Introduction: East Asia and the Trials of Neo-liberalism

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I. INTRODUCTION

In this collection we seek to understand further the outcomes of the Asian Economic Crisis that began in 1997 and the extent to which it opened the door for neo-liberal policy agendas to transform the economic and political regimes of East and Southeast Asia. At another level, we will be exploring ways in which the extraordinary events of the Asian economic crisis have provided a window into larger questions about economic and political change and the influence of global markets upon such processes. It is clear that the region has seen a dramatic restructuring of state and economic power in recent decades. In many states, this restructuring was accelerated by the economic crisis. In the new circumstances, elements of domestic elites have been decimated, some are reinventing themselves, while important new elements are also being constituted. What is critical is how these shifts have reinforced, subverted or hijacked neo-liberal agendas for policy and institutional change. In other states, where crisis-driven neo-liberal agendas were not so intense (for example, China and Vietnam), we must explain the ways in which neo-liberalism has still had considerable impacts and market reforms are pursued.

In each of the cases examined in this collection, it is clear that the initial hopes of neo-liberal reformers have been frustrated or at least substantially revised. Many neo-liberals had hoped that the Asian crisis would be a precursor for a vast convergence towards liberal market economics. In each of the countries examined, it is evident that neither the economic crisis itself, direct intervention by the IMF (in Thailand, Indonesia and South Korea) nor
continued policy pressure has resulted in an unequivocal triumph of markets over prevailing domestic political and economic regimes. This is not to say that there have not been changes or even reform in each of these societies. Rather, it is to stress the fact that reform is not a technical matter driven by the lessons of economic disaster or the promises of efficiency. We examine the way in which neo-liberal reform is vigorously contested in a process mediated by domestic states and elites. It remains critical for us to understand the constellations of domestic forces engaged in these struggles if we are to comprehend the nature of economic change. The articles collected here focus, therefore, on the way prevailing power relations influence the dynamics of change in the region as a whole, and for the specific cases of China, Vietnam, South Korea, Thailand, Malaysia and Indonesia.

For over three decades, the economies of the region had combined rapid economic growth and deepening integration with the global economy with various developmental paths that transgressed the market prescriptions of Western, liberal economic models. Thus, the crisis was an opportunity for neo-liberal policies to be strengthened and many commentators confidently expected a convergence of development models, where economies in which the state had a significant role and where prevailing predatory or corrupt political arrangements would be replaced with free markets, private sector capitalism, enhanced transparency and ‘good governance’. In other words, it was expected that state-led capitalism and ‘crony capitalism’ would be challenged, reformed and replaced. But as indicated above, this has not been the case. What has happened since 1997?

In this collection, the authors assess the ways in which neo-liberal policy has been accepted, adapted and challenged. These case studies provide an insight into a wide range of political experiences and policy collisions. Thailand, Indonesia and Malaysia are three variants of systems where the fusion of public power and private interest provided an umbrella under which economic activity was organised and resources allocated. South Korea was the archetypical developmental state focused on large industrial corporations and state managed industry policies. China and Vietnam represented two communist economies negotiating the path to market capitalism. In their different ways, political leaders in these economies had challenged neo-liberal orthodoxy in the three decades until the 1997 crisis, variously claiming to have developed other viable models of change and development.1

As will be seen in these articles, the initial impact of the neo-liberal agenda has been substantial, especially in South Korea, Thailand and Indonesia, where the IMF played a central role in defining and implementing reform policies. Insulated to a large degree from the immediate impact of the crisis, the progress of neo-liberal market reform has been more distant and structured in China and Vietnam. In no instance has the post-crisis neo-liberal
challenge gone unhindered or uncontested. In some cases, the response has seen market reform stymied or turned to the benefit of entrenched elites. But these are not mere instances of vested interests digging in to resist neo-liberal reforms, despite the costs. Rather, the sort of markets and democracies that emerged post-crisis continued to accommodate many of the old elites and power relations and, in some cases, to enhance their evolving positions. These events raise questions about the assumed relationships between markets, governance, democracy and civil society and about the way different political and economic institutions are forged and transformed. Most notably, these events bring into sharp contrast those views that see change as simply problems of institution and capacity building with those approaches where change is understood as a process of social conflict [see Rodan, Robison and Hewison, 2001].

