The Asian Tigers from Independence to Industrialisation

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Development, Legitimacy, and the Role of the State: The Asian Tigers from Independence to Industrialisation

Note: Whenever possible Simplified Pinyin has been used throughout for the transliteration of Chinese names and places for its ease of use and predominance in modern literature. As Taiwan typically uses the more archaic Wade-Giles system readers may be unfamiliar with Pinyin names for individuals like Jiang Jieshi (Chiang Kai-Shek in WG) or even Mao Zedong (Mao Tse-Tung in WG), but they have been employed for consistency throughout.

As recently as the early 1960s South Korea, Taiwan, Singapore and Hong Kong (the “Asian Tigers”) were considered to be a part of the third world: Harvey and Lee rather unkindly refer to it as “economic backwardness.”[1] Since the 1997 Asian Financial Crisis, praise of the “Asian Miracle” has dwindled in academia,[2] yet the Tigers still stand as rare examples of states which have successfully “developed” in a manner no one could have predicted 50 years ago – and at a considerably faster rate than any of our current efforts at third-world development seem to be proceeding. Are there lessons to be learnt from the rapid economic growth of the Tigers, from the 1960s through to the 1990s, and do these have a practical application in contemporary development?

In 1949 Harry Truman introduced the concept of development to the world, identifying it as a key priority of the West in order to maintain peace and prosperity amongst all the people of the world.[3] In the beginnings of the great ideological war against Communism, he took care to articulate that his program of development would be “based on the concept on of democratic fair-dealing.” This vision shapes the nature of development even today, with economic development and state-building more generally predicated on the assumption that if liberal democracy is established then all other aspects of development will naturally follow. We see this in IMF loan conditionality, requiring liberalisation of economies in regions where the government formally had tight control,[4] and even in post-conflict statebuilding exercises, where the end goal is often the establishment of democratic elections.[5]

I will not dispute the value of democracy, but there is a fundamental difference between a thing being good in its own right and a good thing leading to other good things. The examples of the Tigers show us an alternate path to development: a strong central government guiding the economy rapidly forward through distinct stages of development until it reaches full industrialisation. This hypothesis, the “developmental state,” is one that has been argued for by a number of economists for some time now. However if we accept this as a viable method of development two questions remain unanswered: why was it particularly successful in East Asia, and how can we transplant it to other parts of the world in need?

Mary, Mary, Quite Contrary: How Economists Think the Garden Grows

Before examining the economic development of the Asian Tigers it is important to identify the theoretical framework in which they might sit. Models for economic development are as varied as there are development economists, but at the risk of sacrificing diversity for ease of analysis we can broadly identify three distinct models. These three models are less cohesive blueprints and more categories of development policy broadly derived from the Neoliberal, Keynesian and Heterodox economic traditions respectively, which for our purposes we can identify as Market-led, Interventionalist and State-led models for economic development.[6]

The Market-led development model is that traditionally pushed by the IMF, advocating market liberalisation following a classical faith in the rationality of market actors.[7] The blame for the failures of some economies and the success of others is placed at the feet of interfering governments, and the removal of tariffs and other barriers to trade liberalisation are seen as an important initial step in the development process.[8] According to advocates of this model for development, a free market will naturally result in development of those industries that are most efficient, described in HOS theory as specialisation in production of goods produced using their relatively-abundant factor (to the world market).[9]

In practical terms, the liberalisation of both the domestic market and international trade is expected to result in semi-sustainable economies relying on export of either raw materials or (in land-scarce, labour-abundant states) perhaps even the product of light industry to balance the import of the machinery and other tools needed for these industries.[10] While critics point out that this leaves high value-added industries controlled by the developed countries of today, with the countries pursuing this model stuck with low-value-added industries like agriculture, resource extraction, and at best light industry, advocates would respond that it is still a clear improvement over the current situation of developing states.[11]

The second model for economic development proposed is what we might call the Interventionalist model. This model broadly follows from the writing of Lord Keynes and his views on the role of government in moderating the errors of the free market when necessary.[12] The Interventionalist development model acknowledges the role of actors in the free market but also the need for government action and intervention in stimulating growth and reducing unemployment.[13] Actors may be rational, but oversight is needed to stabilise output. Chandavarkar, while refuting the existence of a Keynesian model for development, does concede that he presented the first "economic rationale for a central bank as a development agency,"[14] setting the stage for a development model in which both government and market work together to achieve economic growth and ultimately development. The actual policies pursued by the state will be highly reactive and tailored to the needs of the market.

