



WIDER Working Paper 2018/112

The state and development

Peter Evans and Patrick Heller*

September 2018

Abstract: Using a comparative frame that draws on the variation of developmental trajectories in Asia from Northeast Asia to China to Southeast Asia and to India, this paper explores the changing role of the state in these countries and the contributions that the analysis of the Asian state has made to general theoretical understandings of the role states can play in promoting economic and social transformation. The emergence and evolution of the concept of the ‘developmental state’ is a central focus. The ambiguous relation between the developmental state and the politics of representation and redistribution is a second central concern. Building on region-wide comparative analysis, we examine how state structures and possibilities for state action in Asia have been shaped by geo-political context and colonial heritage. We analyse the ways in which development, defined as enhanced well-being and human flourishing, and democracy, defined as accountability to the deliberately constructed goals of society, have been facilitated or frustrated by state structures and state action. We consider what general lessons the comparative history of the Asian state offers for development theory and policy possibilities

Keywords: state, Asia, development, democracy

Acknowledgements: The authors are grateful to Deepak Nayyar, Robert Wade, and other conference participants for their incisive and extensive feedback.

* Brown University, Watson Institute of Public and International Affairs, Providence, RI, USA, corresponding author email: patrick_heller@brown.edu.

This study has been prepared within the UNU-WIDER project on ‘[Asian Transformations: An Inquiry into the Development of Nations?](#)’.

Copyright © UNU-WIDER 2018

Information and requests: publications@wider.unu.edu

ISSN 1798-7237 ISBN 978-92-9256-554-1 <https://doi.org/10.35188/UNU-WIDER/2018/554-1>

Typescript prepared by Lesley Ellen.

The United Nations University World Institute for Development Economics Research provides economic analysis and policy advice with the aim of promoting sustainable and equitable development. The Institute began operations in 1985 in Helsinki, Finland, as the first research and training centre of the United Nations University. Today it is a unique blend of think tank, research institute, and UN agency—providing a range of services from policy advice to governments as well as freely available original research.

The Institute is funded through income from an endowment fund with additional contributions to its work programme from Finland, Sweden, and the United Kingdom as well as earmarked contributions for specific projects from a variety of donors.

Katajanokanlaituri 6 B, 00160 Helsinki, Finland

The views expressed in this paper are those of the author(s), and do not necessarily reflect the views of the Institute or the United Nations University, nor the programme/project donors.

1 Introduction

The ‘developmental state’ has been Asia’s iconic contribution to global theories and empirics of the state over the course of the last half century, providing both a framework for the comparative examination of Asian states and a global paradigm for how states can play a positive role in social and economic development. Late twentieth-century Asian cases challenged the mid-twentieth-century theoretical paradigm of the Anglo-Saxon ‘minimalist’ or ‘night-watchman’ state. The theories of the developmental state that emerged from the analysis of Asia, particularly Northeast Asia, provoked a sea change in global perspectives on the role of the state in development.

We begin our analysis with a review of classic perspectives on the late twentieth-century developmental state in Northeast Asia, followed by a discussion of the evolution of these states to become ‘21st century developmental states’, facilitating the delivery of capability-enhancing collective goods. We then complement this literature by bringing in the case of China, the most important Asian case. The case of China is not only the single most important case for any analysis of the role of the state in the twenty-first century, but also requires new reflections on the political institutions that connect state and society.

Using this East Asian analysis as a foundation, we expand our comparative scope. First, we look briefly at the range of sub-regional outcomes in a selected set of Southeast Asian states: Singapore, Vietnam, the Philippines, and Indonesia. Comparative analysis of Southeast Asia both reinforces the lessons of East and Northeast Asia and makes it clear that Asian states can fail as well as succeed, with colonial histories and national socio-political dynamics undercutting the possibility of states being able to contribute to either development or democracy.

From there we turn to the perplexing case of India, which combines admirable formal institutions in terms of both a robust bureaucratic structure and systems of political representation that have been successful in uniting a highly pluralistic society with highly uneven ability to translate local deliberation and mobilization into effective political representation and to disappointing performance at delivering increased well-being in comparison to both China and Northeast Asian. India’s inability to build synergistic relations between the central state and local institutions, with results that some have characterized as a ‘flailing state’ (Pritchett 2009: 4) is particularly striking. Focusing on differences among different scales of governance forces us to argue that Myrdal’s (1968) original diagnosis of the ‘soft state’ needs refinement and rethinking.

Recent political shifts have further complicated analysis of the Indian state. Alliances with global capital have transformed what was once comfortable alliance of a dirigiste Nehruvian state and protected local capital. The dominance of social democratic ideology has been replaced by a combination of neo-liberal economic ideology and Hindu nationalism. When these shifts are added to the mix, India’s position as the most analytically challenging of the Asian states is reinforced.

In the background of our comparative analysis is, of course, the evolving global political economy. The early successes of Northeast Asia were built in part on the fact that their precarious geo-political situation made them marginal to the mid-twentieth-century strategies of global capital. In the ensuing decades, Asia has become a central target for the expansion of global investments and the balance between public and private power shifted accordingly. As Asia has become ever more integral to global capital’s production networks and investment strategies, the question of how deeply state policy is shaped by the interests of global and local private capital must be raised in relation to Asian states from Northeast Asia to India. The political logic of global capitalism, which Myrdal felt could be left aside, is now central to any projection of the future of the Asian state.

To the extent to which it has been instantiated, the developmental state has been effective in Asia, both in its classic form as a strategy of industrial transformation and in its broader form as a strategy for supporting capability expansion. The Northeast Asian developmental state has enjoyed success in promoting societal well-being for over three decades. Yet, despite its apparent efficacy, the political robustness of developmental state in coming decades of the twenty-first century cannot be taken for granted.

Will the Asian state continue to be used as a paradigm for general theories of the state as it has been in recent decades? Or, will Asia become yet another instance of the decline of state institutions that has plagued other regions? Based on our analysis, there is unlikely to be a single answer to this question. Amalgamating Northeast Asia, China, the various states of Southeast Asia, and India into a single paradigm did not make sense in the twentieth century. It would be even more clearly a mistake in the twenty-first. The future of the Asian state will involve multiple, often contrasting, trajectories in the twenty-first century, just as it has in the fifty years since *Asian Drama*. The exciting transformations in the role of the state that were emerging in Northeast Asia at the time Myrdal was writing went largely unrecognized in the literature until decades later. We can only hope that contemporary analysis of the Asian state will prove less out of step with empirical realities than they were prior to Myrdal's work.

2 The Northeast Asian developmental state: origins and transformation

Chalmers Johnson's (1982) analysis of Japanese development in the 1970s created the foundations for the model of the developmental state. But it was the small East Asian 'tigers'—Korea, Taiwan, and Singapore—that became the archetypal instantiations of the model (e.g. Amsden 1989; Wade 1990). The East Asian 'tigers' managed to change their position in the world economic hierarchy, moving from 'underdeveloped' to 'developed' in the course of two generations. This kind of shift is not just unprecedented among twentieth-century developing countries. It is exceptional even in the broader context that includes the historical experience of Europe and the Americas.

To focus on the East Asian developmental states is to focus on the importance of the capacity of public bureaucracies. Nearly everyone agrees that when East Asian public bureaucracies are compared with those of developing countries in other regions, they more closely approximate the ideal typical Weberian bureaucracy. Meritocratic recruitment to public service and public service careers offering long-term rewards commensurate with those obtainable in the private sector were institutional cornerstones of the East Asian economic miracle.

Capable, internally coherent, state bureaucracies were crucial to providing predictability—both of the foundational 'rule of law' sort and the more quotidian administrative and policy sort. The next challenge was connecting the state to key actors in society. In East Asia, the connection was made on at least two quite different levels. At the broadest level, East Asian governments managed to generate a sense of commitment to a collective project of national development. Despite political divisions and governmental missteps, this sense of a national project gained surprisingly widespread credence and constituted one of the most important 'collective goods' provided by the state. The essential complement to this broad ideological connection was a dense set of concrete interpersonal ties that enabled specific agencies and enterprises to construct joint projects at the sectoral level. The 'embeddedness' created by these dense ties is as central to the twentieth-century developmental state as bureaucratic capacity.

Embeddedness was never a tension-free symbiosis. Based on the prior performance of local business, state officials assumed that the private sector's 'natural' strategy was 'rent-seeking', a

quest for officially sanctioned niches that would allow local firms to buy cheap and sell dear without having to brave entry into newer, more risky sectors. Therefore, the developmental state had to avoid being politically captured by its partners in order to keep private elites oriented toward national projects of accumulation rather than their own consumption. Maintaining dense ties to entrepreneurial elites, while avoiding capture and being able to discipline these elites, is a defining feature of East Asian development states, distinguishing them from less successful states in Asia and Africa (see Kohli 2004).