In this short article, we wish to place the articles that follow in context by addressing some issues of background and definition. We begin with a brief outline of neo-liberalism, and then turn to an account of its rise to dominance.

II. THE ASCENDANCY OF NEO-LIBERALISM

Neo-liberalism has become a catch-all term accommodating a range of market-oriented ideas and interests that have evolved over the past three decades. Never the less the neo-liberal project has some core elements that can be identified in a range of economic, social, and related political policies that emphasise the market, fiscal discipline, trade, investment and financial liberalisation, deregulation, decentralisation, privatisation, and a reduced role for the state [World Bank, 1983; Williamson, 1990; Wade, 1992]. These elements have generally remained constant both as policy guides and the ideological core of neo-liberalism. In practice, a range of policies have been added, emphasised or modified in particular circumstances. These have included: a limited welfare state, decentralised labour relations and a weakening of unions, and fiscal discipline taking precedence over social policies [see Portes, 1997: 238].

It is important to acknowledge that neo-liberalism may be considered in two complexly intertwined areas. First, it is defined by neo-classical economic ideas about the nature of markets and economic growth. Second, it may also be characterised and distinguished in terms of its political ideas and agendas. A little history can exemplify these two elements.

In the three decades following the end World War II, the orthodoxy in both the economics profession and in policy-making was strongly Keynesian. However, in the late 1970s, as the West struggled to overcome the impacts of oil prices rises, high unemployment, economic stagnation and inflation, dissenting policy and ideological voices were more clearly heard. The result
of this was most clearly seen in the tenures of Margaret Thatcher in the UK and Ronald Reagan in the US. Less high profile, but equally significant, were the neo-liberal transformations seen in New Zealand and Australia, initiated, ironically, by Labour governments. The ascendancy of neo-classical economics was not just in university economics departments, but also in the Treasuries and Finance Ministries of a number of Western governments. The new market fundamentalism also attracted growing, albeit highly selective, support from global financial and manufacturing interests eager to break open the hitherto restricted but growing markets of Asia. In a range of countries, both developed and developing, the new agenda had major impacts. It brought a rejection of state-centred Keynesian demand policies, offering, instead, a vision of efficiency delivered by self regulating markets where prices could respond to the laws of equilibrium and ensure the correct allocation of resources. In a world constructed ideally of voluntary transactions between rational, self-interested individuals, it brought also, a backlash against welfare states, high taxes, subsidies and protection, and a belief that small government and responsible monetary and fiscal policies was enough to provide the conditions in which growth could take place.2

Providing this new economic orthodoxy with a political and policy edge may be seen as the real neo-liberal ‘revolution’. Here, it has embodied two contradictory threads. At one level, it rested upon classical liberal assumptions that markets would flourish when a naturally progressive and self-reliant civil society was liberated from the constraints of state power that was inevitably repressive and predatory. But neo-liberals were challenged by the question of how such repressive states might be transformed or dismantled, and by whom. They were also confronted by the fact that, when authoritarian regimes did collapse, it was not always progressive, liberal middle classes that came to the fore, but violent and predatory systems dominated by political cartels and gangsters, as in some parts of Eastern Europe.

This contradiction provided a dilemma that was to produce ambivalence in neo-liberal ranks towards democratic political change. Liberalism typically has political and economic dimensions. Political liberalism is focused on individuals and their choices. These foci raise issues of justice, representation, democracy, and equity. Economic liberalism, also about individuals and choice, focuses on the market. The logical outcome of the latter is market capitalism. However, this system of economic structuration does not necessarily provide a seamless connection to the political goals of liberals. This is why economic liberals praise Singapore for its commitment to open trade and economic transparency, while political liberals denigrate the regime’s authoritarianism [see Rodan, 2004].

