



Centre for Asian Studies – Working Paper Series

No. 1

**Laying the Foundations for “Doing” the
Developmental State: Why and How Korea
“did” it and Ghana “did not” but can.**

Lloyd G. Adu Amoah

**Centre for Asian Studies
College of Humanities
University of Ghana**

Office: +00233 (0) 303974622

E-mail: cas@ug.edu.gh

Facebook: www.facebook.com/casUG

Twitter: [@cas_UG](https://twitter.com/cas_UG)

Website: coh.ug.edu.gh/centre-asian-studies

Abstract

The global financial crises of 2007-2009 raised formidable questions against neoliberalism as an approach to socio-economic organization in the West and elsewhere. For a developing country like Ghana which has been utilizing this approach for the last thirty five years, the need for exploring fresh developmental perspectives has become imperative given the enduring pervasive poverty and growing inequality. Ghana's need to find new approaches to development is reinforced by the progress countries like Korea which were in the same development cohort have made in a generation via developmental statism (and the subsequent responses of this mode of development to neoliberalism). It is suggested and demonstrated in this work that constructing a Ghanaian developmental state may yet hold the most viable prospect for Ghana joining the first rungs of nations in the world like Korea has. This work examines and compares the trajectories and fortunes of developmental statism in both countries focusing especially on how the ideational foundations were successfully laid in Korea but failed in Ghana. The claim is made that successfully laying the ideational foundations will be a crucial first step for Ghana's turn to developmental statism.

Key Words: ideas, debates, developmental state, Ghana, Korea

Contact:

Lloyd G. Adu Amoah, Ph.D.
Director(Ag.)
Center for Asian Studies
University of Ghana, Legon
cas@ug.edu.gh
lgamoah@ug.edu.gh

A CAS2018 Publication
All Rights Reserved
Publisher: University of Ghana Press

Content

1	Introduction.....	5
2	On Development, the State and the Developmental State.....	8
2.1	Development as Modernization and Industrialization in New Nations.....	8
2.2	Freedom and the Turn to the Warm Embrace of the State.....	10
3	The Developmental State in Theory and Practise (from the 1950s to the present).....	14
4	Ghana, Korea and "Doing" the Developmental State: Foundations	20
4.1	Ideation, Clarity and Consensus.	20
5	Postlude: Ghana, "Doing" the Developmental State and the Future.....	27
	References	30

[I]f anyone desires to form newborn babies into a new people, *one must first of all change the whole framework of society*

-Ham Sökhön

It is a law of competition that those who can do difficult things which others cannot will earn more profit.

-Ha-Joon Chang¹.

¹Chang (2007, p.41).

1 Introduction

The Centre for Asian Studies (CAS) at the University of Ghana, Legon, organized a three day (April 11-13, 2017) international conference to mark forty years of Ghana-South Korea(hereafter Korea) diplomatic relations and reflect on sixty years of Ghana's independence. The conference's theme was: *40 years of Ghana-Korea Relations: Retrospectives and Prospects*. The conference was historic because ever since Ghana entered into diplomatic relations with Korea on November 14, 1977 no major academic event had been held in the West African country to critically examine her political, diplomatic, trade, commercial, economic and other interactions with this rather successful East Asian country.

Reflective of the deepening ties in contemporary times between Ghana and Korea specifically and Africa² and Korea generally, papers presented at the conference covered a wide range of thematic areas such as Economic ideas and National Transformation; Technological Innovation and Transfer; Migration and Diaspora, Leadership and Governance; People to People Engagement and Diplomacy, Statecraft and Foreign Policy among others. This paper emerges from media engagements on the conference and the deliberations and activities revolving around it in which the author served as chair of the Conference Organizing Committee; member of the Abstracts Review Team and discussant on roundtables and a panel. There seemed to be almost palpably present in the deliberations(at roundtable, paper and panel presentations) a pervasive sense of worry³ among the participating scholars (including the author) and the general public about why Korea was a developmental success story while Ghana was not six decades after her independence on 6th March, 1957. I pondered this reality after the conference and this heightened after a working tour of Seoul, Korea after the conference.

²Africa's global interactions at the level of ideas, the economy and culture among others has tended to be orientated heavily in the direction of the West on account of especially historical reasons. There are signs though that this is changing.

³"Worry" is employed in this work to evoke Davis's(2007) description of the struggle of Chinese intellectuals to find the most appropriate theoretical notions for modernizing China drawing from Chinese and Western thought.

In this work, I try to provide some answers to this pathology, through a political-economy grounded critical comparative analysis of Korea's successful construction of a developmental state focusing especially on foundational ideational questions (which the literature has tended to implicitly engage with at best or gloss over at worst⁴) and Ghana's failure to do same. The analysis will draw primarily on the policy record of these two countries, the copious and rich literature on the developmental state and utilize as well insights derived from conversations with policymakers, scholars and diplomats over the last fifteen years as I travelled across Asia.

The central question then that this work seeks to answer is what initially accounted for the failure and success ultimately for Ghana and Korea respectively regarding the construction of the developmental state? Answers to this query should prove useful in contributing empirically to the debate on what Chang(2010) describes as "how to do" a developmental state(and linked crucially so to this, the vexing problem of industrial policy formation) and attempt to respond as well to Mkandawire's(2010)piercing arguments on the necessity for Africa's maladjusted states(which in the early decades of the 21st century⁵ are economically worse off than in the first decades of the 20th century) to transition to democratic developmental states.

Using the Korean case (supplemented by examples of other East Asian developmental states) it will be shown that the idea of the developmental state is still theoretically⁶ and empirically relevant for African states like Ghana which want

⁴ Kim(2015) for example broaches this question but entangles the response within the aid matrix than the ideational one.

⁵The South Korean developmental economist Ha-Joon Chang's(2009,p.2) data which draws extensively from the World Bank's datasets shows that sub-Saharan Africa's annual per capita Gross Domestic Product(GDP) growth rate shrank from 1.6% between 1960-1980 to -0.3% between 1980-2004.

