

# The Adaptive Developmental State in East Asia

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In 1997, several of Asia's economies collapsed and the international community was called in to help mend the ailing region. The crisis attracted a great deal of attention among both the scholarly and policy communities. At that time, it seemed that the Asian miracle had come to an abrupt end. Places such as South Korea enjoyed a prosperous run though suffered a dubious demise. Later developers in Southeast Asia and China, having just emerged from out of the starting gate, quickly stalled in their attempts to ride the wave of Asia's postwar economic dynamism. Fortunately, things would not remain dour for too long. Some countries, such as Taiwan and Japan, made it through the crisis relatively unscathed. Both China and South Korea quickly rebounded. Southeast Asian countries, such as Malaysia, Indonesia, and Thailand, adapted and have consequently begun new growth trajectories. In the end, it seemed that the most severe and lasting casualty of the 1997 crisis was the East Asian developmental state model itself.<sup>1</sup> To be sure, the more recent literatures on East Asian political economy have taken a sharp turn, wherein terms like "booty capitalism" and "crony capitalism" have quickly come to replace more laudatory titles such as the "East Asian Miracle."<sup>2</sup>

In retrospect, the 1997 Asian financial crisis should have been predicted; if not the precise time and place, then the notion that the postwar developmental state in East Asia needed to adapt to changing social, political, and economic realities surely should have been foreseen. Democracy had begun to sweep the region. The international political economic climate had changed as a result of the end of the Cold War and the deepening of GATT institutions. Asian economies were increasingly compelled to industrially restructure, having to move from conventional manufacturing sectors toward higher-tech, value-added industrial sectors. For the most part, cheap labor was no longer the region's comparative advantage, particularly among the more advanced East Asian economies such as Taiwan, South Korea, and

Japan. And most important, economic fundamentals had become disaligned, evidenced by persistent and increasingly out of control stock market and real estate bubbles, and exacerbated by the unabated proliferation of nonperforming government loans throughout the region's national economies. In other words, the challenges to the postwar developmental state model, and thus the imperatives for developmental states in the region to adapt, long predated the crisis moment of the late 1990s.

## The Adaptive Developmental State

The five articles featured in this special issue evaluate the scenario *after* the developmental state. They do not engage in speculative futurology. Nor are the articles, taken as a set, entirely conclusive regarding the future of the developmental state model in the region. Readers will note that the contributions to this special issue do not attempt to fashion what we might see to be a "postdevelopmental state" model. Rather, the articles capture the processes by which the developmental state has adapted in places such as Japan and South Korea, as well as how the model itself has been adapted to fit the local contexts of emerging economies such as China's.

For instance, the articles by contributors Robert Pekkanen, Ito Peng, and Joseph Wong illuminate the ways in which the developmentally oriented states in Japan and South Korea have adjusted to meet new challenges in public policymaking, social welfare reform, postindustrial restructuring, and state-society-global relations more generally. The articles by contributors Eric Thun and Victor Shih highlight the difficulties and pratfalls evident in China's current efforts to import the developmental state model, efforts set in an era of increased globalization and China's rapid insertion into global economic flows. They also draw attention to the limitations of state capacity there, as well as the sorts of adjustments made by both developmentally oriented and perniciously self-interested actors to either compensate for, or take advantage of, China's weak developmental state.

Though each of the five articles focuses on different countries and different aspects of the developmental state, taken together they are bound by a common set of concerns and should be digested as a compendium of research and analysis. The articles take as their starting point the general features of what has come to be known as the *East Asian developmental state model*. Each of the authors grapple with the

developmental state as both a more general theoretical construct and as an empirical reality set in specific local settings. They easily dialogue with both the “general” and the “contextual.” Furthermore, the five articles highlight continuities in the East Asian developmental state while zeroing in on significant changes to the organization of the state and its role in facilitating economic, social, and political development. They examine continuity amid change. In other words, the studies featured in this special issue understand the notion “after” the developmental state to mean the *adaptive* developmental state in contemporary East Asia: not its end, nor its complete obsolescence, but certainly its ongoing transformation.

