaneous processes are always significant and cause major changes in the flow of history.

Around the dominant city, the core or the centre of the world-economy takes place. This zone is where the concentration of wealth and major capital accumulation occurs. It “contains everything that is most advanced and diversified.” High technology usage, high prices and luxury are the distinguishable characteristics of centre. Around the centre or core, there lie the intermediary regions or “runners up”. These zones are fairly developed and they are within the capitalistic circle. They are the possible candidates to take over the core position. The outermost regions form the periphery. Periphery is the region where old economic regime is still predominant while being a part of the capitalist system. Old social hierarchy goes on here, invisibility of the advanced instruments of capitalistic economy, poverty, economic backwardness and a very low cost of living are clear signs of being at the periphery.

As Braudel argues, the world-economy was only an order among other social orders –culture, society, politics- at the beginning of the period in consideration. But as capitalism prevails in time, it transforms the society and the order of the world-economy becomes the dominant order over the others. It dictates the international division of labour within the world- economy. The core controls the financial activity and produces higher value-added products whereas periphery specialises in inferior products requiring less skill and technology.

3.2. Creating National Markets

Creating national markets maybe did not play a major role in the emergence of capitalism but it clearly had an essential role in the creation of the “world supremacy” of capitalism.² Capitalism did not emerge within the borders of national markets but rather in smaller economic units, towns, cities and provinces. The national markets, however, took the top of the hierarchy by constructing a network among those units. This was not an automatic process, it was not a “natural consequence of regular overspill from the market economy.” The creation of national markets, as Braudel argues, was the result of a

² This section is based extensively on the discussion in Braudel (1984) ,Vol III, p 277- 385

centralising political will. This “will” was constituted –whether directly or indirectly- by the aspirations of capitalism. The creation of national markets often occurred against the wills of local units and thus was never free of resistance.

Braudel warns us that a near-perfect economic coherence – simultaneous price variations- is not an indispensable condition for identifying a national market. Regional disparities always exist. Rather a national market is ;

“ a large-scale economy, covering a wide area, ‘territorialized’ so to speak, and sufficiently coherent for governments to be able to shape and manoeuvre it to some extent.”

(p 294)

Thus, national markets were the creation of territorial states rather than city centred economies where capitalism actually consolidated. City centred economies like Venice, Antwerp, Genoa and later Amsterdam economically controlled huge territories and possessed a huge wealth. Nevertheless, they lacked the real political power for world supremacy since in the final analysis, they are dependent on the outside world for agricultural production. Territorial states, on the other hand, had this political and military power because they had this agricultural economy, they were able to feed themselves. Agricultural sector was a burden at the same time: A cumbersome and stagnant sector resistant to change.

For Braudel, this explains why national states lagged behind city centred economies so long. But once they could achieve the difficult balance between agricultural economy and other sectors through reclaiming their agricultural sector, they were able to create a coherent national market under their control. Controlling a national market gave the territorial states (indeed Britain) a clear superiority over city centred economies (The Netherlands) and the long battle between the locus of the wealth – the urban centres- and the locus of the power – the nation states- had been won by the latter decisively. National markets controlled by nation states meant a relatively harmonious market, a more stable and expanded demand and faster pace of circulation. These factors created the favourable atmosphere for the Industrial Revolution.

3.3. Industrialisation

The issue of industrialisation covers an important part in Volume III of Braudel’s work under the title *The Industrial Revolution and Growth*.³ Here, Braudel discusses the importance of Industrial Revolution and industrialisation for the

³ This section is based extensively on the discussion in Braudel (1984) Vol III p 537- 599 (Chapter 6)

development of capitalism. The Industrial Revolution is a set of technological advances in the late 18th and early 19th century. Britain adapted into the production process which resulted in sharp increases in productivity and allowed total mechanisation of production process as well as mass production. On the other hand industrialisation for Braudel is “a transition from a predominantly agricultural society to a one in which manufacture dominates” and industrialism is “the adaption of the whole society” around this new mode of life. It is important to underline that “industrialisation” was there in Europe centuries before Industrial Revolution took place. Thus, Industrial Revolution should not be exaggerated and it should not be underestimated, either.

First, Industrial Revolution should not be exaggerated. As Braudel states in different occasions (p589, p572), Industrial Revolution is something that happened as the culmination of a process that started long ago whose roots can be found at the 13th century. The capitalist transformation of the West European societies certainly created the necessary environment for the Industrial Revolution. Industrial Revolution calls for a general process of growth and thus a fundamental transformation of economical, social, political and cultural institutions. Although technical advances are necessary for industrial revolution, they are not sufficient. Braudel gives examples from history where major technological advances applicable to production happened but did not lead to a successful industrial revolution. Consequently, he arrives at the conclusion that industrial revolution only happens when the conditions are right, when there exists the necessary societal infrastructure.

