

The democratic developmental state

Wishful thinking or direction of travel?

Duncan Green, Head of Research, Oxfam GB¹

The success of state-led development in East Asia, and the problems of market-led deregulation in Africa and Latin America (not to mention Europe and North America), has revived interest in the concept of the 'developmental state'. But are such states inherently autocratic, or can a new generation of 'democratic developmental states' achieve inclusive development in today's poor countries?

For at least a decade, the state-market pendulum in development policy has been swinging back towards the role of the state. This is both because of the central role of state intervention in many recent economic success stories (China, South Korea, Taiwan, Vietnam) and the well-publicised failings of the 'market fundamentalism' of the Washington Consensus policies of the 1980s and 1990s. Structural adjustment and deregulation have produced considerable volatility and a series of bubble-and-bust cycles, but little in the way of sustainable, inclusive growth, or the long-term upgrading of poor economies.

As researchers and policy-makers have sought the 'lessons of Asia', much attention has centred on the concept of the 'developmental state' and its potential replicability in other continents. Chalmers Johnson, the scholar who coined the term in relation to Japan (Johnson, 1982), argued that its essential features are a small, inexpensive but elite state bureaucracy; a political system in which the bureaucracy is given sufficient scope to take initiative and operate effectively; and the perfection of a range of market-conforming methods of state intervention in the economy.

At the core of this model is what Peter Evans (1995), Professor of International Studies at the University of California, calls 'embedded autonomy': a state machinery run by a sophisticated technocratic elite that performs the difficult balancing act of being both embedded in the private sector (and so able to judge the needs of the economy), and sufficiently autonomous to avoid 'capture' by rent-seeking business elites that prefer the easy life of government favours to the competitive rigours of the marketplace.

In order to explore the wider relevance (or otherwise) of the East Asian experience for the Commonwealth and elsewhere, it is necessary to examine the similarities and differences between developmental states in Asia and today's developing countries in Africa and beyond.

Africa, like East Asia, embarked on a period of state-led development following independence, with initially promising results in both economic and social performance. However, with the sole exception of Botswana, Africa's only state-led development success story, this could not be sustained, due to a combination of the pitfalls of commodity dependence and the predatory nature of many African states.

In his influential book, *The State They're In: An Agenda for International Action on Poverty in Africa*, which challenged the focus on exogenous forces espoused by the 'Make Poverty History' campaign and the Gleneagles G8 Summit of 2005, Matthew Lockwood examines the nature of the African state. He argues that the response of regimes to the instability of clientelism (itself an inevitable consequence of the dynamics of rapid decolonisation), in countries such as Kenya, Tanzania, Zambia, Senegal and Côte d'Ivoire, also known as Ivory Coast, was to centralise and bureaucratise power. Most of these changes happened in the 1960s. A wide range of powers was taken into the office of an executive president. In other states, including Nigeria, Sierra Leone, Liberia, Uganda, Ghana and Somalia, the incipient crisis of clientelism was not resolved, leaders did not bureaucratise and centrally control clientelism, and the system as a result became more and more unstable. Political competition and the extent of looting were magnified where countries possessed significant mineral resources (Lockwood, 2005).

Lockwood concludes that the prevalence of clientelism in the weakest states, and neo-patrimonialism in stronger ones, means that the chances of fully fledged developmental states emerging in Africa are 'not particularly optimistic' (Lockwood, 2005, p.113). The 2005 Africa Commission agrees, concluding: 'One thing underlies all the difficulties caused by the interactions of Africa's history over the past 40 years. It is the weakness of governance and the absence of effective states' (Africa Commission, 2005, p.24).

Thandika Mkandawire (2001), however, vehemently rejects this analysis: 'In the African case, "neopatrimonialism" has been used to explain import substitution, export orientation, parastatals, privatisation, the informal sector development, etc. The result is that, in seeking to explain everything, it explains nothing.'

But Mkandawire fails to offer a plausible account of how developmental states *could* emerge in Africa, while taking refuge in blaming international financial institutions for stifling their creation. As a result, Lockwood's efforts to

identify sparks of hope in the performance of countries like Botswana and Ghana actually contain more grounds for optimism than Mkandawire's broadside.