This skepticism regarding the ability of market actors is taken to its logical conclusion in our third model for economic development, the State-led model. This is borne out of the Heterodox tradition, as it refutes a basic principle of classical economics that what is good for the rational actor is good for the economy as a whole. The criticism is hinted at above in the limitations of market-led growth, as rational actors will always focus on the optimal activity available to them at the time of decision making, whereas development should always focus on improving future activities. The clearest way to illustrate this is with an example in the two-factor HOS tradition: given Country A's high level of industry and skilled labour, and their trading partner Country B's high level of unskilled labour, the optimum activity for entrepeneurs in B to engage in would be along the lines of light industries or resource extraction. This unfortunately reinforces the imbalance in value-added activities between A and B. For B to develop its industrial base and ultimately engage in higher value-added activities in the future, it would require considerable investment in activities that currently are sub-optimum. As rational actors would never engage in sub-optimum activities, it requires the guidance of the state to invest in those industries which will (hopefully) pay off in future, and therefore develop the economy as a whole.

This model is essentially a reworking of the "developmental state" hypothesis used by commentators to explain the very cases we will be examining, but it has not received much favour as a model for development. Chang and Grabel suggest that this results from the challenge a state-centric development model posed to the Neoliberal establishment, an argument discussed in a later section.[15] As a model, Chang and Grabel suggest the following policies should be pursued by the government seeking development: trade protectionism while new industries are developing, a clear strategy for systemic development of higher-value-added industries, a cautious approach to privitisation and the nationalisation of some industries where appropriate, a relaxed approach to intellectual property law and strict control of both capital and foreign debt.[16]

As we will see below, and unsurprisingly given its origins in analysis of the Asian Tigers themselves, all of the countries under discussion conform to the state-led development model in contrast to the market-led or state-intervention models. However supporters of the market-led and interventionist models would argue that while state-led development may have been effective in East Asia, it is not applicable to other parts of the world.[17] The failures of state-led economies like China under Mao, North Korea and the Soviet Union all indicate that strong states do not necessarily mean strong economies – there must be some other factors missing from past analyses of development in the Asian Tigers that can make the state-led model work.

The Tigers' Stripes: Case Studies in Succesful State-led Development

South Korea

In 1945 South Korea was finally made independent of Japanese rule, only to immediately be placed under US military occupation.[18] The long-awaited autonomy it achieved was rapidly overshadowed by the Korean War (1950-3) with the North, which destroyed two-thirds of existing production facilities worth some three times the GNP.[19] The long road from these humble origins to its current position in the G20 can be analysed as a systemic movement in four discrete phases, beginning in the Rhee era but mostly taking place under the Park government (both before and after the establishment of *yushin* government).

The first phase of development constituted recovery from the devastation of the war, with an average of 15.9% of GNP coming from US aid (with a peak of 22.9% in 1957).[20] 64% of investment savings were US-owned, and Import Substitution Industrialisation was adopted with 30% of aid going towards agricultural equipment.[21] Worker's unions were suppressed by the Rhee government to keep labour cheap.[22] Korean economic growth in this period was highly dependent on US aid and investment savings and vulnerable to intense fluctuations.[23]

