THE RELEVANCE OF THE DEVELOPMENTAL STATE PARADIGM IN AN ERA OF GLOBALISATION

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This paper examines the Developmental State Paradigm (DSP) with reference to the role of globalisation in “the international diffusion of production, consumption and investment in goods, services, capital and technology”. In so doing, it uses the DSP as a conceptual framework for interrogating the role of the State in the process of structural transformation with a focus on agriculture as the basis for this process. This focus is owed to the paper’s starting point in referencing the continuing influence of the DSP’s origins in notions of development as structural transformation of economies and the related role of the State.

The focus on the process of structural transformation puts the sectors of agriculture and industry in the proverbial spotlight, with the former as the initial condition and the latter as the desirable end. The reference to structural transformation as a conception of development principally draws from the intrinsic basis of the DSP on empirical experiences.

Discussions on globalisation have contributed to the consolidation of a substantial and diverse discourse, particularly with regard to definitional issues. However, this paper will not contend with definitions in this regard. Rather in focussing on the development process with regard to structural transformation, it uses the apt definition in the previous paragraph. As such, it focuses on the production and consumption in agricultural goods and the international diffusion that is enabled by international trade to the end of structural transformation in accordance with the DSP and the realities that are evoked by the emergent patterns in the development process. It is notable that even within the DSP these are not always in a single direction being highly intricate with the tendency to being driven by the goal of structural transformation.

The DSP has its conceptual origins in the empirical experiences of “developmental States” including Japan, Taiwan and South Korea, which constitute the First Tier developmental States. Increasingly, the newly industrialising economies of Thailand, Malaysia and Indonesia, are also influencing the discourse. However, it is important to note that the term, developmental State, was first used with reference to Latin America (Woo-Cummings, 1999).

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The focus on the First Tier developmental States should not be taken to be a universal methodology, given that there have been extensive analyses of various economies in this regard, including Hong Kong, China, India and Singapore amongst many others. This is especially important to note, with the focus of the paper on the necessity of dynamism of the DSP as a concept, in order to remain relevant, particularly given the reality of international economy contextual transformations associated with globalisation.

Addressing this set of countries is essentially as a starting point, in order to examine the working of the DSP as a dynamic conceptual framework regarding the process of development that draws from the process of structural transformation and has been deemed more successful than others, as experienced in these cases. Additionally, the reality of delineating the conceptual framework necessitates the possibility of clarity, ex-post, of the achievement of successful structural transformation and hence “developmental State” status, as is the case with the First Tier developmental States.

This approach has given rise to some contention, with Mkandawire (2001) criticising the tendency to only labelling “successful” States developmental and calling it myopic to the neglect of “trial and error” nature that is characteristic of policy making even in the most successful cases. This is also relevant to the idea that the developmental State is dead, particularly following the East Asian Financial crisis (Fine, 2006).

Nonetheless, at the initial stages of the delineation of a conceptual framework, it is possible to view this focus as, beginning the building a structure with the least complex parts, with the necessary aim of increasing in intricacy as its primary elements are secured. The necessity is especially pertinent as in order to address the reality of the current era of globalisation the evolving patterns of production, consumption and investment have arguably been increasingly well captured by latter considerations of developmental States, including most concretely in the discourse, the earlier mentioned newly industrialising economics (Booth, 2002; Akyuz, Chang and Kozul-Wright, 1998).

The forum for this analysis in focusing on the agriculture sector is from the perspective of development in economies that are largely pre-structural transformation and predominantly agrarian (which are increasingly concentrated in Sub Saharan Africa) and thus a valuable space for consolidating the rigour of the DSP, given that this is a valuable component (or should be) of its constituency. It therefore provides a suitable milieu for dynamically examining the role of agriculture within the development process and how
globalisation as earlier defined interfaces with this and impacts the DSP as a conceptual framework. To this end the paper is in six sections as follows.

The process of definition of the DSP is based on the comprehension of its incidence, to the end of distilling a conceptual framework for understanding processes of development on a broader basis, particularly in the role of the State. The initial focus for addressing incidence is the now established cases of the First Tier developmental States and as such, the basis for which they have been labelled developmental States will be the first step in examination. Secondly, the reality of conceptualising the perceived workings of these developmental processes within these developmental States will be examined in reviewing the analytical capacity of the DSP. In the third section, the emergent conceptual framework for marrying the understanding of the developmental processes and the role of the State evident in the developmental State will be reviewed in a DSP that is aimed for “application”. This will be done with extensive focus on the agriculture sector and its role in the development process. The fourth section draws out the role of agriculture from the empirical realities of the First Tier developmental States. Fifthly, the emergence of aspects of globalisation, with emphasis on the role on international trade and to a lesser extent, international patterns of investment, will be examined in the empirical realities of the role of agriculture in the structural transformation in the developmental States. Finally, the “globalisation” of the DSP as a useful analytical framework regarding its relevance to developing economies, with particular reference to SSA, in the current globalisation era, will be addressed.