⁶In the literature an emergent view utilizing the Korean experience suggests that the interventionist strong state, which is central to the developmental state theory, has fallen into obsolescence given the ever changing international political economy and on that account weakens not just the relevance of the theory for other developing countries but marks the end of its theoretical appeal. See for example Jayasuriya(2005). My view is that this analysis arises from confusing iterations of the actually existing developmental state in response to its changing internal and external political-economy(and theorizing from this) with its thorough going metamorphosis in which the idea disappears. This will be discussed in more detail later in the work.

to transform rapidly. The warrant for arguing for the contemporary relevance of the developmental state model arises from the pillorying directed at the idea following the Asian Financial Crises of 1997 in which the claim has been made that:

the world is moving towards a *new convergence* and its mechanism is economic integration, driven not only by trade and investment, but above all by the liberalization of capital markets.(Weiss, 2002,p.22).

The recent global Financial Crises of 2007-2009(the after effects of which are still present) clearly raise questions for the "convergence" thesis (with its cookie cutter, one size fits all tendency) and should suggest to African policy makers casting about for development models the need to try other options on offer (such as the developmental state model) beyond the dominant neoliberalism paradigm. In this analysis the role of national elites⁷ in crafting the developmental state stands out for scrutiny for it will be shown how ultimately Korea's elites⁸ in laying the theoretical foundations were far more successful(what lessons can therefore be gleaned from this) in that task than their Ghanaian counterparts in the post-colonial decades.

⁷Developmental state scholar Amsden(2012,pp.352-353) argues that "the actions taken by elites are a causal variable in development outcomes" with developmental impacts at all levels.

⁸ This work adopts Amsden's(2012,p.352) definition of the elites as " those who enjoy privileged status and exercise *decisive control over the organization of society.*"(italics mine)

2 ON DEVELOPMENT, THE STATE AND THE DEVELOPMENTAL STATE

2.1 Development as Modernization and Industrialization in New Nations

The early decades of the 20th century were full of dizzying expectations and some trepidation for the leaders in Africa and Asia who led former colonies to freedom and independence. The expectations of their peoples were high. In the Gold Coast (Ghana's name during the colonial era) for example, demands for employment, opportunities for higher education, low cost and a high standard of living among others bubbled up into the 1948 riots in the capital, Accra.⁹ Their leaders had to be in a hurry and they were.

Kwame Nkrumah (Ghana's first prime minister and president) (1957,p.4) was clearly aware of his responsibilities as a leader when he averred:

How we conduct our-selves when we become independent will affect not only Ghana but the whole of Africa. We have a duty not only to this country, but to the peoples everywhere in Africa who are striving towards independence.

The race against time was not lost on him(Nkrumah, 1957,p. vii) either:

Once this freedom is gained, a greater task comes into view. All dependent territories are backward in education, in agriculture and in *industry*. The *economic independence* that should follow and maintain political independence demands every effort from the people, a total mobilization of brain and manpower resources. What other countries have taken three hundred years or more to achieve, a once dependent territory must try to *accomplish in a generation* if it is to *survive*. (italics mine).

Post 1949, Mao's fervent desire was for China to catch up industrially with the United Kingdom in 3 years and overtake the United States in a decade (Wu, 2005). Korea's Park Chung-hee rationalized the military coup of May 16, 1961 as being

⁹ For an in depth historical analysis of the decades leading up to African independence see Adu-Boahen(1985).

necessary for “economic reconstruction” and national “independence”.¹⁰ What is clearly evident here is the “catching up” and “survival” imperative through primarily industrialization. But “catching up” with whom and “survival” against what? This query is important because it has come to lie at the heart of the development debate in the last 100 years.

Reaching back as far as the Western European Renaissance and Enlightenment eras, Western thinkers became convinced of the responsibility and necessity of their region of the world to civilize other regions and peoples with the “light of reason” they had discovered in what has come to be known as the “white man’s burden.” Bacon’s (1968,p.9) new inductive reasoning explicated in his *Novum Organum*, will seek to recast thinking in not just natural philosophy (the emergent natural sciences) but in the social realm as well and halt that which had held humanity (not just Europeans) “back as by a kind of enchantment from progress in the sciences by reverence for antiquity, by the authority of men accounted great in philosophy, and then by general consent.” Immanuel Kant will re-echo in the Enlightenment era his fellow European’s view again and audaciously on behalf of all humanity:

Enlightenment is man’s emergence from his self imposed minority. This minority is the inability to use one’s own understanding without the guidance of another.....thus the motto of the Enlightenment is ‘ Sapere aude! Have the courage to use your own understanding!’¹¹

The Enlightenment will birth modernity¹² (the supremacy of reason in responding to the material, moral, political and other questions the human condition imposed) for which henceforth all human beings were to aspire (via modernization). If, as

¹⁰Park (1963,p.259)

¹¹ Immanuel Kant, “ What is the Enlightenment.” <http://www.columbia.edu/acis/ets/CCREAD/kant.html>

¹² Power(2014,p.97) puts it well:

The Enlightenment was also closely linked to the rise of modernity and provided an important crucible for the invention of the modern idea of “development” which begun to emerge “amidst the throes of early industrial capitalism in Europe”(Cowen and Shenton, 1996,p.5).

Habermas argues, the Enlightenment project involved efforts to develop objective science then the English Industrial Revolution reflected the success of this undertaking: modernity in action. The internal combustion engine will not just make mass production of necessities possible it would make traversing the oceans faster, spawn the aeroplane (and other modern communication contraptions) and thereby in the wake of colonial conquests present industrialization (the Western European model of it to be sure) as an almost inescapable example for the former colonies. In the 1950s modernization, industrialization and development¹³ became synonymized as international governmental organizations such as the United Nations and Bretton Woods institutions emerged as key actors in a new post 1945 global political-economy. It was within this milieu that new countries like Ghana and Korea regained their freedom.

2.2 Freedom and the Turn to the Warm Embrace of the State

What to do with this new freedom? Modernize, industrialize and develop for sure: that was the only game in town. But why and how? African and Asian nations were clearly late-comers to the modern development enterprise. Clearly these countries were playing catch up with their former colonizers turned competitors who had constructed the institutional, legal, regulatory and ideational structures of the political-economy of the 20th century. Wiess (2000, p.26) underscores this point when in reference to Korea, Taiwan and Japan she opines that:

Their "developmentalism" derived from their late-comer status in the game of industrialization and above all from intense geo-political threats to national security.