The Park coup in 1961 demarcates the second phase of Korean economic development: the development of light industries and export-oriented growth. Having recovered from the war and no longer entirely reliant on US aid to pay for imports, the Korean economy could now begin to utilise its cheap labour force to grow through exportation of light industrial goods. Here we begin to see the first clear departure from the Market-led or even Interventionalist models of growth in the adoption of the First Five-Year Economic Development Plan (1962). This established clear macro-economic growth targets in investment, industrial structure and trade balance, and established trade policy, industrial policy, and macro-economic policy in pursuit of these goals. This was called "guided capitalism," in which "the state shall either directly participate or indirectly render guidance" to key industries, particularly the labour-intensive light industries that would lead to rapid export growth.[24]

To return to classical terminology, the optimum activity at this phase in Korean history for an individual actor to participate in would be those same light industries. Unfortunately if this were the case then the Korean economy would have been perpetually stuck in the same phase with no high-value-added industries being developed. Obviously this did not happen. While growth in the early 1960s was fantastic, as high as 10% in some years, the Park government did not see this as a sustainable means of growth. The foreign currency earnt through this explosion of export was reinvested in the advanced technologies and machinery which was necessary to progress to the next stage of development, while tariffs and subsidies were used to shield growing advanced industries from the international market.[25]

This set up the third stage of development, articulated in Park's second Five-Year Plan: the development of heavy and chemical industries, supported by legislation and key policy instruments.[26] Foreign capital, though still under heavy government restrictions, was sought to help bolster growth and exports grew at almost 39.2% per annum.[27] This phase of development has lasted the longest of any thus far, with export-driven growth from heavy industry carrying Korea forwards until the early nineties. During this period factor input increases, both in capital accumulation and in quality of labour through education, accounted for a massive degree of growth in industrial output, setting up Korea well for the next phase of development.[28]

The 1990s saw a number of significant changes in the South Korean economy and marked the fourth and current phase of development, the push into high tech industry. The World Bank data on high-technology exports sadly only extends as far back as 1988, but even this shows a dramatic change. In 1988 high-technology exports made up only 15% of total export, but this number increases almost by an entire percentile every following year.[29] This international demand for Korean goods, coupled with a dramatic increase in domestic consumption and higher standards of living across society, marked the definite movement of Korea into "successful state" status.

In Korea's economic history we can identify four discrete phases of development: a period of Import Substitution Industrialisation; the development of light industry and export-led growth while reinvesting in and protecting heavy industry; the development of heavy industry, increases in labour quality through education and permissal of limited degrees of foreign capital; and finally the development of the high-tech industry, the skilled labour required for which stimulating domestic consumption. The second through fourth phase show remarkably steady GDP growth in all but three years: the year of Park's assassination and the 1997 and 2003 crises.

All of this was driven by the central state with a clear end-goal in mind and a range of effective legislative and policy tools for implementation. Aggressive reinvestment in infrastructure, state-owned industries and clearly communicated economic plans over a long period of time allowed for a progression through distinct phases of development even when reinvestment in the newer phases would have appeared the less optimal to individual market actors.[30] It was this incessant push forward that eventually led to Korea's development as a fully industrialised and technological economy.

Taiwan

Taiwan shares a similar story to Korea, although at least in economic terms its origins are marginally less humble. Our story again begins at the end of a war, but Taiwan itself was left relatively unscathed by the fighting and still bearing the remnants of Japanese colonial attempts at development: some established agricultural exports in rice, sugar and pineapples, basic food processing plants and a handful of textile factories.[31] Leadership initially adopted a policy of ISI in pursuit of subsistence, but due to bad experiences with inflation on the mainland a more aggressive growth policy was not adopted until the USA threatened to reduce aid in the 1950s.[32] Only then did Jiang and the GMD begin to industrialise along the lines we saw in Korea.

