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Review

The developmental state: An illusion in contemporary times

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It has unanimously been acknowledged that state activity in the market was one of the key factors which facilitated the rapid growth of Japan and the East Asian tigers (Singapore, Taiwan, Hong Kong, and South Korea), hence this essay assesses the applicability of utilizing this model to induce development in contemporary times. It analyzes the various ideological, political, and economic changes that have occurred, arguing that the context aspiring developmental states face is vastly different than that faced by the successful Asian developmental states. Factors discussed include the ideological shift from imbedded liberalism to neoliberalism; the evolution of the structure and rules governing international trade; and the Cold War context which resulted in states enjoying more room to act in their economies'. The newly coined 'Beijing Consensus', and the consequences of China's rapid growth are also elaborated on.

Key words: Developmental state; African development; autocracy and development; Japan; South Korea; trade liberalization; labor; fairness.

INTRODUCTION

"South Korea, Taiwan, Hong Kong, and Singapore, the most rapidly developing nations in the world today, and Japan, the only country to join the ranks of this century's most economically and politically powerful nations, are all found in East Asia. These nations have not only brought economic development to a region with a relatively poor endowment of natural resources, but have done so with unprecedented speed. At the heart of each of these nations' success seems to lie a state with a top-priority commitment to economic development and which provides the necessary human, material, and institutional resources … in East Asian nations the state was largely responsible for abolishing the old class system with land reforms … for bringing young women to the workplace in unprecedented numbers … and for transforming an agrarian economy into a bustling industrial economy in less than two decades (Kim, 1993: 228).

As one can observe from above the developmental state model (wherein the state actively plays a role in harnessing the power of the market), commentators unanimously agree, is the main reason for the rapid development of most East Asian states, hence this essay aims to assess the hypothesis that this model still holds true in contemporary times. In other words it aims to assess the argument that the developmental state is still attainable in the current era. The first part aims to tease out some of the main features of developmental states. It accomplishes this by firstly analyzing their developmental ideologies. Some even go as far as arguing that the developmentalist ideology of developmental states is of more importance then the policies adopted by these states to realize it. Secondly, it touches on the importance of an efficient and competent bureaucracy in enabling developmental states to induce development. This section also discusses the concept of imbedded liberalism (the bureaucracy needs to be insulated and imbedded at the same time), and its role in enabling the bureaucracy to function efficiently (Evans, 1989). Thirdly, it discusses and elaborates on the role of pilot agencies (staffed by competent bureaucrats) and how these agencies enable developmental states to trigger development. Of importance is the need to strike a balance between excessive centralization and fragmentation when creating these agencies (Oni, 1991).

Lastly this part discusses the ability of developmental states to enforce performance standards on protected industries. This, many argue, is what distinguishes a developmental state from most unsuccessful middle income states (Oni, 1991).

The second part endeavours to make salient the aforementioned features by discussing and illustrating the process of Japan's development. This is realized by touching on the context faced by Japan post World War II, the agencies it created to foster development, and the results of Japan's rapid development. It is argued that the apparatus which enabled Japans' development is as impressive as the rate of its development (Evans, 1989).

The next three parts aim to discuss and analyze why the creation of a developmental state is impossible in contemporary times. Part three discusses the ideological shift from imbedded liberalism to neoliberalism, and how it inhibits the creation and maintenance of a developmental state. Of importance in this regard is the international financial institutions' conversion to this new ideology and the conditions imposed by them for the provision of loans to developing countries (Wade, 2003; Davis, 2004). The Beijing Consensus and its ambiguous nature are also elaborated upon in this part.

Part four analyzes the political changes that inhibit the formation of a developmental state in contemporary times. This is achieved by firstly analyzing how the Cold War context enabled Japan and the East Asian Tiger's rapid development. This is as during the Cold War the hegemons (USA and USSR) were more concerned over security and thus formed alliances based more on balance of power calculations than strict ideological commonalities (cited in Musamba, 2010; Oni, 1991). It needs to be noted that the super power's then backed the development of states allied to them through trade and aid, so as to ensure the success of these alliances (Oni, 1991; Hayashi, 2010). Secondly, the argument that dictatorship is necessary for development is discussed. This is important, because in contemporary times, citizens are no longer willing to accept this logic, Libya being a case in point (Oni, 1991; Goldstein, 2004). Thirdly, this part discusses how labour and civil society needs to be weak so as to promote development, and how achieving this is increasingly difficult in contemporary times. The impact of globalization; the formation of the world social forum; and developed states' use of labour standards to protect their economies are touched upon in this section. Lastly, the ability of the landed class to thwart the ability of a developmental state to function is discussed. Brazil is utilized as an example to illustrate the above (Evans, 1989).

Part five analyzes the economic changes that hinder the formation and efficacy of a developmental state in contemporary times. This is accomplished by firstly illustrating how the removal of capital account controls and exchange rate restrictions hamper the functioning of aspiring developmental states (Bello, 2005; Edigheji, 2005; Wade, 2003). It is argued that whole states are now able to go bankrupt as a result of this (cited in Graaff, 2003). Secondly, the evolution of the international trade system and its impact on developing states is analyzed. The agreements on trade-related intellectual property and trade-related investment measures are distressing in this regard as states can no longer 'borrow' technology and apply performance measures to foreign firms so as to ensure rapid and sustainable development (Wade, 2003). Thirdly, the shift in international trade from trade in manufactured goods to trade in services and the impact this has on developmental states is examined. Lastly this part elaborates on the difficulties of collecting revenue (financing the developmental state) faced by aspiring developmental states in contemporary times. States' restricted roles in the economy (whether voluntarily or through 'conditionality's'), and the reduction of tariffs amongst others have made it increasingly difficult for states to collect the amount of revenue required to fund development (Sindzingre, 2006).

The sixth part aspires to assess whether China's rapid growth has revived the developmental state concept. Of importance in this regard is its large population which inhibits comparisons being undertaken (Goldstein, 2004).

The last part endeavours to propose certain measures which will create an environment wherein states can become developmental (be active in the market) once again. This is realized by firstly discussing the need for the current neoliberal ideology to be contested. The successes achieved by the developing world at Doha illustrates that this is possible (Clapp, 2006). Secondly, states need to alter the rules governing international trade so as to make them more flexible. Thirdly, Mahithir's ability to close of Malaysia's capital account during the 1997 Asian crisis is discussed to illustrate the need for this to occur, and to illustrate that it can be achieved provided the will exists. Fourthly the need for the expansion of the Asian Monitory fund is elaborated upon.