**The Developmental State as a label**

The concept of the developmental State addresses the role of the State in the process of structural transformation. It derives from a discourse that examines the experiences of now well-known examples set by the “developmental States” of East Asia most famously documented by Amsden (1989) and Wade (1990) and Johnson (1982) for South Korea, Taiwan and Japan. These economies were characterised by progressive demographic transitions, robust agricultural sectors and very rapid export growth.
Page (1994) unpacks the particularities of economic growth in these countries, to isolate unusually high private investment rates supported by high domestic savings. Rodrik (1995) and Booth (1999) find high and rising levels of human capital as principal factors in the growth experiences of these countries. In fact Rodrik (1995) goes further to argue that globally, the highest productivity levels accompanied this between 1960 and 1990 alongside improved equity levels. Page (1994) supports this argument in highlighting productivity as the major differentiating factor of the regions from the rest of the developing world.

Lall (1994) posits that the export promotion focus provided the opportunity for increasing productivity levels. This is disputed by Rodrik (1995) who posits higher effects of the benefits of investment, especially in human capital. This is buttressed by the position, that the “developmental State’s” ability to solve co-ordination problems in production processes saw it at the helm of the aforementioned growth successes.

However, a fundamental reality to the highlighted reasonings around the experiences in these countries is in the underlying foundation to these growth levels. This is in the absolute prioritisation of industrialisation in these countries with economic development emerging from this transition.

From these musings, it is clear that the use of the term, “developmental State” is premised upon outcomes and “developmental statism” is an ex-post accolade following economic success in rapid and sustained economic growth and the structural transformation of the economy, as evidenced by the experiences of Japan, South Korea and Taiwan. However the idea of Latin American developmental States and an Indian developmental State, even if not deemed entirely successful, suggests that this is not strictly the case. This already posits a complementary use of the label as a concept and speaks to the inherence of the use of these empirical experiences as a conceptual framework.

**Analysing the makings of the Developmental State Paradigm**

There has been the emergence of the conceptualisation of the experiences of the East Asian economies, Japan, South Korea and Taiwan in unprecedented levels of sustained rapid economic growth from the 1960s to 1990 and the perceived role of the State (Page,

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4 Exceeding 20% of GDP between 1960 and 1990
5 Schneider, 1999
6 Herring, 1999
1994). The analysis on the body of work as a “theory” has tended to exclude Hong Kong as a result of its peculiarities, chief of which is its city-state status. This has led to a near synonymity between the “Developmental State Theory” and the East Asian Model (Francks, 1999; Amsden, 1994; Akyuz, Chang and Kozul-Wright, 1998).

The associated literature has been aptly addressed by Fine (2006) as being grouped in the economic and political schools depending on the perception of the driving force behind the strong economic performance of these countries. This has led to a two-prong approach within the DSP of what can be termed the economic and political logic to the contribution of the State to development. The arguments that make the DSP a tool for economic analysis focus on the roles of the market and the State in the economy and the ensuing economic policies that will lead to the high and sustained growth that is commensurate with the transition from a largely primary product based economy to an industrial one.

The DSP arguments for political analysis have centred on the nature of the State that is “developmental” and the mechanism through which it pursues developmental goals (Fine 2006). This debate has emanated from a focus on the nature of the institutions in East Asia following their economic success taking a largely case study approach.

Dealing with this dichotomy in the literature in addressing the DSP’s essential concern with the system of industrial accumulation, is best tackled in a country or/and sectoral case study approach. As noted by Fine (2006) in such an approach, the class, economic and political interests in these processes can be analysed in how they are displayed within the market and the State. Tsie (1996) also took this stance in highlighting that the market and the State are institutional forms and mechanisms through which different economic and political interests materialise. Bangura and Gibbon (1992) even previously note that this separation is especially more inappropriate within Africa, because class interests are formed and maintained both within the State and the market, thus transcending this dichotomy.

The structures of the State are dependent on political processes as well as political resources of various constituencies as much as the process of market competition (Underhill, 2000). For example, this can be in the sense in which this competition contributes to determining who those with financial power and therefore a stronger State lobbying “voice” will be. Additionally, the construct of the State apparatus is a vital element in determining the
economic policies that will be devised and implemented as well as the purposes to which they are intended, thus determining elements of the market system.