In addressing this dilemma between political and economic liberalism, neo-liberals had assumed that market capitalism would arise spontaneously
from the progressive lessons of economic crises and shocks or from the impulse choices of rational, self interested individuals. Increasingly, however, neo-liberal political economists came to the conclusion not only that politics mattered but that change had to be enforced by ‘change teams’ of technocrats or technopols operating within the state but able to rise above vested interest [Williamson, 1994; Grindle, 1991]. Second, that technocrats had to be insulated from the demands of predatory and rent-seeking interests, creating a state emptied of politics. Because markets had to be protected from politics, neo-liberalism contained the elements of what Jayasuriya [2000] has called ‘authoritarian liberalism’.

In contrast to classical liberalism, neo-liberalism was deeply suspicious of democracy because it potentially opened the door to rent-seeking coalitions and the tyranny of a majority of distributional coalitions [Dorn, 1993]. Many neo-liberals came down on the side of liberalism without representative democracy enforced by what was, in effect, a techno-dictatorship of experts able to protect markets from politics. The contradictions between political and economic liberalism in contemporary neo-liberalism are seen in the way that politically illiberal Singapore gets high marks from neo-liberals. The involvement of Western governments too, confronted this contradiction. Increasingly realizing that dictators no longer served the strategic interests of the West, the concern for democracy promotion increased. Yet, the threats of democracy also loomed in the shape of chaos and instability or of governments falling into the hands of reactionary or radical forces. Hence, the Western interest in democracy tended to focus on what might be called ‘low intensity democracy’ where such possibilities were minimised [Gills, 2000; Smith, 2000].

Neo-liberalism also had important impacts in development theory and practice. As the Keynesian inspired development efforts of the 1960s and 1970s floundered, a range of critics and opponents emerged. One avenue of opposition was within the structuralist and dependency schools where the problem was laid at the feet of inherently exploitative relationships between the industrial centre and the underdeveloped periphery of the world economy. While this approach proved politically attractive in many developing economies, it was to be the ideas of those who railed against ‘market distorting’ state interventions that were to eventually establish a new economic and development policy orthodoxy [for example, Bauer, 1971].

These ideas translated into concrete policies about economic growth and transformation in developing economies that soon became dominant in the international development and monetary agencies like the World Bank and International Monetary Fund (IMF). Led initially by figures such as Harry Johnson and Peter Bauer, it was argued that poverty resulted from the actions of governments that encouraged inefficiency, incompetence and rent-seeking
within systems of monopolies, where protection and subsidies were embedded in industry policies. The answer was an end to policies reliant on aid and where governments attempted to construct domestic industrial capacity within import substitution strategies. These critics argued that physical capital was less important to successful development than technology and, above all, the right psychological capacities, values attitudes and beliefs [see Toye, 1987: 47–70].

Bringing a new emphasis upon economic deregulation and the primacy of macro-economic fundamentals in monetary and fiscal policies, neo-classical economics displaced prevailing ideas about development that focused on investment in physical capital, foreign aid, and import substitution industrialisation. The values of outward-looking trade regimes extolled over the waste of inward looking trade and industry policies [Krueger, 1982]. These ideas were quickly taken up within the World Bank [1983]. By the early 1990s, the three principles of economic deregulation, privatisation and fiscal austerity became the pillars of the so-called Washington Consensus that bound the policies of the Bank, the IMF and the government in the US [Williamson, 1990].

