

# The Role of State in Economic Development and Industrialization in Singapore with Export-Led Growth Model

Faustina Tamisari

Department of International Relations, Faculty of Social and Political Science  
Padjadjaran University – Jl. Bukit Dago Utara no.25, Bandung

## Abstract

As a country that was succeed in building its economy, the World Bank gave the label to Singapore as 'The Asian Miracle'. Singapore reached remarkable achievements in economic growth, which can not be achieved by other developing countries. As an entreport countries, Singapore has an economic growth rate three times higher than the average growth in industrialized countries. The rapid economic growth by four tigers of Asia, by Hong Kong, Taiwan, South Korea, and also including Singapore, adopting the model of the Export-Led Growth. Some industries and local companies in Singapore are still in the early stages so that Singapore is dependable on foreign investment. Export-Led Growth Model is still a hypothesis, although its implementation successful in some cases, such as Singapore.

**Keywords:** Singapore, Export-Led Growth Model, Industrialization, Economy, Developed Country

## 1. International Relations Studies

The discipline of International Relations when it was first established, only focused on 'war and peace' – discussing how to stop war and create peace. The birth of the discipline was first preceded by International law – to regulate and control people in order to make them stop creating war, history by Thucydides – the security is one part of life, Philosophy by Aquinas – to seek the philosophical way on how to avoid war and what to do to prevent war, also the strategic field and also economics.<sup>1</sup> The discipline of International Relations is considered as a science for some people, because of its characters, contained some other study fields, such as sociology, law, and also took some parts and essential knowledge from natural science. Nevertheless, International Relations is a multi-disciplinary science, that is open for other social study field influences, either law, philosophy, politics, psychology, sociology, economics and any other fields. It is considered as the most dynamic study field since it is not absolute, but developing each time in accordance to the contemporary issues might occur, depends on current development.

At first, this discipline only emphasize on the relations between states – internationally, as for realism paradigm, they see the state as the only rational actor, and security as a high politics, while actors other than state considered as less important or not important. They tend to see issues other than security as low politics, which are not – or less important. But as for now in contemporary era, non-state actors are considered as important as state, because non-state actors precisely contribute a lot. Low politics issues that considered unimportant, starting to take effect, especially in economic field. Economic issues now is considered as one of the most important measurements, sometimes more important than military issue. Economic growth now is considered as the measurement of the capability of a state, instead of using military forces.

## 2. Theoretical Framework

### 2.1 Globalization

When it comes to economic issues, the discussion will not be separated from the discussion on globalization. Globalization is a phenomenon which is certainly present, unavoidable. Whether we like it or not, ready or not, globalization will still come. Literally, the global mean the world, and *-(it)ation* refer to 'make' - in short, globalization means 'make it globally'. The issues are global, and issues of globalization itself become a focus of study in International Relations. Clark stated that the study of international relations tend to use short perspective and profitable, see globalization as a phenomenon in the 20<sup>th</sup> century (Clark, 1997). There are so many definitions of the concept of globalization, because of the view and the impact of globalization is different for each person. According to Held (Held, et al, 1999), globalization can be defined as follows:

A process (or a set of processes) which embodies a transformation in the spatial organization or social relations and transaction – assessed in terms of their extensity, intensity, velocity, and impact – generating transcontinental or interregional flows and networks of activity, interaction, and the exercises of power. (Held, et al, 1997)

Therefore, globalization is a process that brings change, transformation. Globalization is similar or identical with

<sup>1</sup> This lecture was presented on Theories of International Relations Class by Prof. Mochtar Mas' oed, guest lecture from Gadjah Mada University for subject International Relations Theories, on Social and Political Science Post-Graduate Program in Padjadjaran University.

liberalization and westernization, why? because it comes from the entry point through trade and economic factors tend to flow came from western countries. Therefore, it is very identical with the spread of values or value from the west. Global closeness does not only affect the economic dimension - which is the biggest factor that is affected, but also the political, social, and cultural (Jackson, 2000).<sup>1</sup>