Running through this essay is the notion that the effectiveness of the developmental state is severely restricted in contemporary times. Ideological, economic, and political changes have resulted in its formation and operationalization becoming an impossibility. Thus in the words of Beeson, even the Asian developmental states would find it difficult to replicate their performances in contemporary times (cited in Musamba, 2010). Before proceeding it needs to be noted that this essay utilizes the words 'developing states', 'developing countries', and 'aspiring developmental states' inter changeably to mean states that seek to utilize the developmental state model to induce development. It also utilizes the words 'East Asian states', 'Asian Tigers', and 'East Asian developmental states' interchangeably to refer to the successful developmental states of East Asia (Japan, South Korea, Taiwan, and Hong Kong amongst others) which developed rapidly as a result of state interference in the market.

THE DEVELOPMENTAL STATE, CHARACTERISTICS AND MAIN FEATURES

Before one discusses and analyzes some of the many reasons explaining why the idea of a developmental state is not feasible in contemporary times, one first needs to be familiar with the concept of a developmental state. Developmental states refer to states whose governments play an active role in their (states) development (Evans, 1989; Gelb, 2006; Kim, 1993; Clark and Jung, 2002). Through the provision of tax breaks, subsidies, and tariffs amongst other measures, these states assist and accelerate the development of industry (Musamba, 2010; Clark and Jung, 2002) it needs to be noted that the above measures are used by developmental states to create comparative advantage, the notion held by many theorists, that late developers can not develop through the free market unless the state actively participates in it and attempts to create industries (Evans, 1989). Developmental states possess/emit certain features which will be touched upon below.

Ideology

An often overlooked feature of developmental states is the developmentalist ideology they subscribe to (Edigheji, 2005; Kim, 1993; Gelb, 2006). Development, and the aspiration thereof, needs to be a central and over arching pillar of a developmental state's focus (Gelb, 2006; Kim, 1993). Issues such as welfare, and redistribution need to be omitted or in the least minimized from the state's focus. In the words of Johnson, a developmental state needs to"first of all be a developmental state - and only then a regulatory state, a welfare state, an equality state, or whatever kind of functional state a society may wish to adopt (cited in Musamba, 2010:12)." Kim's analysis of South Korea is insightful in this regard (Kim, 1993). He very brilliantly observes that one of the first steps taken by the South Korean regime when it began to weaken (become less developmentalist), was reprioritizing its industrial policy, so as to add welfare and foreign policy (mainly Korean unification) under its objectives (Kim, 1993). Thus leading the Korean state to rename the fifth five year economic development plan to the 1982 to 1986 economic and social developmental plan, which resulted in state resources being shifted from industrial development to welfare which comprised over 40% of the state's budget by 1990 (Kim, 1993). Before proceeding it needs to be noted that the role of leadership is key in the formation of the above agenda (Musamba, 2010). Leaders of developmental states, though not democratically elected in most cases (will be elaborated upon a little later), had the interests of the citizens at hand, and were not patrimonial (Evans, 1989; Musamba, 2010). This best accounts for the huge disparity between the cliptocratic Zairian state under Sese Seko which claimed to be a developmental state, and the successful Japanese state (Evans, 1989).

Embedded autonomy

Developmental states' possess a very capable and competent bureaucracy (Evans, 1989; Clark and Jung, 2005; Oni, 1991). This bureaucracy needs to be insulated from particularistic interests, in Weber's words these bureaucrats need to view furtherance of state goals as being in their interest (cited in Evans, 1989). This is best achieved when bureaucrats have a clear career path which is well rewarded, thus inhibiting them from becoming rent providers (Evans, 1989; Musamba, 2010). Moreover Meritocratic recruitment needs to be instituted so as to ensure their competency, and further inhibit corruption (Evans, 1989). Brazil provides an apt example of the consequences of the lack of Meritocratic recruitment and career security (Evans, 1989). It is argued that where as the Japanese and American presidents are responsible for tens and hundreds of jobs respectively, the Brazilian president is responsible for the employment of thousands, thus making clientelism inevitable (Evans, 1989). Moreover because most state agencies are dependent on his/her patronage for survival, their efficiency and efficacy are inhibited as they cannot develop long term plans, and rather have to follow his/her desires which are subjective to change every time a new leader attains power (Evans, 1989). Before proceeding, it is important to note that in a developmental state bureaucracy, bureaucrats need to maintain informal connections internally so as to improve the coherence of the agency (Evans, 1989). In Evans words this will allow the, "non-bureaucratic elements of bureaucracy" [to] reinforce the formal organizational structure in the same way that Durkheim's "non-contractual elements of contract" reinforce the market (Evans, 1989: 573)."

However although the bureaucracy needs to be autonomous as observed above, it also needs to be imbedded, in that links need to be formed between it and the private sector (Edigheji, 2005; Kim, 1993; Musamba, 2010). This firstly serves to prevent collective action problems which plague the private sector (Edigheji, 2005). Secondly, it increases the competence and coherence of the developmental project, and its acceptability by a wider class of actors (Evans, 1989). It needs to be noted that the foregoing discussion on meritocracy and bureaucratic career paths will serve to inhibit the state being captured by the private sector as many fear (Evans, 1989). Evans sums this up brilliantly when he argues that a developmental state's effectiveness "depends on (its) ability to construct an apparently contradictory combination of Weberian bureaucratic insulation with intense immersion in the surrounding social structure (Evans, 1989: 574).”Hence the paradoxical concept ‘imbedded autonomy’.

Pilot agency

Developmental states usually create an agency through which the program of development is rolled out (Evans, 1989; Oni, 1991; Musamba, 2010). This agency controls the issuing of credit, the granting of licences, and possesses the ability to issue tax exemptions amongst others (Kim, 1993; Musamba, 2010). Power granted to these agencies needs to be balanced, for if it is given to much power accountability is impeded, whilst too little power impedes its effectiveness, thus leading Oni to argue that, these agencies need to be granted control over a limited set of strategic industries (Oni, 1991). The Ministry of International Trade and Industry (MITI) in Japan, and the Economic Planning Boards (EPBs) in South Korea and Singapore are examples of pilot planning agencies (Musamba, 2010).

Ability to enforce performance standards

A very important but often forgotten feature of a developmental state is its ability to revoke licences, tax breaks, and subsidies from non performing industries (Gelb, 2006; Oni, 1991). As Oni argues, this is often what distinguishes successful developmental states from other unsuccessful middle income states (Oni, 1991). For this to be achieved a state needs to possess the capacity and will to implement performance standards, hold industries to these standards, and revoke preferential treatment if these are not met (Oni, 1991). This, as observed earlier, is linked to the state’s ability to act autonomously from the private sector.