Before this period the primary sector (mainly agriculture and fishery) accounted for nearly a third of GDP before rapidly dropping to just 7% in the industrial explosion, and food processing (the dominant industry on GMD occupation) fell from 47% of manufactory output in the 1950s to just 31% in the industrialised 60s, finally dropping to 12% in the early 1980s (the end of the heavy industry era).[33] Interestingly after the initial boom of light industry (particularly textiles) we would expect to see from from Korea's experience, light industry remained statistically significant all the way into the 1980s.[34]

Heavy industry was quickly established, in particular steel, electronics and petrochemical, as soon as the state ascertained that domestic and international demand was sufficient.[35] While other state firms were privatised during the development process to encourage foreign investment and expertise, these industries were always seen as essential to reconquest of the mainland and so remained firmly nationalised.[36]

While Yongping Wu points out that small- to mid-sized firms had an important role to play during this phase of development,[37] the state never lost its firm grip over the direction of the economy. A key measure here was control of foreign exchange, limiting the access of private firms to imported materials and serving both to keep up domestic demand for processed raw materials (which was done in state firms and onsold to selected firms) and to reduce capital risk.[38]

Vincent Chang describes the final phase in economic development, to fully-fledged technological state. Once the competitive advantage in labour-intensive products seemed to be slipping (both as a result of a more educated workforce and the rising competition from China in the late 1970s) the state essentially decided to jump before they were pushed: "the export-oriented economic structure… must be upgraded to become more technology- and skill-intensive."[39] The state's role in "the inception of pivotal technologies and in the export vigour of Taiwan's information industry," as well as in key large-scale industries like semiconductor production was immense,[40] and as in Korea led to the development of a substantive skilled-labour population who with their increased disposable incomes stimulated both domestic consumption and the service industry.

Taiwan followed a similar trajectory to Korea in its progression through four distinct stages of development, though with two exceptions of note: first that light industry played a key role in the economy all the way into the 1980s, and second that leadership did not seek to move beyond the first phase until threatened with aid reductions by the US. The unexpected lack of decline in light industry once heavier industries were developed could perhaps be attributable to the role of small- and mid-sized industries as discussed by Chang – with most heavy industries nationalised but small-scale entrepreneurship tolerated, this is a logical industry to gravitate towards. The second point is by far more significant, and may contain a clue as to the underlying reason that the Asian Tigers successfully developed through state-led, rather than market-led or interventionalist, methods.

The City-States: Singapore and Hong Kong

Singapore was perhaps the most "democratic" of the Tigers in its early life, if in name only: so charismatic was the leadership of Li Guangyao that in the words of a British diplomat "politics disappeared" leaving only an "administrative state."[41] After reluctantly accepting Singapore's independence from Malaysia in 1965, Li took control of Singaporean politics in "soft authoritarianism" until his retirement in 2011 and much of Singapore's success is directly attributed to his personal vision and ability.[42]

Singapore's development follows a now-familiar path. While not facing the challenges of rebuilding after a war, Singapore stood alone as a modern city-state with too little land to effectively feed its citizens. Food and water had to be provided for by imports, necessitating a quick push towards export-oriented light industries to balance trade.[43] Interestingly Singapore sought to supplement the local lack of technical and managerial knowledge by attracting international firms, albeit in a limited fashion, using their capital and resources to kick-start the light industry that would provide the backbone of Singapore's economy for the next few decades.[44]

The 1970s saw a dramatic change in the structure of Singapore's economy, with manufacturing and heavy industry becoming increasingly more of a priority throughout the 1970s and 80s.[45] This was largely in response to the challenge that China's burgeoning light industry under Deng posed to Singapore's output, and was pushed forward by the central government through a combination of reinvestment of wages in industry, infrastructure, housing and communications through the Central Provident Fund and an increase in minimum wage, forcing employers to seek more efficient modes of production.[46]

Unlike Taiwan and South Korea, Singapore's move to the final phase of development was not marked by the establishment of the high-tech industry but rather by fulfillment of Stamford Raffles' original vision for Singapore as the trading and financial hub of Southeast Asia.[47] Trade, import refinement and finance all require skilled labour, much like high tech industry, and Singapore's unique geographic position and recent market liberalisation allow this to serve as the high-level industry that cements its position as a fully developed nation, just as high tech industries do for South Korea and Taiwan.