The impact of globalization can be positive as well as negative, depending on how a state accept globalization. Some see globalization as an opportunity, and there is also a contrary belief that see globalization as a threat. Understanding globalization according to Jan Art Scholte includes five dimensions of each of these dimensions affect the characteristics of each actor with interaction (Scholte, 2000):

1. **Internationalization** → increase in cross-border relations between international actors, such as the easy flow of goods and services, capital, technology, and even labor.
2. **Liberalization** → convenient flow of goods and services because of the elimination of barriers to entry in the form of tariff and non-tariff charged state to the flow of goods to create an open economy.
3. **Universalization** → spread of values that are universal
4. **Modernization** → Identic with westernization because the western world views as capital emulated by developing countries, even though it causes the loss of the original values, or the local culture of the nation - resulting in an identity crisis.
5. **Deterritorialization** → referred to as the spread of supra-territoriality, the advent of regulations or policies that transcend territorial boundaries of a state.

Another view by Thomas D. Lairson and David Skidmore, defines it as: "A process of deepening and tightening of the interdependence Among actors in the world economy such that the level and character of participation in international economics relations have Increased in significant ways."(Lairson and Skidmore, 1997). Thomas D. Lairson and David Skidmore straightly focusing on economic globalization. Then Paul Hirst and Grahame Thompson with a definition that seems quite different from the others. They emphasize two concepts, namely the inter-national economy and a globalized economy. The first concept is meaningful, that in fact the national economy increasingly focused on their own interests, and will eventually integrate themselves to global markets for profit. The second concept refers to the formation of a global market which should be considered by the national economy when formulating a policy.

## 2.2 Traditional and Non-Traditional Security

Arguing about globalization does not only emphasize on change, or manifestation and diffusion, but also security issue. Security in the discipline of International Relations is the most important concept - especially if it is associated with the paradigm of realism. Globalization itself is free and open, closely associated with Liberalism. They are different because of the different principles. Those who embrace realism believe that security is the most important thing, as something to be primary - while other than security is secondary. State itself has the interests of each and has responsibility to maintain the security of the country and its people. Wide scope of the concept of security itself can be divided into national security, international security, and even now the concept that, more broadly, the global security.

The concept of security itself still regarded as an abstract concept, because there is no definitive explanation, no exact definition, referring to what is the study field (Jemadu, 2014). Security<sup>2</sup>, according to Paul D. William, can be understood as an accumulation of force (accumulation of power). The greater the strength of a party, the more assured its security (William, 2008). Related to the concept of security, there are many other concepts related to the security of its own, including wars, collective security, peace, mediation, conflict resolution, security dilemma, and many other related concepts (Jemadu, 2014). To explain the concept of security issues, it will be divided into two types of security, the first is the traditional security, the second is non-traditional security. When talking about traditional security, then the reference is the country as a referent object and consists of three main elements: the idea of the state, the institutional expression of the state, and the physical base of the state (Buzan, 1991) – whereas when it comes to non-traditional security, then the referent object individual. In short, talking about traditional security problems, then based on the categorization of Barry Buzan, the state security became the focus of traditional security and non-traditional security will discuss human security<sup>3</sup> (Baldwin, 1997). The issues that mainly addressed in the traditional security concept, are about the

<sup>1</sup> Manifestations of political, social, cultural, and economic globalization is said it could reduce the state's capacity to regulate and control at the national level, so the ability to face the global challenges also weak. All states should have a strong foundation, then if the values entered and slowly erode local value, can be prevented by various policies and selecting on the manifestation of the value is there.

<sup>2</sup> Security can be seen as a 'commodity' (in order to make a party is safe, then there must be weapons, money, soldiers, and other things). From another view, security can be understood in terms of the relationships between different actors, could be negative (no threat, military or otherwise), or it could be positive (no threat and able to do things in the future). In this context security seen in the context of freedom (freedom from and freedom for).