In this sense, it is not very meaningful for Braudel to search for an internal or alternatively an external explanation for Britain’s Industrial Revolution. Both explanations are true. Britain had experienced the capitalistic societal transformation like some other parts of Western Europe. But it is clear that Britain had some certain external advantages, i.e. its superiority in foreign trade and access to markets. So, it can be argued that if an industrial revolution did not happen in England it could have happened somewhere else in Europe. Our own interpretation is that for Braudel, the Industrial Revolution is not the real breakthrough. Rather, it was a “vast secular boom” within the long term growth trend determined by the capitalistic transformation of European societies. It was the consequence rather than the cause.

On the other hand, following Braudel, we should not underestimate the importance of the Industrial Revolution. The Industrial Revolution signified a breakthrough in revolutionising the *ancien regime* economy. In Braudel’s terminology it was a shift from *discontinuous* growth to a *sustained* and *continuous* growth pattern, in Simon Kuznets’ words from “traditional growth” to

“modern growth”. It was true that until the Industrial Revolution the *ancien regime* pattern of growth was still dominant despite the large scale transformation of the society around capitalism. This traditional growth was defined by the succession of stop-go movements, sometimes even backward jumps and fluctuating prices. There was a high dependence of growth on the demographic factors. The real virtue of the Industrial Revolution is that it broke this circle and allowed sustained growth independent from demographic factors through the mechanisation of the production and integration of new technologies into the production process.

3.4. The Role of the State

The last chapter of Braudel’s volume II has been devoted to understanding the role of societal hierarchy and the state on the rise of capitalism.⁴ The role of the state in the emergence of capitalism is both interesting and complex. At the first instance, Braudel emphasizes the role of the social hierarchy. Hierarchy is always there and it is the defining factor for a society. The state, though it might have some degree of autonomy, certainly is not isolated from the social hierarchy. It is in close cooperation with the dominant social class of the society.

The old social hierarchy in Europe was the *hierarchy of the blood*. Nobility was at the top of the pyramid. As capitalism organised itself in the urban area and consolidated its economic power, this comfort of nobility at the top was challenged and undermined. For almost all of the time interval covered in Braudel’s work, the two hierarchies – the old hierarchy of blood and the *new hierarchy of money*- existed together. Capitalists did not openly challenge the power of nobility but they gained fronts against the rules of the old regime. Seemingly the old hierarchy and dominance of nobility went on but with a significant transformation of the society around capitalism where it is powerful enough. There also existed a certain level of social mobility between nobility and bourgeoisie, wealthy merchants imitating the life of the aristocrats and buying aristocratic titles while noble families were increasingly interested in long distance trade.

The state faced an uneasy trade-off here. Whether to support capitalism which means more prosperity and more taxes in turn or to stick to the old order whose institutions the capitalism undermining and from which the “ruler” got its divine legitimacy. The reaction of the state differed substantially in Europe depending on the geography or time interval we consider. Even within the same geography the state hindered and promoted capitalism at the same time with its different actions. Nevertheless, generally speaking, capitalism consolidated where the state

⁴This section is extensively based on the discussion in Braudel (1992) Vol II p461- 555

had a more positive or at least permissive outlook towards it. This often meant the *organisation of the actions of state in line with the needs and necessities of capital accumulation*.

Mercantilism was such coherent a policy mix aiming at domestic capital accumulation within the borders of the nation states. Financial reforms in the 17th century England can also be identified as promoting the capitalism. Allowance of continuous and stable wealth accumulation in the same hand through inheritances and marriages can also be regarded as being in the same direction. It would be a clear mistake to think that the states in England or in Netherlands which seem to be *weaker* compared to their *stronger* counterparts in France or in Spain are only passive actors leaving the whole stage to “capitalists”. Rather, it seems to me that their *capitalism conforming actions* which are in essence the result of an increased awareness of the parallelity of interests of the state and capitalism and which are quite different than the traditional absolutist nature of the state actions in nature made us to think so.

In Netherlands, for instance, which was argued to have the weakest state of all, it can be argued that the best capitalism conforming strategy was to let the stage to the big merchants, i.e. capitalists, and let them to take the decisions on behalf of the central authority since Dutch capitalism was already superior to the rest of the world and no critical intervention in the form of “changing the path of accumulation” was necessary. Of course it is questionable whether the Dutch state had the capability for strong intervention even if it was needed. But this, we believe, is another side of the matter. The critical point is the rise of capitalism needs a certain favourable environment. In this sense, the question whether that environment was created by the state or by private hands is not of primary importance.

4. Braudel vs. Developmental State: Is A Synthesis Possible?

At this moment we are faced with the difficult task of bringing the two approaches together. I will have two main arguments here: First we have to be aware of the fact that Braudel’s description of the rise of capitalism is the history of capitalist development (or simply development since we do not know any kind non-capitalist development so far.) Capitalist development took place within a world-economy in a sequential manner. The centre of the accumulation becomes the centre of the system. Other parts are peripherised at different levels. One (of the very few) explicit comment of Braudel on today’s developing countries is that they face a much harder task today than the first capitalist nations of Europe since they are already peripherised by the latter in the international division of labour whereas the latter enjoyed the advantages of being at the centre of the world

economy. Is this an “overdeterminism” by Braudel like the tautology “the poor will stay poor since they are poor.”? We do not think that this is the end of the story in Braudel’s discussion. Otherwise we had to stop here. Rather we go on by asking some specific questions: What makes a particular geography “the centre of accumulation” or “the locus of the wealth” ? We understand from Braudel that this can be done by the help of spontaneous processes (locational advantages) or by human- designed interventions and most probably by the help of both.

