In the wake of the crisis that developed in East Asia during 1997, perceptions of the region have been transformed. Critics claim that East Asian political practices and economic structures must be reformed if the region is to prosper in an era of globalization. In short, the region must adopt a different sort of public policy, one associated with an influential agenda of “good governance.” This paper critically assesses this discourse and the predominantly “Western” assumptions that underpin it. It is argued that, not only is this reformist agenda likely to be resisted by powerful vested interests, but the institutional infrastructure to support such a style of governance is inadequately developed in East Asia.

Prior to the crisis that engulfed East Asia in the latter part of 1997, the countries of the region were noted for the distinctiveness of their public policies and for the unprecedented speed of their economic development. In the wake of the crisis, political practices and economic structures that had formerly been sources of admiration and wonder rapidly became objects of criticism, if not derision. This transformation in popular perceptions is remarkable and revealing enough in itself. Of greater significance for the purposes of this paper is the fact that such revisionist interpretations of the former “miracles” were accompanied by detailed critiques of the supposed shortcomings of Asian-style capitalism and various suggestions about what was required to rectify them (for an influential example, see Camdessus). Amongst the most frequently cited criticisms was that Asian business practices were not only often corrupt, but also fundamentally unsuited to an era characterized by relentless and increasingly pervasive processes of “globalization.” In short, the East Asian crisis was caused by—and revealed glaring flaws in—the region’s structures of governance.

“Globalization” and “governance” have the dubious distinction of being two of the most widely and loosely invoked signifiers in recent political and economic discourse. Consequently, the first part of this paper will attempt to bring a little definitional clarity to these concepts before placing them in the context of important unfolding debates about
the most appropriate forms of public policy for the contemporary era. The rest of the paper is dedicated to developing a number of arguments: First, I suggest that, in the context of debates about reforming postcrisis Asia, the concept of governance often serves as little more than a normatively loaded shorthand for market-oriented reforms designed to fundamentally reconfigure East Asia’s distinctive political-economies. Second, I argue that if, by contrast, we think about the concept of governance as an analytical tool that helps unpack the complex way in which political, economic, and social activities are organized, then it seems likely that the market-oriented reform agenda that emerges from the normative discourse of “good” governance will be resisted by adversely affected stakeholders. Indeed, when seen in this more analytical light, it is not even clear that the reforms being advocated are necessarily any better than the practices they are intended to supplant. It needs to be remembered that, until recently, many East Asian countries were considered to have functionally superior “state capacities” that seemed to accelerate economic development and generate specific advantages for indigenous corporations. At the very least, these debates merit revisiting. Therefore, the bulk of the paper is taken up with a consideration of East Asian modes of governance and the potential implications that a predominately “Western” reformist discourse might have for them. The third and final argument I develop as a consequence of this discussion is that, whatever the merits of the emergent reform agenda might be, the majority of East Asian countries simply do not have the requisite political structures—especially a well-developed, institutionally diverse, and independent civil society—with which to implement neoliberal forms of governance, even if they wished to do so.

GLOBALIZATION AND GOVERNANCE

In the first section of this paper, I briefly indicate the different ways in which the concepts of globalization and governance have been employed. The central contention here is that both of these notions are not only essentially contested concepts but—particularly in the case of governance—are utilized as part of reformist discourse, which, if implemented, will have profound implications for existent political and economic practices in East Asia.

Globalization

These days, it is difficult to read a piece of academic or journalistic writing that does not invoke the idea of globalization. The concept’s very ubiquity suggests that it captures some particular and important quality of the contemporary era. However, I do not intend to attempt to review this voluminous literature here. Rather, I simply point out that globalization is a notion with multiple and often competing meanings and
emphases. Despite this ambiguity, it is important to recognize that the idea of globalization may be utilized to legitimate particular policy initiatives as the only possible responses to apparently ubiquitous and implacable challenges to governments and business. As Philip Cerny (1997, 258) has pointed out, whatever the specifics of globalization may be, one of its most important qualities in terms of public policy is as a powerful discourse that shapes domestic and international debates, a process which may change the state’s role to one of an “enforcer of decisions and/or outcomes which emerge from world markets.”

A good deal of debate exists between those observers who see processes of globalization as irrevocably reducing the authority and power of states (Ohmae; Strange 1996) and those who claim that, not only is there nothing especially new about globalization (Hirst and Thompson), but the idea that it has reduced state capacities is a “myth” (Weiss). Yet even those observers who remain skeptical about the implications of globalization generally acknowledge important secular changes in both the organization and the sheer scale of contemporary patterns of economic activity. Whether it is increasingly internationalized production structures (Dicken) or the unprecedented historical integration and massive expansion of global financial markets (Strange 1994), governments around the world find themselves confronted with a rapidly evolving and challenging environment in which to try and construct public policy.