East Asia's crucial ability to maintain autonomy from local industrial elites was not simply the fruit of bureaucratic competency and coherence. The revolutionary violence and chaotic geopolitics of mid-twentieth-century Northeast Asia had the developmentally propitious consequence of wiping out landed elites as politically effective class actors in national politics in East Asia after the Second World War. Local industrial elites were weak, both economically and politically, and transnational capital largely absent from domestic processes of accumulation. Consequently, it was possible to construct a form of embeddedness that created national projects of transformation in which state actors played a central role, exercising considerable autonomy relative to the particular interests of private actors.

While the twentieth-century developmental states had to work to avoid allowing relations with industrial elites becoming simply instruments of furthering private elite interests, ties to these elites were not balanced against connections to other social groups. On the contrary, civil society as a whole was excluded from the process of 'state-society synergy'. Private industrial elites were seen as key collaborators in enabling industrial transformation as well as key sources of information regarding the feasibility of specific industrial goals. Other social groups were peripheral if not threatening to this exclusive state-society partnership.

The basic vision of the twentieth-century developmental state remains compelling. A coherent capable state apparatus is paired with dense ties to private entrepreneurial elites to produce forward-looking investments that enhance productivity, grow incomes, and lead to increased well-being. This narrative is certainly consistent with the 'institutional turn' in development theory, which emphasizes that functioning markets require a complex of underlying institutional arrangements in which the state is likely to be central (see Rodrik 2000; Evans 2004).

At the same time, the rise of the developmental state in Northeast Asia must be set in its historical and geo-political context. Korea and Taiwan were miserably poor in the aftermath of colonial domination, the Second World War, and the Korean War and appeared to be institutionally bereft as well. But, they had key advantages that were less obvious but eventually proved telling. First, Northeast Asia had a thousand-year history of meritocratic state institutions to build on. National projects of development were essential to political survival, and state officials realized that the state was a potential institutional instrument for filling these. Equally important, geo-political uncertainties combined with tiny and unpromising markets meant that global capital found them less attractive than larger markets with apparently lower levels of political risk. This made the success of local projects more dependent on local capitalists, and on their collaboration with the state. Thus, the construction of the Northeast Asian developmental state made sense as the most plausible path to regime survival given where Northeast Asia was situated in the mid-twentieth-century global political economy.

The state capacities exhibited in Korea and Taiwan's successful industrial transformations have been well specified. The coherence and quality of the bureaucratic apparatus, combined with the ability to create dense ties to industrial elites, made it possible for political elites to construct a transformative economic response to their geo-political vulnerabilities. The power and clarity of the story of the twentieth-century developmental state as an instrument of industrial

transformation did, however, have an analytical downside. It created a temptation to overstate the degree to which the Northeast Asian developmental states were institutionally fixed and therefore neglect the important transformations that were turning them into twenty-first-century developmental states for which a Senian (Sen 1999) agenda of ‘capability expansion’ joined the earlier more narrowly focused definition of development (Evans 2010, 2014a, 2014b; Evans and Heller 2015).

By the late 1980s, it was already clear that these developmental states were a shifting set of political institutions pursuing and evolving a set of political, economic, and social goals on their way to becoming twenty-first-century developmental states. Capability expansion to the economic success of the East Asian tigers, even in their twentieth-century incarnations, had always been a key feature, relatively neglected, always acknowledged, but still not given the centrality it deserved. Even during their initial drives for industrial transformation, these states were pioneers in capability expansion, renowned for their levels of investment in human capital. They began their periods of accelerated economic growth with education levels that made them outliers for countries at their income levels, and they continued to invest in the expansion of education throughout the period of their rapid expansion.

If we refocus on these states in the last thirty years, the centrality of capability expansion to their development strategies becomes even more obvious. Over the course of the last thirty years, Korea and Taiwan stand out both for their ability to preserve low levels of inequality and for their continued improvements in terms of the basic indicators of capability expansion, education, and health (Siddiqi and Hertzman 2001). As both Korea and Taiwan moved toward democratization in the 1980s, these states began a notable expansion of social protection (see Wong 2004; Peng and Wong 2008; Dostal 2010; McGuire 2010; Lee 2016). The last quarter-century has been a period of socio-political transformation in Northeast Asia that looks, more than anything else, like an effort to construct a twenty-first century East Asian version of post-Second World War Golden Age European social democracy.

The transformation of Northeast Asian states forced rethinking the meaning of the developmental state (Williams 2014), but the emergence of China as a developmental success story was an equally important stimulus for forcing new theoretical reflections. China should have been added to the set of cases considered in the formulation of theories of the developmental state at least three decades ago. Adding discussion of China to the formative debates on the origins, structure, and consequences of the developmental state would have made these debates more intellectually challenging and productive and would have resulted in a more nuanced version of the embedded autonomy framework.

3 China: a theoretical challenge to the analysis of the Asian state

Chalmers Johnson, writing at the beginning of the 1980s, cannot be blamed for leaving China out of his analysis. China was not a star at industrial transformation. Yet, as the literature on the developmental state burgeoned in the 1990s, China’s success at industrialization was clearly extraordinary. Why was China still left out? Probably because the developmental state was implicitly the ‘developmental **capitalist** state’ and China was still seen as a socialist political economy, despite the growing importance of markets and private investment in its development. Nonetheless, leaving China out of the 1990s developmental state debate was a mistake. Once China is brought into the discussion, its case helps us move toward a more sophisticated version of the embedded autonomy framework.

Analysis of the long historical process of building the foundations of a coherent and cohesive state apparatus in China would have enriched the 1990s debate on the origins of state capacity. As Dingxin Zhao's (2015) careful synthesis of the early formation of the organizational and ideological sinews of the Chinese state from the time of the Western Zhou Dynasty (1045 BCE) to the apogee of the Western Han dynasty (50 BCE) shows, Chinese rulers were devising ways to ensure the corporate coherence of the state apparatus long before serious efforts to create state apparatuses in Europe had begun.

The most interesting facet of this process of building state capacity was its cultural/ideological dimension. Zhao emphasizes that China was far too large and variegated for bureaucratic structures in themselves to achieve the scope and penetration necessary to control military and economic elites. The formulation and widespread diffusion of the Confucian–Legalist belief system were the essential cultural complements to the development of organizational structures and procedures. Requiring officials to assimilate and understand the Confucian–Legalist belief system constituted a particular kind of 'meritocratic recruitment'. It gave state officials a shared understanding of the aims of the state apparatus and a shared sense of mission. Shared ideological fundamentals enabled a relatively small, thinly dispersed set of bureaucrats to formulate consistent policy and implement procedures across a domain that would have been otherwise uncontrollable.

The Chinese state has, of course, been implicated in development disasters, but it has also presided over remarkable, indeed globally unprecedented, developmental success. Its surprising degree of coherence in the contemporary period remains one of the prime conundrums to be solved by theorists of the state, especially given China's tumultuous twentieth-century history and the scale at which the Chinese state must operate. Do the legacies of early cultural and organizational constructions continue to contribute to the robustness of the Chinese state today? Obviously, such legacies need to be reinforced by practices that build the infrastructural power of the state, but their foundational role needs to be acknowledged.

There is no comparably compelling Chinese historical narrative regarding dense network ties to industrial entrepreneurs. From the times of the emperors through most of the communist period, the historical absence of a national capitalist class with an industrial vocation was as much a signal feature of the Chinese political economy as its 'high stateness'.¹ It was only under Deng Xiaoping, that the post-Mao state began building a dense network of ties joining a private entrepreneurial elite together with state officials. The rise of private industrial capital in twenty-first-century China could be seen as creating the basis for building the missing embeddedness dimension. Alternatively, it might be argued that China is experiencing an accelerated version of the trend toward the imbalance between the power of private capital and public institutions that eroded embedded autonomy in earlier cases of capitalist development.

Visions of rising private power overwhelming the control of the state are probably exaggerated. The state's sway appears to remain strong. Tianbiao Zhu (2015: 15) concludes, after an extensive review of the literature, that 'business as a whole has not yet come anywhere close to successfully challenging state power, and government-business relations are still very much dominated by the former'. Yu (2014: 165) puts it even more bluntly, saying: 'The state sector remains the driving force behind economic development in China'.