Neo-liberal policies now permeated and gained ascendancy in the domestic policy arrangements of many developing economies as debt, fiscal and broad economic crises made existing policies untenable. The structural adjustment conditionalities imposed by the IMF and the demands of the World Bank throughout the 1980s were specifically directed towards deregulating financial and trade regimes, imposing monetary stability and fiscal austerity. Of course, the new orthodoxy was not universally embraced and, indeed, the success of state-led development in East Asia was seen as a challenge to the neo-liberal approach, involving an intriguing debate in which the World Bank attempted to explain away such success as ‘market-conforming’ and where its critics emphasised how such success had been achieved in contradiction of basic neo-liberal principles [World Bank, 1993; Amsden, 1989; Wade, 1990].

It was in this context that the crisis and the collapse of a number of East and Southeast Asian economies in 1997 was seen by many within the neo-liberal camp as cutting the ground from under their opponents and signifying the superiority of markets over states. Yet, after more than two decades of deregulation, privatisation and fiscal austerity, as Beeson and Islam later argue in their article, critics point to the continuing failure of neo-liberal policies to eliminate poverty and to the greater inequality and concentrations of wealth produced under their policy regimes. For their part, those neo-liberals who generally fall into the camp of what Stiglitz [2002] describe as ‘market fundamentalists’ have tended to suggest that, on the whole, their policies have worked and that the problem is one of incomplete reform or incorrect sequencing of reform measures [Dollar and Kraay, 1999, 2000].
The point of this collection is not to debate the real or potential superiority of market agendas in terms of efficiency but to consider their inroads into the economies of Asia after the crisis. This is, we argue, essentially a process of conflict. It is to the nature of this conflict and to the politics of change that we now turn.

III. THE POLITICAL CONTRACTIONS OF NEO-LIBERALISM

For neo-liberal ideologues, market-oriented policy and practice would be driven by the very costs of intervention and the benefits of embracing the natural efficiencies of the market. Where vested interests provided resistance, the shocks of inevitable crises would blow them away. Bad times would produce good policy. Hence, when the Asian Crisis struck, neo-liberals were confident that convergence would be the result.

But the neo-liberal juggernaut is more than just a set of ideas, or laws, propounded by true believers within the World Bank, the IMF and other development agencies and in the universities. Markets, are not the workings of the ‘invisible hand’, but are ‘politically constructed’, with governments setting rules and allocating access [Zysman, 1994; Higgott and Nesadurai, 2002: 29]. And this process does not involve government alone. As we have suggested, change involves contending coalitions of state and social power with interests to promote and protect. These compete to shape the rules and set the terms and limits of access. No less than any other agenda for organising power, neo-liberalism itself may be politically understood in terms of those interests and coalitions assembled behind its agenda [Chaudhry, 1997; Robison and Rosser, 1998].

These include the new technocrats themselves, promised autonomy from the realm of ‘politics’ in their task of protecting the market from vested interest. Neo-liberal ideology also became entangled with the more basic agendas of corporate capital and the more wealthy interests in societies who were favoured by low tax policies, assaults on welfare programmes and environmental lobbies, the push against ‘rigidity’ in labour markets and the general move to dismantle the public sphere [Zingales and McCormack, 2003]. Within the developing economies, neo-liberal policies were supported to the extent these interests saw them as opening the doors to investment and providing secure guarantees and exits in case of trouble. The incorporation of business within the neo-liberal umbrella was a source of strength, but also one of potential conflict for the neo-liberal camp.6

In particular, the structural power of corporate capital, especially in the finance sector, was a force for market reform. Banks, funds managers and currency dealers were attracted to a world of free markets where highly mobile forms of investment meant that capital might enter and leave
economies quickly [Winters, 2000]. For economies increasingly dependent upon these forms of investment, the prospect of panic and flight offered a powerful structural pressure for reform. As observed by then IMF Chief, Michel Camdessus [1997], countries could not enjoy the benefits of global capital markets without observing its disciplines. On the other hand, the involvement of business in the neo-liberal push for markets was a two-edged sword. As the crisis revealed, business had been more than willing to place its investment and loans in countries where projects and corporate partners relied heavily on the political influence of governments over commercial calculations and where public and private governance was loose. From the 1980s it had been this huge flow of private global finance, often short-term bank loans, that had fuelled economic systems later condemned as cronyism by the IMF and others.

