REVISITING CHINA'S DEVELOPMENTAL STATE: LESSONS FOR AFRICA

Khwezi Mabasa
Society, Work and Development Institute
University of Witwatersrand, Johannesburg
and
Zukiswa Mqolomba
Centre for Africa Studies, University of Cape Town

Abstract

Prominent development institutions and researchers have documented the ascendance of China in the global political economy and mainly explored how the global balance of power is affected by China's growing economic expansion. Political economists have argued that it is part of the generic economic power shift from the global north to south whilst security studies place emphasis on Chinese national geopolitical interests in several regions. This article discusses what lessons can be drawn from China's developmental state experience and how these can inform Sub-Saharan African developmental strategies.

We argue that China's rise has been driven by both market and non-market institutions and show how peculiar contextual historical and socio-political factors have been integral to building the Chinese developmental state. This demonstrates the importance of building effective state institutions to support sustainable economic growth and human development. We highlight the principles shaping institutional mechanisms relating to the rapid economic growth and argue that African governments should apply these in their attempts to rebuild state capacity. However, we also point out that negative trends such as authoritarianism and persistent inequality should not be replicated. Rather, Sub-Saharan Africa should build democratic developmental states characterised by pro-poor sustainable inclusive growth.
1. Introduction

Recent reports on Africa's development displayed high levels of optimism. This is different from previous pessimistic accounts about the future of the continent. The new view on the African political economy is mainly promulgated by international development agencies such as the World Bank and the International Monetary Fund (IMF). They perceive the rapid economic growth of some African countries as a sign of economic development. Seven of the 13 fastest growing economies in the world are African (World Bank 2015). This growth lies at the heart of what some commentators and politicians describe as "Africa rising".

However, Africa remains behind in almost every human development indicator. According to the United Nations Development Project — UNDP (2013), Sub-Saharan Africa (SSA) was ranked the lowest in the annual Human Development Index (HDI). There has been minimal improvement in key areas such as health, education and inequality (Gumede 2010a). Furthermore, SSA states have low levels of social protection, high unemployment, poverty and pervasive food insecurity (FAO 2014; UNDP 2014; ILO 2015).

Critics of the African growth thesis have argued the abovementioned evidence illustrates that the region's growth path is not inclusive and sustainable. It is characterised by low levels of human development, and driven by ecologically destructive economic extractivism. Hall (2011: 198) describes this accumulation model as one based on: "non-sustainable forms of resource extraction that are repatriated as profits to corporations outside the locality". Her account resonates with Harvey's (2004) notion of "accumulation by dispossession", which highlights how global capitalism continues to expand by reproducing socio-economic underdevelopment in less developed countries. His observations raise the question of whether Gross Domestic Product (GDP) is a sufficient measure of development. Socio-economic indicators in SSA clearly illustrate that it is not. Fioramonti (2013) provides concrete evidence that justifies why less developed regions (like SSA) should use other indicators, which place human development at the centre of growth strategies. He urges policy-makers to identify and address the underlying systemic challenges of their various political economies. The following section will therefore briefly discuss the structural causes of the crisis in the African political economy.
2. Structural causes of the African crisis

Africa’s developmental impasse is mainly attributed to the dominance of economic liberalism in global development discourses. It coincided with what Butler (2007) describes as New Right policy revolutions. These prioritise free trade, privatisation, market-led development, deregulation, and financial liberalisation. Proponents argued that the implementation of these principles accelerate economic growth and socio-economic development (Hayek 1979; Schumpeter 1954). Olayode (2005: 25) claims that British and US-American political parties in the 1970s and 1980s "led a systematic and sustained ideological and policy agenda to dismantle the capacity, scope and role of the state that developed in the post-World War Two period".

The policy agenda was also supported by the Bretton Woods Institutions (World Bank and IMF), which sought to fortify the newly created global market-based economic system. This paradigm also influenced the economic policy prescripts that came along with financial assistance provided by these institutions. Developing countries had to accept these as part of their lending conditionalities (Gumede 2010a). The main objective was to significantly reduce the role and capacity of the state. The private sector received pre-eminence in the new development approach, characterised by privatisation of most of state-owned enterprises and contracting out service delivery.

Many scholars argue that Structural Adjustment Programmes (SAPs) may have aggravated the deterioration of human security in SSA. Commentators such as Adedeji (1999) and Mkandawire (2005) have provided detailed accounts of how these policies failed to produce the economic dynamism and growth promised by advocates. On the contrary, SSA states experienced negative policy outcomes such as deindustrialisation, low foreign direct investment (FDI), poor economic growth, high levels of poverty, and enhanced dependency on donor funding (Eyoh and Sandbrook 2001; Schneider 2003). The employment performance of these countries was also poor (Gumede 2010a).