The analysis of the relation between public and private power in China is further complicated by the fact that in China, unlike the small, compact Northeast Asian countries, public power is

¹ See Nettl's (1968) classic analysis of the concept of 'stateness' and its variations in the North Atlantic. It is interesting to note that Nettl focused on Anglo-Saxon 'low stateness' rather than 'soft' states as the problematic configuration.

constructed around a complex multilevel combination of a national state apparatus interacting with regional, prefect, and county apparatuses (see Chen 2017). According to Zhu (2015: 1), ‘Local governments take care of day-to-day business of China’s development’. Focusing on any single level is likely to miss the full impact of embedded autonomy in China.

Multilevel embeddedness might be able to exert influence over private capital but still lack the capacity to effectively shape collective strategies in support of a shared project of industrial transformation. Anecdotal evidence suggests, however, that the state is orchestrating a programme of industrial development following the classic developmental state path of encouraging investment in higher-value-added sectors that might otherwise be considered too risky by private investors. For example, Jonas Nahm’s (2017a, 2017b) analysis of the role of the state in promoting the solar power industry suggests that a division of labour between national state policies and local implementation has been quite effective. In short, looking at China suggests that a multilevel analysis of embedded autonomy may produce a more sophisticated version of the embedded autonomy framework, one more suited, not just to China, but to larger countries more generally.

Even if China’s strategy of industrial transformation continues to be successful, it may not be sufficient to deliver development defined as capability expansion in a twenty-first-century economy where industry is no longer the cornerstone of overall improvements in well-being (Hung 2016). As Drèze and Sen (2002) and Bardhan (2010) among many others have pointed out, the Chinese state was very effective at delivering capability-expanding collective goods as well as structural reforms such as land redistribution in the 1960–80 period, prior to the rise of the market. The question is whether the new ‘market-friendly’ China will succeed in constructing a robust twenty-first-century version of the developmental state.

Comparison between China and Korea problematizes China’s success in becoming a fully fledged twenty-first century developmental state (see Drèze and Sen 2002). Starting in the 1980s with levels of life expectancy comparable to China’s, Korea ends up at the end of the first decade of the new millennium with levels comparable to the EU and higher than the US. Infant mortality trends provide another window on divergent ability to deliver capability expansion. In the period from 1960 to 1981, China’s performance in terms of income growth was significantly inferior to Korea’s, yet China outperformed Korea in terms of reductions in infant mortality. In contrast, in the period from 1990 to 1999, improvements in infant mortality collapsed in China, despite spectacular rates of income growth, while Korea’s performance in terms of infant mortality accelerated, despite lower rates of economic growth.

In the final decades of the twentieth century, China looked like an example of the negative phase of Polanyi’s double movement, the phase in which market forces overpower social protection.² Drèze and Sen (2013: 15) argue that the ‘huge retreat from the principle of universal health care coverage’ that accompanied the ‘market reforms’ of the 1980s and ’90s ‘sharply reduced the progress of longevity in China’. In the early decades of the twenty-first century, however, they underscore the post-millennium return of ‘capability-expanding investments’ in the Chinese health care system. This early twenty-first-century upsurge may still be followed by another downturn, but regardless of what happens in the future, shifting trends over the course of the last thirty-five years in China do not mirror the clear connections between the evolution of political institutions and shifts in state strategy that characterize the Northeast Asian cases.

Unfortunately, we lack convincing, parsimonious models of China’s distinctive forms of embeddedness. Obviously, the superimposition of administrative and party organization is key to

² Wang (2004) exemplifies this position.

structuring state–society relations, but acknowledging this is not the same as understanding the political dynamics at work.³ Studies at the local level (e.g. Tsai 2007; Birney 2014; Friedman 2014; Mattingly 2016) reveal a complex set of dynamics that cannot be reduced to simple imposition by the bureaucratic apparatus of the state, but still reveal only minimal opportunities for bottom-up policy initiatives.

In contrast, the politics of increased state involvement in capability expansion in Taiwan and Korea suggest a close connection between the rise of civil society organizations, the emergence of electoral competition, and increasing state receptiveness to a 21st Century Developmental state agenda (see Peng and Wong 2008; McGuire 2010). Dostal (2010: 165), for example, pinpoints ‘democratization and political mobilization’ as the most significant factors in expanding social provision in both Korea and Taiwan (see also Wong 2004).

The Northeast Asian cases offer a clear argument that the ability to move to the twenty-first-century developmental state depends on the emergence of a more ‘encompassing’ form of embeddedness that includes democratization and political mobilization’. China suggests that other kinds of political and organizational mechanisms may be partial substitutes, even if they are not as efficacious. But, China does not refute the basic proposition that the developmental state as epitomized by Northeast Asian cases offers a credible route, not just to conventional growth but to capability expansion as well.

4 Southeast Asian counterpoints

If Northeast Asia provided the raw material for what was to become a global template and China complicates the logic of the developmental state, Southeast Asia is the epitome of variation, demonstrating the range of variability that is possible within a single sub-region. We make no claim to be able to fully explore or even catalogue the variegation that might be considered under the rubric of ‘Southeast Asia’. We will not venture into the dozen ‘Pacific Island Countries’. Among the other eight Southeast Asian countries, we will focus only on a subset of four, hoping to use them to illustrate the range of variation among state structure and, more importantly, offer some clues as to the historical origins and socio-political consequences of that variation. To this end, Singapore, Vietnam, the Philippines, and Indonesia provide a challenging and provocative subset.

As a way of setting the stage for an examination of the range of variation among Southeast Asian states, it is worth noting the positioning of a slightly different set of four Southeast Asian states—Singapore, Malaysia, Thailand, and the Philippines—which were the subject of a quantitative analysis of differences in the quality of state bureaucracies done twenty years ago. These states, among thirty developing countries, were assessed on the dimension of ‘Weberianness’, which meant primarily assessing the degree to which their bureaucracies were characterized by meritocratic recruitment and predictable career ladders (see Evans and Rauch, 1999: Figure 1). The degree of ‘Weberianness’ is a significant feature of states, strongly associated with higher levels of economic growth. The four Southeast Asian states included covered the gamut of results. On one end was Singapore, which was the most Weberian of all the states considered, scoring slightly higher than the Northeast Asian cases (Korea and Taiwan). The Philippines was in the bottom half of the distribution. Malaysia and Thailand sat in between, with Malaysia closer to Singapore and Thailand closer to the Philippines. These results mirror and reinforce the assessments arrived

³ One creative, if not fully convincing, effort to understand how party organization might complement administrative hierarchies is Rothstein’s (2015) invocation of the model of ‘cadre organization’.

at in qualitative comparative case studies and make the task of exploring the origins and correlates of differences in state structure all the more important.

Singapore is especially interesting in relation to the Northeast Asian developmental states. Two aspects of the comparison are notable. First, Singapore demonstrates that the possibility of the emergence of developmental states is not restricted to the very special geo-political context of Northeast Asia. Singapore's colonial history bore little resemblance to that of Northeast Asia. Nor was the threat of being overrun militarily an overwhelming variable in the Singaporean regime's quest for survival. In addition, unlike the Northeast Asian cases, but like other cases in South and Southeast Asia, ethnic diversity is a key element in shaping politics. Singapore is therefore a useful case for thinking about the elements that create the conditions for the emergence of developmental states.

The second element that distinguishes Singapore from the Northeast Asian developmental states is that it continues to resist pressures for democratization. Elections are held but the opposition is never allowed to win. While both Korea and Taiwan have succeeded in creating political competition that involves the succession of different parties in power, Singapore has maintained a closely held single party dominance. This contrast makes it clear that the emergence of democratization in Korea and Taiwan cannot be attributed simply to the effects of achieving sufficiently high levels of material prosperity. At the same time, Singapore should serve as a brake on any optimistic readings of the effect of higher income levels on the prospects for democracy in China.⁴

What is perhaps most interesting about the comparison between Singapore (and Malaysia) on the one hand and Taiwan and Korea on the other is the puzzle that it creates for Dan Slater's paradigm of 'strong state democratization' (Slater 2012; Slater and Wong 2013). Slater's formulation is refreshing because it reverses the conventional causal arrow: strong states lead to democratization rather than democratization leading to weak states. Slater argues that Taiwan and Korea were able to allow real competition among political parties in part because of the strength of their state apparatuses. Since 'Korea and Taiwan possess a deeper source for enduring political stability—an inherited strong state' (Slater 2012: 26), political elites were able to make concessions to pressures from below confident that political change would not derail their developmental success. 'Strong state democratization' is a plausible frame, but it immediately raises the question of why Singapore's elite have been unwilling to accept the same risk.