Given today's liberal markets, and the nominal democracy of Singapore's modern history, it is tempting to think of Singapore as an example of liberal market-led development in action. However the importance of the Central Providence Fund in establishing the infrastructure needed for heavy industry and the dominant role of Li in both politics and economic direction both suggest that the state was the principal mover in the development of Singapore's economy, with liberal elements only being introduced in the late phases of development to pave the way to a financial and trade hub.

Hong Kong is similar in many ways to Singapore, although it is notable for being the most consistently laissez-faire (and therefore market-led) of the Tigers. As in Singapore the pressing need to balance trade deficits due to poor agricultural potential led to a rapid development of light industry, but then advocates of market-led development would argue that the next steps through to trade and financial services would have been a logical step for market actors to take, given the proximity to China and the historical nature of Hong Kong as a trade port.[48]

The importance of market actors in the development of Hong Kong cannot be denied, but there are some features of development (glossed over in Neoliberal accounts) that suggest that the state had a not-insignificant role in guiding the economy. In particular Vogel points to the allocation of public funds, with the vast majority diverted to developing the infrastructure that would be required by heavier industries – roads, universities, and most interestingly land development specifically for the use of factories; and all this a good decade before there was any significant market-led demand for these public goods.[49] The state may have left market actors to find their own way, but they were not subtle about putting a map in their hands.

Hong Kong, like Singapore, ended up as a financial centre for its region as well as a major industrial producer – not bad for a former entrepot.[50] It is unusual among the Tigers for having a fairly consistent laissez-faire approach to the market, and is by far the closest to a market-led model of development. However this is not to say that the state had no hand in pushing development forward when the market might have been content to stay in one phase.

When taken into consideration with the other Tigers, we have a clear idea of how their economies developed. In all cases barring to an extent Hong Kong, a strong central state created a long-term plan for development that saw it through from the early days of ISI all the way to the establishment of advanced technological or financial industries. The state was able to implement these plans through a range of policy tools, without considerable domestic challenges and with the ability to adapt the details of the plans to the challenges they encountered along the way. Rather than dwell in any particular phases of development, the Tigers pushed forward, aggressively reinvesting in the infrastructure needed to establish the next phase and protect it from the advantages of the international market until it was ready to shoulder the burden of economic growth. This saw them through, with some variation, from backwards islands, peninsulas, and losers in war, to four of the most powerful economies in East Asia. But can this success be replicated elsewhere?

The Missing Link: Leadership and Legitimacy

We may now have a model for economic development, but this does not not mean that we can easily transplant it to other parts of the world. Other countries, notably the Soviet Union, Maoist China and North Korea, have attempted to lead development from the state with little success. Why was state-led development successful in the Tigers, but not elsewhere? And can we replicate this in other parts of the world?

Advocates of market-led or interventionalist growth would say that we could not. According to them the development of the Tigers, while ultimately successful, was highly idiosyncratic to the East Asian region and cannot be exported elsewhere, the universal alternative obviously being the liberalisation of markets (to the varying degrees required of their models). The most common explanation of the Tiger’s success is that it was in some way due to their shared Confucian culture.[51] Confucianism’s emphasis on social hierarchy and the nation-family, they would say, provides East Asians with the unique outlook required to tolerate the submission of personal economic interest to the state’s long-term goals. Other parts of the world, lacking such an ingrained cultural disposition, would not accept the state’s mandate and frustrate progress.

Beyond the obvious objection that there are still a number of Confucian states in the early stages of development, Chang has considerable disdain for this argument. He describes culture as having a “Jekyll and Hyde” nature, the positives and negatives being called on as needed to justify an argument.[52] The first example he gives here is an account of an Australian businessman touring a Japanese factory in 1915 and concluding that the reason for Japan’s then-backwardsness was due to the inherent cultural laziness of the Japanese people. How times (and cultural stereotypes) have changed. Indeed, when East Asia was still in the early stages of development the blame was placed as firmly on Confucianism as its current success is today. Chang’s response to the culturalist argument is essentially that within any culture or religion an observer can find sufficient characteristics to justify just about any argument that they wish to make, which somewhat undermines the claim that state-led development can only be successful in countries with a certain culture. “No culture,” he concludes, “is either unequivocally good or bad for economic development. Everything depends on what people do with the raw material of their culture.”[53]