Here, I would like to underline the significance of human-designed interventions to the market economy. In my view, it is clear that capital accumulation is a *zero sum game* between locations. As we said there is only one centre of a world-economy not several centres. For sure, winning the lion’s share in this game necessitates a strategic outlook to the matter. The ambiguous term that we used – capitalism conforming interventions- is actually any kind of move that is made to win this game. Closing your market, opening your market, financial measures, subsidies, taxes...etc. All these can be used as instruments in this game within a strategic perspective. The countries who were aware of this game and used all their instruments utilising their advantages to the last point outperformed each other in a sequential way being the centres of wealth and accumulation. By this zero sum game argument , I am totally aware that I am oversimplifying things: Naturally there are spill-overs from wealth and accumulation. When England develops it is clear that Denmark or Norway also benefits from this. Or similarly all of Europe benefits to some extent as peripheral regions to the England as a core. But this is only in a relative way compared to other world-economies. I believe, this bare fact does not harm my argument.

One remark is on the importance of *scarcity*. Who would believe that a region that has only a small area of fertile land and has many geographical disadvantages – The Netherlands- could rule the world economy for more than one hundred years? The same totally applies to the examples of Japan, Korea and Taiwan as we have mentioned before. Scarcity or being in a desperate position makes the nations to focus on their material being and seek new ways of doing the regular things which may in turn give them new instruments that can be used in the strategic game.

Developmental state theory tells us that strategic state intervention was the driving force of the East Asian development experience. This is totally in line with Braudel. The state in East Asia, with a strategic outlook to the matter restricted the market system for promoting capital accumulation through various types of interventions. The main goal was capital accumulation and the instrument to reach that was high investment rates. To reach that goal, the state in East Asia (especially in Japan and Korea) did not care that huge sums wealth was

accumulating in a few private hands. In other words , the state used all of its tools to artificially create capitalism and capitalists. East Asia is thus a crystal clear example of capitalism conforming interventions.

Now, does this mean that the two approaches totally overlap? This is not totally true. As we said before, Developmental State Approach looks at East Asia. Capitalism was successfully created in East Asia through capitalism conforming (or capital accumulation conforming) policies. Does this mean that what they had done will constitute “a development prospectus” for other developing countries? This is also not necessarily true. Although the general logic of capital accumulation that we derive from Braudel’s broad analysis will apply to everywhere, doing this by extensive state guidance and control, which we derive from Developmental State Theory, may or may not apply to other cases for various reasons (political economic, socio-demographic reasons). So, although it gives significant insights in understanding development, Developmental State Theory is not a universal theory but can be characterised as an application of Braudel’s broad analysis to a specific geography. Braudel, in this sense, is more general and less specific but more universally applicable.

My second main argument which we can easily derive from the first one is on development economics. As we have discussed in the second part, Developmental State Approach emerged as a reaction to the neoclassical explanations of East Asian case. Neoclassicals underlined “market friendliness” of East Asian states whereas Developmental state theorists tried to show that they were actually quite “interventionist”. I believe both sides had some relevant arguments. It is nonsense to discuss whether they were interventionist or not. There was a high level of state intervention to economy in East Asia. But also their attitude not towards market but towards capitalism was different than for instance Latin America who for different reasons was always suspicious of capital accumulation. Looking at the matter from Braudel’s tripartite schema everything becomes clearer. They did not care about “the rules of the market” –competition and price mechanism- but directly focused on capital accumulation at every cost and they succeeded. At this point the traditional dichotomy in development literature – interventionism vs market friendliness- becomes blurred. It is clear that interventionism for the sake of interventionism cannot succeed if one country would like to achieve capitalist development. Rather, intervention in a selective way and within a broader strategic vision aiming at long term capital accumulation seems to be the more successful way.

5. Conclusion

The task of this paper was very ambitious: bringing together Braudel's three volumes of huge work and hundreds of pages of literature within Developmental State Approach. Needless to say we had to skip many points that we could actually dwell on from both sides. Nevertheless, I believe, we have shown that the two approaches actually indicate many common points. Capitalism might have emerged spontaneously as an embryo from the market economy. But it certainly consolidated and began to rule the world through human-design, through intentional efforts. "Laissez faire" was never an instrument for capitalist development and it will never be. Whatever the level and the type of interventions, there seems to be a clear need for a strategic outlook to the matter. This is the main conclusion that can be derived from the comparative analysis of these two approaches for today's developing countries.

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