All five articles demonstrate the resiliency of the developmental state idea in East Asia and also illuminate how the developmental state—either as a general theory or model of economic development to be emulated, or as a set of existing institutions and policy practices—has been refined. Developmentally oriented states have not been static in their continual evolution in places such as Japan, South Korea, or Taiwan; nor has the postwar model of state-led development become ossified in more recent developers such as China and the economies of Southeast Asia.

The articles on Japan and South Korea capture the processes of *maturing* the developmental state, while the China-focused articles highlight the challenges and limitations of *growing* into a developmental state. Though it may seem that the two sets of countries are currently on two different pathways of change—constituted in large part by the disparities in levels of industrial development among them—it is in fact more accurate to see these cases as traveling along the same trajectory, though at different stages. Furthermore, today these countries are facing not dissimilar challenges and pressures for change, irrespective of where they are on their current developmental paths. When the analytical focus centers on the processes of adaptation and change, rather than on comparative statics, the two sets of articles in this special issue inform each other in very important ways—empirically in terms of historical lessons learned and theoretically with respect to the model’s continual refinements in light of current and common challenges to the developmental state idea.

In order to introduce these concepts, the next section outlines the more general features of the postwar East Asian developmental state model, drawing primarily on the examples of Japan, South Korea, and Taiwan, the three countries typically seen to be the paragons of the developmental state model. I will then provide an overview of the

emerging pressures on the East Asian developmental state, which can be characterized as both exogenous economic pressures and pressures from more endogenous sources. Here I suggest that the East Asian developmental state has sowed the seeds of its own degeneration and has thus created the imperatives for its continual adaptation. The concluding section evaluates the notion “after” the developmental state. Here I offer some reasoned speculation, drawing from the articles featured in this special issue, on the sorts of adaptations we are presently witnessing or should expect to see imminently.

### **The East Asian Model**

Anchored in Theda Skocpol’s essay “Bringing the State Back In,” social science theory during the late 1980s and 1990s was dominated by the statist paradigm.<sup>3</sup> Skocpol’s work, along with that of many of her contemporaries, reintroduced the related notions of state capacity and autonomy as key factors in political, social, and economic development. They became a part of our everyday intellectual vernacular. The state was understood, at one level, to be a unitary actor vis-à-vis markets, social forces, and international pressures. It was also conceptualized as a set of institutions that structured the behavior, preferences, and strategies of all political actors, inside and outside of the actual state apparatus. The implications of this state-centric paradigm, both as an empirical reality to be studied and a theoretical construct to be debated, were far-reaching.

The statist approach in social scientific theory-building reinforced the idea of the developmental state, which at that time had reached its zenith in mainstream scholarly and policy discussions. The East Asian variant of the developmental state in particular had gained tremendous currency as a model for state-led economic development. It should be noted, however, that the core idea of the developmental state—that strategic state intervention into the market can facilitate industrial transformation and economic growth more generally—was in fact nothing especially new or distinctly Asian. Accounts by Arnold Toynbee, Friedrich List, and Alexander Gerschenkron highlight the extent to which nationalist government policies that distorted market forces were responsible for economic development in Europe.<sup>4</sup> Even the rise of industrial America was built upon a Republican policy of high tariffs and open internal markets, an industrial structure remarkably similar to Bismarck’s Germany, which in turn served as the basis of the East Asian, and more

specifically the Japanese, developmental state model.<sup>5</sup> Why, then, did the East Asian developmental state enjoy so much attention in the postwar period?

For one, the individual countries within the Asian region posted extremely high economic growth rates, leading with Japan and followed by the other East Asian tigers, including Taiwan, South Korea, Hong Kong, and Singapore. As a region, the East Asian economies collectively grew at a rate of near 10 percent per year, outpacing their developmental counterparts in Latin America and Africa. The intraregional dynamics of industrial development were significant in that technology transfer and foreign investment flowed within tight regional networks. One must also appreciate the intellectual context out of which the East Asian developmental state model emerged. Government development policies there were neither socialist in design, nor did they promote completely unfettered markets. East Asian industrializers also defied the structural determinism of world systems and dependency theories.<sup>6</sup> In other words, the East Asian experience, and the role of the state in facilitating postwar growth, confounded existing capitalism-socialism and North-South debates.<sup>7</sup> When understood against this ideologically charged context, it is not a stretch to see how the examples of Japan, Taiwan, and South Korea were thought to be *sui generis*. They were postwar anomalies, and their experiences demanded explanation.