These new states had to find a way to turn their circumstanced positions into strength as a matter of existential necessity. The fight against colonialism in its various manifestations and guises had been long, bitter and in some cases violent. In Africa the violent liberation struggles in Algeria, Angola, Mozambique and Guinea Bissau come readily to mind. Korea, Singapore and China had to contend

¹³ For overviews and disquisitions on the intersections between modernity, development and industrialization see for example Wiredu (2004), Gyekye (1997), Larrain (1989), Desai and Porter (2014), Frank (1972) and Rostow (1959)

with the brutality of Japanese colonialism; China had to do so with a war of liberation against Japan and battle the colonial interests of the major Western powers on her territory. When colonialism finally came to terms and succumbed to these liberation struggles the colonizers were not always happy to depart. In Guinea for example, the departing French literally swept that country clean of all movable objects including telephones ¹⁴(military workshops were stripped bare) and not a single document on valuable policy data was left. Clearly these new nations had to navigate a new international political-economy dominated by former domineering colonialists turned reluctant, grumpy competitors: the latter were in a position of power and privilege while the former were in state of weakness and uncertainty. For these new nations to “survive” to borrow Lee(2000,p.61) and Nkrumah's words and turn their weakness into strength an interventionist state became the prime vehicle of choice for the national development and transformation process.

If the models for national development were the materially rich, industrialized western nations then the primary non-negotiable duty of the post-colonial interventionist state was to promote manufacturing. Western thinkers such as Frederick List provided insightful disquisitions for such a choice which will find policy expression in leading Western states long before the 20th century as Chang¹⁵ has brilliantly and convincingly shown. List(1856,p.vi) will justify the necessity for underdeveloped countries to find the key strategic means in tandem with utilizing the resources at their disposal to survive in the face of better and stronger competition:

.....a nation *unhappily far behind* as to industry, commerce and navigation, and which possessed all the material and moral resources for its development, must above all put forth all its strength to sustain a struggle with nations already in advance. (italics mine)

¹⁴See Lee (2000,p.61) and Time Magazine online, “Guinea: Toure’s Troubles”.

<http://content.time.com/time/magazine/article/0,9171,871552,00.html>

¹⁵ See Chang(2002;2007).

In List's(1856,p.293) thought, acquiring manufacturing capacity for any nation had cross-sectoral transformational value allowing the nation to "promote its prosperity and power":

Hence, it follows that, that all the intellectual forces of a nation, the income of the State, the moral and material resources for defense, the guarantees of national independence, augment in like proportion, where a nation enjoys an active manufacturing industry

List suggests that the elevation of manufacturing prowess was conjoined directly to the civilizing process by instigating a sophisticated taste in literary matters and promoting civic institutions:

Language and literature, the fine arts and civil institutions have always kept pace with manufactures and commerce.(ibid)

For List the state had to consciously and deliberately play an intervening role in shepherding the move towards manufacturing since realizing this will not emerge in a laissez-faire(in modern times via neoliberalism) fashion as Adam Smith had suggested:

He maintains, erroneously, that manufactures will come of themselves in the natural course of things; we see, however, that in *every nation political power intervenes* to give to that natural course an artificial direction in its particular interests. (italics mine).(ibid:310).

Daniel Defoe's¹⁶ major work on economics, *A Plan of the English Commerce*, reports that a backward, impoverished England of the 15th century utilized to the hilt protectionist and interventionist measures in the wool industry to build up her industrial muscle. In 1489(three years before the Portuguese set foot upon on the Gold Coast ultimately paving the way for England's colonization of that territory in 1884) Henry VII banned the export of unfinished cloth so England will learn to make them at home:

¹⁶Cited in Chang(2007, Ch. 2)

Henry VII and Elizabeth I, used protectionism, subsidies, distribution of monopoly rights, government sponsored industrial espionage and other means of government intervention to develop England's manufacturing industry, Europe's high-tech industry at the time.(Chang, 2007,pp.40-41)

Ultimately then the state led interventionist policies of Henry VII right through that of Elizabeth I proved critical for England's industrialization and therefore "shatters the foundation myth of capitalism that Britain succeeded because it figured out the true path to prosperity before other countries-*free market and free trade*"(italics mine)(ibid,p.42). This approach in Europe was not however peculiar to England as the figures in the table below show.

Table 1

Average Tariff Rates on Manufactured Products for Selected Developed Countries (1820 and 1950)¹⁷
(Weighted averages)

Nations(1820)	Av. Tariff Rate for all(1820)	Nations(1950)	Av. Tariff Rate for all(1950)
Belgium Canada Denmark Germany Netherlands U. K. United States	24.00%	Belgium Canada Denmark Germany Netherlands U.K. United States	15.00%

¹⁷The table draws heavily from Chang's (2009) and re-interprets same. The average weighted tariff rates for the selected countries in 1950 reflect the upper value for the band (except Canada) that Chang provided. Countries selected are now all members of the rich OECD club which had tariff figures for the years in question.

3 THE DEVELOPMENTAL STATE IN THEORY AND PRACTISE (from the 1950s to the present)

The developmental state is a peculiar North East Asia invention wrought from nationalism, self-reliance, the state interventionism example of leading western states and the realization that the brutality of modern global military and industrial competition had no room (or pity) for laggards beyond the quagmire laden spaces of a miserable peripheral existence among the comity of nations. Korea emerged as the most compelling example of the developmental state because it barely had the props of a modern industrial past like Japan (after World war II) to fall on. Even more improbably Korea succeeded.

Chang describes the Korea of the 1950s and 1960s as a “basket case of development failure” while an internal memo in that period from the United States Agency for International Development (USAID) underscored this by likening Korea to a “bottomless pit”¹⁸ In the 60s even the flushing toilet was a luxury except for the very rich and Koreans had to make do with fake and pirated consumables of all kinds from shoes to audio compact discs (cds) right up to the 1980s¹⁹. The average Korean in 1961(four years after Ghana's independence) earned half of her Ghanaian counterpart's yearly income (\$82: \$169). Korea's main exports were tungsten and fish among other primary commodities. By 2015 Korea's GDP per capita was 19 times that of Ghana's (\$27,221.5 to \$1381.412). Korea has become an advanced economy (allowing her to join the OECD in 1996²⁰) exporting cars, ships and smart phones to the global market. Together with Korea, Taiwan and Japan, also prospered posting in the post-war period per capita income growth rates of between 5-6 per cent annually.²¹ Scholars will become curious about this and

¹⁸Chang, 2007, p.3).