The abovementioned evidence illustrates that the focal policy themes of 'grow first, distribute later', and promises of 'trickle-down effects' have failed. There has since been recognition that development in Africa requires more than macro-economic stability. Building state capacity in the pursuit of broader human development goals (that is,
employment and income) deserves equal prioritisation. The outcomes of structural adjustment reforms demonstrated that the well-being of people cannot be left in the hands of an unregulated market. The state has an integral role to play in directing developmental policy, and ensuring that economic development achieves both sustainable growth and redistribution.

3. A brief synopsis of the developmental state

Fritz and Monecal (2007: 534) link origins of the developmental state to the work of the German economic historian Friedrich List (1928). He was particularly interested in exploring the role played by European bureaucracies during the process of industrialisation. The emergence of the developmental state can also be linked to post-war era economic developmentalism, which was largely influenced by the rise of welfare economics (Chang 2003:17). However, the term "developmental state" only gained prominence in policy discourses following the rapid rise of the East Asian Tigers in the global political economy between the 1960s and late 1980s. Gumede (2009: 4) describes this as "one of the greatest industrialisation transformations of the modern era". Much of what is known to constitute the "developmental state" is, as a consequence, modelled against the East Asian Tigers, whose bureaucracies' intervened in markets in the interests of achieving broader socio-economic goals.

This developmental approach was based on channelling or guiding market activity. These states did not seek to suffocate or obliterate market development (Wade 1990; Qobo 2009). East Asian Tigers used "incentives, controls and mechanisms to spread risk, these policies enabled government to guide — or govern — market processes of resource allocation so as to produce different production and investment outcomes that would not have occurred with either free market or stimulated free market policies" (Wade 1990: 26).

The developmental state is said to drive economic development, as well as industrialisation in the interest of the "public good" (Mhone 2004). The concept is said to be an institutional model that adopts a statist approach to account for the high patterns of economic growth of the lately industrialised nations. It affirms the contributory function(s) of
the state in economic development, and in ways that are distinct from
Soviet-type all-encompassing communist states; Keynesian social-
democratic states based on social equality and fairness; and predatory
states whose exploitative behaviour is in antithesis of a nation's eco-


demic development (Wai Yip So 2007). Developmental states are
viewed as "coordinators" of economic development (Chang 2003: 52).
However, literary reviews are quick to point out that there is no single
definition of the "developmental state" (Gumede 2010b). Seemingly,
the developmental state is characterised by a number of features or
multiple dimensions, namely: ideological (that is, role of the state
versus market force), institutional (that is, state autonomy and capacity),
cultural (collectivism versus individualism), and socio-economic (that is, economic growth, industrialisation, local economies) attributes.

General consensus, however, is that the "developmental state"
emerges in stark contrast to neoclassical economics, which argues that
"state interference" tempers with economic growth, as it disrupts mar-
ket equilibrium with devastating consequences (Chang 2010; Kwon
2005; Wade 1990; Leftwich 1995; Sindzingre 2007). The East Asian
Tigers followed the heterodox approach to economic development. It is
characterised by the following type of strategic interventions in the
market: selective industrial policy, state-driven economic planning,
public ownership of certain sectors of the economy, and the redirection
of private economic interests (Beeson 2003; Chang 2010; Grabwoski
1994; Wade 1990; Wong 2004). These policy measures are closely
related to the institutional approach discussed below.

4. Bringing back the state

Gumede (2010a: 4) points out that the World Bank's —

neoclassical reading of the success of the East Asian economies,
with its focus on minimal state prudent and conservative macro-

economic policies, was debunked as being too simplistic. Better yet,
these were disproved by analysis that confirmed that South East
Asian economies have developed through the active involvement of
the state in determining strategic national agendas (i.e. the thrust of
macro-economic and industrial policy, trade, and labour market
policies), debunking the minimal state theory of development.

Institutional economists have echoed his sentiments by highlighting the
following limitations of orthodox economics. Firstly, its obsession with protecting the primacy of markets in economic development. Scholars such as Chang (2003) and Weiss (1998) have proven that the market is one of the many essential institutions in the economy. According to Chang (2003: 51), economic growth and dynamism are outcomes of a productive interrelationship between market and non-market institutions.