Seminal works on Japan's postwar economic reconstruction featuring arguments about state leadership in industrial development first surfaced during the 1980s.<sup>8</sup> Soon thereafter, a wave of empirical research and theoretical innovation further delineated the detailed nuances of state-led development in a broader range of East Asian cases. These studies not only examined different national experiences within the region but also highlighted the regional dynamism in Asia's postwar economic miracle.<sup>9</sup> As such, they offered comparative insights into the different—and by and large failed—developmental projects among countries outside of the Asian region.<sup>10</sup> Arguments about weak or predatory states in Africa, politically captured states in Latin America, or the limitations of state socialist planning in the former Soviet countries were counterposed against the East Asian experience, and they illuminated what were then understood to be the core features of an effective developmental state. Below I provide a brief overview of these key characteristics. I should add at the outset that the analysis is pitched at the level of concepts and based on empirical generalizations; the details of the varieties of East Asian experiences I leave to the five articles featured in this special issue.

First, the East Asian economies benefited from what Gerschenkron saw to be the “advantages of economic backwardness.” By being economic laggards in the immediate postwar period, places such as Taiwan, South Korea, and, to some extent, even Japan benefited from the advantages of catch-up development. They learned the ways of economic advancement not from scratch but by importing knowledge, technology, and economic know-how from abroad.<sup>11</sup> Land reform, for instance, was jointly planned and administered by both domestic authorities and U.S. advisers. Technology was imported first from the advanced industrial West, then later from within the East Asian region. Management spillover was similarly internalized through foreign investment ventures. Macroeconomic policy management was learned from abroad and then adapted at home to fit domestic priorities. China, once closed off to the rest of the world, also came to recognize during the late 1970s the imperatives and advantages of catch-up development; China has since experienced near 10 percent annual economic growth.

Second, it is often said that the East Asian developmental state, in the interest of facilitating rapid economic growth, “got the prices wrong.”<sup>12</sup> This assertion needs to be qualified. Although East Asian economies were not market disregarding, they were also not built on unfettered markets.<sup>13</sup> It would be too simplistic to say that their macroeconomic arrangements fell somewhere in between, as that would obfuscate the very strategic interaction between the state and market forces. The developmental states in Japan, South Korea, and Taiwan used public policy instruments to allocate productive resources rather than relying solely on the market. Robert Wade argues that the East Asian developmental state targeted certain industrial sectors in its allocation of resources, sometimes playing a “big” leadership role in prospecting potentially lucrative industrial sectors and at other times playing a followership role in strengthening preexisting private-sector initiatives.<sup>14</sup> Through the creation of tariff barriers, the subsidization of R&D and infrastructural development, the use of export incentives, and centralized control over the financial system, the developmental state demonstrated how getting the prices wrong through government intervention into the market was an effective strategy to compensate for East Asia’s relative economic backwardness and to jump-start the region’s catch-up development.

Third, economic policy, including industrial policy, in the East Asian developmental state was primarily geared toward maximizing national productivity. In this respect, rapid economic growth constituted the “development” in the developmental state model. The distrib-

utive consequences of economic growth were less important to the developmental state, provided that social inequality was never too severe and that the trickle-down effects of aggregate growth continued to be felt. This rather narrow conception of development—legitimated by the feelings of economic nationalism vested in East Asia's catch-up model of development—therefore precluded more concerted efforts in redistributive social policy. The East Asian developmental states were social welfare laggards.<sup>15</sup> The few social programs that existed were for bolstering national economic productivity, not socioeconomic redistribution per se. Ian Holliday appropriately termed the East Asian welfare regimes of the postwar period as “productivist” in their economic orientation.<sup>16</sup> Limited social insurance, health care, and housing were reserved for those who were working and thus economically productive. Citizens who were less well off, particularly those who were unemployed, were excluded from these limited social programs. As often noted, the East Asian developmental states “invested” most of their social capital into the provision of accessible education, which was justified as a means for human capital development and thus defined as an economic investment rather than as a social policy.