For the nations of East Asia, globalization—understood here as the reconfiguration of global production structures and the intensification of flows of capital—presented a series of potential opportunities and unforeseen dangers, as the crisis itself demonstrates. On the one hand, East Asian nations—especially the second- and third-tier industrializing economies that followed in Japan’s pioneering wake—were able to take advantage of increased flows of foreign direct investment and the reorganization of global production to accelerate domestic economic development (Gangopadhyay; Ruigrok and van Tulder). On the other hand, it has become painfully apparent that the increased flows of indirect or portfolio investment that built up particularly during the 1990s are capable of flowing rapidly into or out of economies, with potentially devastating results (Beeson 1998; Winters). The transformation of global financial structures is not simply emblematic of the new world economic order; it presents particular challenges for states that have benefited from their ability to control and direct capital flows. However, before examining these questions in any detail, it is important to consider the other key element of the postcrisis reformist agenda: governance.

Governance

Like globalization, the notion of governance is elusive and contested. Paradoxically enough, as Marie-Claude Smouts (81) points out, “the more seriously governance is taken, the less content it has.” Nevertheless, it has
been utilized by a number of influential agencies and actors to promote a particular reform agenda that has major implications for the governments of East Asia. It is important, therefore, to briefly trace its emergence and attempt to isolate its central assumptions. Although definitions of governance may often have more to do with contingent political and economic realities than they do with any timeless or essential qualities of optimal political management, this does not make them any the less interesting or important. Not only do such conceptions open a revealing window on the contemporary Zeitgeist, but they also direct our attention to important questions of public management.

Given the World Bank’s importance as one of the most influential advocates of “good” governance, a brief consideration of its evolving position highlights some important aspects of this debate. The World Bank has developed one of the most influential formulations of governance, particularly the “good” variety. As the key intergovernmental body charged with promoting economic development in the postwar era, the Bank was in an especially powerful position to influence the policy decisions of governments seeking its financial assistance. Bank officials used financial leverage to force “structural adjustment” packages on borrowers designed to encourage specific economic, political, and even social reforms in line with what it considered to be appropriate policy (George and Sabelli). It is important to recognize how transformative such reform programs were designed to be, and how reflective they were of an essentially ideological position toward economic development. In short, the Bank was intent on fundamentally transforming the established social order in parts of Africa and Asia, which was taken as an anachronistic obstacle to effective governance and economic efficiency, and imposing a form of global liberalism in its place (Young).

Before considering some of the assumptions that underpin these reform packages, a couple of points are worth emphasizing. First, the Bank’s own ideas about development have evolved and reflect wider changes in the international system, especially the overall security setting in which postwar development occurred (Berger and Beeson). As strategic imperatives have receded following the end of the Cold War, a less ideologically constrained debate has developed about the content of economic policy in the contemporary era. This leads to a second point: it has become increasingly clear that there is no single, unambiguously “correct” form of good governance or public policy in the contemporary era. The disagreement that emerged between the Bank and the International Monetary Fund (IMF) about the best way of responding to the Asian crisis clearly demonstrates that even those charged with managing the evolving international economy were uncertain how to proceed. This marks a significant and revealing departure from the unanimity and one-size-fits-all prescriptive approach that has hitherto characterized the policy prescriptions of such powerful institutions.
Nevertheless, until relatively recently the World Bank utilized the concept of governance in such a way as to suggest that there was a self-evident agenda of reform centered on the free operation of markets embedded in a supportive political and legal framework. Almost a decade ago, the Bank (1991, ii) suggested that “good” governance primarily involved providing key public goods, namely “the rules to make markets work efficiently, and . . . correcting for market failure.” At that time, good governance meant establishing markets free of government interference. The state’s role was simply to establish a secure legal and institutional environment in which markets could flourish, and to do those things that markets could not. In an East Asian context, this meant discouraging the sorts of “interventionist” policies that had been associated with the region’s rapid rise.

However, the Bank’s conception of governance was clearly at odds with historical reality, as even its own landmark report into East Asian development implicitly acknowledged (World Bank 1993). Whatever current difficulties countries like Japan may be experiencing, there is clearly no doubt that the so-called developmental state which it pioneered, and which proved such an influential role model through much of the rest of East Asia, has been a central component of the region’s remarkable transformation. In a rather unfortunate piece of timing, the Bank’s (1997, 46) annual assessment of world development, subtitled The State in a Changing World, clearly acknowledged this, suggesting that “the East Asian miracle [sic] shows how government and the private sector can cooperate to achieve rapid growth and shared development.” Indeed, just prior to the crisis, the report’s authors were arguing that “for human welfare to be advanced, a state’s capability—defined as the ability to undertake and promote collective actions efficiently—must be increased” (World Bank 1997, 3; emphasis in original).