¹⁹ See Chang(2007, Prologue) for an especially a riveting account of Korea before its ‘miracle’ years.

²⁰ Evans and Chang(2005) see this though as part and parcel of the processes by which the Korean developmental state came to be dismantled. I share a nuanced view on this; a matter I turn to later in this work.

²¹Ibid, 109.

other success stories in East Asia and embark upon theorizing about what is consensually accepted as the driving force: the developmental state.²²

On account of the emergence of pertinent new empirical realities following the 1997-1998 East Asian financial crises and with it neoliberalism's counter attack (which followed in its wake) it is important at this juncture to attempt to attenuate and unpack properly what appears to be a needless schism that has arisen on the concept of the development state at the level of theory and practice. This effort is necessary to point up the resilience of the developmental state idea and therefore its necessary utility and relevance for developing countries like Ghana. Two opposing arguments have emerged with a third one (almost Janus faced) in between. I will describe them as the "iterationist," "demise"²³ and the "dismantling" arguments. The "demise" argument is represented rather eloquently and notably by the explications of Kanishka Jayasuriya.²⁴ The "iterationist" argument is captured robustly in the works of Linda Weiss and Henry wai-Chung Yeung.²⁵

Jayasuriya's central argument is that a changing global economic order (increasing complexification) has reconstituted the global liberal order. This has imposed heavy strains and limitations on national sovereignty in the economic realm (especially at the level of co-ordination²⁶) leading thereby to an inevitable regime of regulatory governance. The corollary is the emergence of what he describes as the *regulatory state* that has come to supplant the developmental state. Jayasuriya's move is to fundamentally at worst deny the co-ordinating capacity of the developmental state or at best raise critical questions against it in the face of the onslaught of a purported global self-regulating market under globalizing neoliberalism. If either succeeds, the developmental state idea collapses since it

²²See Johnson(1982),Amsden(1989),Wade(1990),Chang(1993),Akyuz(1999),Woo-Cummings(1999)and Evans(1995). These celebrations have been extended by other thinkers such as Jayasuriya(2005),Yeung(2016) and Weiss(1998) for some early theorizations.

²³Weiss(2000,p.22) very perceptively identifies this tendency and unapologetically describes this as the "endist thesis."

²⁴His key works on this are identified above.

²⁵Their key works are identified above.

²⁶Here the neoliberal purported self-regulating market is implicated especially via its tendency towards financialization(the capacity to respond well to which confers policy credibility) which ostensibly self-governing institutions like independent central banks across the world have come to be accepted as better able to deal with.

is anchored on this co-ordinating capacity which to borrow Weiss's word provides the 'intelligence'²⁷ for structural transformation, innovation and capital accumulation. It will seem that Jayasuriya canvasses for the demise of the developmental state :

The developmental state was an artefact of *certain kinds of structures of global economic governance*, and it is the *changes in these modes of governance* that explain the crisis and demise of the developmental state.²⁸ (italics mine).

Coupling the quote above with Jayasuriya's(2005,p.383) admission yet again (his reference to the developmental state as a product of changing internal and external political economy) that "the developmental state was an artefact of a particular Cold War- and Bretton Woods-based regime of international governance" it is arguable that he is underlining its evolutionary tendencies in response to changing political economy circumstances within and without the state. This makes his claim about the demise of the development state both tendentious and premature. In other words a particular instantiation of the developmental state(in its evolution) *can* become an "artifact" of the pressures the neoliberal inflected current global regulatory order(that is if one accepts Jayasuriya's reading of contemporary political economy) imposes upon it yet again. In my view the "demise" or "endist" argument is not convincing though to be sure it has great value in drawing attention to the crises the development state has had to confront post the 1997 Asian Financial Crises.

The "dismantling" argument is laid out in Chang and Evans(2005). It recognizes the crises Jayasuriya draws our attention to especially the ways in which the developmental state's co-ordinating powers are trimmed at the institutional level(on account essentially of changing world views embedded in what they describe as "thick institutionalization" anchored in the main on the shifting world views of elites) but in departs from the "demise" argument's fatalistic

²⁷Weiss(2000: 23).

²⁸Jayasuriya(2005:103).

conclusions²⁹. An analogy will be useful here to better express the "dismantling" argument: a dismantled car is still a car in much the same way as a person undergoing the most thorough going maximally-invasive surgery is still a human being. Woo-Cummings(1999,p.31) captures this best : "trimming some bureaucratic fat off the 'developmental state' does not mean the end of the development state; rather it is a requirement for survival."

Essentially the "dismantling" argument is "iterationist" without being explicitly so. On balance then my view is that the "actually existing"(to borrow Brenner's³⁰ formulation) and therefore empirical developmental state is "iterationist"³¹ An appeal to Woo-Cummings(1999,p.32) again should clarify our meaning of "iterationist" :

....the developmental state is a diachronic phenomenon, occurring over a long period of time in various incarnations and poised to adapt itself to new realities.

My argument then is that it is important to distinguish between the actually existing development state which responds to changing empirical realities and is therefore "iterationist" and the theoretical development state qua developmental state which must be ultimately understood as a dynamic notion at the empirical level.

²⁹ They employ the term "decline," "dismantle,"and "demise," in the same work. The overall tenor of the work though is not "endist" at all.

³⁰See Brenner and Theodore (2002). The view articulated is that social theorists need to distinguish between theory qua theory operating immutably everywhere and theory as it confronts reality via the national, regional and local contexts with given institutional arrangements, political struggles, policy regimes and regulatory practices.

³¹ Yeung(2016) demonstrates how the development state can survive the challenges of a new regulatory political economy(which facilitates the easy movement of transnational capital and therefore has made global competition the norm) by finding ways to articulate connections with Global Production Networks(GPN) in what he describes as "strategic coupling" via the developmental state's firms. What must be taken into consideration therefore as the developmental state's co-ordinating power is reconfigured is that:

This evolving state-firm-GPN assemblage is critical for understanding East Asian development in the era of *global competition*, because no matter how cohesive or powerful, the developmental state or its elite bureaucracy does not perform the actual catching up process. It is rather the national firm, chosen or otherwise, that acts on these state-led directives and incentives to industrialize the nation. (italics mine)(Yeung, 2016,p.189).