Vietnam offers a different kind of opportunity for continuing the dialogue with East and Northeast Asian cases and is particularly interesting in relation to China. While Vietnam fiercely values its autonomy in relation to China, the structure of the Vietnamese state and state–society relations in Vietnam resemble Chinese patterns more than do those of any other Asian case. These similarities are obviously rooted in part in overlapping historical traditions.⁵

Dell et al. (2017) argue that Vietnam offers a fascinating bridge between Northeast Asia models of the state and Southeast Asian patterns of governance. In their view: 'Northern Vietnam (Dai Viet) was ruled by a strong, centralized state in which the village was the fundamental administrative unit. Southern Vietnam was a peripheral tributary of the Khmer (Cambodian) Empire, which

⁴ Much of this analysis could also be applied to Malaysia. See (Doner et al. 2005; Slater 2012; Slater and Wong 2013). We have foregone introducing the Malaysia–Singapore comparison here in the interests of maintaining minimal levels of parsimony in the overall discussion.

⁵ See Montes' (forthcoming, 2018) reference to Myrdal's (1968: 409) invocation of the relevance of East Asian state traditions to the case of Vietnam.

followed a patron–client model with more informal, personalized power relations and no village intermediation’. They then go on to argue that ‘. . . areas exposed to Dai Viet administrative institutions for a longer period prior to French colonization have experienced better economic outcomes over the past 150 years’ (Dell et al. 2017).

As in the case of China, Vietnam presents an ambiguous picture of state–society relations. The bureaucratically organized and often repressive party-state dominates civil society. Yet, over decades of resistance to the French and their American successors, the party-state also depended on being able to elicit support from civil society, which suggests again a poorly understood kind of embeddedness. Studies of interactions between party and civil society at the local level find intriguing echoes of this legacy (see O’Rourke 2004).

In recent decades Vietnam has experienced developmental success reminiscent of China’s. Having pulled itself out of a tragic history of colonialism and murderous US aggression, it turned its ‘Dai-Viet’ legacies to the task of development with remarkable success. As Stallings and Kim (2017: 172) point out, having emerged from colonial domination and decades of war imposed by Western imperialism, Vietnam enjoyed one of the highest growth rates in the world in the 1990s and 2000s. Stallings and Kim (2017: 174) also point out that Vietnam has had substantial success in the social area. Vietnam’s Gini was essentially flat at a low level of 0.36 throughout the period with some small variation, and Vietnam has been extremely successful in lowering poverty, both rural and urban. In rural areas, poverty defined as the share of the population below the national poverty line, fell from 66 per cent in 1993 to 19 per cent in 2008. In urban areas the figures were 25 and 3 per cent. Given the economic and political centrality of the state in Vietnam, these results must be attributed in part to the structure and relative efficacy of the state. Vietnam reinforces yet again the value of strong state institutions for developmental success, including the sort of capability-enhancing success that is central to the twenty-first century developmental state model. It also reinforces the ambiguous but potentially significant element of embeddedness with civil society. Nonetheless, Vietnam remains another counter-example to the ‘strong state democratization’ thesis. China’s trajectory is a likely predictor for Vietnam’s future political economy with respect to embeddedness and democratic responsiveness. Like the leadership of the Chinese party-state, Vietnam’s political leadership has shown little interest in allowing the growth of civil society organizations that might be the basis for democratic politics of the kind that have emerged in Northeast Asia.

Given the similarities in state strength and effectiveness that extend from Korea to Singapore, shifting focus to the Philippines is a startling contrast. Centuries of Spanish and then American colonial rule appear to have entrenched a powerful, rent-seeking, clientelistic elite whose undermining grip on the state is almost impossible to shake, stifling the possibility of creating a developmentally effective state. The massive land reforms that reshaped the political foundations of the state in Korea and Taiwan were lacking. The Philippines’ colonial legacies left it as a case in point for the negative effects of ‘non-developmental’ political monopoly. Despite powerful and repeated efforts to transform formally democratic institutions into substantive instruments of popular aspirations, elites remain entrenched and development flounders (see Törnquist 2002; Cruz et al. 2017). The overall outcome is a different world from the one that the developmental states, in both Northeast and Southeast Asia have been able to deliver. Incomes are somewhat

higher in the Philippines than in Vietnam, but life expectancy is substantially lower and poverty rates are higher.⁶

Indonesia has performed better than the Philippines (see Timmer 2004 and forthcoming 2018) but, like the Philippines, it has never had the benefit of the kind of fundamental agrarian reform that was so central to creating the foundations for the Northeast Asian developmental states. Despite massive revenues from natural resource exports, Indonesia has not managed to replicate the dynamism of the developmental state cases. Income levels are still higher than those in Vietnam, but life expectancies are lower. The hopes of global technocrats that supporting authoritarian regimes would produce capitalist development, which would in turn lead to democratization, have been only partially realized. At the same time, the powerful 1998 thrust in the direction of more democratic control over the state has also had frustrating results. As in the Philippines, vibrant local efforts aimed at building a more responsive state apparatus have gained only limited traction in relation to the national state apparatus (see Törnquist 2002), though the current regime appears to be making a genuine effort at capability-expanding investments. It is hard to draw cogent analytical lessons from Indonesia's contradictory political economy, but the Indonesian case does serve as good preparation for the even more complex and contradictory case of India.

5 The contradictory configuration of the Indian state

The Indian state has been variously described as predatory (Bardhan 1983), semi-developmental (Evans 1995), soft (Myrdal 1968) and exclusionary (Heller and Muckopadhyay 2015). No state in the global south has so defied clear categorization and prompted so much debate. The best possible generalization is undoubtedly Kohli's: 'India is a well-functioning democracy that delivers a poor quality of government' (Kohli 2012: 225). Kohli's quip immediately draws attention to the central problematic of the Indian state. Unlike its East Asian counterpart, the Indian state in the post-independence period has been democratic, answerable, however imperfectly, to periodic electoral verdicts and to surprisingly robust constitutional powers. The Indian state has always then been accountable, if not responsive.

Framed in the developmental state literature, the Indian state appears as a paradox. In formal Weberian terms, it has a robust state machinery dominated by a high-status cadre of high-performing officials (the Indian Administrative Service) and a robust rational-legal governing framework. The Indian state in this respect should have significant autonomy since state actions must be legally authorized and are subject to judicial review. And in formal democratic terms, the Indian state is embedded. Not, in principle, through particularistic networks that can readily mutate into rent-seeking coalitions (the predatory state), but through the rights-based popular sovereignty of a vibrant democracy.

In contrast to formal descriptions of the state's properties, most academic accounts of the Indian state paint a picture of a state that has been fully penetrated by particularistic interests and a democratic polity that has served elites more effectively than the people. These accounts of the captured state, more predatory than developmental, take two general forms: Marxists account that point to state capture by dominant proprietary groups (Bardhan 1983) or modernization accounts

⁶ The Philippines developmental trajectory in the late twentieth century occupied what might be called a 'sour spot' with regard to growth and inequality—i.e. high inequality combined with low growth. See Timmer (2004: Table 1)

along the lines of Myrdal's (1968) 'soft state', a state that fails to impose its institutional rationality over traditional social or individual loyalties.⁷

Even though the Indian state has fallen far short of its East Asian counterpart by any metric, the mid-twentieth-century Nehruvian state saw itself as a developmental state, embracing the doctrines of development that were prevalent at the time and heavily influenced by the institutionalist perspective (Myrdal 1968) which rejected laissez-faire doctrine in favour of state intervention and planning. The Indian case was, moreover, heavily inflected with a high-modernist vision that vested enormous faith in the central state, technical expertise, and the 'steel frame' of the Indian bureaucracy. This faith in the ability to plan economic development was so pronounced that Nehru could confidently emphasize state-led growth over equity-promotion. Investments were accordingly focused on building core industries through state-owned enterprises, infrastructural projects geared to accumulation, and an emphasis on higher education. These investments, and especially the focus on higher education, in part set the stage for the post-1991 take-off, but initially produced low levels of growth (the infamous 'Hindu rate of growth') and very little export dynamism.

In contrast to the East Asian developmental state, which pursued strategies of co-production with the private sector, the Nehruvian developmental state was much more dirigiste. The licence-quota-raj, as it became derisively known, micro-managed the economy through both indicative planning and tight regulation of product markets. There was little, if any of the dynamic partnerships with the private sector that characterized the East Asian developmental state. State-dominated sectors and the state-protected private monopolies suffered from low levels of productivity and little if any product innovation.

For all intents and purposes, India missed out on the phase of low-value-added export industrialization that propelled the East Asian states into global markets. India's current growth trajectory began in the 1980s and has been maintained at an impressive rate over the past quarter-century. But the take-off of the much-celebrated Indian tiger has not been as deep, as dynamic or as inclusive as in East Asia, and much of this can be attributed to failures of the state.