Various domestic political alliances were also assembled behind the neo-liberal agenda. For example, following the Asian Crisis, as the article on Indonesia by Hadiz and Robison indicates, it was elements in the growing professional and managerial middle classes that welcomed IMF intervention, sometimes seeing it as a mechanism for eliminating the highly corrupt, repressive and arbitrary political regime. These were, however, often less attracted to wider agendas for market reform and liberal transitions. Generally, as the articles collected here show, neo-liberal reform was a highly contentious political agenda for which there was often only a limited domestic constituency. Its progress was often driven by like-minded technocrats in these local states whose power was little more than the leverage they gained as a mediator between domestic governments, international financial institutions, international investors and financiers, and donor governments in times of stress and crisis.

As indicated in the articles collected here, when neo-liberal ideas and policies were transplanted into the cauldron of post-crisis politics in East and Southeast Asia, there were markedly different and, sometimes, quite paradoxical outcomes.

IV. THE ASIAN CRISIS AND NEO-LIBERALISM

The economic success of East Asia through the last three decades of the twentieth century was spectacular, seen in its booming growth rates, burgeoning exports and income gains in the region. But, East Asia did not ‘fit’ the neo-liberal development model. This was clearly indicated in the World Bank’s East Asian Miracle report [1993]. By then it had become difficult for the Bank to ignore the reality that Asian industrialisation had often been accompanied by often significant state interventions. No longer able to deny the state’s role in the remarkable economic success stories in
Asia, this role was assessed and justified as ‘market facilitating’. Interestingly, the serious consideration given to the role of the state by the Miracle report had followed Japanese government pressure for the Bank to reconsider its ‘one-size-fits-all’ free market prescriptions [see Awanohara, 1993: 79; Wade, 1996]. One of the conclusions drawn by the Bank was that, in most of the economies studied, the government had indeed intervened to foster development, including the development of specific industries. At least some of these interventions were seen to have violated the dictum of establishing a neutral incentives regime for private investment [World Bank, 1993: 5–6].

As noted above, the Asian economic crisis provided an opportunity for neo-liberal policies to be strengthened and many commentators expected a convergence of development models. It was expected that Asian ‘crony capitalism’ would be reformed and replaced. Six years after the onset of the crisis, it is appropriate to examine the consequences for the societies of the region. To anticipate the conclusions drawn in the articles, it is apparent that the crisis did not lead to a grand convergence driven by the inexorable advance of neo-liberal ideas, practices, and institutions. The neo-liberal reform agenda, promoted by international financial institutions and their supporters, offered a stark alternative to the ‘Asian capitalism’ that was seen to have been one of the root causes of the crisis. Today, there is little doubt that various elements of market capitalism have been more deeply embedded. However, the processes have also been highly contested, leading to contradictory, ambiguous and sometimes surprising outcomes. The diversity of national experiences collected in this collection is illustrative of this contestation.

This set of articles examines the process by which the neo-liberal agenda has been realized, shaped, and contested through social, economic and political conflicts. More specifically it examines the arenas of contestation including markets, regulatory arrangements, governance, political and institutional accountability, transparency, administrative decentralisation, property rights and political and economic liberalisation. In examining these arenas, the organising theme is the ways in which configurations of social, political and economic power both mediate and are reshaped in the context of addressing the neo-liberal agenda.