Reviewing the relevance of developmental states to Africa, Peter Meyns and Charity Musamba (2010) conclude:

While nationalist and developmental aims were articulated by post-colonial states, developmentalism in Africa in the 1960s and 70s was characterized by weak state capacity and ineffective statist intervention in the national economy; the neglect of production-oriented private business; and excessive forms of autocratic and predatory governance. These features undermined the initial efforts by some nationalist leaders to establish developmental states. The political and economic crises which resulted from post-colonial statist experiences in Africa must, in conclusion, be seen as the outcome of states which lacked essential features of a developmental state.

Further questions surround the role of Africa's private sector, which has traditionally been seen as weak and captured by the state, and so unable to contribute to the economic dynamism provided by its East Asian counterparts. Afro-optimists believe this is changing, and that we are witnessing 'a new generation of policy-makers, activists and business leaders' that hold the key to an 'African renaissance' in which a newly independent private sector plays a much more dynamic, Asian-style role (Radelet, 2010).

Prospects for democratic developmental states

The poor record of state-led development in most of sub-Saharan Africa led to a default hostility in policy circles to any proposal for enhanced roles for the state. But in light of the renewed awareness of its crucial role in development, many are now concerned that the 'developmental' baby has been thrown out with the 'statist' bathwater and are seeking new roles for the state that overcome past failures. What kinds of developmental state might emerge outside East Asia and what sort of politics are they likely to host? In particular, are developmental states inherently autocratic, as was the case (at least, in the initial decades) in most of the Asian experiences, or can a viable 'democratic developmental state' model now emerge in Africa and elsewhere?

Prominent African scholars have argued forcefully for the adoption of the democratic development state model. Omano Edigheji believes that Evans's concept of embedded autonomy needs to be extended beyond the private sector to a wider group of social actors.

A major weakness of [traditional developmental state models] is that state–society relations are limited to government–business relations – an elite coalition. In addition, the earlier conception of the developmental state paid no heed to the democratic aspect of the developmental state. This is partly because some scholars

regarded the repressive nature of the state as one of the factors that enhanced its developmental capacity. But what is of central importance is the state's ability to use its autonomy to consult, negotiate and elicit consensus and cooperation from its social partners in the task of national economic reforms and adjustment. Cooperation is therefore a central element of the developmental state (Edigheji, 2005).

Edigheji calls this 'inclusive embeddedness', requiring 'programmatic relationships between citizens and political parties' (as opposed to clientelism). 'The democratic developmental state is one that forges broad-based alliances with society and ensures popular participation in the governance and transformation processes.'

Arguing that 'we are moving towards a revised, more inclusionary, understanding of the developmental state', Verena Fritz and Alina Menocal (2007) cite the recent history of Brazil, India, South Africa, Mauritius and Botswana as examples 'that democratisation and an increase in the developmental orientation of the state can occur simultaneously'.

But if developmental states were either politically impossible or intrinsically autocratic in the past, what has changed since the post-independence decades to make a more inclusive path more likely now?

White (1995) argues that domestic and international pressures make the authoritarian path increasingly difficult. At the same time, as events in North Africa and the Middle East have shown, universal education and communications technology have added a powerful weapon to the arsenal of democratisation. The spread of universal norms of human rights and citizenship may also have a more subtle, but no less profound, influence.

Internal or external threats forged unity among the nation-building elite in many Asian take-offs (China, Taiwan, South Korea), while the menace of apartheid in South Africa may well have contributed to the Botswanan success story. Peter Meyns and Charity Musamba (2010) argue (not completely convincingly) that poverty and chronic crisis can provide the same stimulus to national unity and purpose in Africa today.

Decentralisation processes in many developing countries also raise the intriguing possibility that aspects of democratic developmental states could arise at municipal level, as city authorities forge social contracts based on local taxation and local political accountability (Bateman et al., 2011).

