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Africa and Asia Entanglements in Past and Present : Bridging History and Development Studies

The Entrepreneurial State : A Critical Review of East Asian Development Experience and Implications for African Countries

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Abstract

East Asian economic development experience has not only been understood and explained in terms of state-led capitalism, which has also been mainly discredited by proponents of limited role of government in market economies. Japan was the first Asian country that devised a system in which bureaucrats played a critical role in resource allocation to economic sectors and even picking winners in those sectors. Though this practice produced rapid economic growth, globally competitive industrial players and transformation of the Japanese economy, it allegedly also led to near fatal crash of the economy with unsustainable huge public debt. Current Chinese rapid economic development is also being not only interpreted within the same light as Japanese economic development experience, but perhaps expected to occasion so-called eventual crash. The gist of this paper is to critically examine the experiences of Japan, China, and casually that of other East Asian economies through the lens of the concept of entrepreneurial state. The concept of entrepreneurial state serves the purpose of putting the role of the state in the right perspective as opposed to widely proposed and even increasing calls for banishing the state in markets and general economic sphere. Entrepreneurial state concept therefore can serve a better purpose of understanding East Asian countries economic development experience at various stages – take-off, rapid growth to emergence as global competitors and beyond. Such comprehensive understanding of the development experiences of East Asian countries forms the justifiable backdrop upon which implications can be drawn for African countries currently working their way towards economic takeoff.