Global Governance

Yet, despite this belated recognition of the state’s importance in the region, one of the most important questions to emerge in the wake of the crisis is whether East Asian states will be able to maintain their former levels of competence and capacity, let alone increase them. One of the key factors that will influence this outcome occurs at the intersection of the globalization and governance discourses. A major aspect of the globalization phenomenon, over and above the more “economic” changes noted above, has been the transformation of authority relations and political practices within and across national jurisdictions. It is at this point that the notions of globalization and governance coincide. Simply put, if governance is broadly understood as “all those activities of social political and administrative actors that can be seen as purposeful efforts to guide, steer, control, or manage (sectors or facets of) societies” (Kooiman, 2), then the basis upon which this is occurring appears to be in the process of
fundamental transformation. Governance is no longer something that states acting in isolation can hope to achieve (Rosenau 1995).

Globalization is systematically changing the way governance occurs. On the one hand, key regulatory processes are increasingly being undertaken by private sector actors, particularly in areas requiring specialist knowledge. Even where governments may be the nominal architects of or signatories to key international agreements, policy is often shaped by influential private sector actors (Sell). These new organizations and actors are in addition to existing intergovernmental agencies such as the World Bank, the World Trade Organization, the Bank of International Settlements, and the IMF, which have already circumscribed the autonomy of individual states. At the same time as these generally supranational bodies have emerged, the position and authority of the nation-state has been further undermined by forces from “below.” The emergence of transnationally organized nongovernmental organizations (NGOs) has placed further pressure on states and led some commentators to claim that such forces presage the emergence of a global civil society that will force states to be more responsive to a number of other, formerly marginalized, actors (Wapner).

Whether this proves to be the case or not, such ideas are already on the declaratory agendas of key international organizations. The United Nations (UN) is now at the forefront of debates about forms of governance that might be more appropriate for an era characterized by processes of globalization. “Global governance,” the UN’s Commission on Global Governance (2) suggests, is

the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is the continuing process through which conflicting or diverse interests may be accommodated and cooperative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interests.

Significantly, this perspective involves much less emphasis on states, and much more on the variety of “institutions and regimes” associated with contemporary forms of political organization and rule. In short, it is the sort of political system that Rosenau (1992) has described as “governance without government.” In an era characterized by multiple centers of authority and influence, in which states are simply one—albeit an extremely powerful—actor engaged in a continuing attempt to maintain or encourage an order that reflects and furthers its perceived interests, the process of governance cannot be understood simply as a function of state actions. Indeed, just defining the interests of “the state,” when “domestic” political space is penetrated by cross-cutting internal and external influences and when even indigenous actors may have widely competing interests that reflect their own integration into the international system, is a highly problematic exercise (Beeson 2000a; Picciotto).
Such theoretical caveats have proved no barrier to the development and increasing influence of the evolving discourse of good governance. One of the discourse’s most significant elements is an increasing focus on the role of civil society. Kanishka Jayasuriya and Andrew Rosser (16) argue that the increasing preoccupation with civil society displayed by influential institutions such as the World Bank is a central element of an emerging “post-Washington consensus.” The new consensus seeks to extend and complement the former emphasis on market reform by developing a “political counterpart,” centered on the expansion and consolidation of civil society. However, despite this overt recognition of the importance of politics, Richard Higgott (34) argues that the new governance agenda emerging from the post-Washington consensus has “largely stripped questions of power, domination, resistance, and accountability from the debate. . . . There are no problems that governance cannot contain or ‘govern away.’” In other words, the idea of governance promoted by organizations like the World Bank, while becoming increasingly sophisticated and less narrowly economic, continues to be couched in a highly technocratic register that appears fundamentally at odds with wider social, political, and economic realities.

Contingent Governance

The notion of governance, then, seems to have two quite distinctive functions. On the one hand, it can be seen as a continuation of a normatively loaded agenda that has long been associated with the promotion of “development” in what used to be known as the Third World. It is an agenda that, critics argue, is at best reflective of an especially influential North American brand of rational choice theory (Leys), at worst a deeply ideological template for a specific sort of political and economic transformation modeled on the market economies of the Anglo-American nations (Cooper and Packard). On the other hand, the sorts of issues that the governance discourse raises do have some “technical” aspects. Clearly, some arrangements for achieving particular goals may be functionally superior to others. This is not to suggest, however, that there is a universal form of governance that will be equally applicable or efficacious in all circumstances. On the contrary, governance in this “analytical” sense has the merit of providing a conceptual framework within which diverse forms of political and economic organization can be compared and contrasted.