The conceptualisation exercise of the experiences of the “developmental States” has arguably been extended by the bid to shed light on the experiences of other countries such as the Second Tier Newly Industrialising Countries of Malaysia, Thailand and Indonesia in their processes of structural transformation. These also have exhibited strong economic performance in rapid growth and transition from a largely extractive economy to a manufacturing base. The notion of a developmental State model postulates the possibility of replicability and thus a model of how economies should operate, derived from a thesis based on actual experiences.

As such, there is little doubt that the emergence of a framework based on the experiences of the East Asian developmental State has served to provide a conceptual tool within which other experiences, including the South East Asian experience have been examined such as in Akyuz and Gore (2001). Interestingly, because of its dynamic nature and empirical basis, there is a sense in which these experiences enrich the conceptual framework itself, in being forced to accommodate different cases with varying circumstances such as earlier mentioned in a change in the global discourse of the State and structural factors such as the existence of mineral resources in the primary sector. Hence, rather than postulating the death knell for the developmental State, one may observe the evolution of the DSP's scope as an analytical tool.

Beyond this, the essence of a “theory” that is intended to shed light on the understanding of development processes is of little use to the broader political economy discipline, if not relevant to those countries arguably in the greatest need of development. In this, I redirect our attentions to what the DSP may expound on the developing countries of Africa. However, on this, there is very often the conflation between the developmental State as a label and the notion of the DSP as a tool of analysis.

The DSP's ability to address African States is hinged on the lacking explicit reference to the fundamental success being accorded the “developmental State”. This is the successful process of structural transformation that leads to the transition of the base of the economy. Rather, the focus has been on the end result of transition and not the process. The absence of the end result of this process in much of SSA has led to the following: the perception of the irrelevance of the DSP as an analytical tool of its States; the blanket description of these
States as having failed economically and politically; the haphazard use of the developmental State label for any country that exhibits a sustained level of growth regardless of its economic structure.

The foundational challenge of the Paradigm is a contributory factor to this, in its being an ex-post accolade. The focus on the end, has found the DSP, in its original form, rather lost outside of its focus on the industrial sector and thus limiting its analytical prowess. Until the transition of the East Asian developmental State economies they were not labelled developmental States, in spite of the fact that the preceding period contributed to the “label”. Hence, not being a “developmental State” should not preclude analysis using the DSP. In the reality of developing SSA economies, this is especially pertinent for the possible significant contributions of the DSP to policy-based outputs for development processes.

Dipping into the recesses of the DSP and finding Agriculture

In order to use the DSP as a tool of analysis for much of SSA, one must necessarily focus on the State’s role in the process of structural transformation as opposed to post-structural transformation. The concept of the developmental State is rooted in the role of the State in facilitating economic growth as related to the transition from an agriculture base to an industrial base. However, the discourse on developmental States is focused on the analysis of the workings of the industrial sector to the exclusion of agriculture among other key sectors including the finance and technology (Fine, 2006).

The DSP has the focus of industrialisation, as the bureaucracy’s fundamental duty is seen to be the formulation of industrial policy and identifying means of implementation (Woo-Cummings, 1999). Nonetheless, in the developmental States of East Asia7, this was based on the emergence of an agricultural “surplus”8 that was ploughed into the industrial sector9 in line with the expectation of the structural transformation of the economy. Thus, there were particular approaches to agriculture, with the end of industrialisation in view, that was pursued by the State in interaction with other agents.

The theoretical basis for the role of agriculture within the DSP draws from what Clute (1982) terms the integrative approach where agriculture is a partner with

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8 Surplus here refers to intersectoral transfers in labour, savings, demand for industrial goods and the marketed surplus in food and raw materials for the industrial sector.
9 Francks (1999)
industrialisation in the economy. The relationship though is based on a net surplus transfer out of agriculture into the industrial sector (Karshenas, 1995). These are notions that are rooted in Classical Economics most notably, the Lewis Model (Lewis, 1954), where there is a perceived special role for the industrial sector in inducing technological progress and improving productivity levels. There is also the argument for a more stable economy in the production of manufactured goods in greater price and demand stability and thus a more stable economy in line with, most famously, the Prebisch-Singer thesis. It is on this basis that development has come to be synonymous with the transition from the traditional to the modern sector, which has come to be interpreted as a move from agriculture to industry (Kirkpatrick and Barrientos, 2004).