If the success of state-led development in East Asia cannot be attributed to their shared culture, then what? I would suggest the missing link here is the legitimacy of these countries’ leaders. All four Tigers had a strong central leadership able to effectively steer the direction of the economy without significant internal challenges, an indication that all enjoyed considerable legitimacy. Most governments today derive their legitimacy from democratic elections – when the Obama administration makes a decision, the decision is made by the people and for the people. Older forms of government have derived their legitimacy from the Divine Right of kings or from Hobbes's Leviathan, to name a few examples. But from where did the leaders of the Tigers derive their legitimacy?

In all four cases, to varying degrees, the legitimacy (and continued survival) of the leadership rested in some way on the continual economic success that they were able to provide to the people. This meant that the leaders of all four of these countries had considerable motivation to aggressively seek sustainable development, and the fact that legitimacy was based on neither democracy (which can lead to instability and a lack of long-term planning) or ideology (as in the Communist states, binding development to a prescribed course with no room for adaption) allowed them to pursue this sustained development with stability and flexibility, explaining their particular success.

The unity and legitimacy of Korean leadership was based on "forced unity" against the ideological foe of the North.[54] The division was based on ideological grounds, with leaders of both North and South claiming to represent the ideology that was in the people's best interests, and so the success of either leadership could best be gauged by their subjects by how much better off they appeared to be when compared to their neighbours. Park knew that he was relatively safe from uprising (though apparently not from assassination) because the USA would not tolerate the fall of an anti-Communist regime, meaning that he had considerable stability and the ability to make long-term plans, but he also knew that the best means to maintain legitimacy was by proving ideological superiority over the North by achieving greater economic gains.[55]

Even today, much of Taiwan's identity is based around its relationship with mainland China, and a recent study concluded that while public identification with the mainland is less clamourous than it was a decade ago, continuous GMD leadership until the 2000 elections meant that the leadership was always committed to their One China policy.[56] This rivalry with the Mainland, shared by both leadership and wider society, provided the legitimisation for continuous GMD rule[57] and again gave a strong economic focus to the regime: they needed a strong economy both to prove superiority over the PRC but more importantly to support the military forces that they needed to pose a challenge to the mainland. This manifested most obviously in the continued nationalisation of the steel, petrochemical, electronics and vehicle manufacturing industries, as all have an obvious military application. Taiwanese leadership needed these industries in particular to have a strong foundation in order to support their claims, both necessitating development and removing the potential obstacles of democractic instability and ideological inflexibility.

The relationship between the economic development of Singapore and Hong Kong and the interests of their respective leaderships is an even more pressing issue of survival: given their tiny size, they simply didn't have the agricultural basis to survive as independent countries. If they had not industrialised and maintained a position of economic necessity within the region (as trading ports and later as financial centres) then they would not have been able to feed their population. The legitimacy of the leadership here is based simply on continued economic survival of the state, partly mitigated in Hong Kong's case by its colony status. The legitimacy of its leadership was also tied to its status as a Crown property and it might ultimately have relied on Britain to support it should it have failed to develop successfully – this would account for it being the most laissez-faire of the Tigers. Singapore, sandwiched between its economic rivals of Malaysia and China, had no such fallback and the leadership's continued rule rested solely on their ability to deliver the economic goods.

In the cases of all four Tigers we see a clear trend in the leadership and the location of its legitimacy – to varying degrees the position of the leadership is sustained and justified by the economic development that they were able to deliver. Because they did not rest their legitimacy upon democracy or ideology, leadership not only had the motivation to aggressively pursue development, it had the ability to do so with stability of government and flexibility of approach. The Tiger approach to development is perhaps best characterised then as "success due to coherent and flexible policies, effective implementation by the state… and political capacity to insulate economic planning from competing interests."[58]

Putting It Together: Replicating the Tigers' Success

So how could we replicate the success of the Tigers in other developing states? The crucial element is the leadership. If a state's has a leadership that in some way derives its legitimacy from economic success, rather than democratic elections or ideological correctness, this will provide it both the motivation and the ability to effectively pursue the long-term and aggressive development progression we saw in the Tigers, with clear transitions through ISI, light industry, heavy industry, and finally into a fourth stage of high tech industry, skilled labour and increased domestic consumption.