Any positive assessments of the Indian state's performance based on recent high aggregate growth rates must be qualified in at least three ways. First, overall growth rates obscure the regional concentration of growth and the fact that growth has been concentrated in mega-cities. There have been few of the deep backward linkages to rural areas that characterized China's take-off. Manufacturing growth has been concentrated in a few sectors with little of the widespread diversification and deepening of exports sectors witnessed in East Asia. Agriculture, which still provides the majority of Indians with their livelihoods, has more or less stagnated during this period. Second, much of the growth has been in rent-thick sectors including land and resource extraction (Heller et al. forthcoming) rather than in sectors where growth is driven by rising productivity. Third, India's economic growth has been relatively jobless growth, with most of the dynamic sectors concentrated in either capital-intensive manufacturing or high-end IT and business services that only employ highly educated labour. If anything, the divide between the labour-squeezing informal sector and the high-wage, high-productivity formal sector has grown since liberalization, contributing dramatically to India's increasing income inequality. Historically, the Gini coefficient for India has been comparatively low, but it has now reached historically high

⁷ Not coincidentally, the solution invariably takes the form of pleas for 'good governance', precisely what the multilaterals and their armies of consultants (academic and beltway) have to offer. But 'institutional monocropping' (Evans 2004) has never worked and never will because it abstracts from the specific political and institutional conditions under which governance, which is after all a relation of power, takes shape.

levels. In 2016 the share of national income accruing to India's top 1 per cent of earners was 22 per cent, while the share of the top 10 per cent was around 56 per cent, well above China's 41 per cent (World Bank 2018a).

To some extent, these trends reflect the larger logic of a post-industrialization economy, but the failure of the Indian state to invest in human capital and basic infrastructure is also a major causal factor.

The failure to steer the economy into a more dynamic and deeper pattern of economic transformation is also reflected in the social development sector. If the Indian state's performance as a developmental state fails to match Northeast Asian parameters for the classic developmental state, it is equally lacking with respect to the parameters of the twenty-first-century capability-enhancing developmental state.

The Nehruvian state's comparative neglect of social development was well documented. Other than a half-hearted attempt at rural reform through the community development programme, there were few concerted efforts—as Myrdal noted in *Asian Drama*—to invest in social development and rural infrastructure and to implement basic institutional reforms. By the 1980s, India had fallen well behind East Asia in terms of all basic human development indicators. But even more alarming is how little of the growth dividend of the past quarter-century has been translated into social development. Indeed, Drèze and Sen (2013) have documented how India has fallen behind both Pakistan and Bangladesh in the past decade, despite having a much more impressive level of growth.

The relative neglect of social development in more recent developmental strategy is glaring. Shortfalls in public investment continue to be a drag on the Indian economy, especially in terms of human capital formation. A range of indicators leave little doubt of the disconnect between current output growth and capability expansion. Thus, despite very significant increases in educational spending and a now near-universal rate of primary school enrolment, teacher absenteeism remains chronic, caste discrimination rampant, and school failure endemic (Ramachandran 2009). The most recent comprehensive national evaluation concluded that by the end of the fifth year of education, more than half of the school children have yet to acquire a second-year level of reading (Assessment Survey Evaluation Research Centre 2011). Even as the upper caste/classes of India reap the rewards of the global knowledge economy, World Bank data (World Bank 2018b) show that India continues to be beset by levels of inequality of educational opportunity that surpass almost all Latin American countries and even some African countries. Even more striking is the complete failure to deliver the most basic of capabilities—food and health. A recent assessment found that in 2006, 48 per cent of children under the age of five suffered from stunting (the highest level of malnutrition in the world), a condition that has severe long-term health consequences (Government of India 2009). Annual reports from the National Nutrition Monitoring Bureau actually show a decline in the consumption of calories over the past two decades.

How does one explain the comparative failures of the Indian state? In keeping with the development state literature, we point to the twin analytical variables of autonomy and embeddedness, but with a twist. Autonomy and embeddedness are dynamic only when they are balanced in what is a very delicate equilibrium: co-production (embeddedness) between state and social actors has to be secured without compromising the autonomy of the state to shield itself from particularistic demands and deliver public or social goods. In the East Asian context embedded autonomy has been secured through a unique combination of organizational culture and state–society relations that favoured an inclusive nationalism. The Indian case is marked by two clear differences. In contrast to the modal East Asian pattern, state formation in India has

been less continuous, passing through multiple institutional and territorial configurations. Independent India inherited a mosaic of sovereignties (the 565 princely states) and a myriad of regimes of indirect government bequeathed by layers of Hindu and Moghul empires and multiple British regimes of colonialism. Second, India is the only continuous post-World War democracy in Asia. Stateness and the political mode of decision-making are of course the key meta-institutional conditions that shape development. The causal lines are, however, complicated.

Continuous stateness provides clear advantages (as per the East Asia argument made above), but lack of historical continuity is not necessarily disqualifying for constructing effective developmental states. Germany and Italy were relative latecomers to European nation-building but grew rapidly, and Costa Rica and Mauritius, the high performers in their respective continents, are both relatively new states (see Sandbrook et al. 2007). But most importantly, within India as we shall see below, there are sharp differences between states, suggesting that a strict path-dependent view of state formation is not warranted.

Comparison with East Asia may also create the temptation to attribute the problems of the Indian state to its ‘prematurely’ democratic political foundations. Huntington and other modernization theorists have argued that at early stages of development, ‘premature’ democracy can unleash redistributive forms of demand-making that hinder the state’s capacity to prioritize capital investment. It is true that in Europe as well as in East Asia, democracy was introduced after the early stages of capitalism (primitive accumulation) and the agrarian transition was complete. But the premature democratization thesis—which has quite a bit of currency in India—suffers from two glaring flaws. First, recent work on development has reversed the growth–redistribution sequence by making the case that it is investment in social development that drives economic growth and not vice versa (Evans et al. 2017).⁸ The capabilities-enhancement path to development popularized by Sen brings us back full circle to Myrdal who dedicated an entire volume of *Asian Drama* to human capital and whose theory of development drew much from his advocacy of social democracy in his native Sweden.

Second, the assumption that democracy itself unleashes redistributive demands that undermine growth is clearly false, at least in the Indian case. Six decades of democracy have not produced a welfare state, effective labour market regulation, land reform, or progressive taxation. Indeed, fully 91 per cent of the labour force is mired in the informal sector, wholly lacking in any of the most basic legal and social protections. This is precisely one of the most important institutional hindrances to development that Myrdal identified. The problem then is not that there has been too much democracy but that there has not been enough. The problem of democratic deepening is in turn inextricably tied to the problem of both the autonomy and embeddedness of the state.

Setting aside arguments about the intrinsic value of democracy (Sen 1999), democracy matters for governing large complex societies such as India for two reasons. First, democracy by definition protects and manages pluralism, creating the political underpinnings of recognition in heterogeneous and diverse societies. Second, democracy can, though it does not always, favour encompassing demand-making. These two dynamics—recognition and redistribution—are often in tension, and this is where Indian democracy has both succeeded and fallen short.

In the immediate post-Independence period, India’s first priority was nation-building. Having inherited the most diverse and pluralistic society in the world, one that was fragmented into a multiplicity of governance regimes and marked by centrifugal regional forces, and having just lived through a tragic and traumatic partition, India’s post-Independence leaders were by necessity

⁸ See also Ranis and Stewart (2006) and Ranis et al. (2000).

squarely focused on nation-building. In this respect Indian democracy has been a spectacular success, at least until recently. Religious, caste, linguistic, and regional minorities have all developed a stake in the polity precisely because it was democratic. All groups have achieved a modicum of recognition and dignity, even if in some states the process has taken longer than in others. For better or worse, India remains the only major nation in Asia other than Thailand not to have undergone a violent transition (revolution or war). What had been in fact a multiplicity of nations at the time of Independence has been integrated into a single polity and economy, quite possibly the greatest nation-building effort in human history.

The downside here is that the accommodation of this multiplicity of interests and identities has come, with notable subnational exceptions—at the expense of forging more encompassing interests and interventions. Thus, rather than pursuing broad-based policies and reforms that could secure social and public goods and generally enhance capabilities, the electoral logic of first-past-the post has prioritized symbolic politics and group patronage. The need to build majoritarian coalitions based on highly complex and localized aggregations of caste and community has resulted in the complete instrumentalization of policies. As Chandra (2007) has wryly noted, Indian elections amount to ‘an auction of public assets to the highest bidder’. The autonomy of the state has in other words been thoroughly compromised by the political logic of short-term electoral gains in a highly divided and fragmented polity. The institutional boundaries that are meant to separate the roles of representation and bureaucratic implementation, that is of politics and the state, have been completely blurred. In the absence of autonomy, some commentators have described the Indian state as a form of ‘embedded particularism’ (Herring 1999).