Fourth, the East Asian developmental states were highly capable states in terms of economic policymaking, implementation, and policy monitoring and enforcement. They were credible.<sup>17</sup> The bureaucratic apparatus comprised highly trained technocratic elites, who were among each nation's best and brightest.<sup>18</sup> Rarely were bureaucrats recruited from schools other than Tokyo University in Japan, National Taiwan University, or Seoul National University in South Korea. Bureaucracies within the developmental state were organized hierarchically, centered around specific pilot agencies such as the Ministry of International Trade and Industry (MITI) in Japan, the Economic Planning Board in Korea, and the Council for Economic Planning and Development in Taiwan. Vertical lines of authority fostered consensus among state-level policymakers, both facilitating horizontal cooperation between the line ministries and promoting policymaking efficiency. Furthermore, because the line between the state and the ruling party (such as the Liberal Democratic Party in Japan) or the authoritarian leadership (as in Taiwan and South Korea) was blurred, technocrats were afforded the political insulation within which to experiment with policy reforms and to enforce policy directives from the top down.<sup>19</sup> Finally, the state maintained both formal and informal networks linking government officials together with industry leaders. These networks not only ensured that

policy directives from on high were implemented correctly, but they also functioned as critical upward transmission belts of market and industrial intelligence for state leaders to consider.<sup>20</sup>

Fifth, the East Asian developmental state model was anchored in a relatively autonomous state. Its embeddedness within industry notwithstanding, the developmental state by and large functioned independently of popular social forces. On the one hand, relative autonomy among developmental states in East Asia meant that they avoided being captured by any dominant social class, specifically by the landed class held over from the premodernization period. State autonomy of this sort was crucial in East Asian development, and we know that the absence of such autonomy proved problematic in the penetrated states of Latin America and postcolonial Africa. On the other hand, the state's relative autonomy meant that the East Asian developmental states were either authoritarian, such as in Taiwan and South Korea, or dominated for long periods of time by a single uncontested ruling party, as in Japan under the Liberal Democratic Party (LDP). Labor unions were repressed and social movements were depoliticized. To be sure, the Cold War context and geopolitical considerations among Western allies sustained authoritarian rule in the region, as long as the East Asian developmental states remained resolute in their anticommunist ideologies. Under these political conditions, policy agendas and the policy process were dominated by the state. It is not my intention here to square the debate on whether or not authoritarian rule was a necessary precondition to the developmental state but rather to highlight that at least empirically the East Asian developmental states were afforded their autonomy by virtue of their having been "hard" states.<sup>21</sup>

In sum, the East Asian developmental state was the product of a certain time and place. At the policy level, the postwar developmental state was characterized by its use of market-intervening policies. These policies were tolerated by the rest of the world because of the imperatives of postwar economic reconstruction and the need to contain the spread of communism during the Cold War. The developmental state was also understood in terms of its internal institutional configuration, for example, the hierarchical organization of the bureaucracy and the state's meritocratic recruiting procedures. Last, the developmental state was defined by its ability to balance strategic linkages with, and relative autonomy from, different societal forces. Though democracy has never been explicitly charged as a hindrance to the postwar developmental state, East Asia's initial industrial take-off, with the Japanese case being the outlier, did occur prior to the wave of democratic transi-

tions that eventually swept the region during the late 1980s. As contributors Thun and Shih contend, this is one of the primary reasons why nondemocratic China has been so attracted to the East Asian developmental state model. It is also how the Beijing regime has continued to justify the slow pace of political reform in China.

## **Pressures on the Developmental State**

As alluded to above, the East Asian developmental state model reflected a certain time and place. The conditions that facilitated the birth of the East Asian model of state-led development no longer exist. Moreover, the economic geography of development today looks very different than it did during the immediate postwar period. The end of the Cold War, the onset of economic globalization, and positive trends toward democratic deepening in Asia and the rest of the world have together challenged the East Asian developmental state—as it exists in places such as Japan and South Korea and as it has been adapted by late developers such as China. These ideas are developed more fully below.