With the notion of the DSP being based on the actual behaviour of economies as opposed to how they “ought to behave”, the role of the agricultural base in the East Asian economies appears to have been implicit. Francks (1999) notes that in the “East Asian development model”, agriculture has been especially relevant for generating and extracting surplus labour and capital for industrialisation. In terms of capital, the means of converting the agricultural surplus was chiefly international trade as export earnings contributed to domestic savings that in turn contributed to capital investment and economic growth (Akyuz, Chang and Kozul-Wright, 1998). The more holistic DSP approach specifically addresses the role of the State in the facilitation of the process of structural transformation given the related economic and political realities. In so doing, it necessarily draws from a modus operandi in the treatment of agriculture to this end.

**Empirical origins of the role of agriculture in the DSP**

The inclusion of the agriculture sector in the DSP is in particular reference to its relationship with the industrial sector, chiefly in the structural transformation process. This is succinctly done in the analysis of intersectoral resource flows between the agriculture and industrial sectors for the purpose of industrial accumulation. Especially important is the role of the State, taking into account contextual factors. Karshenas (1995) addresses four main constraints to industrial accumulation that serve as useful signposts for the form in which intersectoral resource transfers best facilitate industrialisation. These are savings constraints, marketed surplus constraints, labour constraints and demand constraints.
These are the rudimentary elements of the DSP that are too often muted by the performance of the industrial sectors of these countries. It is also arguably the most salient component of the Paradigm in its analytical prowess for the developmental processes in Africa, given the continued dominance of the agriculture sector. The role of agriculture in industrial accumulation has been shown in a particular light in the DSP, drawing from the experiences of the East Asian developmental States.

Francks (1999), notes that in the development models following the “East Asian” model, agriculture has been especially relevant as a source of surplus labour and capital for industrialisation. Additionally, although agriculture has a fundamental role in the development process that links it to industrialisation, it differs with particular societies. In terms of capital, the means of converting the agricultural surplus was chiefly international trade as export earnings contributed domestic savings that in turn contributed to investment and growth (Akyuz, Chang and Kozul-Wright, 1998).

In Japan, the early significance of the demand of the traditional sector was immense as initial manufacturing activities were rudimentary given that industrialisation was itself less sophisticated earlier on, focussing on textile processing such as silk thread weaving (Francks, 1999). Increased domestic income levels also led to higher demand of better quality food and clothing as well as improved housing conditions (Hanley, 1986), thus serving to mitigate the demand constraint. These goods were likely processed and produced in the very manufacturing businesses located in the rural areas to take advantage of agricultural workers (Francks, 1999). In terms of the labour constraint, Ohkawa and Shinohara (1979) show the labour outflow from agriculture to the industrial sector as 705,000 to 2,950,000 in the period, 1900-1910. According to Ishikawa (1988), the smaller scale farmers were those most able to take advantage of the dual employment opportunities.

Regarding the savings constraint, taxation on the agricultural sector was heavier than on other sectors in the period preceding the First World War (Yamamura, 1986; Teranishsi, 1990). According to Mody, Mundle and Raj (1985) at its peak, the savings transferred were approximately 20-30 percent of non-agricultural investment from the 1900s to the 1920s. However, it is necessary to caution that measuring the net outflow of savings into industrialisation is complex as both sectors were reportedly very highly integrated from early stages (Francks, 1999).
In Taiwan, the role of agriculture within the industrialisation process has been noted as having been very successful. At the inception of the Import Substitution Industrialisation in the 1950s, agriculture provided the bulk of Taiwanese exports until the 1960s and therefore the majority of foreign exchange earnings (Francks, 1999). This could be seen as ameliorating the savings constraint. This was notably on the back of previous investment, by the Japanese, in communications, roads, irrigation and other agricultural infrastructure. Financial aid from the US following the war was also instrumental in the investments in agriculture. The concentrated extraction from the sector in the form of taxes went to the government, which directly embarked on industrial investment during the 1950s and 1960s (Francks, 1999). This was alongside the “invisible tax” in terms of the unfavourable terms of trade effects to agriculture over the period (Lee, 1971). These indicate that this was a conscious effort to make agriculture address any existing savings constraints by the State.

The demand constraint was also addressed by the protection of industry as well as improved incomes of the farmers enabling the principal market of industrial goods to be domestic (Park and Johnston, 1995). The marketed surplus constraint was addressed as the agricultural sector was forced by the government to provide food at low prices to control inflation often in the interest of employers (Francks, 1999). The high productivity levels, imputed to substantial initial investment, favourable climate and higher levels of farmers experience in Taiwan ensured meeting domestic demand and exporting the surplus (Francks, 1999).