Others are less sanguine. Leftwich argues that democracy remains largely incompatible with rapid developmental transformation:

The institutional requirements for stable and consolidated democracy are structurally different to the institutional requirements for rapid and transformative growth and, especially, development... The processes of development have both required and engendered radical, transformative and pervasive change in the formal and informal socio-political and economic



Community Technology Development Trust

Secure and prosperous communities able to improve their lives, solve problems and define their own future.



Community Technology Development Trust (CTDT) is a people-centred development organisation whose operations in Zimbabwe started in 1993.

It implements sustainable development initiatives targeting HIV Prevention, HIV/Aids care and support, biodiversity conservation and use, environment, climate change, community income generating activities, crop production and food security, humanitarian assistance, pro-poor policy and advocacy issues as well as other activities that seek to reduce poverty, hunger, malnutrition and environmental degradation.

CTDT implements programmes that help to secure and empower communities to improve their lives, solve problems and define their own future. In partnership with communities, development agencies, funders, government and other stakeholders, CTDT is implementing development programmes in nine districts in the country covering Mutoko, Mudzi, Rushinga, Chiredzi, Tsholotsho, UMP, Murehwa, Goromonzi and Chegutu.

Through these programmes, CTDT reaches out to over 500,000 people in Zimbabwe annually, particularly the most vulnerable populations in the target communities. CTDT aims to make a lasting difference for people to lead secure and healthier lives. CTDT is results driven and is committed to relevant and cost-effective development initiatives that seek to help target communities to reach their full potential by tackling the causes of poverty.



Contact

Mr Andrew Mushita
Director
Community Technology
Development Trust
Prospect – Waterfalls
P.O. Box 7232
Harare, Zimbabwe

Tel: +263 4 57 6108
+2634 57 6091
+2634 58 9382
+2634 58 9242
Fax: +263 4 58 9390

www.ctdt.co.zw

institutions of societies, but these changes are very different to those required for democracy. For... democracy is essentially a conservative system of power, geared to stability, not change (Leftwich, 2005: 692, 695).

Recent work by the Overseas Development Institute's Africa Power and Poverty Programme (APPP) agrees with this, holding up Rwanda's 'developmental patrimonialism' as the region's best hope for the future – a model closer to East Asian autocracy than to the hopes of the proponents of the democratic developmental state. The conclusions of the APPP director, David Booth, are damning, and echo the decades-old 'Asian values' arguments of Singapore's Lee Kuan Yew:

Many young democracies are not particularly developmental... In many settings, clientelism (vote-buying in its various forms) is cheaper and more reliable for power-hungry politicians than promises to improve policies and the delivery of public goods... What poor developing countries really need are leaders who, as well as constructing sufficiently inclusive coalitions of support, are able to show that they can 'get things done' (Booth, 2011).

Booth thus advocates forgetting about democracy, at least in the short term, and instead trying to understand and work with the more developmental forms of neo-patrimonialism. However, his own arguments are open to challenge, not least because an over-simplistic focus on leadership risks degenerating into the traditional 'decent chap-ism' of British (and other) diplomacy, and there are precious few examples in Africa of 'decent chaps' paving the way for sustained long-term development (with the chief exception of Botswana's Seretse Khama). A period of growth under autocratic rule, followed by political and economic collapse, is much more common, as with most of the other cases cited by Booth, such as episodes of growth in Côte d'Ivoire and Malawi.

The role of aid

One noticeable difference between developmental and non-developmental states is the role of aid. In counties such as South Korea and Botswana, aid played a major role for a short period of time during the early days of take-off, but then dwindled rapidly as other sources of revenue kicked in. States that have failed to take off have, in contrast, built up decades of aid dependence. The obvious questions that arise include whether aid dependence is a symptom or cause of state failure, and whether aid can be reformed to provide more of an impetus for democratic developmental states to emerge.

Alice Sindzingre (2007) argues that the aid regime has so far had the opposite effect, undermining the fiscal basis for state formation in many low-income countries by encouraging continued dependence on volatile commodity revenues and imposing premature trade liberalisation (trade taxes are an important source of state revenue in poor countries). As a result, states remain reliant on aid, rather

than shifting to domestic taxation. Sindzingre calls for a shift in direction towards using aid to build up effective national taxation systems, something that many donors now recognise (for example, DFID's funding of a new International Centre for Tax and Development²).