One of the striking qualities of even the most sophisticated—indeed, especially the most sophisticated—discussions of governance is that they invariably spring from the experiences of the “developed” or industrialized West. The complexities of governing in an era characterized by processes of globalization has led a number of observers to focus on the impact of new forces above and below the state, and to consider the effect of such influences on the structure and operation of national governments. For example, R. A. W. Rhodes (14) has argued that contemporary
forms of governance amount to a completely new process of governing, one that involves “self-organizing, interorganizational networks characterized by interdependence, resource exchange, rules of the game, and significant autonomy from the state” (emphasis added). While this may provide an important and appropriate basis for theorizing about change in European structures of governance, particularly at a time when authority and responsibility are being intentionally transferred from individual states to supranational bodies, it is not clear how relevant this model is outside of a specific European context.

Rhodes (7) argues that a sort of “differentiated polity,” characterized by the “functional and institutional specialization and the fragmentation of policies and politics,” is coming to define government in countries like Britain. Yet for such a polity to exist, let alone operate successfully, it must be embedded in an appropriate matrix of supportive institutions that can either fulfill new roles associated with the transnationalization of economic activity or perform functions formerly undertaken by individual governments. In the context of the European Union (EU), such a reconfiguration of the state and the way it operates is clearly possible. New forms of “indirect” government that rely on a “new breed of specialized agencies and commissions operating at arms’ length from central government” are not only possible, they are being actively encouraged by member states (Majone, 152). In an East Asian context, this sort of institutional infrastructure and requisite degree of autonomy from the state simply does not exist in the same way (Beeson and Jayasuriya). Contemporary patterns of governance in East Asia are significantly different from their European counterparts as a result. Consequently, the variety of possible future patterns of governance and the prospects for implementing the sorts of policies advocated by the likes of the World Bank are constrained.

To understand the precise obstacles to future reform and the current determinants of East Asian governance structures, it is important to unpack the institutional framework within which such practices materialize. For all the attention the globalization phenomenon receives, one of the most striking paradoxes it highlights is the persistence of highly distinctive forms of economic organization, despite apparently ubiquitous “external” competitive pressures. In short, there is a good deal of evidence to suggest that, not only do major differences endure at various social, political, and economic levels, but such differences remain significant determinants of comparative economic outcomes (Beeson 1999a; Berger and Dore).

To understand the bases of these differences—and important caveats about the continuing theoretical utility of “national economies” notwithstanding—it is useful to isolate the various institutions that distinguish one national political space from another. In an important statement of this approach, J. R. Hollingsworth and R. Boyer (2) suggest that what they call a “social system of production” contains a number of key social, economic, and political institutions, from business structures
and financial markets to the norms and values that provide “recipes for action.” This formulation aids in understanding the various components of a national production system that remain distinctive and thus account for the continuation of different forms of capitalist organization. It also suggests that the elements of a social system likely either to prove to be obstacles to reform or to make the imposition of new, encompassing systems of governance highly problematic may be discerned by examining such institutions in specific national or even regional settings. The second half of this essay undertakes such an examination in the East Asian region.8

GOVERNANCE IN EAST ASIA

Political economists have long argued that attempting to neatly separate the political from the economic and the state from the market, is an inherently artificial exercise. From a political-economy perspective, the unifying insight is that “markets and political authorities [are] part of the same, integrated ensemble of governance, not . . . contrasting principles of social organization” (Underhill 2000, 4). If this is a useful orienting framework in general, in an East Asian context it is quite simply essential. East Asia’s structures of governance and distinctive social systems of production have emerged in such a way as to make any attempt to compartmentalize economic and political processes highly problematic, if not futile. Therefore, a political-economy perspective is especially useful in the context of this essay, for two reasons. First, it highlights possible points of resistance to a specifically market-centered or neoliberal discourse of governance. Second, it lends weight to the overall argument I am trying to develop here: that the highly distinctive, politically and economically integrated structures of East Asian governance systems will not only make them resistant to change, but may render them incapable of operating along neoliberal lines even if there is a strong desire to do so.