### *Exogenous Economic Pressures*

The East Asian developmental states have become susceptible to the pressures of economic globalization. Because places such as Japan, South Korea, Taiwan, and even China since the late 1970s have become so integrated into the world economy, they have felt the pressures for international convergence in economic policy. They have less room in which to get the prices wrong. With the deepening of GATT rules and the recent institutionalization of the World Trade Organization, the East Asian developmental states have in fact long been unable to protect their home markets and thus have been unable to shelter their infant industries from international competition. The end of the Cold War has also meant that allies such as Taiwan and South Korea can no longer “cheat,” as it were, by distorting prices for the purposes of gaining better terms of trade.<sup>22</sup> In his article on biotech development in Korea, Wong shows how South Korean life science firms have been exposed to international competition (and collaboration) from the get-go, a pattern of industrial development remarkably unlike past practices in Korea’s developmental state model.

Furthermore, the East Asian developmental states have become increasingly plugged into global money flows. Japan in the mid-1980s,

followed by Taiwan and South Korea during the 1990s, were compelled by the United States and the global community more generally to liberalize exchange rates. Financial markets were also gradually pried open by foreign investors and made more competitive. As Thun demonstrates in the case of China, foreign direct investment and enterprise benchmarking have become the main engines of China's automobile sector. Indeed, nonperforming loans and undisciplined lending by the state to industry are less tolerated as market forces have come to rule investment logic, even in late developers such as China. The end result has been that the East Asian developmental state, be it in China or in South Korea, has less leeway and authority with which to strategically allocate domestic resources along industrial sectoral lines—a key characteristic of the postwar developmental state model.

Strategies for catch-up development also do not apply to today's East Asian economies. Put simply, the East Asian region is no longer economically backward. East Asian countries have, by and large, caught up, and they are now moving toward developing high-tech sectors where mental capital is more highly prized than cheap labor supplies. Openness to foreign ideas and knowledge is certainly still crucial for those economies in the region trying to gain a foothold in the new knowledge-based economy. However, openness and learning in today's industrial landscape are more for the purposes of innovating new technologies rather than for importing existing knowledge and technologies from abroad. The East Asian developmental states have therefore embarked on a new innovation industrial paradigm and have begun to replace past practices in industrial learning. The state still has an important role to play, as Wong suggests in the case of Korea's biotech sector, but its role has been reconfigured. Private-sector initiatives and "accidental" discoveries in high-tech sectors have outpaced the capacities of state-level policymakers. The postindustrial developmental state in East Asia has had to learn to deal with the unpredictability and uncertainties inherent to technological innovation, and the state's "big" leadership role, as defined by Wade, has diminished considerably.

### *Endogenous Pressures*

Pressures on the East Asian developmental state have also come from within. Peter Evans elaborates on this when he warns that the developmental state is inherently degenerative and that it in many ways the East Asian developmental state model unleashes its own endogenous

pressures for change and adaptation.<sup>23</sup> Three are of particular significance.

First, economic modernization in the region has come with a major demographic shift. People are living longer due to better overall health conditions. Added to that, the population replacement rates in many East Asian countries have declined precipitously as lifestyles and norms surrounding the family have changed and as many Asian countries continue to eschew unbridled immigration inflows. The proportion of the Japanese population over the age of sixty-five years, already among the highest in the world, is expected to reach 25 percent by 2020.<sup>24</sup> Within East Asia more generally, the gray population (over sixty-five) should account for 11 percent of the region's population by 2025.<sup>25</sup> In other words, large "unproductive" portions of the population will need to be cared for, a proposition that Peng argues runs against the productivist orientation of East Asian developmental state model. Compounding these demographic pressures is the fact that traditional family structures have also changed. Peng's study on Japan and Korea shows that more women are entering the formal labor market, both by choice and because of economic necessity, meaning that family care roles have been shifted onto the state. She concludes, therefore, that the East Asian developmental state can no longer afford, politically or ethically, to remain welfare laggards, nor can they be narrowly productivist in their approaches to social policy reform and development more generally.