Attributing the limits of the Indian developmental state to patronage democracy, however, has to be carefully qualified, historicized, and contextualized. First, this is not a story of institutional collapse as in the case of patrimonial or failed states. There are many elements of the Indian state that remain institutionally robust, not least of which are its military and various islands of bureaucratic efficiency (the higher levels of the judiciary, the electoral commission, the Reserve Bank of India, and the armed services). The limits of state autonomy are first and foremost political and emerge from specific state–society relations. Kohli (2004), for example, has carefully documented the historical process of de-institutionalization of Indian politics. Because the Congress Party never developed a mass base it was highly dependent on state-level intermediaries and opportunistic electoral coalitions. This ultimately compromised its capacity to push through the hard reforms—most notably land reform—that development required and made the party increasingly dependent on a heterogeneous coalition of various elite groups competing for scarce state resources. Second, the problem of stateness in India looks very different depending on what level of the state is under scrutiny. The commanding heights of the Indian state enjoy significant capacity and some autonomy from particularistic interests, particularly in the realm of macro-economic policy. Yet as one moves downward from the centre through the subnational state and into local government, state capacity deteriorates the more the state directly engages with society. The deterioration is so pronounced that the local state (the municipality and the village panchayat)—with notable exceptions—has almost no developmental capacity.⁹

The ineffectiveness of the Indian state at the local level has earned the Indian state the evocative label of a ‘flailing’ state, that is one in which the head (national and some state institutions) is highly competent and knows what it is doing, but ‘that this head is no longer reliably connected via nerves and sinews to its own limbs’ (Pritchett 2009: 4). Indian democracy in other words remains a highly

⁹ By 2012, only 19.6 per cent of households in rural India had full basic services (in-house water and toilet and electricity) (Mishra and Shukla 2015: 10). But the variance is enormous across states, from 69.5 per cent in Kerala to 30.7 per cent in Gujarat and 20.4 per cent in Maharashtra, India’s most industrialized states.

centralized one, and this itself is a specific artefact of the nation-building project. In order to hold the nation together, Nehru devolved significant power to states, which in turn developed their own political interests and hoarded power at the state level. Municipalities and village governments (panchayats) have never really developed as a third tier of government. The most important developmental functions at the local level—including land management, planning, housing, basic services, education, health, and policing—are controlled by state-level line departments.

It is tempting, as Myrdal did, to simply argue that the Indian state is soft. Compared to the Chinese state, the Indian state has not penetrated as deeply into society and does not exert as much control over local social forces. But this characterization has to be carefully qualified. This chain of command problem is less an organizational problem than a political problem. It has less to do with how hierarchy has been organized than with how political authority has been constructed. The problem lies more in the chain of *sovereignty* than in the chain of command and specifically the limited capacity of democratic citizens to exert binding control over the state. The comparatively top-down and politically instrumentalized manner in which state authority has been constructed has favoured transactional logics of authority over more normatively grounded forms of state legitimacy. In sharp contrast with Tsai's (2007) influential argument that the local rural Chinese state actually enjoys a high degree of embedded legitimacy, the literature on the local state in India paints a relatively unambiguous picture of elite capture. Given how poorly and selectively the Indian state is actually embedded in society, its developmental limits then become clear. The Indian state is indeed a flailing state: it has few sensors, no effective feedback mechanisms, and no co-producers. It can deliver on macro-economic policy and some mega projects, but it cannot get teachers to teach, nurses to show up, municipalities to make their budgets transparent, or create the kind of stable local institutional environment in which private actors can thrive.

The credibility of this argument is strongly reinforced by the existence of subnational states that have demonstrated a marked capacity for enhancing capabilities, most notably Kerala (Heller 2000) and to a lesser extent Tamil Nadu and Himachel Pradesh. Though all three states share roughly the same resources, institutional forms, and bureaucratic structures of other states, on a wide number of indicators all three are much better governed than other states. Successes at the state and local level are tied, in turn, to patterns of social mobilization. The dramatic progress in social development in the southern states of Kerala and Tamil Nadu can be tied directly to their historical patterns of social mobilization. Broad-based anti-caste movements produced enduring encompassing political formations that not only strengthened the demand-side dynamic of civil society, but also created more competitive, redistributive party politics (Heller 2000; Harriss 2003). This not only secured a greater degree of autonomy for the bureaucracy, but also created far more continuous and effective forms of accountability.

Just as variations across state jurisdictions qualify judgments of the incapacity of Indian state institutions in important ways, developments at the national level in the waning years of the Congress Party domination suggest that significant exceptions to the state's inability to foster transformation are possible. During the two Congress Party-led governments that preceded the current 'Bharatiya Janata Party' (BJP) government, the state adopted more ambitious pro-social development legislation and reforms than in the entire post-Independence period. These included legislative projects to universalize education, provide food security, subject the government to greater accountability (the Right to Information), and maybe most significantly guarantee a minimum level of employment to the rural poor (National Rural Employment Guarantee Act—NREGA). It is important to note that these reforms in large part were driven by civil society actors. Indeed, it was an alliance between the president of the Congress Party and influential civil society actors that produced the legislation and got it through parliament. This suggests that even when patronage democracy remains well entrenched, other forms of embeddedness can strengthen the state's developmental capacity.

Sadly, the recent re-alignment of Indian political institutions threatens to undercut the momentum of India's exciting experiments in capability expansion. The atrophy of the political foundations of the Nehruvian state, combined with disillusionment created by jobless growth and ineffectual delivery of basic collective goods lent charisma to a regime that combined the putative economic returns of 'modern' mystique of neo-liberal capitalism with the traditional identity rewards of Hindu nationalism. The new majoritarianism of upper caste Hindus reinforces traditional exclusions of caste and community and the Modi regime has shown itself to be openly hostile to civil society. The apparent political success of this regime raises the ominous possibility that just as the Northeast Asian provided a model of economic efficacy in the decades following *Asian Drama*, South Asia may be offering a new template for the state combining capture by private capital with political legitimacy based on recognition politics aimed at the majority. If this 'pro-capital populism' proves to be a politically robust model, it will constitute a threatening alternative to the twenty-first-century developmental state.

6 What lessons from the transformations of the Asian state?

Over the course of the latter half of the twentieth century, Asia has emerged as the region of the globe that constitutes the most important laboratory for understanding the roots of state effectiveness and the consequences of different modes of state action for delivering enhanced well-being and effective representation of shared societal goals. This role was not anticipated by the main currents of mid-twentieth-century social science research. Mid-twentieth-century social science was still focused on debates between planning and markets. Neo-liberal market worship dominated debate in the later part of the century. Both missed the fact that a new paradigm for state effectiveness—the developmental state—was being incubated in Northeast Asia. By the early twenty-first century times had changed. The centrality of Asian cases to any general theoretical analysis of the state was recognized. Even then continued fascination with the increased output of tangible goods distracted attention from the accomplishments of twenty-first-century developmental states in facilitating the provision of capability-expanding services that enhanced well-being and human flourishing. Can we do better as we look to the future?

Recognition of centrality of the Asian experience does not make it easier to derive clear lessons from the variegated transformations of the Asian state over the period since Myrdal's classic analysis. The lessons of the Asian state are a complex composite created by a *mélange* of individual national trajectories. We would, nonetheless, like to propose some potential 'lessons'. These are not proven propositions. Some have more evidence behind them than others. But, as the fruits of synoptic reflections on past trajectories, they are hopefully useful starting points for thinking about future transformations.

The most fundamental point to be made is that Asia in the late twentieth and early twenty-first centuries has validated the idea that capable, coherent state bureaucracies are a valuable social asset worth protecting and nurturing. Despite being partially undermined by the encroachments of global capital in Northeast Asia, the original developmental states have continued to perform well. They have managed to incorporate the capability-expanding developmental agenda of the twenty-first-century developmental state into their societal agendas. In addition, they have managed to move from authoritarian politics to competitive democratic politics.

China, Vietnam, and Singapore extend the vindication of the value of state capacity and coherence to East and Southeast Asia, including the idea that such states have been foundational to development in the broader sense of well-being and human flourishing, as well as facilitating industrial growth and rising incomes. At the same time, the range of political configurations that

connect these states and their societies cannot be simply summarized. ‘Strong state democratization’ may be a plausible description for the original Northeast Asia developmental states, but China, Vietnam, and Singapore show that there is no inexorable connection between state capacity and transitions to democratic politics. They leave us with a conundrum: what are the institutional mechanisms that enable these states to remain responsive to social demands in the absence of conventional electoral mechanisms of democratic accountability?