The labour constraint was served by the outflow of labour to the industrial sector, which was reflected in the increasing proportion of income earned from outside agriculture within rural households from the mid 1950s (Lee, 1971). This was made possible by the increasing labour productivity in agriculture using technology. Demand for agriculture producer goods increased from 23 percent in 1911-1915 to 43 percent in 1956-1960 (Karshenas, 1995).

It is often noted that the success of the South Korean agriculture contribution to industry has not been as strong as in fellow developmental States, Taiwan and Japan. Taxes on farmland peaked at 7 percent of tax revenue in 1963 (Francks, 1999). Furthermore, the contribution from farm household income to total taxes did not exceed 3 percent in the 1960s (Ban et al, 1982). Even where farm households were making substantial savings in the 1960s, it was mostly retained with the rural sector due to the poor development of
mechanisms for transfer outside agriculture (Francks, 1999). The savings necessary for capital formation came out of the industrial sector as postulated by the Lewis model alongside the move of labour out of the agricultural sector to the industrial sector. Savings were generated within the industrial sector by phenomenal levels of export growth that was supported and promoted by the State from the 1950s in the form of credit allocation and trade barriers to protect the domestic sector (Mason et al, 1980). As a result industrialisation in South Korea has been more urban based and State dependent than in Taiwan and Japan (Francks, 1999).

However, to evaluate success in agriculture’s role in industrial activity, it is necessary to highlight the prevailing constraint that needed to be tackled and to what extent this occurred. In South Korea’s case, it was notably the supply of labour to the burgeoning industrial sector and the consequent requirement for cheap food for them (Francks, 1999). Agricultural employment declined from about 80 percent in 1960 to 34 percent in 1980 as workers migrated to the urban areas for employment. This was especially as a result of the location of the majority of manufacturing activities in the urban areas (Kim, 1983). There was also a decline in the number of very smallholdings\textsuperscript{10}, suggesting the migration of the smallest farm holding households.

The role of the State in these transfers is eminent, chiefly in the substantial savings transfers from agriculture to industry in Japan and Taiwan. Beyond this, facilitating a productive agriculture sector from which to enable these movements is evident in the channelling of resources into agricultural investments as mentioned in the case of Taiwan. Additional to this was enabling the location of industry in the rural areas to enable labour transfer with minimal disruption to agriculture as in Japan and Taiwan. In all three countries there has been a tendency to allocate substantial levels of resources to rural investment, including education, health and welfare (World Bank, 1993).

In Japan for instance, education was provided broadly in the rural areas by the cultivating landlord class in the 19\textsuperscript{th} century (Waswo, 1977). In South Korea expansion in rural education came with the colonial investments in the rural areas including agricultural infrastructure and continued by the State in the 1960s (Mason et al, 1980; Ban et al, 1982). This has had clear implications in enabling dual employment opportunities for agricultural

\textsuperscript{10} Francks, 1999
workers in Japan and Taiwan and labour transfer from agriculture/rural sector into industry as in South Korea.

Globalisation and the Developmental State: The central role of international trade and investment patterns

The debate on globalisation and the State has tended to trail the economic disciplinary dichotomy between the market and the State, earlier mentioned. In this form, globalisation is understood as enhancing market structures by “the removal of barriers to free trade and the closer integration of national economies”\(^\text{11}\). As such globalisation is seen as being antithetical to the concept of the developmental State. This is primarily because the notion of a State at the helm of the development process, particularly as within the DSP, denotes the prioritisation of national economic interest that may or may not be seen to benefit the global economy. This is therefore perceived to potentially negate the operation of a broader global market.

The most publicised aspect of the First Tier developmental States’ experience with conceptualised globalisation has been in patterns of international capital movements in East Asia in the now well-known 1997 Financial Crisis. On the financial crisis, much has been made of the increasingly liberalised policies driven by International Finance Institutions in line with the Washington Consensus, that allowed free capital movements so that the region saw capital inflows of $92.8 billion in 1996 and outflows of in $12.1 billion in 1997 (Weisbrot, 2007). An example is of one of the worst affected countries, South Korea, where the private sector response to the acceleration of financial sector liberalisation, including the removal of restrictions on foreign ownership of stocks and bonds as well as on nationals’ ownership of foreign assets and overseas borrowing by domestic institutions, has been posited as a contributory factor to the outcome of the crisis (Chang, Park and Yoo, 1998).

