

Leadership, Political Regime, and Economic Development

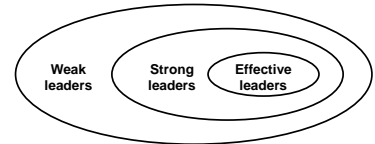
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See www.grips.ac.jp/teacher/oono/hp/newcourse/index.htm

Leadership is Crucial

- Top leader with proper vision and decisive action is crucial for development.
- Not all strong leaders are effective leaders. Economic literacy is the key requirement.
- A good leader is the primary force in institutional change, because he/she can build other necessary conditions and systems.



Typology of State

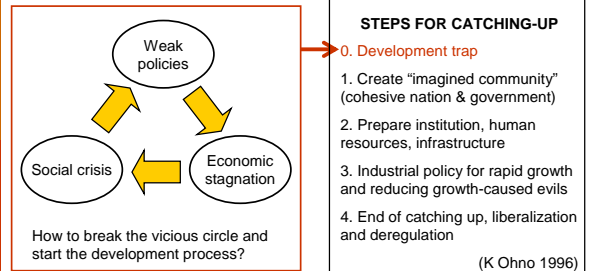
Robert Wade's lecture at GRIPS (May 2006)

1. **Neopatrimonial state**
No separation of public & private domain, leaders and officials use state power to enrich themselves.
2. **Fragmented-multiclass state** (populism, soft state)
Public & private domain are separated, but power base is diverse and decisions are fragmented.
3. **Cohesive-capitalist state** (developmental state, hard state)
Authority is centralized, power base is narrow (serves capitalists only), and state power penetrates deeply.

Wade argues that 2 and 3 can implement industrial policies, but not 1-- static analysis?

Development Trap

In many developing countries, the private sector is weak, and government is also weak (can't become a development initiator).



East Asia's Solution

Adopt *Authoritarian Developmentalism* (AD) during the take-off (for a few decades)

Key ingredients of AD

- Powerful and wise (=economically literate) top leader
- Development as a supreme national goal (obsession)
- Technocrat group to support leader and execute policies
- Legitimacy derived from successful development
- Popular support (because of rising income)

The leader, as the primary force of change, creates the other four conditions.

Why Power Concentration is Needed?

- Growth requires a critical mass of mutually enforcing policies. A free hand of the state is needed to mobilize resources quickly and flexibly.
- Private dynamism is weak in most developing countries. The state must lead initially.
- If broad participation is allowed, policies are too slow and can't achieve critical mass due to:
 - Power struggle, party politics, interest groups, etc.
 - Processes which require patience and compromise, including parliamentary debate and consensus building
 - Some groups refuse to cooperate with state purposes

Exit of AD – A Less Optimistic View

- However, there are also barriers to exit: stubborn leader, bureaucratic resistance, interest groups. Therefore, leadership, policy and struggle are also needed for an exit.
- *Succession problem*--strong leaders often refuse to step down because they will be revenged, jailed and even executed after transition, with most (all?) of their policies denied and reversed.
 - ➔ For a smooth exit, political maturity must accompany economic growth (difficult, but not impossible)

Opponents of AD

- Many people oppose AD for lack of democracy.
 - "I do not subscribe to the idea that you need to delay democratization just so that you can actually have growth or that you can have democracy only when you can afford it." (Dani Rodrik, 2006)
- Some argue that freedom, equality, participation, empowerment are required for development.
 - "Expansion of freedom is viewed... both as the primary end and as the principal means of development." (Amartya Sen, 1999)
 - Millennium Development Goals (MDG), pro-poor growth, endogenous development, human security

Proponents of AD

- Others recognize AD as a useful, temporary regime for latecomer development.

"The economic success of East Asia is largely attributable to the adoption of developmentalism, i.e., the ideology that places highest priority on economic development." (Toshio Watanabe, 1995)

"the institutional characteristics and requirements for development [accumulation, change] and for democracy [accommodation, compromise] pull in opposite directions... democracies have great difficulty in taking rapid and far-reaching steps to reduce structural inequalities in wealth" (Adrian Leftwich, 2005)

Another View on AD

Ikuo Iwasaki, *The Perspective on Asian Politics: From Developmental State to Civil Society* (2001), Japanese.