JAPAN

In order for us to have a better understanding of the developmental state, this essay will briefly touch on the workings of the Japanese state. Japan emerged from World War II a battered state, with a shortage of private investable capital, and a fear of communism (Evans, 1989). Thus the state set about attempting to induce development (Evans, 1989; Riain, 2000). Organizations such as the Japanese postal savings system, and the Japanese development bank were all active in attempting this feat (Evans, 1989). Of importance in this regard was MITI, which oversaw approval of Japanese development bank loans; had the power to regulate and control foreign exchange; and was able to grant tax exemptions (Evans, 1989). MITI provides the best example of an embedded yet autonomous bureaucracy (Oni, 1991; Evans, 1989). Recruitment is based on merit (only 2 to 3% of graduates pass the Japanese higher service test; they follow long and prestigious career paths; and through Batsu’s (ties amongst students from elite universities which continue after recruitment into the civil service) the agency maintains an informal coherence (Evans, 1989).

Moreover they are interlinked with the private sector through various means including industry organizations and quasi governmental organizations (Evans, 1989). In addition retired MITI officials are often placed into leadership positions in private sector corporations, thus further entrenching this linkage (Evans, 1989). The results have been astounding, by the 1970s Japan emerged as the second largest economy in the world with strong MNCs such as Toyota and Panasonic, and even began her own process of investing abroad (Bello, 2005). Evans sums this up brilliantly when he argues that, “The administrative apparatus that oversaw Japan's industrial transformation was as impressive as the transformation itself (Evans, 1989: 573).”

Before proceeding it is important to note that developmental states are not homogeneous and do differ in many respects (Oni, 1991; Clark and Jung, 2002; Hayashi, 2010). Whilst the South Korean state mainly encouraged the formation of huge conglomerates (chaebols), the Japanese state encouraged both small and big enterprises, and the Taiwanese state discouraged the formation of big enterprises (Kim, 1993). However the main commonality is the activist role played by the state in attempting to induce development in the three states.

IDEOLOGICAL CHANGES

The shift from imbedded liberalism to Neoliberalism

The decades proceeding World War II (in which developmental states were most successful), were categorised by an international adherence to a different ideology than the one that is promoted in contemporary times (Ruggie, 1982). Post World War II, states, mostly European ones, sought the allowance to interfere in the market (by market one is referring to both the local and international economies of these states) so as to promote reconstruction, whilst the U.S.A sought to impose a system wherein the market reigned supreme (Ruggie, 1982). The fear of communism led to the states accepting a compromise, what Ruggie calls imbedded liberalism (Ruggie, 1982). Exchange controls and trade restrictions were lifted; however, states retained control over their capital account, and could unilaterally revalue or devalue their currency to avoid balance of payment problems (Ruggie, 1982). From the foregoing, we can observe that imbedded liberalism allowed, and in some cases even encouraged states to play an active part in the economy, thus allowing the East Asian developmental states to develop and operate (Oni, 1991). Moreover international institutions such as the World Bank, and IMF followed this ideology, the result being that developmental states were not condemned and ridiculed for actively participating in their state's market (Wade, 2003). However, this soon changed during the 1980s with the accession to power of Ronald Reagan in the US and Margaret Thatcher in Britain (Broadbent, 1999). Embedded liberalism was replaced by neoliberalism, amplified by the Washington consensus, which advocated privatization, deregulation, monitory and fiscal restraint (Broadbent). This meant that states were, and still are, discouraged from participating in the market, thus inhibiting the formation of a developmental state (Wade, 2003). Moreover, just as in the above, international institutions subscribe to this new ideology, a consequence being states seeking funds to induce development (just as what the Asian states sought) are required to undergo certain 'conditionality's' which are aimed at liberalizing them and reducing their activities in the economy (Wade, 2003; Davis, 2004). Many states were to undergo these 'conditionality's' (stabilization in the case of the IMF and Structural adjustment in the case of the World Bank), and the consequences were horrifying, whole industrial sectors were destroyed, currencies fluctuated out of control (will be elaborated upon below), and poverty drastically increased (in the early 1990s extreme poverty in former Soviet States increased from 14 million to over 168 million (Davis, 2004).

The aforementioned change in ideology by the developed world, and poor states' lack of contestation of it, makes the pursuit of a developmental state impossible in contemporary times (Wade, 2003; Oni, 1991). Moreover poor states reliance on external funding and the international financial institutions subscription to the Washington consensus further inhibit the chances of the formation of a developmental state, even if states decide that they have had enough of the Washington consensus (Wade, 2003). Wade sums this up brilliantly when he asserts that under developed countries' negotiators are hamstrung by their negotiators subscription to the current ideology and belief that merely lobbying the West to open their markets will lead to development (Wade, 2003).

The Beijing consensus and the reasons for its lack of relevance

Before proceeding, it needs to be noted that many have argued that the ideological grip of the Washington consensus is waning, and that it is being replaced with a new ideology which tolerates state activity in the market, whilst valuing indigenous modes of development (Ramo, 2004). It is argued that the main driver of this is China, who's GDP has increased 12 fold during the last 30 years, mainly as a result of its socialist/communist tendencies which have resulted in the state playing a major part in the economy (Ramo, 2004). Ramo has coined this new method of thinking the "Beijing consensus", and argued that developing states will seek to emulate this, thus revolutionizing International Politics (Ramo, 2004). He argues that the Beijing consensus has three main principles, namely, the unrelenting pursuit of innovation so as to foster development; the focus on equitable and sustainable development as the goal, and not a side effect of development; and the preservation of sovereignty, and that these best explain China's rapid growth (Ramo, 2004; Dirlik, 2006)

Critics however have disputed this account, arguing that in fact the tremendous amount of foreign direct investment China receives, and its relatively cheap labour force provide a better explanation for its rapid development (Lal, 2011; Dirlik, 2006). Moreover they argue that income inequality is rapidly increasing in contemporary China (urban households earn 3 times the amount rural households earn [the largest urban/rural income gap in the world]), thus debunking the notion that China's growth model is characterized by equitability and sustainability (Dirlik, 2006).

The above means that there is no real Beijing consensus, and that if there is, it is much too vague and ambiguous; hence, Dirlik defines it as "a notion, rather than a concept or an idea" and argues that it is not "an alternative to the neo-liberal Washington Consensus, but (is) more a method of moderating its spatial, social, and political consequences within the parameters set by that consensus (Dirlik, 2006: 1 and 5)." In addition even were the Beijing consensus a viable alternative to the Washington consensus , it would have little to no real influence on the abilities of developing states, as China provides a minimal amount of aid and loans when compared to western states and institutions such as the IMF, and World Bank (Mwanawina, 2008).