This distinction is necessary to make as clear as possible the ways in which changing empirical realities impinge on theorizing about the developmental state and delineate clearly the iterations that this idea has undergone empirically. In other words theoretically there are generally accepted core organizing propositions about the development state which shift and turn on account of far reaching empirical realities.

Drawing from the literature the core propositions will be:

1. An interventionist state³² that is market defying.
2. Institutional arrangements [key institutions here include an elitist highly efficient bureaucracy including super bureaucracies like Japan's Ministry of International Trade and Industry(MITI), Korea's Economic Planning Board(EPB) and Singapore's Economic Development Board(EDB) and links with close and intimate links with organized economic actors].
3. Industrial policy leading to structural transformation, innovation and capital accumulation.

Under peculiar and specific internal and external political economy conditions ("actually existing" conditions) these propositions come to be read differently as iterations take place producing particular "incarnations" of the developmental state. Here Huang and Gao are insightful in arguing for theorizing which takes as a starting premise:

induction based on empirical evidence, thence to apply deduction to draw out the logical implications and hypothesis, and then return to the practical world to test the formulations, in an unending process, thereby to construct not universal and absolute theories, but theories and insights with delimited empirical conditions and boundaries.³³

³²Amsden(1989:14) describes this as "state intervention to create price distortions that direct economic activity toward greater investment."

³³ Huang and Yao(2015)

I will argue then that there have been two iterations of the “actually existing” developmental state:

1. the “catchup”³⁴ developmental state (exemplified by Korea, Japan, Taiwan and Singapore) in the 1960s. Here the interventionist state is at its most expansive and extensive as it pushes for an industrialization which picks and nurtures winners at the sectoral level; the *chaebols* are a classic example. It must be noted that state interventionist capacity here works primarily through its own structures.

2. The transformative and continuously upgrading developmental state (here state interventionist capacity is still very much present but funneled in creative and consensual ways in response to changing state-society interactions inspired from within and without). In this iteration the capacity to respond to the emergent global regulatory order (by way of Jayasuriya) and Global Production Networks (by way of Yeung) becomes pertinent. We may also refer to this phase as evocative of the attempt to respond to neoliberalism’s structures and strictures.

The distinctions attempted above are critical to underline the continuing relevance of developmental statism to developing countries like Ghana and rescue the idea and practice from a rather premature eschatological reading of its fate as some portions of the literature attempt to.

³⁴ This is what laid the basis for theorizing about the developmental state whose core propositions have already been referred to.

4 GHANA, KOREA AND “DOING” THE DEVELOPMENTAL STATE: FOUNDATIONS

In the attempt to contribute to the debate on the different development trajectories of Ghana and Korea it will be shown that in contrast with Korea, Ghana had developmental state tendencies that never fully materialized (in other words Ghana failed in its attempts to become a developmental state). In the event while Korea's developmentalist agenda has been solidly anchored on an indigenized developmental statism in constant evolution, Ghana's development aspirations have been scuttled by shifting theories borrowed from without and scarcely suited to its peculiar cultural and socio-economic conditions. What accounts for this divergence? My attempt to respond to this query focuses on the ideational moves which attended the building of the “catch up” developmental state (referred to above) in Ghana and Korea.

4.1 Ideation, Clarity and Consensus

Keynes³⁵ displayed his fascination with the power of ideas in the policy formation sphere when he wrote that ideas were ultimately a more potent force for good or evil than vested interests. Lin(2007, p.14) will build upon this insight in averring that:

The failure of many former socialist and developing countries to achieve growth in their transitional processes is also due to their governments' specific strategies based on inadequate *ideas*.....(italics mine)

If ideas matter for policy formation³⁶ as these thinkers claim, then in my view, Korea showed ideational independence combined with consistency in settling the fundamental question of the role of state as she embarked upon becoming a “catch up” developmental state. By ideational independence I imply a conscious effort at the level of ideas to develop and implement policies that are derived from an independent and critical assessment of national policy challenges taking into cognizance both domestic and international realities and which eschew blind application of policy ideas and prescriptions especially from without. Thus ideational independence here is understood to mean that in crafting her

³⁵ Keynes(1935)

³⁶Sabatier(2007) and Hall(1993).

development policies Korea did not operate on the dubious assumption that the concepts emerging out of other countries' experiences would necessarily fit and work for her. Korea learnt from the experience of other countries but did so on her terms and on the basis of her concrete historical, socio-political and cultural realities.

As Kim Hyuang-A³⁷ informs us disquisitions on this critical question regarding the role of the Korean state in the search for development took place between 1960(April) and 1961(May). Amidst a tizzy cross current of ideas (including Marxism; General Park had known and documented Marxist leanings) on the role of the state in national reconstruction Korea's liberal intellectuals seemed to have swayed the argument in their favour. They offered their impassioned celebrations on this question in especially *Sasanggye*(World of Thought), the highly respected monthly journal founded by Chang Chunha in March, 1953 and which in the late 1960s had more than 100,000 subscribers. In a special feature article (March, 1960), the question was put: "*(Chayukyongjenya, kyehoekkyongjenya?*"["A free economy or a planned economy?"]. One of Korea's leading economists, Yi Ch'angyo, echoing the sentiments of his colleagues (and Albert Hirschman who incidentally was one of Kwame Nkrumah's economic advisors) will argue unapologetically for an interventionist state that will defy the stylized logic of the market, invest intensively by any means necessary and choose industrial winners within a mixed economy:

The economic direction that we require must be a kind of mixed economic system. We obviously lack the necessary accumulation of national capital. We also lack endeavor and our natural resources are scarce. But we have an excessive surplus of labor. In order to lead this labor force near to full employment, there needs to be a kind of "supply effect." This effect can be regarded as a form of imbalanced development. By selecting a certain group of industries, regardless of whether a market exists or not, and by maintaining their development through intensive investment, *even by force-not through so-called free competition* but through planned investment, it is intended to stimulate

³⁷I draw extensively on his two works (Kim,2003;2004).

the productivity of other industries spontaneously with the supply of materials that would be produced through such development It should be clear that it is very difficult to expect balanced economic growth in our current condition.³⁸(italics mine)

Kim Hyuang-A(2003,p.126) will describe this aptly "as a call for Korea's '*chuch'esǒng*' (independence/autonomy) in *politics and the economy*, especially government decision-making,"(italics mine) shot through with "a strong sense of self-awakening."