Institutional economists have also challenged the reductionist pessimistic view on bureaucracies. These researchers argue that state institutions are shaped by the peculiar socio-political factors of a particular epoch (Oszlak 2005: 483). Hence it is illogical to view them as monolithic structures that operate on uniform principles. Weiss (1998: 51) has also illustrated that bureaucracies can develop the sufficient technological expertise required to guide productive market activity. She explains how the Ministry of International Trade and Industry in Japan had advanced research divisions, which guided the economic activities of businesses. This was crucial for the introduction of new technologies into the market. These state-operated research institutes also had advanced knowledge on market trends and opportunities.

Neoliberal economists have argued that the industrial revolution and economic dynamism in Europe were solely the result of free markets. A number of accounts on European industrialisation have challenged this belief. The most seminal of these is Polanyi (1944: 68), who stresses the important role played by the state in bringing about the social restructuring required for industrialisation and market-led development. His views were shared by List (1928: 90) and Gerschenkron (1962: 14-15). They argued that bureaucracies played an important role in restructuring crucial sectors such as finance so that they support rapid industrialisation. This was most prevalent in Germany and Italy, which are widely regarded as European late developers. These counter arguments raised by institutional economist have been used to explain the rise of the East Asian Tigers.

5. Developmental state — historic and cultural factors

Mkandawire (2001) argues that developmental states are "social constructs" created by political and industrial elites. This perspective is, in part, shared by Johnson (1982, cited in Gumede 2010b: 19) who con-
ceptualised the developmental state in Japan as a "plan rational state" where "the politicians reign and the state bureaucrats rule" — the "plan rational state" shaped economic development as it intervened in the development process and established "substantive social and economic goals".

Onis' (1991) supports Johnson by highlighting that the East Asian model of a developmental state is a product of political and cultural forces. Castells (2010, cited by Gumede 2010b) also identifies three "cultural" dimensions that reinforce the conceptual make-up of the developmental state in East Asia, namely: the Japanese communitarian approach, the Korean patrimonial logic and the Taiwanese patrilineal logic. Onis (1991) also recognises the importance of historical context that sets the stage for the making of the developmental state. He argues that East Asian developmental states, were, by in large, also shaped by their historical circumstances.

Literature on the history of the development state validates this perspective by highlighting the following contextual factors. First, strategic bureaucratic economic coordination by the East Asian Tigers was carried out in an epoch where state intervention was viewed as legitimate (Chang 2003; Evans and Rauch 1999). The post-war international development paradigm supported state intervention in the economy. Second, goals of nationalistic modernisation and Cold War geopolitics required interventionist states. Both political and bureaucratic leaders used nationalism to legitimise state-led economic planning. This patriotism was based on two goals: the need to catch up with other highly industrialised nations, and using economic security to deter Cold War allies from attacking the country.

Third, East Asian Tigers received technical, military and financial assistance from Cold War allies. The prime beneficiaries of this support were South Korea and Japan, who relied heavily on the United States (US) (Amsden 1989; Johnson 1995; Evans 1990). Fourth, private capital was weak in the early stages of development in these countries (Johnson 1995; Wade 1990; Jenkins 1991). This power configuration facilitated the leadership and coordination exercised by bureaucracies in these political economies. A number of economic historians have pointed out that large multinationals from this region were developed by these states. Lastly, most developmental states were authoritarian, and thus it was easier for the political and bureaucratic leadership to exercise what Johnson (1995) describes as "soft authoritarianism". More
importantly, it gave states more power to deal with the social upheavals caused by economic restructuring. Rapid industrialisation has always produced "countermovements" in various societies across the globe (Polanyi 1944). In East Asia these social protests were brutally subverted or ameliorated through selective social assistance (Holliday 2000; Kwon 2005; Lee and Ku 2007).

All these historical factors were crucial catalysts for the rise of East Asian Tigers. The most prominent of these is China, which has emerged as one of the leading economies in the world. We will explore which key factors have contributed to its economic dynamism in the section below.

### 6. Revisiting the great transformation of China

It goes without saying that China’s determination to pursue economic reforms in 1978 has largely been shaped by cultural and historical factors. In this instance, Confucianism has been linked with the type of economic and political system that China has sustained by forming an authoritarian developmental state. It is said that Confucian culture has been an intrinsic component of legitimising state control as it "supports respect for authority and values social stability maintained by an acceptable authority" (Tisdell 2009: 2). The centrality of the state is said to be uncontested in China, and in contrast to the neo-liberal values of individual rights in Western economies, Confucianism affirms the centrality of the state in national affairs, including economic development. This proves that the philosophical conceptualisation of the state in society shapes the functioning of public institutions, and the role they play in economic development. Chinese society has rejected the atomistic view of the state and embraced an organic paradigm, which conceptualises the state as the custodian of the general will.