POLITICAL CHANGES

The cold war and the developmental state

Many have argued that one of the main factors enabling the success of developmental states was the Cold War (Oni, 1991; Riain, 2000). The Cold War, as we are all aware of, resulted in a bipolarity of the international system with both super powers (the US and the USSR) vying for influence (Graaff, 2003). Thus leading these commentators to argue that the US's strategy of containment resulted in it allowing the governments of East Asian developmental states a huge amount of leeway to actively participate in the governing, and running of these countries' economies provided they ally with it rather than the Soviets (Oni, 1991). Oni echoes this when he asserts that the Cold War forced the US to place security considerations above ideological ones in the conduct of its foreign policy (Oni, 1991). It needs to be noted that the US still has over 42 thousand military personnel deployed in Japan and 25 thousand in Korea, and that these deployments are as a direct result of the communist threat posed by the then Soviet backed China and North Korea (Shaplen and Laney, 2007). Even the concept of imbedded liberalism, Ruggie argues, wasformulated as a response to the threat posed by communism (Ruggie, 1982). It should be noted that post World War II, the Soviet model proved quite appealing to newly independent states, mainly as communism, it was argued, explained the rapid growth of the USSR (Graaff, 2003).

Linked to the US's consent to the state playing an active role in East Asian countries, was its trade with Japan, and the East Asian Tigers (Kim, 1993; Shaplen and Laney, 2007). As of 2006 US trade with South Korea still stands at 16% of Korean trade, and it is still Japan's second largest trading partner (Shaplen and Laney, 2007). It needs to be noted that this trade usually resulted in the US having a trade account deficit, but was never the less tolerated for security purposes (Shaplen and Laney, 2007; Hayashi, 2010). Thus leading many to argue that, the "developmental state model could only have worked in the context of the Cold War, and therefore could not function in today's international political climate. The East Asian countries owe the US a great debt of gratitude, specifically for the relatively open US market and its tolerance towards their economic (trade) practices (cited in Hayashi, 2010:46)."

However post Cold War this has drastically changed (Oni, 1991; Kim, 1993). The US has sought to force Asian economies to liberalize and open their capital accounts (Kim, 1993; Hayashi, 2010; Clark and Jung, 2002). This can best be observed in the then US trade representative Charlene Barshefsky's presentation to congress post the Asian Flu, wherein she argued that the IMF stabilisation policies which mandated deregularization, privatization and the opening of Asian states' capital accounts (which will be subsequently elaborated upon) are in line with the US's bilateral policies with these states (cited in Bello, 2005). Kim's analysis of South Korea is insightful once again (Kim, 1993). He argues that pressure from the Reagan administration (as a result of an increasing US trade deficit visa South Korea), was a key reason for the reduction of regulations governing foreign direct investment into South Korea, and the liberalizing of its financial account (Kim, 1993).

From the foregoing, we can observe that the Cold War did play an important role in allowing and enabling the formation and and effectiveness of the developmental state (Oni, 1991). However the end of the Cold War, and subsequent opposition to state interference in the market by the US, means that the protectionist policies necessary for a developmental state to be effective, will no longer be tolerated thus inhibiting the formation and functioning of a developmental state (Oni, 1991). Moreover if the US is opposed to state interference in the economy by close allies such as South Korea, one is of the view that no other state has a chance of getting away with it. Beeson sums this up brilliantly when he argues that even the East Asian Tigers would not be able to replicate their development feats in contemporary times as the Cold War accounted for the prevalence of certain imperative conditions which aided the developmental state (cited in Musamba, 2010).

Democracy and the developmental state

Empirically it has been illustrated that most developmental states barring Japan have been dictatorships (Kim, 1993; Musamba, 2010; Oni, 1991) South Korea, Thailand, Indonesia, Malaysia and Taiwan aptly illustrate this, all of these states were governed by autocrats during their phases of rapid industrialization (Kim, 1993; Clark and Jung, 2002). Even Japan is argued to have sowed the seeds for its latter development whilst it was still a dictatorship, and remained a one party dominant state during its rapid growth process (Edigheji, 2005; Oni, 1991). It is argued that dictatorships are necessary during the initial phases of development as firstly, they are most lightly to have the power to channel scarce resources into the correct sectors during the initial process of industrialization (Hayashi, 2010; Oni, 1991; Goldstein, 2004). Secondly, it is argued that they are better equipped to assist over come collective action problems by the private sector (Edigheji, 2005; Hayashi, 2010).Thirdly, it is argued that dictatorships, by virtue of having a degree of certainty of remaining in power, are able to refrain from pursuing short term goals so as to appeal to voters, and thus are free and able to pursue longer term goals (Butler, 2009; Hayashi, 2010; Oni, 1991). Lastly, their need for legitimacy spurs them on to promote development, for economic growth is a sure fire method of keeping the populous pleased so as to halt them from desiring the overthrow of the regime (Kim, 1993; Edigheji, 2005). Leftwich sums up this view brilliantly when he asserts that, "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 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 (cited in Musamba, 2010:38).

However in contemporary times dictatorship is no longer feasible (Musamba, 2010; Oni, 1991). White echoes this when he argues that the historical juncture created by the fall of communism has made the toleration of dictatorship highly improbable (cited in Musamba, 2010). Thus even economic growth, which is the main reason dictatorships were tolerated previously, no longer insolates dictatorships from being challenged (Oni, 1991). Libya provides an apt example of this. Under Gadafi's rule Libya has developed tremendously, it has amassed the highest per capita gold reserves in the world; its Human Development Index measurement is ranked the highest in Africa; and citizens live a comfortable and improving life (McIntyre, 2011; West 2011). Even Professor Anthony Giddens, formulator of the 'third way' of thinking about welfare concurred, speculating that Libya is on the road to becoming the 'Norway of the North', a state wherein oil and socialist policies have combined to result in Norwegian's living standards measuring the highest in the world on the human Development Index (West, 2011). However this has not enabled it to escape the urge and desire for democracy by Libyans, and as this essay is being written, Libya is involved in a civil war, between pro democracy activist controlling the oil rich east of the state and Gadafi loyalists controlling the west of the state, which threatens to destroy the gains it has made on its road to development. It needs to be noted that the Libyan uprising may actually represent the success rather than the failure of the developmental state (Kim, 1993). Many have argued that the successful developmental state is its own grave digger (Evans, 1989; Musamba, 2010). Kim brilliantly illustrates this when he concludes that , the developmental success of the military regime in South Korea is a key reason accounting for the regime's downfall (Kim, 1993). This is as the Chaebol (which the South Korean state nurtured through subsidies, tax breaks and many other measures) grew so rapidly (5 to 9 times quicker when compared to the growth of South Korea's GDP), that it began to compete with the state for the provision of services such as loans and research facilities, thus forcing the state out of the market (Kim, 1993).