The period in question will produce and crucially so, albeit in a torturously tortuous way, a rare actionable clarity and national consensus on the fundamental ideas on which a new Korea was to be built going forward:

Men are the servants of a system, of a [value-system] framework, because they are social beings. There cannot be a society without a certain framework, just as an individual cannot conceive his or her own mind without possessing a body. Although men create the [social] framework, it also in turn creates men [I]f anyone desires to form newborn babies into a new people, *one must first of all change the whole framework of society.*³⁹

General Park and his military collaborators will cleverly and opportunistically canalize the central claims of the debate and exploit the clarity and consensus(the May 16, 1961, coup crushed left wing progressive reformers three days after the coup and thereby silenced any countervailing ideational voices) it generated for eventually constructing the Korean "catch up" developmental state. It needs stressing that Park's longevity in power(1961-1979) was critical in allowing the Korean "catch up" development state to adequately crystalize, sink deep roots into frame and condition Korean developmental policy and endure(what I describe as consistency) and go through all its instantiations.

³⁸Quoted in Kim (2003,p.125).

³⁹ Ham Sǒkhǒn, quoted in Kim(2003,p.129).

The debates sketched above will also take place among her leading intellectuals in the decades preceding Ghana's independence in 1957. The same questions will be posed about whether a new Ghana should run a free or planned economy and therefore what role the modern Ghanaian state (interventionist or merely regulatory) should play. Dr. J. B. Danquah (lawyer, philosopher, writer, nationalist) who won the coveted J.S. Mill Prize for his undergraduate thesis at the University of London and Dr. Kwame Nkrumah (Ghana's first prime minister and president) will come to embody and represent, rather oddly, the free and planned economy schools of thought respectively. To be sure, just as in Korea, Ghanaian thought on these questions reflected ideational independence and this had a rich history. Intellectuals such as John Mensah Sarbah, Kobina Sakyi and J.E. Casely-Hayford (all lawyers)⁴⁰ had argued that the success of a post-independence state will be best secured by building a modern society adequately sensitive to traditional cultural values, historical experiences and concrete social, economic and political realities. In other words the post-independence state building project was fundamentally and necessarily seen as an *in situ* enterprise. Danquah and Nkrumah who emerged as the leading political figures in the lead up to independence agreed with this view. In fashioning their respective political-economies both men were clearly guided by these ideals; a tendency undoubtedly sharpened by their formal training in academic philosophy.

What kind of Ghanaian state then did these two men envisage as being ideal for rapid national reconstruction and how did resolving this or not impact on clarity and with it consensus building about how to go about the tasks of national reconstruction? I will summon Ajei's formidable arguments here. Ajei's (2013) very convincing and well considered view is that both Nkrumah and Danquah⁴¹ contemplated a Ghanaian state that will guarantee that each citizen will be considered an end in herself and not a means to an end (in an anti-Kantian sense).⁴² Fundamentally then they envisioned a preponderantly socialistic Ghanaian state

⁴⁰ These thinkers produced seminal body of works on these subjects. Sarbah's (1897;1906) work are typical examples.

⁴¹ Both drew from the Akan moral conceptual scheme in which promoting the society's good is the highest virtue.

⁴² See Martin Odei Ajei (2013, endnote 50).

than an economic⁴³ one. In other words both shared Nkrumah's view of a political-economy that did "not envisage the socialization of productive and distributive processes in such a manner as to endow the proletariat with their ownership."⁴⁴ On the contrary "both Danquah and Nkrumah foresaw a democratic Ghanaian society fortified by socialistic values, in which a vibrant market economy is as fundamental as the ethic of the intrinsic worth of every human being."⁴⁵ Arguably these leaders were contemplating Yi Ch'angyo's "mixed economic system" referred to above.

In the Ghanaian case however it will seem that the conceptual meeting of minds of the leading nationalist intellectuals did not settle as decisively as possible as in the Korean case matters of consensus and clarity regarding the role of the state at the "pragmatic" level to borrow Ajei's word. What emerged at the pragmatic level was a false and forced binary (curiously promoted it will seem, according to Ajei, by these thinkers and their followers in response to the concrete political exigencies of the times) in which Nkrumah was placed in the Marxist camp while Danquah was positioned in the Western liberal camp. In other words Ghana's initial attempts at ideational independence (and clarity) and national reconstruction consensus building got entangled and muddled in Marxist and liberal narratives, imaginaries and framings and irredeemably tagged to Cold war politics. This debilitating process was catalyzed by the public posturing, rhetoric and more tellingly actions⁴⁶ of the leading minds of the times. As a consequence I will argue that Ghana has been plagued since independence by an eternal seemingly intractable question regarding "where the gauge should properly point on the interventionist-market mechanism scale,"⁴⁷ over which there has yet to be any clarity and consensus.

⁴³ Polanyi ([1944] 2001, p. 57), comes to mind here with his insight on the market's role in embedding social relations in the economy instead of vice versa: "Ultimately, that is why the control of the economic system by the market is of overwhelming consequence to the whole organization of society: it means no less than the running of society as an adjunct to the market. Instead of economy being embedded in social relations, social relations are embedded in the economic system."

⁴⁴ Ajei (2013, p. 17).

⁴⁵ Ajei (2013, p. 27).

⁴⁶ Rooney (2007) reflects on Kwame Nkrumah's almost schizophrenic and complicated stances on the state and market questions.

⁴⁷ Amoah (2017, pp. 546-547).

The political market will be summoned to try to settle this in the General Elections of 1956; this proved short lived though. With an electoral mandate Nkrumah pursued the most state interventionist policies (characterized wrongly as Marxist if we follow Ajei's interpretation tied to the view that Nkrumah was less a disciple of Marx and more an innovator) yet of any Ghanaian government but the muddying of the ideational and consensus waters marched on in tandem leading to a military-police coup (24 February 1966) which ultimately installed the Danquahist elements in power by 1970. The coupists and the Busia administration which followed it set about dismantling Nkrumah's inchoate state interventionist framework⁴⁸ and decisively put paid at the level of ideas and policy action any possibility that Ghana could become a "catch up" developmental state. The upshot for Ghana ultimately was that the critical ideational independence and clarity (and the consensus that this generates for state interventionism) phase which constitutes a formidable link in the chain of actions for constructing the "catch up" developmental state essentially atrophied. Weiss⁴⁹ argues and rightly so that in the "catch up" phase the development state is distinguished by three key elements in the chain of actions :

1. *priorities* (aimed at enhancing the productive powers of the nation, raising the investible surplus, and ultimately closing the technology gap between themselves and the industrialized countries);
2. *organizational arrangements* (embodying a relatively insulated pilot agency in charge of that transformative project, which in turn presupposes both an elite bureaucracy staffed by the best managerial talent available, who are highly committed to the organization's objectives, and a supportive political system); and
3. *institutional links with organized economic actors* (privileging cooperative rather than arm's-length relations, and sectors or industry associations rather than individual firms) as the locus of policy input, negotiation and implementation.