Second, the experiences of the East Asian developmental states during the late 1990s have clearly demonstrated the ease with which cooperative relations between the state and business ultimately degenerate into relationships based on unproductive rent-seeking. Evans's notion that the developmental state is inherently degenerative is particularly striking in this respect. That the conventional wisdom on the deep causes of the 1997 Asian financial crisis lays blame on the very institutions that made up the developmental state has delegitimized the benevolent image of authoritative state leadership in directing industrial transformation and economic growth. The fine line between productive cooperation and rent-seeking collusion among state and business has demonstrated itself to be just that. Shih's article on China's attempts to develop its western frontier therefore provides an important rejoinder to the assertion that the developmental state's control over the allocation of resources in industrialization is necessarily productive. He finds that both the self-interested temptations of individuals and the

imperatives of political survival among China's political elite are simply too overwhelming for the developmental state to check against pernicious rent-seeking behavior. Indeed, China is not the only culprit in this regard. Pekkanen suggests that scandals within the Japanese bureaucracy have also tarnished the image of the developmental state. Thus, for the East Asian developmental state model to regain any sort of legitimacy and theoretical resiliency, it must contend with the challenges of corruption and collusion that, ironically, appear to be intrinsic to state-led economic development.

Third, economic development in the Asian region coincided with a wave of democratic deepening beginning in the 1980s.<sup>26</sup> Indeed, with the end of the Cold War in sight, authoritarianism among U.S. allies, especially those in Asia, was increasingly less tolerated. Economic modernization also began to fuel demands for political reform in places such as Taiwan, South Korea, the Philippines, Malaysia, and Thailand, among others. Though Japan was democratic throughout the postwar period, it too experienced a major political realignment during the early 1990s when the ruling LDP was defeated for the first time in 1993. The consequences of democratic reform have not been trivial. As Peng and Pekkanen argue, democratic deepening has affected the political bases of the East Asian developmental state in many significant ways. Once closed and tightly knit policy networks have become more institutionally porous and pluralistic. The bureaucracy has become delinked from the ruling parties. Legislatures have become increasingly accountable to voters. Civil society has been reinvigorated, a legacy of prodemocracy activism within the region. As Pekkanen points out in the case of Japan, groups have gradually become more professionalized and have become increasingly engaged in policy agenda-setting and decision-making processes.

My point here is not that democratic deepening is incompatible with the East Asian developmental state model; in fact, it seems quite the opposite. Shih's article on China demonstrates how the absence of effective checks and balances, or the absence of what Peter Evans refers to as a "more encompassing form of embedded autonomy,"<sup>27</sup> has fueled persistent rent-seeking among privileged elites and at the expense of development. The institutionalization of democratic politics in East Asia has eliminated the authoritarian basis of the postwar developmental state, thus forcing what are now democratic developmental states to reconfigure state institutions, to recast state and society linkages, and to redefine developmental policy agendas. In short, the developmental state has had to adapt in the face of democratic pressures.

## After the Developmental State

The East Asian developmental state has been forced to adapt to new political, economic, and social pressures, some exogenously imposed, others endogenously generated. In this section I discuss some of the ways in which the East Asian developmental state has adapted to such pressures. In doing so, I contend that the concept of the developmentally oriented state continues to resonate within the region, though the concept has been refined both empirically and theoretically.

The reconfiguration of the developmental state today and into the future does not mean its obsolescence. The developmentally oriented state continues to play important roles in East Asia's economic, social, and political development. One should not equate liberalization, globalization, transnational harmonization, or economic policy convergence with the retreat of the state from the tasks of promoting national development. The developmental states in Japan, Korea, Taiwan, and China continue to experiment with industrial policies, R&D policies, social welfare reforms, and economic policy more generally in creative ways, albeit under many more constraints. Both Wong and Thun, for instance, demonstrate how the developmental states in South Korea and China have begun to turn outward in attracting R&D and investment resources, a remarkable departure in strategy from past practices, though no less developmental in terms of its impact on technological upgrading in the life sciences and automobile technology development. Their articles suggest that the state still matters in economic development—*how* it matters has changed considerably.