Many commentators have attempted to circumvent this by conceptualizing the notion of a 'democratic developmental state' (Edigheji, 2005; Musamba, 2010). Edigheji best represents this view (Musamba, 2010). He argues that a democratic developmental state is one whose imbeddedness is broadened to include society as a whole, and not just a minority of private individuals, what White calls 'inclusive embeddedness' (Edigheji, 2005). Moreover he argues that the political system is the key in encouraging and promoting this, provided it can encourage the formation of broad based parties which possess programmatic mandates (Edigheji, 2005). Thus leading him to argue that a democratic developmental state "is one that forges broad-based alliances with society and ensures popular participation in the governance and transformation processes" (Edigheji 2005: 18).

The foregoing argument is problematic in many respects (Kim, 1993; Oni, 1991). Firstly, when Edigheji naively argues that had dictatorship been positively correlated with development, Africa would be one of the most developed regions, he forgets that dictatorship/autocracy is necessary so as to insulate the developmental state's bureaucracy, and that it is not only dictatorship, but dictatorship combined with bureaucracy and the above mentioned features which characterise developmental states that are responsible for the success of these (Oni, 1991; Clark and Jung, 2002). Secondly the notion of inclusive autonomy is problematic in that for development, and by this one means industrial development, to be induced, labour rights (will be touched upon below), have to be seriously curtailed, and thus labour will be totally opposed to the activities of the state, thus making consensus impossible (Kim, 1993). South Korea is a pertinent example of the foregoing (Kim, 1993). During its process of democratization, labour sought protection against big business from the state, whilst the chaebols implored the state to repress labour demands, hence the state, in attempting to please both parties lost its effectiveness, and was not even able to pass a financial bill to assist the country during the 1997 Asian flu as a result of gridlock (Kim, 1993; Clark and Jung, 2002).

The foregoing discussion clearly illustrates the symbiotic relationship between dictatorship, the developmental state and development. Moreover the discussion concerning its toleration or the lack there off, by citizens in contemporary times, clearly illustrates that the formation of a contemporary developmental state is highly improbable (Oni, 1991).

Repression of labour and the developmental state

Most commentators agree that the repression of labour and the weakening of society was one of the key features enabling the success of the East Asian developmental states (Oni, 1991; Musamba, 2010; Clark and Jung, 2002; Kim, 1993). In order to create comparative advantages, Asian developmental states prohibited strikes, and repressed wages (Kim, 1993). This enabled products to be more competitive as input costs were lower than in the developed world (Kim, 1993). Civil society was almost nonexistent in these societies, as states sought partnerships with private firms and vice versa (Kim, 1993; Musamba, 2010). South Korea once again provides a pertinent example of the foregoing, although freedom of action, collective action, and collective bargaining were legally instituted, labour was severely repressed (Kim, 1993). The government actively repressed wages (the wage dropped during the 1960s despite the fact that South Korean productivity increased), wage disputes were arbitrated by the State which had a bias toward business; and strike and union agitators were punished by military as opposed to civil law (Kim, 1993). Thus it is argued that when South Korean workers were given a little leverage by the state, the movement exploded with strike days rising by over a thousand percent between 1986 and 1987 (Kim, 1993). Leftwich echoes this when he argues that “it seems that this weakness or weakening of civil society has been a condition of the emergence and consolidation of developmental states (cited in Musamba, 2010: 27). Labour repression is much more difficult to achieve and no longer readily tolerated in contemporary times (Panagariya, 1999). This is as developed states, who were often silent about it have become more expressive (Panagariya, 1999). Bilateral treaties and regional agreements have supplementary treaties signed or clauses added, so as to protect labour (Panagariya, 1999). A case in point is the North American Free Trade Agreement (NAFTA), which has a supplementary agreement known as the North American Agreement on Labour Cooperation, so as to protect labour within the free trade area (Panagariya, 1999). It needs to be noted that the US’s insistence on this agreement stems less from its ambition to promote labour rights, but more from its attempt to protect its labour intensive industries which are comparatively weaker then Mexico’s as a result of the lower wages paid to Mexican labour (Panagariya, 1999). Secondly, globalization, and the advent of the internet has enabled civil society organizations to circumvent state controls thus further inhibiting state control over it (Knorringa and Helmsing, 2008). The World Social Forum’s coordination of, and provision of services and info to, NGOs opposed to neoliberalism is just but one example of this (Schönleitner, 2003). Lastly, consumer advocacy groups in the developed world are increasingly shedding light on products manufactured through labour repression and imploring consumers to boycott these products (Knorringa and Helmsing, 2008). The Nike sweat shop case best illustrates the success of this (Knorringa and Helmsing, 2008).

Lack of a landed class

Oni has brilliantly observed that World War II, and Japanese colonialism of the region were influential in enabling the efficacy of the developmental state (Oni, 1991). This is as World War II resulted in all Japanese being equally poor, and Japanese colonialism of the region resulted in the destruction of the land holding class, thus the state faced minimal obstacles in carrying out its program (Oni, 1991). Evans agrees with this, and argues that one of the main reasons which explain the ineffectiveness of Brazil’s developmental state, is the presents of the powerful landed oligarchy which is antagonistic to transformation and its impact on rural relations (Evans, 1989).

ECONOMIC CHANGES

Capital/financial account liberalization and removal of exchange controls

One of the most important policies utilized by developmental states to induce development was their control over their capital/financial accounts (Kim, 1993; Bello, 2005; Edigheji, 2005). This enabled them to selectively provide loans at reduced rates to certain industries so as to induce development (Kim, 1993; Clark and Jung, 2002). Moreover because these industries were dependent on state loans to survive, performance conditionality’s were enacted (Kim, 1993). South Korea is a case in point, through control of its financial account it was able to enforce performance standards on the chaebol, so much so that chaebol became extremely efficient and their share of GNP grew from around 5% in 1974 to over 50% by 1984 (Clark and Jung, 2002).