However, the aid system's potential for encouraging the emergence of democratic developmental states is likely to be limited. While it can help by encouraging the building of taxation systems, or improved state accountability (for example, via parliamentary or public watchdogs), aid is always likely to resemble the 'money coming out of the ground' impact of oil revenues, thereby weakening the social contract born of taxation of the citizenry.

Conclusion: implications for the Commonwealth

If this review is fair, we are left with an unpalatable conclusion. While effective states, in the Commonwealth as elsewhere, are historically a *sine qua non* for economic development, measured in terms of income per capita, active citizenship and democracy are equally essential to achieve development in the wider sense – an accumulation of freedoms 'to do and to be' (Sen, 1999).

But there are likely to be trade-offs between these two goals, even though its nature and extent is probably changing over time, in response to cultural shifts on attitudes to human rights, technological changes in access to information, decentralisation and the partial encroachment into national political spaces of international governance norms. High levels of growth are more likely to be achieved with the sacrifice of some freedoms, and vice versa.

Yet, at the very least, it seems plausible that the transition from an exclusive to an inclusive state can occur earlier in a country's development trajectory than in the past. Aid can help or hinder this process (and most likely do both). Moreover, on this occasion, the author hopes his analysis proves unduly pessimistic, and that Mkandawire's fiery optimism carries the day:

The experience elsewhere is that developmental states are social constructs consciously brought about by political actors and societies. As difficult as the political and economic task of establishing such states may be, it

is within the reach of many countries struggling against the ravages of poverty and underdevelopment. The first few examples of developmental states were authoritarian. The new ones will have to be democratic, and it is encouraging that the two most cited examples of such 'democratic developmental states' are both African – Botswana and Mauritius (Mkandawire, 2001).

References

- Bateman, M., Duran Ortiz, J.P. and Maclean, K. (2011). *A post-Washington consensus approach to local economic development in Latin America? An example from Medellin, Colombia*. London: Overseas Development Institute.
- Booth, D. (2011). *Governance for Development in Africa: Building on What Works*. Africa Power and Politics policy brief 01.
- Edigheji, O. (2005). A Democratic Developmental State in Africa? A concept paper. Johannesburg: Centre for Policy Studies.
- Evans, P. (1995). *Embedded Autonomy: States and Industrial Transformation*. Princeton: Princeton University Press.
- Fritz, V. and Menocal, A. (2007). Developmental States in the New Millennium: Concepts and Challenges for a New Aid Agenda. *Development Policy Review*, 25(5): 531-552.
- Johnson, C. (1982). *MITI and the Japanese Miracle*. Stanford, CA: Stanford University Press.
- Leftwich, A. (2005). Democracy and Development. Is there Institutional Compatibility? in *Democratization*, 12(5), 686-703.
- Lockwood, M. (2005). *The State They're In: An Agenda for International Action on Poverty in Africa*. Bourton-on-Dunsmore: ITDG Publishing.
- Meyns, P. and Musamba, C. (eds) (2010). *The Developmental State in Africa: Problems and Prospects*. Institute for Development and Peace, University of Duisburg-Essen (INEF-Report 101/2010).
- Mkandawire, T. (2001). Thinking About Developmental States in Africa', *Cambridge Journal of Economics* Vol. 25. (3), pp.289-314.
- Radelet, S. (2010). *Emerging Africa: How 17 countries are leading the way*. New York: Brookings Institution Press.
- Sen, A. (1999). *Development as Freedom*. Oxford: Oxford University Press.
- Sindzingre, A. (2007). Financing the Developmental State: Tax and Revenue Issues, in *Development Policy Review*, 25(5): 615-632.
- White, G. (1995). 'Towards a Democratic Developmental State'. *IDS bulletin* Vol. 26, No. 2.

Endnotes

- 1 Duncan Green's daily development blog, *From Poverty to Power*, is on <http://www.oxfamblogs.org/ffp2pl>. He can be contacted on dgreen@oxfam.org.uk
- 2 For more information, see <http://www.ids.ac.uk/go/idsproject/international-centre-for-tax-and-development>