The biggest issue facing developing states is that in too many cases the leadership rests its legitimacy not on the economic benefits that it can bring to its subjects but rather on the military forces that it commands and with which it can suppress any dissent.[59] A good number of these states (and too many more besides) likely face a not-unrelated issue that with their position secured by some form of legitimacy leadership is more concerned with the benefits that its position can provide for itself than to the country at large – they might be stable government not bound to inflexible ideologies, but without the motivation of legitimisation they are happy to focus their attention on patronage rather than enacting development policies.

In order to rectify this situation, and to encourage development in states sorely in need of it, some drastic measures must be taken. Statebuilders need to generate in state leaders a pressing urgency to pursue sustained economic development that will make the government stable (non-democratic) flexible (not bound to ideology) and motivated to actively pursue sustainable development progression. Alternate sources of legitimisation, such as military strength, need to be stripped by some means from leaders who show no signs of interest in the long-term economic interests of their state in order to refocus their attentions, while short-term revenue streams that will eventually dwindle need to be limited – extractive industries for instance should have their exports limited to fight the "resource curse" and force consideration of alternate industries.[60]

Here overzealous democratisation poses its own danger, quite apart from any criticism of market liberalisation in developing states. Democracy at best provides a degree of instability in leadership – it is hard to make effective Five Year Plans (as in South Korea) when the government could be radically different as little as three years into the future, let alone long-term plans for development of key strategic industries as in Taiwan. At its worst, democracy provides yet another legitimisation for leaderships primarily concerned with its own benefit and not sufficiently motivated to aggressively push through development plans.[61] Democracy is certainly a good thing and should be a goal of statebuilding, but it is not the only good thing, and it may even provide an obstacle to development – better perhaps to wait until the government is more institutionalised and society is more stable overall than to introduce it too soon.

Ultimately the pattern of economic development achieved by the Asian Tigers is replicable elsewhere in the world, if the key issue of legitimisation and the role of the leadership in development is addressed. However it may require some rethinking of the priorities of statebuilding exercises, and other goals like the establishment of democracy may need to be pushed back in order to maintain the stable, flexible, and economically-motivated leadership that seems to be required for effective state-led development.

Conclusions

Of the three models of development we can identify in literature, it is the state-led model that was successfully employed in the "Asian Miracle" of the Tigers. In contrast to the Neoliberal approach of market liberalisation and faith in the rationality of individual actors, this model describes a strong central state utilising a range of policy tools to aggressively pursue development even against the wishes of market actors. This sees development follow a clear progression through ISI, light industry, heavy and chemical industries, and then finally technological industry, with the export revenue of each stage being used to fund the next and heavy protection from the international market until industries have been sufficiently established.

Rather than being a product of particular cultural values, the success of this model in East Asia can be attributed to the unique pressures placed on the leadership of these states to pursue economic development lest stagnancy threaten their legitimacy. The reliance on economic development for legitimacy rather than democratic elections or ideological justification allowed the East Asian states to have both stability and flexibility in their planning, effectively enacting long-term plans for reinvestment and development while still adapting to the situation of the international economy and any new challenges that might arise (such as China's development of light industry in competition to Singapore's). A state-led economy has every chance of failing if they are not sufficiently stable, flexible and motivated to pursue development, as other cases might suggest.

The Asian Tigers provide us with an interesting alternative to the developmental strategies most commonly seen in statebuilding exercises, with their emphasis on liberal values like democracy and market-led growth. Replication of their successes may well be possible, though it will require a dramatic rethinking of our approaches to development economics and our conception of the relationship between a regime's legitimacy and security.