However the change in ideology from embedded liberalism to the Washington consensus means this is no longer possible (Clark and Jung, 2002; Bello, 2005). States in contemporary times are encouraged to liberalize their capital accounts and remove exchange controls (Bello, 2005). In many cases states have actually been forced to perform these changes so as to receive IMF loans, the dreaded ‘conditionality's (the IMF reports that two thirds of its members have undergone these) (Bello, 2005). Before proceeding it needs to be noted that the international system has shifted drastically from trade in manufactured goods, to trade in finance, characterized by the trade in derivatives and arbitrage (Bello, 2005). The figures are shocking. In 1995 trade in finance was calculated at over 1. 2 trillion dollars per day, an amount it is argued, would take a whole quarter of trade in goods and services to equal). Trade in finance has been facilitated by the development and enhancement of ICT technology, which Castells argues, has led to the formation of the network enterprise (cited in Graaff, 2003). This enterprise, as Castells argues, is characterized by the ability of groups of people in different geographical places to act in real time (cited in Graaff, 2003).

This drastically inhibits states’ options as they have no control over their finances and exchange rates (Bello, 2005). They are forced to raise their interest rates and peg their currency to the dollar so as to seek foreign investment, however this results in their currency appreciating thus making their exports uncompetitive and increasing their deficit (Bello, 2005). The deficit causes these investors to panic and withdraw their investments creating havoc with states’ currencies and diminishing their reserves (Bello, 2005). In the words of Castells, whole countries can go bankrupt (cited in Graaff, 2003). These states then have to seek loans from the World Bank and IMF to bail them out, which results in them having to liberalize further and the cycle repeats itself with more devastating consequences for these states (Bello, 2005; Clark and Jung, 2002). It needs to be noted that these investments as observed above are short term and speculative in nature, and do not improve production (Bello, 2005). Of importance in this regard is the trading in arbitrage by huge hedge funds which can leverage up to 250 times their actual capital base, and are only interested in predicting interest rates and currency movements (Bello, 2005).

The consequences have been horrifying, during the Asian flu of 1997, Asian states (barring China) lost between 35 and 45% of their currencies; their economies shrunk by an average of 7%; and the rate of poverty increased drastically (Clark and Jung, 2002). Thailand is a case in point, it pegged its currency (the Baht) to the dollar, liberalized its capital account and raised its interest rate to attract investment (Bello, 2005). this did occur, pre the 1997 crash it received over 74 billion dollars in investment and loans, however the US dollar's appreciation resulted in an appreciation of the Thai Baht which was pegged to it, thus inhibiting exports and increasing Thailand's deficit, this made investors nervous and they began pulling out (Bello, 2005). As Bello puts it, hundreds of billions of Baht were chasing a limited number of dollars thus destabilizing the currency and putting pressure on it to depreciate (Bello, 2005). Of importance in this regard were the activities of hedge funds which bet against the currency, thus forcing it to use up all its reserves to attempt to stabilize the currency, a measure which was unsuccessful (Bello, 2005). The consequences included a 45% depreciation in the Baht when it was finally left to float; the shrinking of the Thai economy by 8 percent; and over 1 million people falling below the poverty line (Bello, 2005).

The above illustrates that states weren't to blame for the crisis, in fact too little state control allowed it to occur (Bello, 2005; Clark and Jung, 2002; Hayashi, 2010). The performance of China, whose state still had control of its exchange rate and current account, clearly illustrates this (Clark and Jung, 2002). However because most states don't have control over their current accounts (whether through IMF 'conditionality's', or voluntarily), and because these institutions will not permit them to re-establish these controls, the possibility of creating a successful developmental state in contemporary times is highly improbable (Oni, 1991; Bello, 2005).

Evolution of the rules governing international trade

The rules governing international trade have changed enormously and would drastically restrict the ability of a developmental state to induce industrial development (Wade, 2003; Oakley, 2006). Most states (even Western ones), whilst in the process of development, appropriated/pirated technology from the then developed states to assist them develop (Wade, 2003; Kim, 1993). Wade notes that Taiwan, Korea, and even the US were renowned for producing counterfeits (Wade, 2003). These states pursued these paths as resources in the earlier stages of development are extremely scarce and thus cutting costs by evading royalty payments makes industrial development easier, and quicker (Kim, 1993; Clark and Jung, 2002). However in contemporary times undertaking this is very risky (Wade, 2003). This is as the developed world, through the World Trade Organization, has enacted the agreement on trade-related intellectual property (TRIPS), which prohibits this and provides recourse should states and companies be 'victims' of piracy (Wade, 2003). Recourse takes the form of a case lodged to the WTO's dispute settlement mechanism, which has the power to issue binding recommendations (Oakley, 2006). Moreover developed countries have gone as far as threatening to cut off aid and support opposing/rival sides in political disputes if TRIMS is not fully adhered to by developing states (Wade, 2003). It needs to be noted that though the WTO is able to issue binding judgements, it doesn't possess an enforcement mechanism to force states to comply, thus if a developed state is found in the wrong it can merely refuse to follow the ruling (Wade, 2003). The above means that it has become tougher and more expensive for states to develop (Wade, 2003).

Secondly, linked to this is the agreement on trade-related investment measures (TRIMS) (Oakley, 2006; Wade, 2003). TRIMS inhibit States' development prospects further in that it outlaws states' use of conditions such as performance criteria and local content to ensure foreign investment contributes to industrial development and is not just a method of resource redistribution (Wade, 2003). South Korea's highly successful procedure of controlling Foreign Direct Investment would be illegal under TRIMS (Clark and Jung, 2002). During its rapid process of industrialization, South Korea only accepted foreign direct investment if it were in the form of joint ventures aimed at specific sectors (Clark and Jung, 2002). However what would really break the TRIMS agreement were it in place, was South Korea's condition that the Foreign MNC divest itself when the industry was strong enough to be run by locals (Clark and Jung, 2002). It needs to be noted that it is not necessary to prove the existence of a tariff for the TRIMS agreement to be applicable, as long as it can be proven that the action/condition/procedure is trade distorting, the agreement comes into play (Hokeman et al., 2002).

Thirdly, during the era of the general agreement on tariffs and trade (GATT), states could choose to only be part of certain agreements regarding tariff and non tariff reductions (Hokeman et al., 2002). This is as the GATT was not one single agreement, but rather a series of different agreements agreed upon by certain states (Hokeman et al., 2002). However the formation of the WTO has resulted in these agreements being unified, thus states can no longer choose the agreements they want to be party to (Hokeman et al., 2002). Moreover States' seeking to join the WTO in contemporary times have to liberalize their market even more than existing members to be allowed in (Wade, 2003). Wade sums this up brilliantly when he argues that these changes "make comprehensively illegal many of the industrial policy instruments used in the successful East Asian developers to nurture their own industrial and technological capacities and are likely to lock in the position of Western countries at the top of the world hierarchy of wealth (Wade, 2003:622). What many refer to as kicking away the ladder (cited in Wade, 2003).