The East Asian developmental experience illustrates two key properties of institutional development. First, national institutions grow out of their specific environments, with all the contingent pressures and incentives that implies. As a consequence, institutions—and, more generally, patterns of economic and social development—assume a degree of “path dependency” that not only reflects past struggles and accommodations, but also delimits the contours of future possibilities (Hall; North). Second, there is nothing inevitable about the sorts of institutions that emerge as a consequence of such historical processes, or about their demise in favor of some more “efficient” model. Particular institutions survive because they fulfill the needs or further the interests of the most powerful actors within any social milieu (Murphy, 25). Furthermore, institutions may continue to be influential even when they are clearly no longer appropriate or effective when judged by the (admittedly subjective and elusive) notion of the collective public good. They do so because “[e]xisting institutions can generate powerful pressures for governments to persist with policies that
are favored by the constellation of interests that initially supported their ascent to power, even if the power of these interests has declined, and even if this has deleterious consequences for macroeconomic performance” (Garrett and Lange, 54).

This is clearly the situation that many observers, particularly the IMF and supporters of neoliberal-style reform more generally, would claim exists in East Asia. Whatever the merits of East Asian modes of development may have been, the suggestion is they are clearly outmoded and in need of reform, as they are contributing to, rather than alleviating, the region’s problems. Even if this analysis is correct, which is in itself debatable, a closer examination of the region’s institutions suggests such reforms will not be easily achieved.

The East Asian Developmental State

Japan is both the most important economic actor in East Asia and the originator of one of the region’s most celebrated and analyzed innovations: the developmental state. While the history of the developmental state is by now well enough known to need little elaboration here, a number of its features are worth briefly highlighting, as they have been widely imitated throughout the region, and the establishment of new patterns of governance will inevitably necessitate some reform of the institutionalized relationships that are associated with East Asia’s political economies.

The first point to emphasize is that economic activity in Japan has historically been coordinated or planned, rather than simply left to market forces or the uncoordinated actions of private sector actors, as has generally been the case in the Anglo-American economies. Japan’s ruling elites believed that the disadvantages of “late” development were best overcome by systematically guiding the course of indigenous industrialization. Famously, this process was overseen by a technocratically competent bureaucracy, which enjoyed a degree of “embedded autonomy” (Evans), something that allowed them to promote targeted industries in the long-term “national interest,” free from the danger of capture by vested interests. On the one hand, the bureaucracy had elaborate linkages with well-organized business groups, which allowed for the effective implementation of various industry development plans. On the other, it had key policy tools—particularly access to cheap capital—that gave it sufficient leverage over business to get its way. Whatever current problems Japan may be experiencing, this model of East Asian governance, centered on state-led development, was clearly brilliantly successful, not just in Japan but in important acolytes like South Korea and Taiwan.

A number of important qualifications should be added to this highly stylized and truncated sketch of the developmental state. First, the Japanese model has never been reproduced in precisely the same way anywhere else in the region. The recent crisis graphically highlighted the
difference between what might be broadly described as Northeast and Southeast Asian patterns of governance (Beeson and Robison). Generally, the degree of bureaucratic competence and independence has not been nearly as great in the south as it has in the north. The other point to emphasize is that, even within Japan, the vision of infallible bureaucrats selflessly working in the national interest was always something of a myth (Calder). Yet it is equally important to re-emphasize that, despite its current difficulties, the particular institutional configuration associated with the developmental state, especially its ability to coordinate economic activity, appeared to give Japan—or, more accurately, Japanese companies—a significant edge in an era of relentless international competition. The key questions are whether what observers like Weiss and Hobson describe as Japan’s superior “state capacity” is either sustainable or useful in a globalized economy, or whether Japanese public officials would willingly relinquish the relationships and practices associated with this model even if it is not.

While these are clearly difficult questions to answer definitively, a number of pertinent points that may influence the success of the neoliberal reformist agenda can be made. Although the effectiveness of some key policy tools has been steadily undermined by processes of globalization, especially the integration of international financial structures and the concomitant availability of capital (Leyshon), this has not dissolved the close links between bureaucrats and business. As Japan’s notoriously corrupt construction industry demonstrates, massive amounts of public funding continue to be channeled into projects of dubious benefit because of entrenched politico-business relationships (McCormack).

This is not a uniquely Japanese phenomenon. Korea is an example of a Northeast Asian country where even a government seemingly intent upon market-centered reform in the wake of the crisis—partly as a consequence of significant external pressure—has found it extremely difficult to reform its Japanese-inspired industrial conglomerates, the chaebols (Lee). Not only are the chaebols key parts of the domestic economy, arguably making them too big to fail (Woo-Cummings 1997, 64), but they are also fundamental elements of Korea’s brittle accommodation between capital and labor. In other words, even if the distinctive relations between government and business that characterized the developmental state in Korea and Japan are no longer appropriate, as critics claim (Moon and Rhyu), it is entirely possible that they will continue because they are so deeply institutionalized. Moreover, even when they do change, there is no reason to expect that they will necessarily converge on the sort of neoliberal model that is at the center of the reformist governance discourse (Beeson 1996).