⁴⁸ See Libby (1976).

⁴⁹ Weiss (2000, p.23).

Logically then in the Ghanaian case this critical elements in the chain of actions that should naturally proceed from the ideational and consensus phase discussed above became moot. In later years (1980s to date) Ghana's politicians and elites will come to adopt neoliberalism⁵⁰ as a national developmental ideology (in political and economic realms) at the behest of the World Bank and the International Monetary Fund reflecting a decisive and thorough break with her earlier attempts at developmental statism.

⁵⁰ The Economist (June 3-9, 2007, p.19) defines neoliberalism as view of socio-economic organization in which emphasis is placed on “rolling back the state through privatization, deregulation and the reduction of taxes, particularly on the rich; of embracing globalization, particularly the globalization of finance; of controlling inflation and balancing budgets; and of allowing creative destruction full rein.”

5 POSTLUDE: GHANA, "DOING" THE DEVELOPMENTAL STATE AND THE FUTURE.

Ghana's independence on 6th March, 1957, held great promise for the African continent. Ghana was seen as a beacon of hope and great developmental possibilities; a sure example for new nations across the world. On hindsight this view now seems prematurely giddily triumphant. In a seminal work released to coincide with Ghana's 60th independence anniversary commemoration one of Ghana's leading economists Aryeetey(2017,p.viii) is not at all sanguine about his country's socio-economic record in the last six decades:

structural transformation has lagged behind. Further, fiscal discipline has eroded significantly and heavy borrowing especially on the commercial markets is being engaged in, while elements of the natural resource curse have already manifested themselves

What is important to note here is that the practice of a neoliberal development policy(which frowns on an active, planned industrial policy based on picking winners which lies at the core of developmental statism) accounts for more than half of the time span of Ghana's entire modern socio-economic history(35 years to be precise). While East Asian nations like Korea broke into first world ranks in a generation(30 years) on the back of developmental statism Ghana is still very much a third world country highly dependent on overseas development assistance from industrialized nations(including Korea) after 35 years of neoliberalism.

In her Diamond Jubilee Year, and given her obviously uninspiring developmental record, this work is urging a fundamental rethink of Ghana's development theory and approach within the particularly stable democratic political framework which to the country's credit it has been able to forge. From her moral economy, the environment, employment, health care right down to manufacturing the neoliberal approach to development has wrought its worst on Ghana. The constant retort to this claim has been that the fault for these policy failures lie in Ghana's policy makers' implementation capacity not the policies per se. This is arguably a disingenuous attempt to stave off any penetrating theoretical reflections on

Ghana's development paradigm. Ha-Joon Chang(2009,p.4) perceptively as always noticed this :

Curiously, the failure of neoliberal policies, especially in the African context, has often been 'explained' by what I call ABP – anything but policy. From a common sense point of view, if a policy does not work, the first natural thing to suspect is the policy. To the mainstream economists, this is unthinkable. They argue that their policies have been proven by economic theory and real life experiences.

For a nation like Ghana in crises the time has come for her to pause and reflect deeply on the theoretical foundations that have preponderantly anchored and shaped her development policies especially in the last three decades. On the continent of Africa such searching theoretical engagements took in post-apartheid South Africa (even if fleetingly and short lived)⁵¹. In Europe and specifically England where neoliberalism was most forcefully expounded and practiced the Economist reports that in 2017 the Tories and Labour have abandoned the idea. The Tories Manifesto insists that "we do not believe in the untrammelled free markets". Mrs. May their leader will add while launching the manifesto: "it's time to remember the good that government can do." This policy soul searching in England has been triggered by "problems that neoliberalism allowed to fester, such as inequality and social disintegration....." ⁵² ; these same

⁵¹Edigheji(2010)

⁵²The Economist(June 3-9,2017,p.19).

problems afflict Ghana too but in far more devastating ways. For Ghana democratic developmental statism beckons as a fitting response to 35 years of neoliberalism. Common sense dictates this; and examples in East Asia and the times too. The critical challenge however is to build the foundational ideational framework (around the interventionist state) that will generate clarity and forge that necessary national consensus as happened in Korea. This is this work's central argument.

REFERENCES

- Adu-Boahen, A.(1985).*General history of Africa VII: Africa under colonial domination 1880-1935*. California: Heinemann.
- Akyuz,Y.(1999).*East Asian development: new perspectives*. London: F. Cass.
- Amoah, L.G.A. (2016). Economic policy formation in Ghana: Is the budgeting process a ritualized anti-national transformation process. In P. Harruna & S. Vyas-Doorgapersad (Eds.), *Public budgeting in African nations: Fiscal analysis in development management*(pp. 86-113). New York, Oxford: Routledge.
- Amsden, A. (1989). *Asia's next giant: South Korea and late industrialization*. New York and Oxford: Oxford University Press.
- Amsden, A. (2012).Understanding the dynamics of elite behaviour in a development context. In A.H. Amsden, A. DiCaprio & J.A. Robinson(Eds.), *The role of elites in economic development*, (pp. 351-361). Oxford, London: Oxford University Press.
- Bacon, F. (1860). Novum Organum. In C. Hirschfeld(Ed.) ,*Classics of Western Civilization*, (pp.1-13). New York, New York: Harcourt, Brace and World, Inc.
- Brenner, N. & N.Theodore(2002). Cities and the geographies of " Actually Existing" neoliberalism. *Antipode*, 34(3),349-379.
- Chang, H-J. (2009). 'Economic history of the developed world: lessons for Africa.' Lecture Delivered in the Eminent Speakers Program of the African Development Bank.
- Chang, H-J. (1993). The political economy of industrial policy in Korea. *Cambridge Journal of Economics*, 17(2),131-157.
- Chang, H-J.(2007)*Bad Samaritans: rich nations, poor policies and the threat to the developing world*. London, Random House, 2007.
- Chang, H-J.(2010). 'How to 'do' a developmental state: political, organizational and human resource requirements for the developmental state.' In O.Edigheji(Ed.),

Constructing a democratic developmental state in South Africa(pp. 82-96). Cape Town, South Africa: HRSC Press. 2010.