Change in the structure of international trade

Most developmental states relied on import substitution followed by export promotion, of manufactured products to develop (Clark and Jung, 2002; Kim, 1993). This path was tremendously successful and is best illustrated by the rapid growth of the state protected Chaebol in South Korea (Kim, 1993; Clark and Jung, 2002). These Chaebol grew by 5 to 9 times faster than the Korean economy and resulted in companies such as Hyundai and Samsung becoming world leaders in their respective fields (Kim, 1993). However in contemporary times this is no longer possible as international trade is mainly comprised of trade in services (Oakley, 2006; Weiss, 2005). The commonly held dictum is that we are currently living in the knowledge economy (Weiss, 2005). This is problematic as' states abilities to regulate these service industries, even when they are protected, is extremely difficult (Wade, 2003). Secondly, performance criteria to ensure efficient growth is impossible to levy on these industries as standards are difficult to measure (Oakley, 2006). Lastly because services are more qualitative than quantative, their development takes longer as states need to provide and ensure the development of human capital as opposed to mere infrastructural development which would be the case had states needed to promote manufacturing (Gelb, 2008).

Revenue and developmental states

For developmental states to be successful they need revenue to fund projects, provide licences, and develop performance measures amongst others (Sindzingre, 2006; Kim, 1993; Clark and Jung, 2002). However the subsequent shift in ideology from embedded liberalism to neoliberalism, amplified by the Washington consensus, and the consequent 'conditionality's' imposed by the IMF have hugely decreased the amount of revenue available to aspiring developmental states (Sindzingre, 2006). This is as states' roles in the market have been severely curtailed thus inhibiting their ability to generate revenue through the provision of services (Sindzingre, 2006).

Secondly, an important means of revenue for states is the collection of taxes (Kim, 1993; Clark and Jung, 2002; Sindzingre, 2006). However tax collection is exceedingly difficult for developing states, mainly as a result of poor infrastructure and under developed collection institutions (Sindzingre, 2006). In addition the informalization of the economies of developing states which are a consequence of SAPS have further inhibited tax collection as many of these informal industries do not pay tax (Sindzingre, 2006; Davis, 2004). It needs to be noted that in most developing states' the informal economy is responsible for most employment (over 90% in some instances) (Sindzingre, 2006). Tax exemptions granted to foreign firms, as states' seek foreign direct investment, has further weakened developing states' tax bases (Sindzingre, 2006).

Lastly, a key source of revenue for aspiring developmental states was income received from tariffs (sindzingre, 2006). However the WTO and its emphasis on national treatment and most favourite nation treatment has hugely reduced this (Sindzingre, 2006). The consequences are frightening, from the 1990s to the early 2000s developing states' revenue from imports decreased from 4.9% of GDP to 3.5%, and from 1 to 0.4 % for export duties (Sindzingre, 2006). It needs to be noted that tariffs were on average around 40% during the initial period post World War II, the period wherein Japan and the east Asian tigers realized tremendous growth (Oakley, 2006). Tariffs constitute less then 4 percent on imports in contemporary times (sindzingre, 2006).

Before proceeding it needs to be noted that the above political, ideological, and economic reasons inhibiting the formation of a developmental state in contemporary times are all interlinked, and have only been separated to provide a sharper more salient picture of their implications for developmental state theory and practice.

THE CASE FOR CHINA

As observed above, many have asserted that China challenges the notion that maintaining a developmental state in contemporary times is impossible (Ramo, 2004). It has constantly achieved between 8 and 10% economic growth ; its Share of world GDP grew from 5% in 1980 to 16% in 2007; and it is now the second largest economy in the world behind the US (Dirlik, 2006; Shaplen and Laney, 2007). Moreover the active role played by the communist party of China (CPC) in enabling and guiding this growth has been widely acknowledged and praised of importance in this regard is the CPC's success at taming inflation by curbing the state's economic growth during the mid 1990s which Goldstein argues required a tremendous amount of political will (Goldstein, 2004; Ramo, 2004; Dirlik, 2006).

However China's enormous size means that it is more of an aberration, and thus utilizing it as an example to prove the above hypothesis will greatly inhibit the validity of this essay's conclusions (Shively, 2005). It needs to be noted that China's population is over 10 times larger than that of the successful Japanese developmental state (Goldstein, 2004). More over the seeds for its formidable growth were sown during the late 1970s, post Mao's death, when Deng Xiaoping begun selectively opening the economy up and encouraging state owned enterprises to seek profits (Goldstein, 2004). As was observed above, this period was characterized by the Cold War which resulted in states having some leeway to interfere in their economies' and pursue indigenous growth paths, a luxury which no longer exists (Oni, 1991; Riain, 2000). Ramo even alludes to the problem posed by the use of the Chinese example when he asserts that, "China's path to development and power is, of course, unrepeatable by any other nation (Ramo, 2004: 4)."

PROPOSED REMEDIES

Before concluding, this essay will discuss some recommendations, which if applied will assist in re-enabling states to play an active role in development. Firstly, the current neoliberalist ideology needs to be contested (Wade, 2003; Musamba, 2010). This can only be achieved if developing states form broad coalitions (Clapp, 2006). The best example of the success that can be achieved by the forming of coalitions so as to oppose the current hegemonic ideology is developing nations' opposition to the US/EU draft framework formulated during the Doha development round which would have resulted in minimal benefit for developing states had it been applied (Clapp, 2006). Developing States' achieved this through the formation of many different coalitions, the G20 which consisted of powerful developing states such as India, China and Brazil is important in this regard as it improved the bargaining power of developing nations (two thirds of the world were represented by this coalition), and thus according to Baldwin altered the balance of power in the Doha negotiations (Baldwin, 2006; Clapp, 2006). The results were extremely successful, whilst the US/EU draft framework only proposed a blended tariff cutting structure and a minor adjustment to the blue box; the new found bargaining power of developing states, resulted in the adopted framework calling for a tiered tariff cutting structure, special and deferential treatment for developing states, increased flexibility for these states concerning product differentiation and tariff cuts, and a re-evaluation of the green box to determine whether or not it is trade distorting (Clapp, 2006; Ismail, 2006).