The same conclusions may be drawn in Southeast Asia. Although all the countries of Southeast Asia have felt the direct effect of Japanese corporate investment, and some, like Malaysia, have self-consciously emulated the developmental state paradigm, these are not the only potential
points of resistance for would-be reformers. In addition to the embedded influence of the Japanese government and private sector (Hatch and Yamamura), a form of Chinese capitalism has become a crucial component of Southeast Asia’s indigenous patterns of governance (Whitley). Primarily associated with the 50 million or so “overseas Chinese” dispersed throughout Southeast Asia, this distinctive form of economic organization is heavily dependent on family and personal relationships (gaunxi), rather than the sorts of “transparent” commercial practices that are routinely associated with “good” governance. Given the uncertainties confronting businesses of any sort in Southeast Asia, Chinese capitalists have gained a distinct competitive advantage by using personal relationships to overcome the difficulties posed by a potentially unreliable or even hostile operating environment (Woo-Cummings 1998). These sorts of localized, highly distinctive institutional responses to collective action dilemmas are potentially formidable obstacles to the establishment of a transparent, market-based economic order. Further complicating the reform process is the fact that successful Chinese businesspeople, especially in Malaysia and Indonesia, have protected their positions by securing the political patronage of indigenous elites (Robison; Searle).

The general point to emphasize about East Asia’s distinctive business systems is that they are contingent, responses to the challenge of organizing economic activity that are institutionalized and socially embedded. Moreover, as Marco Orrù, Nicole Biggart, and Gary Hamilton (363) point out, such distinctive and diverse patterns of economic coordination “are not corruptions of technically ideal organizational forms, but represent qualitatively distinct conceptualizations of what constitutes appropriate economic activity . . . To be ‘technically efficient,’ firms must consider and comply with the institutional setting in which they are embedded.”

**Political Obstacles to Reform in East Asia**

If the organizational logic of business in East Asia is an imposing obstacle to reform, more overtly political factors present even greater challenges. Although, as I have suggested, the political and the economic are inseparable, especially in East Asia, it is ultimately political actors who establish the regulatory framework within which economic activity occurs. Some of East Asia’s political structures and practices make achieving reform extremely problematic. At one level, this is because the ruling political elites and many of the most important economic actors may—as in the case of Malaysia—be one and the same (Searle). In such circumstances, the temptation for power-holders to construct and defend economic rules of the game that favor their own interests is often irresistible. The sorts of political clientelism that tend to emerge in such relationship-based systems effectively “impede . . . the emergence of the kind of hands-off institutional separation which underpins the relationship between state and civil society in more advanced forms of democratic polity . . .”
Consequently, patterns of political activity in the region often not only make reform difficult, but make the establishment of “differentiated polities” and governance through arms-length, independent agencies of a sort that occurs in Europe well-nigh impossible (Rhodes, 7–8).

Simply put, neither the existent institutional infrastructure nor the region’s indigenous political traditions make such practices either feasible or universally welcome. It needs to be remembered that the process of nation-building is a relatively new and often incompletely realized project, especially in the southern part of the region. Moreover, East Asia has had to cope with the often traumatic and—particularly for China—humiliating penetration of Western capitalism, followed by the even more abrupt decolonization process. Exacerbating this sense of vulnerability and insecurity was East Asia’s role as a crucial site of Cold War contestation, something that, as Richard Stubbs points out, profoundly influenced the development strategies and strategic outlook of the emerging economies of Southeast Asia in particular. East Asian perceptions of security embrace economic issues as well as narrower strategic questions, and they emphasize the continuing importance of the state in securing such a stable environment as a consequence (Beeson 1999b). Not only did mercantilism become a central component of state-led development in these circumstances, but so too did authoritarianism—something that was tolerated, if not actively encouraged, by the United States because of its overarching strategic concerns.