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[2] See Robert Garran, *Tigers Tamed: The End of the Asian Miracle* (Hawaii, USA: University of Hawaii Press, 1998) for a prime example; also Benjamin Cohen, "Finance and Security in East Asia," in*The Nexus of Economics, Security and International Relations in East Asia,* eds. A. Goldstein and E. Mansfield (California, USA: Stanford University Press, 2012), 41

[3] Harry Truman, Inaugural Address (1949), http://www.bartleby.com/124/pres53.html (accessed 19th May 2014)

[4] Devesh Kapur, "The IMF: a Cure or a Curse?" *Foreign Policy* 111 (1998), 115

[5] Paul Collier, *Wars, Guns and Votes: Democracy in Dangerous Places* (London, UK: Vintage Books, 2010), 15

[6] cf. Marglin's neoclassical, neo-Keynesian and neo-Marxist strands of economic thought analysed in Tariq Banuri, "Sustainable Development is the New Economic Paradigm," *Development* 56:2 (2013), 209

[7] See Gustav Rainis, "Towards a Model of Development," in *Liberalisation in the Process of Economic Development*, eds. L. Krause and K Kihwan (California, USA: University of California Press, 1991),78 for analysis of the positive correlation of market liberalisation and good economic performance; Robert Ellickson, "Bringing Culture and Human Frailty to Rational Actors," *Yale Law School Faculty Scholarship Series* Paper 461 (1989), 23 for an elegant summary of the rational actor concept.

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[9] Illustrated by Colin Danby, "A Two-Factor World: The Heckscher-Ochlin-Samuelson Model" (1998), http://faculty.washington.edu/danby/bls324/trade/hos.html (accessed 19th May 2014)

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[14] Anand Chandavarkar, "Was Keynes a Development Economist?" *Economic and Political Weekly* 21:7 (1986), 305

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[16] Ibid at 66; 78-9; 90; 101; 114; and 120 respectively

[17] Chang and Grabel, *Reclaiming Development*, 38

[18] Chungil Kim, *The History of Korea* (Conneticut, USA: Greenwood, 2005), 144

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[21] Ibid, 48

[22] Ibid, 50

[23] Ibid, 51

[24] Ibid, 55

[25] Ha-Joon Chang, *Bad Samaritans* (London, UK: Random House, 2007), 14-15

[26] Shin, *Social and Economic Policies,* 56-7

[27] Ibid, 57-8

[28] Susan Collins, "Lessons from Korean Economic Growth," *The American Economic Review* 80:2 (1990), 105

[29] *The World Databank* (World Bank, 2014), databank.worldbank.org (accessed 20th May 2014)

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[44] Vogel, *Four Little Dragons*, 77

[45] Huff, “Economic Development of Singapore,” 317

[46] Vogel, *Four Little Dragons*, 79-80

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[50] So, “Economic Success of Hong Kong,” 241

[51] Hung-Chao Tai, “The Oriental Alternative: A Hypothesis on Culture and Economy,” in *Confucianism and Economic Development: An Oriental Alternative,* ed. H-C. Tai (DC, USA: The Washington Institute Press, 1989)

[52] This paragraph from Chang, *Bad Samaritans*, Chapter 9: Lazy Japanese and Thieving Germans

[53] Ibid, 193

[54] Vogel, *Four Little Dragons,* 44

[55] Similar to the strategy adopted by the Hu government in China, see Guoxin Xing, “Hu Jintao’s Political Thinking and Legitimacy Building: A Post-Marxist Perspective,” *Asian Affairs* 36:4 (2009), 213

[56] Richard Sobel, William-Arthur Haynes and Yu Zheng, “Taiwan Public Opinion Trends, 1998-2009,” *Public Opinion Quarterly* 74:4 (2010), 784

[57] Vogel, *Four Little Dragons,* 17

[58] Shin, *Social and Economic Policies*, 17

[59] Collier, *Wars, Guns, and Votes*, 19

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