Chang, H-J & P. Evans(2005). The role of institutions in economic change. In S. De Paula and G. Dymksi(Eds.),*Reimagining growth: towards a renewal of development theory*(pp. 99-140). London and New York: Zed Books.

Davis, G.(2007).*Worrying about China: the language of Chinese critical enquiry*. Cambridge: Harvard University Press.

Desai, V. & R. B. Porter(Eds.)(2014). *The companion to development Studies*. Oxford, New York: Routledge.

Economist(3-9 June ,2017). The Summer of discontent.423(9043),19-22.

Evans, P. (1995).*Embedded autonomy: states and industrial transformation*. Princeton, New Jersey: Princeton University Press.

Gyekye, K.(1997). *Tradition and modernity: philosophical reflections on the African experience*. New York, New York: Oxford University Press.

Habermas, J.(1983). Modernity: An incomplete project. In H. Foster(Ed.), *The anti-aesthetic essays on Postmodern culture*(pp. 3-15). Port Townsend, Washington: Bay Press.

Hall, P.(1993). Policy paradigms, social learning, and the state: The case of economic policymaking in Britain. *Comparative Politics* , 25(3), 275–296.

Huang, C.C.P.& Gao, Y.(2015). Should social science and jurisprudence imitate Natural Science? *Modern China*, 41(2),131-167.

Jayasuriya, K.(2005).*Reconstituting the global liberal order: legitimacy and regulation*. New York, New York: Routledge.

Jayasuriya, K.(2005). Beyond institutional fetishism: from the developmental to the regulatory state. *New Political Economy* 10(3), 81-87.

Johnson, C.(1982).*MITI and the Japanese miracle*. Stanford, California: Stanford University Press.

Kant, I. *What is the Enlightenment*. <http://www.columbia.edu/acis/ets/CCREAD/kant.html>

Keynes, J.M.(1935).*The General theory of employment, interest and money*.(First Harbinger edition). New York, Chicago, Brulingame: Harcourt, Brace and World.

Kim, Hyang-A.(2004).*Korea's development under Park Chung Hee: Rapid industrialization, 1961-1979*. New York, London: RoutledgeCurzon.

Kim, Hyang-A(2003). The eve of Park's military rule: the intellectual debate on national reconstruction, 1960-61. In G.H. Barmé(Ed.) , *East Asian History*(pp.113-140). Canberra, Australia: Institute of Advanced Study.

Kim, J. (2015). Aid and state transition in Ghana and South Korea. *Third World Quarterly*, 36(7), 1333-1348.

Larrain, J. (1989). *Theories of development: capitalism, colonialism and dependency*. Maiden, Massachusetts: Polity Press.

Lee, K.Y. (2000)*From third world to first: The Singapore story(1965-2000)*. Singapore, Singapore: Strait Times and Times Media.

Lin, J.Y. (2007). Development and transition: Idea, strategy and viability. Marshall Lectures, Cambridge University.

Libby, R. (1976). External co-optation of less developed country's policy making: The case of Ghana, 1969-1972.*World Politics*, 29(1), 67-89.

List, F.(1856).*National System of political Economy*. Translated from the German by G.A.Matile. Philadelphia: J.B. Lippincott and Co.

Nkrumah, K.(1957). On freedom's stage. *Africa Today*, 4(2), 4-8.

Nkrumah, K.(1957). *Autobiography of Kwame Nkrumah*. London: Panaf.

Mkandawire, T.(2010).From maladjusted states to democratic developmental states in Africa. In O.Edigheji(Ed.),*Constructing a democratic developmental state in South Africa*(pp.59-81). Cape Town, South Africa: HRSC Press.

Park, C-h.(1963)Kukkawahyongmyongkwana[The Nation, Revolution, And II]. Seoul:Hyangmunsa.

Polanyi, K. ([1944] 2001).*The great transformation: The political and economic origins of our time*. Boston: Beacon Press.

Power, M.(2014). Enlightenment and the era of modernity. In V. Desai and R.B. Porter(Eds.),*The Companion to development studies*(pp.95-98). Oxford, New York: Routledge.

Rooney, D. (2007)*Kwame Nkrumah: vision and tragedy*. Accra: Subsaharan Publishers.

Rostow, W.W. (1959). The stages of economic growth. *The Economic History Review*,12, 1–16.

Sarbah, J.M. (1906). *Fanti national constitution*. London: William Cowes and Sons.

Sarbah, J.M.(1897).*Fanti customary laws*. London: William Cowes and Sons.

Sabatier, P. (2007). *Theories of the policy process*. Boulder: West view Press.

Weiss, L. (1998).*The myth of the powerless state*. New York, Ithaca: Cornell University Press, 1998.

Weiss, L. (2000). Developmental states in transition: adapting, dismantling, innovating, not 'normalizing'. *Asia Pacific Review*, 13(1), 21-55.

Wiredu, K. (2004)*A companion to African philosophy*. Massachusetts and Victoria: Blackwell.

Wade, R. (1990). *Governing the market: economic theory and the role of government in East Asian industrialization*. Princeton, New Jersey: Princeton University Press.

Woo-Cummings, M.(1999). *The developmental state*. Ithaca, New York: Cornell University Press.

Woo-Cummings, M.(1999). Introduction: Chalmers Johnson and the politics of nationalism and development. In M. Woo-Cummings(Ed.) , *The developmental state*(pp. 1-31). Ithaca, New York: Cornell University Press.

Wu, J. (2005). *Understanding and interpreting Chinese economic reform*. Singapore: Thomson/South-Western.

Yeung, H. W-C. (2016). *Strategic coupling : East Asian industrial transformation in the New Global economy*. Ithaca, New York and London: Cornell University Press.

Yeung, H. w-C. (2017). State-led development reconsidered: the political-economy of state transformation in East Asia since the 1990s. *Cambridge Journal of Regions, Economy and Society* 10, 83-98.