Authoritarian rule in East Asia is not simply a historical curiosity. While not as widespread or uncompromising as it once was, the institutionalized legacy of authoritarianism places constraints on the possible forms of political order that may emerge in the region, and presents a major obstacle to patterns of governance that are predicated upon the existence of a fully functioning and independent civil society. One of the distinguishing qualities of political rule throughout East Asia is that it has generally been much closer to a corporatist than a pluralist model (Schmitter 1997). Schmitter (1979, 22) argues that what he calls “state corporatism” has been “a defining element of, if not a structural necessity for, the antiliberal, delayed capitalist, authoritarian, neomercantilist state.” In such a system various interest groups are subordinated to state bureaucratic power, elections are nonexistent or plebiscitary, and ideological contestation is nonexistent. In some parts of the region—China is the most important and obvious example—this sort of description is clearly still valid. China has simply not had a history that encourages either political contestation or the emergence of a civil society independent of state control (Wakeman). Even in Japan, which is an established industrial power and a nominal democracy of some standing, a form of “soft” authoritarianism has been closely associated with economic development (Johnson 1987), and the country has experienced virtually unbroken one-party rule in the postwar period.
It might be objected that, while these may be legitimate historical points, such political practices will prove unsustainable in the face of an irresistible wave of democratization (Huntington). Not only is the democratic transition process looking increasingly fragile of late, particularly in Southeast Asia (Vatikiotis), but even where political reform is occurring, it is not necessarily leading to the expansion or consolidation of independent civil societies of a sort associated with liberal forms of governance. As Garry Rodan (95) points out, even a country as economically developed as Singapore has seen an expansion in the “realm of the state through the extension and refinement of the mechanisms of political co-optation.” This is important for two reasons. First, it suggests that simple teleological extrapolations from “Western” experiences should be treated with caution. Second, the continuing control of—or intrusion into—all areas of national political space by a number of East Asian states means that, not only do alternative centers of power find it difficult to establish themselves, but there is little scope for nonstate organizations or agencies like trade unions to develop effectively or independently of state control (Deyo). This is a potentially crucial absence and obstacle to the development of new modes of governance, as “the organized working class [has] appeared as a key actor in the development of full democracy almost everywhere” (Rueschemeyer, Stephens, and Stephens, 270).

The Persistence of Difference

Despite all the attention that is paid to the emergence of global civil society and the possible internationalization of political processes (Wapner), it should be emphasized that this remains, at best, a rudimentary development in an East Asian context. NGOs—widely considered to be a central component and dynamic of civil society of any form—are not only frequently co-opted by governments, but may actually be controlled by them, generating the oxymoronic curiosity of government-organized NGOs (GONGOs) (Riker). Not only should we not assume that NGOs are necessarily “progressive” political forces (Morris-Suzuki), but we also need to remember that their political effectiveness is largely dependent upon a state-defined regulatory framework (Clarke). Importantly, in an East Asian context, the institutional infrastructure that might permit alternative modes of governance, particularly in the form of independent policy networks that exist outside of state control, simply do not exist in the same way that they do in places like Western Europe (Beeson and Jayasuriya). In other words, because states in East Asia still generally jealously guard their independence and seek to maintain control of political structures and processes that may impinge on their autonomy, they resist any notion of “pooling” sovereignty. This helps to explain not only the “Asian way” of consensus, limited direct cooperation, and noninterference in domestic affairs, that continues to characterize transnational organizations like ASEAN and even the more broadly based Asia Pacific Economic Cooperation (APEC) forum (Acharya), but also
why someone like Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad would attempt to resist the impact of globalization processes by imposing capital controls (see Beeson 2000b).

Although it is not possible to explore the political dynamics of its economic policies here, the Malaysian experience highlights a couple of more general points that are worth emphasizing. First, the divergence of opinion expressed about the wisdom of these policies serves as another powerful reminder that there is no consensus about “best practice” public policy in an era of globalization. The apparently universal imperatives of globalization are mediated differently in specific national institutional contexts, producing significantly different outcomes. This suggests that governments may retain more policy discretion and autonomy than some observers would claim, and that, as a consequence, differential state capacities still matter. Despite the problems currently afflicting a number of East Asian nations, therefore, there may still be powerful incentives not to completely dismantle the distinctive structures of governance that have underpinned the region’s economic expansion.

Second, it should be stressed that even phenomena that superficially seem imbued with universal, abstract qualities—and that may be central to any putative reformist agenda—may be transmuted by contingent political forces. What Jayasuriya calls “statist,” as opposed to liberal, legalism is closely associated with the sorts of corporatist political structures that continue to distinguish many East Asian societies. In such circumstances, Jayasuriya (180) argues that “statist legal architecture leads to the building of legal institutions that fuse the civil society and the state. Within the statist perspective, judicial independence is a matter of autonomy within rather than from the executive” (emphasis in original). In other words, the political space and supporting legal institutional infrastructure that is the assumed ontological bedrock of much “Western” political theory, and that informs so much of the reformist agenda that external agencies are seeking to impose on East Asia, is either not present or operates in a manner that serves and is dependent upon the state, rather than on civil society.