Market reforms also came about as a historic consequence. The failure of a political and economic system commonly referred to as Maoist socialism provided the impetus for a new development path under Deng Xiaoping, and the subsequent extension of Deng’s development policies by more recent leaders of the Chinese Communist Party (CCP) (Tisdell 2009). Its failures, particularly the excesses of the Cultural Revolution, had devastating consequences, characterised by
budget deficits, low GDP trajectories, de-industrialisation, country-wide famine, deepening of poverty and civic unrest. The economic turbulence that preceded the early 1980s, amongst others, definitely set the stage for the emergence of a new growth path, which emphasised modernising agriculture, industry, national defence, science and technology.

China has undoubtedly prioritised economic development as a prime priority. The state has played a central role in China's economic growth, with the bureaucracy expropriating private corporations into "public hands" (that is, state-owned enterprises) for development purposes. It should be noted that state ownership in this country was not only about control; it was also based on the objectives of economic dynamism and structural change. In other words, the balance of the private and public economic divide is informed by rapid industrialisation. Not the implementation of nationalisation for political expediency.

The nature of the Chinese post-socialist state has largely been driven by market-orientated reforms. China's success can be attributed to state-driven industrial strategies, trade policies and macro-economic controls, as well as FDI, and access for exports into US and European markets. Despite its state-led economy, China's basic underlying economic doctrine lies in tandem with the US capitalist market economy, and is largely dependent on an export-oriented industrial structure, exporting manufacturing products to Western advanced capitalist markets (Wai Yip So 2007). China has also embarked on a state-led campaign to develop its high-tech industries, following the evolution of the development states of Taiwan and Japan in this regard. The economic achievements of China's economic reform are well documented: in most years China reached double-digit growth levels. As a result, China's real GDP was over 13 times higher in 2006 than in 1978\(^1\) (Tisdell 2009).

China has also experienced extraordinary institutional reforms, which have proven to be effective in promoting its economic growth. China appears to have drawn from prominent theorists who place emphasis on the "state-structure nexus". These authors elucidate the centrality of organisational capacities in the bureaucracy, as well as technical capacity (that is, implementation capacity) in building a developmental state (Robinson and White 1998; Leftwich 1995; Cummings and Nørgaard 2004). Important has been China's ability to develop "industrial elites"; ensure relative state autonomy; "institutional coherence"; and economic performance. In essence, the regime has suc-
cessfully undone the legacy of "closed bureaucracy", and reformed its institutional, legislative and governance arrangements in ways that have enhanced centralisation, coordination and strategic planning. Institutional reforms, alongside changes in economic strategy, have definitely contributed towards planning and promotion of developmental goals.

It is important to note, however, that there are scholars who insist that China has always had an obsession with achieving material economic growth, ever since the CCP came to power in 1949 (Tisdell, 2009: 3). But most scholars contend that China only became a developmental state after commencing its economic reforms (Bolesta 2007; Woo-Cumings 1999, cited Tisdell 2009). However, left-leaning scholars insist on an alternative view, and argue that the developmental state has always been a key feature of Chinese organisation since 1949; and that current China has now pursued a different policy path to achieve its socio-economic goals. What remains unrefuted is that the policy reforms have transformed the economy in the following fundamental ways:

- from a position where it had virtually no foreign investment and a low-level of international trade and exchange to a position where it is a major recipient of foreign investment and its trade and foreign exchange reserves are very high in comparison to its level of national production. A variety of indicators demonstrate that economic welfare (and human development) in China has shown an upsurge in the last 30 years (Tisdell 2009: 2)

China’s development trajectory resonates with White’s (1998) propositions that state-driven political will has the ability to promote productive income generating economic activities. China also recorded an upward movement in the HDI of more than 30 per cent since its economic reforms from 0.530 in 1975 to 0.777 in 2005 (Tisdell 2009). The state, however, has yet to ensure that economic growth is improving the livelihoods of the poorest citizens. Growing income inequalities, environmental degradation and the consequences of the global economic recession remain challenges (Tisdell 2009), as well as deepening rural poverty, massive urban migration, the repression of worker rights, and the reduction of social security nets for the poor. The territorial variation or inequality under China’s developmental state is similar to that found in Taiwan, where flourishing high-tech industries mainly cluster through
capital-intensive city corridors leaving other parts of China behind. In essence, development in China has precluded a process of economic change involving the construction of more complex and productive economies capable of generating higher material standards of living for its poorest.