Secondly, the rules of the international trade system need to be altered so as to allow developing states more control of their development paths (Wade, 2003). Of importance in this regard is the need for states to be allowed more control in their application of tariffs and subsidies to protect and develop industries (Wade, 2003). Many criticise this as it is argued that these protected industries are usually inefficient and will never be able to survive when these protections are removed (Wade, 2003). Wade counters this brilliantly when he asserts that these protections need to be linked to performance measures, what was observed in the cases of the Asian tigers (Wade, 2003; Kim, 1993; Clark and Jung, 2005). In addition the TRIPS agreement needs to be altered so as to provide more leeway to developing states to borrow technology for development purposes (Wade, 2003). Wade puts it brilliantly when he argues that the international trade system needs to be altered so it is categorized by the application of the 'all-men-are-brothers' morality as opposed to the 'a-bit-better-than-the-jungle' morality which is currently being applied (Wade, 2003:623). In other words outcomes fairness as opposed to procedural fairness needs to be advocated (Narlikar, 2006). This will result in, "different forms of national capitalisms [flourishing] with [an] international framework designed to maximize international economic stability rather than the free movement of goods and capital" existing (wade: 638).

Thirdly, capital account controls need to be re-established (Wade, 2003; Bello, 2005). This, as observed above, will enable states to ensure more equitable and sustainable growth (Kim, 1993; Bello, 2005). This might seem a pipe dream, but Mohamad Mahathir (former prime minister of Malaysia) showed that it is possible, and that the IMF can be defied provided the will exists (Bello, 2005). During the 1997 Asian crisis, he closed Malaysia's capital account making it impossible for speculative capital to leave the state (Bello, 2005).

Lastly, the proposed Asian Monitory Fund which Asian states are developing post the 1997 Asian flu needs to be expanded to include all developing states (Ling, 2002). This is important as it has been illustrated that Asian capitalism is more development orientated and sustainable then the current Western model (Ling, 2002). Being linked to this fund would enable states to have more control over their markets, as this fund, by virtue of it being created by former developmental states, is better equip to understand the necessity for state interference to equalize and stabilize the market (Ling, 2002).

CONCLUSION

In conclusion, this essay has sought to explain why the formation and operation of a developmental state is an illusion in contemporary times. The first part discussed what is meant by the term 'developmental state' and the features it usually exudes. This was accomplished by touching on developmental states' possession of a developmentalist ideology; their creation of a pilot agency which is imbedded into society yet is able to act autonomous from it; and their ability to enforce performance standards on industries the state protects. The second part, by utilizing Japan as an example, illustrated the workings of a developmental state, and its successes. The next three parts discussed and analyzed the various ideological, political and economic changes which make the formation and operation of a developmental state a mere impossibility in contemporary times. Part three analyzed the change in ideology from imbedded to neo liberalism. Part four examined the political changes which have occurred that seriously inhibit the abilities of a developmental state. This was realized by touching on the cold war and the US's toleration of market intervention in the name of balance of power; citizen's increasing intolerance of dictatorship which is necessary to spur on development; the impact of globalization and enhances in technology on labour, and how it is now much harder for them to be repressed; and the consequences of Japanese colonialism of the east Asian region. Part five analyzed the economic changes which have occurred post the era categorized by the success of the East Asian developmental states. it achieved this by touching on the evolution of the rules governing international trade; the liberalization of states' capital accounts and its effects; the change in the category of products traded in the world economy in contemporary times; and the increasing difficulties faced by developmental states to collect revenue so as to finance expenditure in light of tariff reductions and privatization. The last part then discussed some measures which could be taken so as to re-enable states to be active in the market once again. The above has led this essay to conclude:

(i) Developmental states are states which play an active role in their economies so as to induce development.
(ii) They possess a developmentalist ideology; a competent bureaucracy wherein employments are made on the bases of merit, and which is embedded in society; and the ability to in force performance requirements on industries that are protected and subsidized by them (Kim, 1993; Evans, 1989; Hayashi, 2010; Edigheji, 2005).
(iii) Japan is one of the most apt examples of a developmental state. It possesses a competent bureaucracy which is imbedded into society (the above discussion on MITI illustrates this), and the state had a developmentalist ideology and sought to induce development (Evans, 1989; Riain, 2000). The results were shocking, from being a battered state post World War II, Japan, by the 1970s, emerged a state with the second largest economy in the world, and even begun investing abroad (Bello, 2005; Evans, 1989).
(iv) However, in contemporary times attempting to replicate this feed is impossibility. Ideologically the consensus amongst the dominant states and international financial institutions has changed from allowing and encouraging states to be active in the market (embedded liberalism) to a posture which advocates privatisation and trade liberalization and demonises states who interfere with the workings of the market (neoliberalism in the form of the Washington consensus (Ruggie, 1982; Bello, 2005; Ling, 2002).
(v) Politically aspiring developmental states face a different context then what the previous Asian Tigers experienced. The Asian Tigers 'rapid growth was carried out within the context of the Cold War (Oni, 1991; Hayashi, 2010). This allowed them more leeway to interfere with the market as the dominant powers were more concerned with balance of power calculations than minor economic matters (Oni, 1991; Riain, 2000). This is not the case in contemporary times wherein dominant states' force developing states to implement trade liberalizationist measures. Secondly, dictatorship which is necessary in the initial stages of growth is less tolerated in contemporary times. The current Libyan example clearly illustrates this. Thirdly, globalization and the advances in technology have made it more difficult for states to repress labour and civil society, which was the case with the successful developmental states of East Asia (Kim, 1993; Oni, 1991). Lastly the impact of Japanese colonialism on the landed oligarchy cannot be replicated (Riain, 2000).
(vi) Economically it is not much different, aspiring developmental states live in a different world than the one inhabited by the East Asian Tigers. Capital account liberalization, the TRIPS and TRIMMS agreement, and the shift from trade in manufactured goods to trade in services has resulted in states no longer being able to interfere in their markets and induce development(Bello, 2005; Wade, 2003). Moreover the impact of forced privatisation and the drastic reduction of tariffs over the past half a century has resulted in states' no longer being able to afford development.
(vii) China however has bucked this trend, maintaining high levels of economic growth, mainly through state interference in the Chinese economy (Shaplen and Laney, 2007; Ramo, 2004). However its enormous population, coupled with the tremendous levels of FDI it receives, means that drawing conclusions from its example and applying them to all aspiring developmental states will drastically inhibit the validity of this essay's conclusions (Goldstein, 2004; Shively, 2005).
(viii) Lastly this can be altered, and development promoted, however it will require a momentous shift in state behaviour from acquiescence to opposition. States need to form coalitions so as to counter the Washington consensus; they need to lobby for more flexibility concerning the TRIPS and TRIMS agreement; and need to form their own monitory fund so as to obtain developmental loans (Ling, 2002; Wade, 2003). Moreover they need to re-assert control over their capital accounts. However this process will take time, require much effort, and will be filled with difficulty.

Thus leading one to conclude that the developmental state is not attainable in contemporary times in light of the various political, economic, and ideological changes discussed earlier.

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