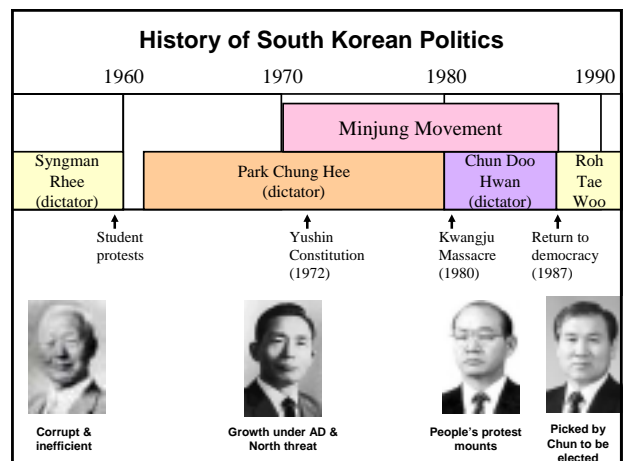
- The age of AD (1970s) is over; democracy took over in the 1980s and 90s--except Singapore & Malaysia.
- Military regimes initially rose to restore order and national unity. Later, the goal was switched to development, without dismantling AD.
- AD fell because it lost legitimacy [not because of its success as a booster rocket, as Watanabe argues]
- Civil society is needed for proper functioning of democracy, but not necessarily for initial installation of democracy
 - Cf. Form vs. substance of democracy

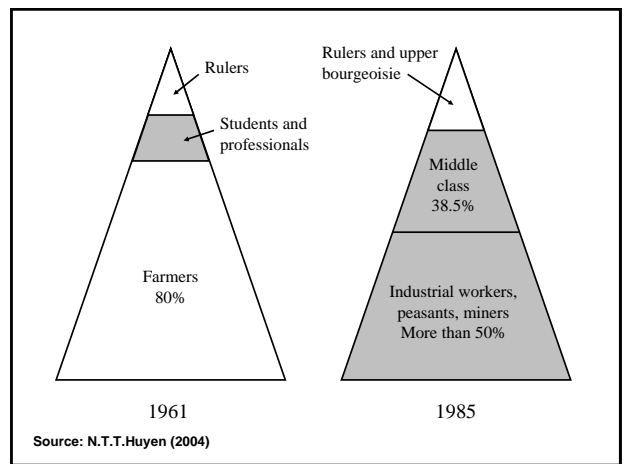
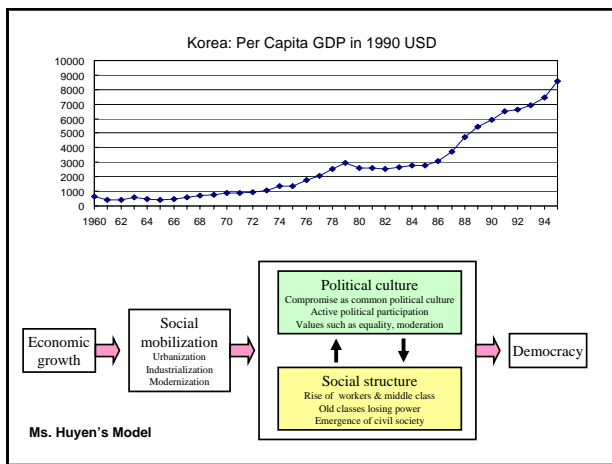
Korean Experience

N.T.T.Huyen "Is There a Developmental Threshold for Democracy?: Endogenous factors in the Democratization of South Korea" (2004)

"Democracy as an advanced form of politics is not independent from socio-economic development."

"developmental threshold for democracy [is] a point in the development process beyond which democracy can be effectively installed and sustained."





Mild Form of AD?

- ❑ Is AD replicable in Africa? Central Asia? Elsewhere?
- ❑ Can we separate effective resource mobilization from freedom and human rights?
- ❑ Countries that do not face serious crisis, military threat—can they also adopt AD partially to accelerate growth?
- ❑ Countries that already have free election, functioning parliament, political competition, human rights—can they also adopt elements of AD without throwing out their political achievements?

Components of Democracy

- ❑ Human rights and freedom
 - ❑ Legitimacy (election)
 - ❑ Rule of law
 - ❑ Participation
 - ❑ Public purpose
 - ❑ Power decentralization (L-E-J, center-local)
- ➔ Only some components should be restricted, if at all, to conduct development policy. Amount of restriction should be reasonable.
- ➔ Random, excessive oppression should never be allowed.

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