7. Conclusion: Strengths and shortfalls of China's developmental state

China's developmental trajectory has noticeable shortcomings, which should be avoided by African states. China's rapid economic growth inspires other less developed regions like SSA. However, it also teaches us that this is not a sufficient condition for pro-poor growth. Bearing in mind that the history of struggle against colonialism was on the backbone of worker struggles and mass-based mobilisation, African states should pursue policies that create decent jobs, protect workers' rights to a living wage, as well as extend social security nets to the poor. The major step should be a direct and explicit social policy focusing on eradicating poverty and strengthening social cohesion. Secondly, African states should also develop strategies that promote decent work, labour-intensive approaches (to absorb majority unskilled labour), rural development and agrarian reforms, as well as the promotion of small-scale indigenous enterprise in its bid to pursue pro-poor growth. Thirdly, African states should also make use of technological advancement and pursue aggressive skills development regimes to meet the demands of changing domestic structure of production. Undoubtedly, building skills is an essential component to improve productivity, incomes and access to employment opportunities.

Just like China's historic and cultural resolve, most African states have a historic duty to address the development deficits (that is, low economic growth, de-industrialisation, high poverty and unemployment, inequality, mono-product economies, underdevelopment, poor governance and maladministration, low industrial capacity and global competitiveness), which lock them into a semi-colonial status (Gumede 2010a). As a function of historical circumstances, state power in Africa, has been conceptualised in ways that seek to democratise the state, rebuild state capacity, strengthen trade and industrial capacity, develop science and technological capacities, extend social security for vulner-
able groups, as well as "deracialise patterns of ownership and control of wealth; to reconfigure the distribution of national resources in favour of the poor..." (ANC 2007: para 6.1). African states desperately need to resolve similar development deficits that arise as a function of years of economic and social collapse during and post-colonial rule.

Though much on the developmental state has been modelled on the East Asian Tigers, there are scholars who contend that the "developmental state" should be modelled against broader developmental paradigms, which include elements of democratic participation, consensus-building and cooperation within social partners. The concept of "democratic participation" and "embedded autonomy" introduced by Evans (1995) highlights the centrality of cooperation, negotiation and consensus building around the developmental agenda. In this instance, the critical success factors lie in forging state formed alliances with social groups in society that help to achieve national developmental goals. Edigheji (2005) suggests that a developmental state should, in principal, embody the following four principles: electoral democracy and popular participation in the development and governance processes; economic growth; state driven socio-economic development and "embedded autonomy".

China possesses the institutional features of the developmental state. But it has not made significant political reforms to build the embeddedness, which has characterised democratic developmental states. The bureaucracy has not developed into what Weiss (1998) described as "governed interdependence". This form of economic governance is based on a "system of central co-ordination based on the cooperation of government and industry. Policies for this or that industry, sector or technology are not simply imposed by bureaucrats or politicians, but are the result of regular and extensive consultation, negotiation and coordination with the private sector" (Weiss 1998: 48). China's economic liberalisation lies in tandem with political conservatism: repressing civil society and non-state actors that may threaten state hegemony. The nation continues to function as a one-party state, and has an authoritarian system of governance, characterised by hostility to civic participation beyond its localities.

It can be argued, however, that China's economic reforms may possibly be followed by political reforms. As China begins to consolidate its efforts as a "rising global power", it will be forced to revisit its political poster. This is integral for cementing its legitimacy in the inter-
national system. Both soft and hard power is crucial in the current epoch. South Korea has been cited as one example in which transition from a dictatorial development-state to a liberal-democratic development-state has taken place (Maan 2007). There are strong assertions that there is nothing that suggests that the Chinese Communist party "will become permanently entrenched" as the Chinese population enjoys a higher standard of living. It is also important to note, however, that Taiwan, Singapore and Malaysia have also witnessed peaceful transitions of economic power without any significant changes in political culture and practice. The histories of the East Asian Tigers suggest therefore that China's political transition could go either way.

Endnote

1. This change is based on World Bank information which uses US prices for 2000 to estimate that China's real GDP in 1978 was US$157.7 billion whereas in 2006 it was US$2,100 billion.

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