Beyond the financial crisis, the role of international trade within developmental States’ drive for economic success has been well documented and credited as a core contributory factor to the successes that have been experienced as earlier discussed. This is essential to the globalisation debate as it speaks to international patterns of production and consumption and how this contributes to development processes. On this, the focus on international trade vis-à-vis developmental States has been with regard to exports of

manufactured and industrial goods, facilitated by protectionist trade policies, as strong drivers of phenomenal economic growth levels (Wade, 1990; Amsden, 1989).

However, with the focus on the developmental State during its economic development process as associated with the structural transformation of the domestic economy, interaction with the globalisation discourse takes a different sectoral focus as regards global production and consumption patterns. In particular, has been the role of the State in managing the savings constraint in facilitating transfers from the agriculture sector to the industrial sector. Much of these have been in taxation of the sector as earlier mentioned, however, a substantial proportion has also been in the generation of foreign exchange from exports of agricultural produce. In fact, as earlier noted Akyuz, Chang and Kozul-Wright (1998) have argued that the principal means of converting the agricultural surplus to domestic savings and capital investment and then economic growth in the region has been international trade.

In Taiwan, Chan and Clarke (1992) state that the success of the agriculture exports during the transition process hinged on relations with the rest of the world. As mentioned earlier, at the start of the ISI era to the start of the export-oriented industrialisation in the 1950s, agriculture provided the bulk of Taiwanese exports until the 1960s and hence was the main source of foreign exchange earnings with net exports of $T 112m in the early 50s (Francks, 1999; Chan and Clarke, 1992; Karshenas, 1995). This was carried out with various forms of protectionism, including outright import bans, to protect domestic producers with the State holding the monopoly on especially rice exports (Francks, 1999).

In Japan, the transfers from agriculture to industry were most substantial in fiscal transfers prior to the First World War during its structural transformation process (Francks, 1999). Nonetheless, in the 1870s-80s approximately 40% of exports arose from agricultural goods only declining with the growth of manufactured exports (Francks, 1999). Ohkawa and Rosovsky (1960) argue that this surplus made a significant contribution to structural transformation of the Japanese economy.

In South Korea, as was earlier mentioned, international trade has played the traditionally stipulated role within the discourse on developmental States of industrial good exports thus consolidating the structural transformation process. In the agriculture sector, the State attempted to enable the sector in widespread investments in irrigation systems and capital infrastructure, fertiliser and improved seed varieties (Ban et al, 1983). However these
investments were little able to facilitate surplus savings transfers from the agriculture sector was of limited impact with food imports in rice becoming necessary through the 1960s (Francks, 1999). Nonetheless, even these food imports contributed to the structural transformation process as the State pursued this with a critical aim of ensuring affordable food for the increasing proportion of industrial workers.

Within the developmental states, global investment patterns have played a fundamental role in the considering the particular roles of the US and Japan in both South Korea and Taiwan, during the structural transformation process. In Taiwan, Japanese investment in the agricultural sector, prior to the 1930s, supported dominant small-scale agricultural systems and has been a major contributor to the success of the sector (Francks, 1999). Additionally, US aid in the post war period, went to ensuring input availability thus facilitating agricultural output growth in a rural reconstruction process (Francks, 1999).

However in South Korea, Japanese agriculture investment in the colonial period was focussed on facilitating a transition from small-scale to large-scale systems with the intentions of increasing yields to levels as in Taiwan and Japan (Hayami and Ruttan, 1971). Additionally, in the post war period, US aid contributed to the provision of fertiliser imports to improve outputs (Mason et al, 1980). This was with continued challenges to output levels that were unable to meet local demand as US aid eventually included food aid, thus undermining the domestic efforts to improve output levels as a result of falling prices (Francks, 1999).

The experiences in these countries posit the significance of international investment patterns, particularly as regards the interaction with domestic production systems. Within the DSP this highlights a role of the State in setting an agenda within a development process, bearing in mind the realities of different interests including those of the “investors” in structural transformation and the role of the agriculture sector. The performance of the agriculture sector in these countries can be seen as having influenced the contribution of agriculture to the structural transformation process, with Japan and Taiwan having savings, demand, marketed surplus and labour constraints being mitigated, and South Korea principally benefiting from labour constraints being alleviated.

12 It is notable that the Japanese colonial government came to view Korea as a potential source of industrial goods as compared to Taiwan (Francks, 1999).
As such, it is clear that positing globalisation as antithetical to the DSP is a problematic conclusion. If it is appropriately understood to be the diffusion of patterns of production and consumption, as in this case, it has been a necessary part of the development process in these countries.