We have suggested that the earlier consolidation of stateness and periods of mass mobilization can, at least in the cases of Vietnam and China, account for a certain degree of general embeddedness of the state in society (if not an independent civil society). This has made these states responsive, if not accountable. We certainly need much more research to identify the specific mechanisms that enable bureaucratically competent states to maintain awareness of demands from below and respond to them, but there is little support for the idea that less powerful state apparatuses facilitate the successful implementation of democratic agendas that reflect popular agendas and aspirations. For example, the clientelistic morass of the Philippine state may have allowed admirable mobilizational upsurges, but none have been able to turn the state into an instrument of their aspirations.

Asian states also contradict another piece of conventional wisdom: the idea that authoritarian state structures produce ‘modernizing’ economic results which then translate into robust democratic accountability. Reading Myrdal, one might be tempted to conclude that ‘soft states’ are insufficiently authoritative, prone to an undisciplined sort of democracy. Looking at the Philippines and Indonesia, it is clear that these states are not ‘soft’ in being excessively responsive to pressures from below; they are ‘soft’ in relation to privilege from above, unable to resist serving the interests of long-entrenched elites.

Finally, of course, there is India, which is in some ways the richest and most provocative of the Asian cases. The Indian case underscores two central claims of the developmental state literature while raising an additional set of challenges to explaining developmental outcomes. On the one hand, India reinforces the importance of nurturing a coherent Weberian bureaucracy. The rule of law and bureaucratic organization of state authority have secured stability, protected pluralism, and, in the post-liberalization period, have helped create the conditions for sustained growth. At the same time, India is another illustration of the confounding complexities of embeddedness (Veeraraghavan 2017).

The Indian state’s embeddedness in society has been doubly compromised. First, in the absence of more genuine decentralization, the efficacy of the state remains highly constrained at the local level. Second, the fragmented nature of representation in the Indian polity has favoured particularistic over more encompassing interests, weakening the bureaucratic autonomy of the state. More than anything else, the limits of embeddedness explain India’s dismal performance in social development and its current trajectory of growth without inclusion.

But India also forces introspection. Development academics, multilaterals, and state elites have long harboured explicitly or implicitly the high-modernist fantasy that they have the right tools and policies to get the job done as long as popular demands and pressures can be postponed or kept at bay. It is telling that the current enthusiasm for the elixir of ‘good governance’ is sanitized of any attention to politics and so allergic to populism.¹⁰

¹⁰ Dani Rodrik’s (2016) recent work being a notable exception.

The first generation of East Asian developmental states and more recently China provide superficial support for this position, until one takes into account the unique histories of these countries, including long histories of state formation and the inevitably violent ruptures (war, revolution, mass famines) that set the stage for the developmental state. This is not a path that India can follow. India demonstrates that 'premature' democracy was not an impediment to development but was in fact essential to the project of nation-building. Variation across Indian states moreover shows that where democratic institutions and practices have sunk deeper roots, largely as a result of social mobilization, development has been far more inclusive. India's internal variations show that democratic politics can effectively 'embed the state' and counter its 'flailing' character. This said, the Indian case overall is a sobering reminder that, even fifty years after *Asian Drama*, we have only a limited understanding of how to build and use state apparatuses.

If complex variation defeats efforts at succinct synopsis of the political economy of Asian state, predicting the trajectories of Asian states over the course of the next twenty-five years would be an even more precarious venture. The analysis of national dynamics, which we have focused on here is challenging enough, but projecting the future transformations of Asian states requires meshing national dynamics with the evolution of the global political economy, a task that we have prudently avoided. The rise of the Northeast Asian developmental state depended on its ability to engage with global markets without being overrun by the corrosive effects of global neo-liberal capitalism. There is no guarantee that this same ability can be preserved in the coming decades, in Northeast Asia or elsewhere in Asia. At the same time, the global rise of reactionary nationalist populism has already had effects in Asia (for example, in India and the Philippines). This ideological wave could easily undermine the possibility of shifts in the direction of the twenty-first-century developmental state, turning political energies instead toward the exclusion and demonization of the minority 'other'. In short, Asian states must not only deal with internal obstacles and challenges over the course of the next twenty-five years, they must also confront the Scylla and Charybdis of the twenty-first-century global political economy.

The developmental value of competent, coherent state apparatuses remains undeniable. The ability to preserve such states, and create them where they do not yet exist, will be a prime determinant of Asia's future path. At the same time, the quest continues to find ways of replacing control by elites whose narrow short-term interests drown society's developmental agendas and building institutions that will secure effective delivery of collective goods and enable societies to establish priorities through democratic deliberation. The institutions of democratic accountability remain precarious where they exist and elusive where they have not yet been established. Any teleological vision of the future transformation of the Asian state process must be abandoned in favour of clear-eyed investigation of political possibilities constrained by historically entrenched circumstances.

References

- Amsden, A. (1989). *Asia's Next Giant: South Korea and Late Industrialization*. New York, NY: Oxford University Press.
- Assessment Survey Evaluation Research Centre (ASERC) (2011). 'Annual Status of Education Report'. New Delhi: ASERC.
- Bardhan, P.K. (1983). *The Political Economy of Development in India*. Oxford: Oxford University Press.
- Bardhan, P.K. (2010). *Awakening Giants, Feet of Clay: Assessing the Economic Rise of China and India*. Princeton, NJ: Princeton University Press.

- Birney, M. (2014). 'Decentralization and Veiled Corruption under China's "Rule of Mandates"'. *World Development*, 53: 55–67.
- Chandra, K. (2007). *Why Ethnic Parties Succeed: Patronage and Ethnic Head Counts in India*. New York, NY: Cambridge University Press.
- Chen, L. (2017). *Manipulating Globalization: The Influence of Bureaucrats on Business in China*. Stanford, CA: Stanford University Press.
- Cruz, C., J. Labonne, and P. Querubin (2017). 'Politician Family Networks and Electoral Outcomes: Evidence from the Philippines'. *American Economic Review*, 107(10): 3006–37.
- Dell, M., N. Lane, and P. Querubin (2017). 'The Historical State, Local Collective Action and Economic Development in Vietnam'. Presented at Harvard Conference on Comparative State Capacity, Cambridge, MA. October 20-21.
- Doner, R.F., B.K. Ritchie, and D. Slater (2005). 'Systemic Vulnerability and the Origins of Developmental States: Northeast and Southeast Asia in Comparative Perspective'. *International Organization*, 59(2): 327–61.
- Dostal, J.M. (2010). 'The Developmental Welfare State and Social Policy: Shifting from Basic to Universal Social Protection'. *The Korean Journal of Policy Studies*, 25(3): 147–72.
- Drèze, J., and A. Sen (2002). *India: Development and Participation*. New Delhi: Oxford University Press.
- Drèze, J., and A. Sen (2013). *An Uncertain Glory: India and Its Contradictions*. London: Allen Lane.
- Evans, P. (1995). *Embedded Autonomy: States and Industrial Transformation*. Princeton, NJ: Princeton University Press.
- Evans, P. (2004). 'Development as Institutional Change: The Pitfalls of Monocropping and Potentials of Deliberation'. *Studies in Comparative International Development*, 38(4) (Winter): 30–53.
- Evans, P. (2010). 'The Challenge of 21st Century Development: Building Capability Enhancing States'. Global Event Working Paper for the United Nations Development Program 2010 'Capacity is Development'. New York, NY: UNDP.
- Evans, P. (2014a). 'The Developmental State: Divergent Responses to Modern Economic Theory and the 21st Century Economy'. In M. Williams (ed.), *The End of the Developmental State?* New York, NY: Routledge.
- Evans, P. (2014b). 'The Korean Experience and the 21st Century Transition to a Capability Enhancing Developmental State'. In I. Yi and T. Mkandawire (eds), *Learning from the South Korean Developmental Success: Effective Developmental Cooperation and Synergistic Institutions and Policies*. Basingstoke: Palgrave Macmillan.
- Evans, P., and P. Heller. (2015). 'Human Development, State Transformation and the Politics of the Developmental State'. In S. Leibfried, F. Nullmeier, E. Huber, M. Lange, J. Levy, and J.D. Stephens (eds), *The Oxford Handbook of Transformations of the State*. Oxford: Oxford University Press.
- Evans, P., E. Huber, and J. Stephens (2017). 'The Political Foundations of State Effectiveness'. In M. Centeno, A. Kohli, and D. Yashar (eds), *States in the Developing World*. Cambridge: Cambridge University Press.
- Evans, P. and J.E Rauch (1999). 'Bureaucracy and Growth: A Cross-National Analysis of the Effects of "Weberian" State Structures on Economic Growth'. *American Sociological Review*, 64(4): 748–65.