It is true that in some places, such as China, the developmentally oriented state continues to focus on infrastructural and catch-up development, exemplifying the classical developmental state model. Shih's article on the developmental drive in China's western frontier demonstrates this point. However, in many other cases the scope with which people define "development" in the developmental state model has expanded significantly, and the state has responded accordingly. This sort of expansion does not betray the developmental state idea; it merely redefines it. The issues confronting East Asian governments today are increasingly complex and broader in scope. Indeed, all five articles argue that the East Asian developmental states of today are driven by new political, social, economic, and postindustrial imperatives, not solely by the comparatively simple logic of catch-up development. Put another way, the narrow objective of the postwar developmental state—rapid economic growth in a context of economic backwardness—no

longer fits the current realities of industrial East Asia. This means that what has come after the developmental state in East Asia has not been its automatic retreat or its institutional weakening. Rather, what has come after is the plethora of new challenges and thus new mandates for the developmentally oriented state. As Peng shows in the case of social policy, the state and its role in social development have in fact become more interventionist, and in important ways the state has become institutionally strengthened.

The developmentally oriented states in East Asia are also beginning to take seriously the challenges of responsible governance. The lessons learned from the 1997 Asian financial crisis have not fallen on deaf ears in the region. Indeed, the state's autonomy and its capacities to exercise power and authority have been reined in through the institutionalization of new mechanisms of accountability. Thun's article on the auto sector in China suggests that the injection of foreign investment and the introduction of benchmarking practices have curbed the state's ability to indiscriminately make allocative decisions in industrial policy. Wong argues that the institutionalization of market mechanisms have coincided with the Korean state's strategy of indirect support to biotech venture firms. Shih's article highlights how the absence of such constraints has facilitated less productive forms of rent-seeking among elites, a powerful example of how unmitigated state autonomy and weak state capacity can lead to irresponsible governance. His is a cautionary study for not only "mature" developmental states but also those countries experimenting with the developmental state model. The point is that for the developmentally oriented state to remain developmental it has to recraft the political, economic, and social bases of state capacity and autonomy or governance more generally. Examples of adaptive success comprise those states or sectors that have begun to institutionalize mechanisms for deepening accountability and governmental transparency. Problem cases include those states that have continued to be saddled with corruption and collusion and, consequently, developmental dead-ends.

Finally, the future of the developmental state model in East Asia will be shaped by how the developmentally oriented state adapts to the politics of democracy. The East Asian region is democratizing. The only exception is China, though it too feels the pressures for democratization, domestically and internationally, and China's leaders have therefore had to remain mindful of such political challenges. Some think that democracy undermines the institutional foundations and therefore the effectiveness of the East Asian developmental state in promoting political,

economic, and social modernization, though the research presented in this special issue suggests otherwise. Certainly, the rise of civil society, an autonomous legislature, and an independent bureaucracy have made policymaking in places such as Japan, South Korea, and Taiwan more cumbersome and, some might even say, inefficient. Yet the evidence does not seem to suggest that these patterns of democratic policymaking have stalled continued development in these democratic countries. To be sure, Shih implies that the absence of such institutionalized checks and balances in China has in fact mitigated the effectiveness of state-led economic development in China. Pekkanen suggests, in contrast, that civil society actors have become important sources of policy innovation in Japan. Wong demonstrates the ways in which the Korean bureaucracy has become much more decentralized in its organization and how this pattern of administrative pluralism has strengthened Korea's efforts in making it in the biotechnology sector. Peng goes so far as to argue that democratic change in Japan and South Korea has energized policy agendas there, which have in turn deepened the role of the state in national social development. Hers is an assertion that others have also begun to make for other democratic Asian polities.<sup>28</sup>

## Conclusion

Identifying what has come, or what will come, after the developmental state in East Asia is a difficult proposition. For one, each country in the region will surely adapt in novel ways, meeting challenges unique to each with equally distinctive strategies. As we know, the East Asian developmental state model was adapted differently within the region early on, and we should therefore expect that its adaptation to both current and future challenges will be similarly varied. Furthermore, the processes of adaptation among East Asian developmental states have been dynamic thus far and are ongoing. Adaptation is not a one-shot deal and the five articles in this special issue nicely capture this continual process of change in Japan, South Korea, and China. Taken together, the articles in this special issue fall short of proposing a discernible model of the postdevelopmental state; they are too theoretically ingenuous and empirically rich for that sort of futurological generalization. What they do offer, however, are some important, and surprisingly common, analytical observations and conceptual assertions that, I contend, point us in the direction where the East Asian developmental states and the postwar developmental state model are

heading. In short, they reveal how the developmental state is adapting in the context of a changing East Asia.

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## Notes

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