This approach displaces the notion of the market and State as separate actors in a zero sum game. Rather, the interplay of developmental activities either in structural transformation or advances in financial and capital markets in varied contexts, influence roles and outcomes. Additionally, trade in varied sectors, capital, goods or service markets, partners vary and this necessarily impacts the aforementioned roles and outcomes.

“Globalising” the DSP as a conceptual framework in this globalisation era

The contextual reality of different developing economies influences the relevance of the DSP to ongoing development processes in the current globalisation era. With the example of the SSA region, and the stipulated role for agriculture, FAO (1986) and Akyuz and Gore (2001) posit the contextual challenge of initial conditions in poor arable land quality as well as the necessary investment to address this. Karshenas (2001) puts forward challenges with low labour-land ratios, particularly as compared with East Asia. The DSP’s stipulated role for agriculture is clearly at odds with these realities.

However, the posited role for the State in the DSP still exhibits possible policy paths to address these challenges. Some of these are obvious and permanently feature as policy responses to improving agriculture productivity such as the absolute necessity of these infrastructural investments, including irrigation, power and transport systems and delivery systems for inputs in the rural areas (Akyuz and Gore, 2001). There is also the well-known challenge of exports of low value added primary commodities in SSA that both limits the possible earnings and heightens the price and income volatility (UNCTAD, 2003).

However, in this case the analysis using the DSP allows conceptual progression beyond the outcome focus on improved agricultural productivity to that of the possibility of rural industry that can also mitigate the challenges of labour outflow given the predominance of low labour-land ratios for example. In addition, increasing value added on primary commodities prior to export, as has been exemplified in the Second Tier developmental States, comes to the fore, in enabling the development processes, given the higher levels of export revenue generation on this basis (Ganewatta et al, 2005). This goes to the heart of the
DSP as a tool of analysis in its addressing these policies with a focus on structural transformation from an agricultural base.

Perhaps even more critical to the DSP’s place regarding these dynamics within a global economy, is the reality of the international trade policy regime, with the World Trade organisation at its helm and thus seen to be “closely associated with the ills and benefits of globalisation”\(^{13}\). Remaining with the SSA case, in spite of the reality of an increasingly neo-liberally driven international trade regime, that may be seen as nullifying the relevance of the East Asian experience, the proclaimed successes of East Asian States, continue to call their experiences a learning experience for SSA (UNCTAD, 2004; Akyuz and Gore, 2001).

The system’s complexities and lengthy negotiations, often at the insistence of the economically and politically powerful OECD countries to hold on to the protectionist measures of their domestic agriculture which include especially penalising imports of higher value-added primary goods, has led to the repercussions in continued protectionist measures in place for all (UNCTAD, 2004). This already puts to rest the purported reality of the WTO basis in a dichotomous approach to States and markets, in showing how intertwined both are, even within the global economy and the continued thriving of “globalisation” in this setting.

Beyond this, there is the need for developing economies to manoeuvre the space for negotiation even in this regime. An example of this has been in the continued negotiation to challenge the status quo as mentioned earlier with the OECD countries, but with the caveat of maintaining preferential arrangements on the grounds of varied levels of development\(^{14}\). Additionally, there are the negotiated bilateral agreements, which the WTO prefer to have replaced by a WTO compatible arrangement\(^{15}\). This was the case with Mauritius and its foray into manufactured exports, where the country utilised its negotiated access to European markets with its light manufactures, mainly textiles (Meisenhelder, 1997). By 1985, manufacturing replaced sugar as the country’s largest earner (Kearny, 1990).

This has more recently been the case with SSA developing economy States in agriculture with the European Union-Africa Economic Partnership agreements. The resolve of many African States has been to negotiate as regional trade blocs to secure a stronger

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\(^{13}\) http://news.bbc.co.uk/1/hi/world/africa/4511628.stm
\(^{14}\) http://www.uneca.org/crcl/5th/DevIntTrdWTOEPAsNegtiations.pdf
\(^{15}\) http://www.uneca.org/crcl/5th/DevIntTrdWTOEPAsNegtiations.pdf
bargaining position, particularly with regard to limiting the EU’s agricultural exports access to the SSA market, given that with Economic Partnership Agreement’s\textsuperscript{16} stance on free trade between the partners, the non-tariff barriers in EU and higher productivity will challenge SSA produce domestically and in the EU. This has to some extent proved successful even where, attempts have been made to undermine it\textsuperscript{17}. The recognition of these regional markets also offers some respite for SSA economies cultivating regional markets for intra-regional trade, as has been successful in other regions including East Asia (Wei and Cacho, 2000).