- Friedman, E. (2014). *Insurgency Trap: Labor Politics in Postsocialist China*. Ithaca: Cornell University Press.
- Government of India (2009). *National Family Health Survey, 2005–2006*. New Delhi: Ministry of Wealth and Family Welfare.
- Harriss, J. (2003). ‘Do Political Regimes Matter?’. In P. Houtzager and M. Moore (eds), *Changing Paths: International Development and the New Politics of Inclusion*. Ann Arbor, MI: University of Michigan Press.
- Heller, P. (2000). ‘Degrees of Democracy: Some Comparative Lessons from India’. *World Politics*, 52(4): 484–519.
- Heller, P., and P. Mukhopadhyay (2015). ‘State-produced Inequality in an Indian City’. *Seminar*, 672: 51–55.
- Heller, P., P. Mukhopadhyay, and M. Walton (forthcoming). ‘Cabal City: India’s Urban Regimes and Accumulation without Development’. In K. Murali, A. Kohli and C. Jaffrelet (eds), *Business and Politics in India*. London: Oxford University Press.
- Herring, R. (1999). ‘Embedded Particularism: India’s Failed Developmental State’. In M. Woo-Cumings (ed.), *The Developmental State*. Ithaca, NY: Cornell University Press.
- Hung, H-F. (2016). *The China Boom: Why China Will Not Rule the World*. New York, NY: Columbia University Press.
- Johnson, C. (1982). *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975*. Stanford, CA: Stanford University Press.
- Kohli, A. (2004). *State-directed Development: Political Power and Industrialization in the Global Periphery*. New York, NY: Cambridge University Press.
- Kohli, A. (2012). *Poverty amid Plenty in the New India*. New York, NY: Cambridge University Press.
- Lee, C.-S. (2016). *When Solidarity Works: Labor-Civic Networks and Welfare States in the Market Reform Era*. Cambridge: Cambridge University Press.
- McGuire, J.W. (2010). *Wealth, Health, and Democracy in East Asia and Latin America*. New York, NY: Cambridge University Press.
- Mattingly, D. (2016). ‘Elite Capture: How Decentralization and Informal Institutions Weaken Property Rights in Rural China’. *World Politics*, 68(3): 383–412.
- Mishra, U.S., and V. Shukla. (2015). ‘Welfare Comparisons with Multidimensional Well-Being Indicators: An Indian Illustration’. Working Paper 462. Thiruvananthapuram: Centre for Development Studies.
- Montes, M. (forthcoming, 2018). ‘Six Development Paths in Southeast Asia: Three Plus Three’. WIDER Working Paper 2018, forthcoming. Helsinki: UNU-WIDER.
- Myrdal, G. (1968). *Asian Drama, An Inquiry into the Poverty of Nations*, 3 vols. New York, NY: Pantheon Books.
- Nahm, J. (2017a). ‘Renewable Futures and Industrial Legacies: Wind and Solar Sectors in China, Germany, and the United States’. *Business and Politics*, 19(1): 68–106.
- Nahm, J. (2017b). ‘Exploiting the Implementation Gap: Policy Divergence and Industrial Upgrading in China’s Wind and Solar Sectors’. *The China Quarterly*, 231(September): 705–27.
- Nettl, J.P. (1968). ‘The State as a Conceptual Variable’. *World Politics*, 20(July): 559–92.

- O'Rourke, D. (2004). *Community-driven Regulation: Balancing Development and the Environment in Vietnam*. Cambridge, MA: MIT Press.
- Peng, I., and J. Wong (2008). 'Institutions and Institutional Purpose: Continuity and Change in East Asian Social Policy'. *Politics & Society*, 36(1): 61–88.
- Pritchett, L. (2009). 'Is India a Flailing State?: Detours on the Four Lane Highway to Modernization'. HKS Faculty Research Working Paper Series RWP09-013. Cambridge, MA: John F. Kennedy School of Government, Harvard University.
- Ramachandran, V. (2009). 'Systemic Barriers to Equity in Education'. In P. Rustagi (ed.), *Concerns, Conflicts and Cohesions: Universalization of Elementary Education in India*. New Delhi: Oxford University Press.
- Ranis, G., and F. Stewart (2006). 'Successful Transition towards a Virtuous Cycle of Human Development and Economic Growth: Country Studies'. Center Discussion Paper 943. New Haven, CT: Economic Growth Center, Yale University.
- Ranis, G., F. Stewart, and A. Ramirez (2000). 'Economic Growth and Human Development'. *World Development*, 28(2): 197–219.
- Rodrik, D. (2000). 'Institutions for High-quality Growth: What They Are and How to Acquire Them'. *Studies in Comparative International Development*, 35(3): 3–31.
- Rodrik, D. (2000). 'Institutions for High-Quality Growth: What They Are and How to Acquire Them'. *Studies in Comparative International Development*, 35(3): 3–31.
- Rodrik, D. (2016). 'Is Liberal Democracy Feasible in Developing Countries?'. *Studies in Comparative International Development*, 51(May): 1–31.
- Rothstein, B. (2015). 'The Chinese Paradox of High Growth and Low Quality of Government: The Cadre Organization meets Max Weber'. *Governance*, 28(4): 533–48.
- Sandbrook, R., M. Edelman, P. Heller, and J. Teichman (2007). *Social Democracy in the Global Periphery: Origins and Prospects*. Cambridge: Cambridge University Press.
- Sen, A.K. (1999). *Development as Freedom*. New York, NY: Knopf.
- Siddiqi, A., and C. Hertzman (2001). 'Economic Growth, Income Equality, and Population Health among the Asian Tigers'. *International Journal of Health Services*, 31(2): 323–33.
- Slater, D. (2012). 'Strong-state Democratization in Malaysia and Singapore'. *Journal of Democracy*, 23(2): 19–33.
- Slater, D., and J. Wong (2013). 'The Strength to Concede: Ruling Parties and Democratization in Developmental Asia'. *Perspectives on Politics*, 11(3): 717–33.
- Stallings, B., and E.M. Kim (2017) *Promoting Development: The Political Economy of East Asian Foreign Aid*. Singapore: Palgrave/Springer Nature.
- Timmer, C.P. (2004). 'The Road to Pro-poor Growth: The Indonesian Experience in Regional Perspective'. *Bulletin of Indonesian Economic Studies*, 40(2): 177–207.
- Timmer, C.P. (forthcoming, 2018). 'Pro-Poor Growth in Indonesia: Challenging the Pessimism of Myrdal's *Asian Drama*'. WIDER Working Paper 2018, forthcoming. Helsinki: UNU-WIDER.
- Törnquist, O. (2002). 'Popular Development and Democracy: Case Studies with Rural Dimensions in the Philippines, Indonesia, and Kerala'. Occasional Paper 3. Oslo: Centre for Development and the Environment (SUM).
- Tsai, L.L. (2007). *Accountability without Democracy: Solidary Groups and Public Goods Provision in Rural China*. Cambridge: Cambridge University Press.

- Veeraraghavan, R. (2017). 'Strategies for Synergy in a High Modernist Project: Two Community Responses to India's NREGA Rural Work Program'. *World Development*, 99: 203–13.
- Wade, R. (1990). *Governing the Market: Economic Theory and the Role of Government in Taiwan's Industrialization*. Princeton, NJ: Princeton University Press.
- Wang, S. (2004). 'China's Health System: From Crisis to Opportunity'. *Yale-China Health Journal*, 3: 5–49.
- Williams, M. (ed.) (2014). *The End of the Developmental State?* New York, NY: Routledge.
- Wong, J. (2004). *Healthy Democracies: Welfare Politics in Taiwan and South Korea*. Ithaca, NY: Cornell University Press.
- World Bank (2018a). *World Inequality Report*. Washington, DC: World Bank.
- World Bank (2018b). *World Development Report 2018: Learning to Realize Education's Promise*. Washington, DC: World Bank.
- Yu, H. (2014). 'The Ascendancy of State-owned Enterprises in China: Development, Controversy and Problems'. *Journal of Contemporary China*, 23(85): 161–82.
- Zhao, D. (2015). *The Confucian-Legalist State: A New Theory of Chinese History*. Oxford: Oxford University Press.
- Zhu, T. (2015). 'International Context and China's Government-Business Relations'. *Economic and Political Studies*, 3(2): 3–29.