Indonesia, as Hadiz and Robison show, was clearly the country most economically damaged and politically unravelled by the crisis and its aftermath. With its corporate sector crushed by debt, its banks paralysed and the government in collapse, the way was clear for the IMF to impose a comprehensive reform agenda. Yet, five years on, progress remains fitful and partial as attempts to privatise the huge public sector, restructure private debt, recapitalise the banks and improve public and private sector governance flag. These outcomes are the result, the authors argue, of the inability of neo-
liberals to turn this structural advantage into political ascendancy. At the same time, it was the ability of established conglomerates and politico-business families to reorganise their power within the new political arenas of parties, elections and parliaments, notably at the provincial and local levels that was to prove decisive.

Hundt examines South Korea, also deeply impacted by the Asian Economic Crisis. Long seen as an exemplar of the statist development approach, with Japan and Taiwan, the Crisis challenged the long-standing and supportive relationship between state and business. Interestingly, compared with other countries in this special issue, the South Korean government has moved furthest down the neo-liberal path. A paradox in this process is that the neo-liberal agenda has permitted the South Korean state to re-legitimise itself. While the state had gradually abandoned some of its planning functions in the 1980s, the crisis was an opportunity for it to re-emerge as the mediator between domestic and global forces. The state proved itself to be capable of facilitating the process of industrial and financial restructuring and assumed a new guise. With both domestic and international support, it has been able to rein in the chaebols, breaking the statist mould of the past three decades. While adopting the neo-liberal agenda as a pragmatic response to a perceived threat to the long-term viability of the developmental state, the state’s goal of furthering the ‘national interest’ through development and through regulatory intervention remained unchanged as it moved from a ‘plan-rational’ state to a ‘market-rational’ one.

In examining Thailand, Hewison indicates that the prolonged economic downturn saw a rejection of neo-liberal reforms implemented after the crisis. The threat to the economic power of the domestic capitalist class posed by the transformation of government operations and of the ways that business was conducted demanded by neo-liberal reform was opposed. Domestic capital’s economic survival required that it seize the state and regain control of economic policy making. This was achieved through the Thai Rak Thai Party’s electoral victory. The government of Thaksin Shinawatra has allowed domestic capital to enhance its political power and protect its economic interests. Interestingly, in order to save domestic capital, the government has had to embark on a major re-negotiation of its social contract with other classes that may deliver considerable welfare benefits in order to maintain the government of the rich.

As Case argues, the problem was somewhat different for Malaysia. It was able to weather the Economic Crisis reasonably well when compared with neighbouring economies, helped by the fact that its companies had less exposure to overseas borrowings. Equally significant, Malaysia’s economic structure was a comparatively well-ordered mix of globalised export-oriented enclaves and a far more protected local market based in non-tradeables.
Accordingly, Malaysia was able to ignore IMF prescriptions, turning instead to capital controls and corporate bail outs. Although capital controls stabilised the economy and allowed the ruling coalition and its leader, Dr Mahathir, to maintain political ascendancy, they failed to re-energise foreign investment. This led to policy fluctuations mediated by political concerns, including a scaling back of controls and the pursuit of market reforms bolstered with notions of ‘good governance’. The transfer of power to Abdullah Badawi, indicates an embrace of ‘intermediate’ market reforms and political patronage that deliver increased investment and growth, together with a renewed political stability.

In the case of China, dynamic growth has seen an apparent embrace of markets that is rapidly transforming the Chinese economy and society. However, this transformation is mediated by the state, especially through development state-like industrial policies. Liew suggests that an important factor that permits this is China’s vast size. This allows it to exploit economies of scale in production so that, to a degree, it is insulated from foreign trade retaliation against its industry policies. But size also weakens central authority as sub-national governments, whose co-operation are vital for governing a country the size of China, modify policies in implementation. The result is that market reforms are often contested at the local level. Local political realities also see the Chinese Communist Party (CCP) intervene to ensure that market generated income inequalities do not compromise its historic mission of national integration. At the same time, Liew points out that market reform has caused the CCP to reinvent itself. The CCP maintains its authoritarian control of politics, while attempting to shape the growth of new elites from the emerging entrepreneurial and middle classes, and incorporate them within the Party. The CCP’s objective is to preserve its monopoly over political power.