A final point to note is that, despite the widely held expectations about the inexorable spread of democracy that accompanies economic reform in the good governance discourse, such a process may be undermined by the very global processes such initiatives seek to encourage. One of the great ironies of the globalization phenomenon is that, at precisely the same moment that East Asia is being encouraged to embrace democratization and political liberalism, globalization itself appears to be fundamentally undermining democratic structures of governance and the capacity of national governments to represent the interests of the people within the political space over which they claim authority (Cerny 1999; Rodrik). Given that one of the central arguments of the promoters of “Asian values” before the crisis was that they were the basis of functionally superior social systems to those of the supposedly disintegrating
"West" (Mahbubani), such debates may be heard again. Indeed, it needs to be recognized that even one of the principal targets of the reform agenda—corruption—may, in some circumstances, continue to serve a functional purpose and actually be integrally connected to economic development (Hutchcroft, 639). This is not to condone or defend such practices, simply to point out that there may be powerful forces resisting reform above and beyond narrow self-interest, especially where alternative structures of economic governance are poorly established.

CONCLUDING REMARKS

Establishing good governance in East Asia will not be easy. Local political and economic elites often have powerful incentives to resist reforms that may directly threaten existing privileges. Even without overt political resistance, patterns of economic coordination that have become institutionalized over long periods, are deeply socially embedded, have proved effective, and may often still enjoy a degree of legitimacy are also likely to prove resistant to change.

There is, however, an even more fundamental reason for remaining skeptical about the embrace of good governance in much of East Asia: it is still an open question whether Anglo-American forms of capitalism and market-centered patterns of governance are necessarily superior in the long-term to their East Asian counterparts. Even during the economic boom of the late 90s in the U.S., fundamental doubts were expressed about its sustainability. (The Economist), breathless accounts of the “new” economy notwithstanding. Even if U.S. dynamism rests on something more substantial than a stock market bubble, the benefits of economic expansion have been accompanied by major disparities of incomes and life chances. Such a potentially divisive form of capitalism has few admirers in East Asia. Moreover, it needs to be remembered that, before the crisis, there was almost universal praise for the seemingly superior performance and organization of East Asian economies—factors that some observers contend remain potentially significant and enduring sources of international competitive advantage (Lazonick; Weiss). If, as seems likely, East Asian economies recover their former dynamism, it is hard to imagine that the potentially divisive agenda of reform associated with neoliberal governance, which is intended to systematically undercut East Asia’s competitive advantages and establish a liberal, market-based capitalism (Bello), will not be more vigorously resisted.

This is not to suggest that there are not significant pressures that will continue to encourage such reforms. Clearly, these exist. Whether it is the overt political leverage and opportunism of the IMF or the U.S. or the subtler but equally telling reconfiguration of economic activity in an increasingly integrated world economy, powerful forces are redefining national political economies. What we need to recognize is that whatever form such new structures of governance take in East Asia, they will reflect existent,
contingent realities. This means that not only will regional political and economic forces impart a degree of path-dependency, but they will also fundamentally delimit the sort of governance that is possible. An independent, functional civil society, replete with autonomous NGOs and dynamic social movements operating independently of the state, cannot simply be imposed or wished upon the region. Even if such social formations do emerge, it is not at all obvious that a form of Anglo-American, neoliberal governance will be the inevitable consequence. On the contrary, if the history of East Asia suggests anything, it is that the style of regional development will continue to be powerfully shaped by East Asians, and that East Asian responses to globalization may continue to be very different from those found elsewhere.

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NOTES

1. By “East Asia,” I mean Japan, China, South Korea, Taiwan, and the countries of the Association of South East Asian Nations (ASEAN).
2. For a comprehensive and insightful overview of the literature, see Held et al.
3. The acknowledgement of the positive role of state intervention might have been more fully recognized if the sponsors of the report—the Japanese government—had had their way. As Robert Wade demonstrates in his analysis of the Bank’s report on East Asia’s development experience, interpreting economic “reality” is a highly political exercise, which mirrors the distribution of power in the wider international system.
4. See, for example, Geoffrey Underhill’s (1997) examination of the regulation of the securities industry in Europe.
5. The original Washington consensus was outlined by John Williamson, who suggested that “good” policies were based on: fiscal discipline, privatization, financial and trade liberalization, openness to investment, deregulation, and a general concern with increasing the “transparency” of economic and political processes.
6. I am indebted to one of Governance’s anonymous referees for emphasizing the importance of this distinction.
7. A number of authors have questioned whether discrete national economies are any longer meaningful representations of reality or theoretically useful in an era characterized by greater transnationalization and an erosion of national boundaries. See Bryan and Beeson (2000a).
8. Again, I am conscious that by employing catchall expressions like “the East Asian region” I may be guilty of imposing or assuming a unity that does not exist. Conscious of the force of such critiques (see Dirlik, for example), I shall attempt to use nationally specific illustrations of my arguments wherever possible.
9. The seminal work is by Chalmers Johnson (1982), but see also Beeson (1999a, chapter 3).
REFERENCES