Moving beyond the challenge of the WTO policy regime and related mechanisms, this international trade discourse appears to also present some difficulty, in conflating “means and ends” and driving developing economies’ into substituting trade policy for development strategy (Rodrik, 1997). Within the DSP, international trade was guided by the goal of structural transformation in turn influencing relations between the domestic and global economy. As such, there is the need for a reassessment to addressing the role of international trade and the end desired, as a means of at least identifying the desired approach that will of course be subject to contextual realities. This is arguably a role for the State in determining policy priorities clearly influenced by both market relations and political economy considerations. The decision as to what that end should be is one that needs clarification, but is posited by the DSP as structural transformation.

The international investment movements posited within the DSP resonates with the international aid agenda in this current globalisation age. There are the heavy undertones of the ubiquitous neo-liberal agenda, where good policies, as stipulated within the World Bank’s Country Policy and Institutional Assessments (CPIA), form the basis for which aid allocations are recommended as most efficient (Collier and Dollar, 2004). This system sees countries scored on good policies including how “liberalised” their economies are and is widely used as a basis for recommendations of aid allocation (BIC, 2005; Santos-Paulino, 2007).

\textsuperscript{16} The Africa-EU Strategy Partnership- Strategies
\textsuperscript{17} Unfortunately in a parallel process; the European Commission (EC) has also negotiated with individual national governments, most notably Cote d’Ivoire and Ghana. As a result both countries have initialled interim\textsuperscript{17} EPAs to the discontent of the West African REC, Economic Community of West African States (ECOWAS). However, even these interim EPAs will be invalidated by an eventual regional EPA. http://www.acp-eu-trade.org/index.php?loc=epa/West-Africa.php accessed on 11 June 2008
The DSP raises the issue of the end to which the international aid agenda is steered. To this, the Post-Washington consensus has responded with its “poverty” discourse (World Bank, 2000). This has tended to differ with the end of development as stipulated within the DSP, in the focussed drive of structural transformation of the economy, especially as facilitated to a large extent by a role for protectionist trade policy. This is clearly at odds with the neo-liberal basis of the poverty alleviation/eradication/reduction discourse that prioritises “good” policies which include, for instance, insistence on liberalised trade policies (IMF, 2001).

Within the DSP, as with the role of international trade within development, international investment patterns must be addressed within this broader development agenda. The role of the State in defining the development agenda is unequivocal, as has actually been evidenced by the dominance of the poverty alleviation/eradication/reduction mandate with its support in Africa (successfully or not). This is exemplified with the New Partnership for Africa’s Development’s (NEPAD) focus on poverty eradication, alongside roles for trade liberalisation and development assistance (NEPAD, 2001).

Conclusion

This paper has adopted a narrow definition of globalisation, in light of the broad discourse, that has developed to address the very rapid changes that are occurring in the global economy. However, this is in a sense intended to address direct realities in its role within development processes as stipulated within the DSP. Nonetheless, it is hoped that the focus of the paper on these international trade and investment patterns has provided a starting point for contemplating the DSP’s relevance in the current globalisation era.

It is additionally notable that the argument for the DSP is not to say that it posits policy responses that are not otherwise deductible, as this is not the case. It is the argument though that particular approaches to engagement with the global economy, especially with a focus on the objective of economic structural transformation, as within the DSP, has tended to provide some guidance to the trade policies, for example. Clearly, benefits from these international trade policy approaches cannot be argued to have the monopoly on having

19 NEPAD encourages trade liberalisation primarily at regional and continental level but also at international level, especially in manufactures.
generated these growth outcomes, but rather its interaction with additional factors, particularly in necessary investments that have usually arisen out of interactions between the State and the market and the global economy, to the end of industrialisation.

It is essential to grasp that this use of the DSP is not to conceive a replication of East Asian experiences, as that is evidently impossible. In fact, the DSP has highlighted possible challenges that can be faced in the structural transformation process with the negative impact on the agriculture sector in South Korea as a result of the exodus of labour to industry. This posits even harsher realities for the agricultural labour strapped SSA, and perhaps a leaning to the rural industrialisation realities that emerged in Japan and Taiwan.

It is intended that the focus be on the use of case study investigations to examine emergent relationships between the State and market at various stages of the structural transformation process, also bearing in mind the contextual realities and how these can influence these outcomes. Additionally, the DSP calls for understanding the dynamics of both mechanisms, as well as the global realities, being cognisant of the underlying theme of structural transformation from an agriculture base. This is at the most basic level, a learning experience from those that have attained a transition and can lend something in their approach.
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