In Vietnam, Painter shows that the Communist Party also continues to maintain its control over on-going political debates regarding the direction of economic reform. The Government is pursuing a state-led developmental strategy that makes selective use of the techniques and instruments of neoliberalism (supported by foreign technical and financial assistance) to achieve its aims. The donor community and international financial institutions hope that domestic and global economic forces will be the key to political liberalisation. However, it seems that economic growth has permitted the state to reinvent itself as a managerial state that maintains control over the economy. At the same time, the Party controls the political impact of any potentially destabilising forces unleashed by domestic reform. In particular, it must attend to the demands of emerging business groups and interests, many of them originating in and still connected with the bureaucracy and Party. In those circumstances, the Party sustains its political rule. Painter notes
tensions over growing corruption and social inequality, but the impact of these are mitigated by the unlikely alliance between the Party and the World Bank, IMF and other champions of neo-liberalism.

In their article, Beeson and Islam focus on the Washington Consensus, how the Asian Economic Crisis marked its ‘death’, and the rise of an augmented Washington Consensus. In analysing these currents, they indicate how policy-making is a highly contested process. While the new approach is meant to appear more politically and socially responsive, Beeson and Islam argue that even if acceptable to local elites, this re-invented version of global neo-liberalism is flawed. They indicate these flaws in a number of areas, including poor macro-economic performance (especially in parts of Eastern Europe and Latin America), limited poverty impacts, rising global inequality, and theoretical shortcomings. Beeson and Islam then turn to a normative account of a path beyond neo-liberalism; a kind of middle path that is both economically sound while allowing scope for ‘institutional eclecticism’, including regional mechanisms for addressing economic crises and challenges. In essence, they call for a pro-poor, employment-friendly development agenda in East and Southeast Asia.

Of course, the challenge for such an agenda is, as seen in the country articles, that domestic interests mediate all such policies, and the outcomes of technically sound proposals may be diverted in struggles over economic and political power, mediated by domestic states and elites. All reform efforts depend on the outcomes of such struggles. It remains critical for us to comprehend the structure of domestic power if we are to comprehend the nature of economic change.

NOTES

1. These growing claims were made in the context of what came to be known as the Asian Values debate [Mahbubani, 1993; Mahathir and Ishihara, 1995; see also Robison, 1996; Rodan, 1996].
2. For a general discussion of the literature on the neo-classical revolution in economics and development, see Toye [1987].
3. The term ‘technopol’ was used by Williamson [1994] to denote a strata of both politicians with the power and technocrats with the skills able to impose and execute those policies that served the general welfare over vested interest.
4. As Toye [1987] points out, Bauer was influential far beyond development economics. His work was highly influential within Thatcher’s cabinet as it struggled to overcome Britain’s economic problems of the late 1970s.
5. For a detailed account of theoretical approaches to Asian development and the crisis, see Rodan, Robison and Hewison [2001: Ch. 1].
6. It is important to acknowledge that the forces grouped around the neo-liberal flag often have conflicting agendas in critical cases. For example, the sorts of crony and predatory business practices that were condemned after the Asian Crisis and seen by neo-liberals as amongst its causes were precisely those whose rapid expansion in the 1990s was enabled by flows of short-term funds from international banks and other forms of mobile capital. At the same time,
the governments that provided the political muscle for these authoritarian and illiberal systems were often backed by US foreign policy. Indonesia is one example.

7. In the heady economic boom times of the mid-1990s, success was also seen by some to be due to non-economic factors. Some authoritarian leaders were happy to claim that the Asian economic miracle owed much to specifically Asian cultural values that emphasised: communitarianism over individualism; respect for and acceptance of authority; the longevity of ruling parties; and strong states, prominent bureaucracies and development-oriented, interventionist states [see Chan, 1993: 21–4].

REFERENCES


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