<sup>3</sup> Buzan stated that basically security is hard to define, the concept is neglected - more likely that security is a concept that is

military and ideology. Then what issue are being discussed in non-traditional<sup>1</sup> security? The issues addressed in non-traditional security, referring to the non-military issues and ideology – such as economy, health, human rights, smuggling, democracy, environment, terrorism, and others (Winarno, 2014).

Traditional issues of course is still a major and core study in international relations, because after all, the use of military force will not be excluded from the starting point of the emergence of the study of International Relations, war and peace. The achievement of peace can be either with peaceful ways - such as diplomacy, negotiation, and others, or may use violence or force, like eradicating war with war itself - in accordance with the principle of the Realists, *si vis pacem para bellum*, "if you want peace, prepare for war ", and also *si vis pacem fac bellum*, "if you want peace, fight ". Of course the war here should be taken in accordance with the principles of just war, *jus ad bellum* and *jus in bello* (Jemadu, 2014). But since the end of the cold war<sup>2</sup>, there is an opportunity to discuss other issues, which was initially regarded as low politics, namely the issue of non-traditional itself (Crockatt, 1999). Today, non-traditional issues are as important as traditional issues. Although for the time being, the issue of ideology and the use of military force is still there. The use of military force outside of their utility function other than to go to war, and war itself can still occur, even though the war with global scale for the current is odd – probably not going to be happen. Economic issues for instance, of course, economic growth of a country becomes the defining point of strength and prosperity of a country, not only shown through how much power the military equipment they have.

### 2.3 International Political Economy

The economic issue, as elaborated above, is categorized as non-traditional issues. International and global economic problems to be studied in the study of international relations. However, are all economic problems can be solved with the theories and principles of economics of its own only as well? As more and more phenomenon, influence each other, and will continue to thrive, many of the problems which belong to the field of economics, can not find a way out, can not be explained by economic theory and principles only. Some experts tried to see whether that could explain some economic phenomena that occur. As politics is the 'mother of science' and the study international relations is the political realm, there could not be separated politically aspects from economic problems. Understanding international relations was very difficult and perhaps impossible without a clear sense of how politics and economics are in fact related. In the study of international relations itself there is a branch of International Political Economy concentration in the study of international relations itself there is a branch of the concentration of International Political Economy. Simply for short, this study as well studied the economy, but putting some political elements into it. So International Political Economy is an interplay between the economy and politics. Susan Strange, wrote in her book, 'International Affairs' (Strange, 1970) it was time to end the long separation between economics and politics (Strange, 1970). As one example, the debt crisis prolonged in 1980 is partly a small example of how economic issues that occur because of the encouragement of political decisions, and also lead to high political consequences, therefore the dividing line is broken – both that separated between economic and politics, political economy as well as which also separating domestic and international political economy (Strange, 1995).

As a field of study that 'bridging' the discipline of economics and politics, international political economy examines the interaction between state and market. In this case, the state and the market, associated politic in achieving power, and economic in the attainment of wealth and prosperity (Cohn, 2003). As a political component in the international political economy, the state is a unit of territorial sovereign, with the government and the population, and as a component of the economy, the market is a mechanism which coordinates where the forces of supply and demand in the economy determines the price, output, and production methods through adjustments automatic price movements (Cohn, 2003). The logic of the two is different, when the state wants to achieve national sovereignty, control over all natural resources, human resources, and even capital and technology, so that can achieve economic growth, in order to get welfare. While the market, it seeks to

---

underdeveloped - and please note that security is a paucity and lack of literature concept because of the negligence of the concept. According to Buzan, the classification of the state and the individual as an object reference is not sufficient. But here, the author will continue to make the two categories to outline the amount of issues to be discussed.

<sup>1</sup> Non-traditional security issues began to emerge and get the world attention, and even now in the global scope, since the late 1990s, when the cold war ended. The termination of ideological war between the US and Russia, make the world has another issues to be discussed. There is at least a shift from the traditional concept of security to the non-traditional security. Although basically the study of security in international relations itself still maintaining the use of military force, and there is still the possibility of a war with the use of military force and the war due to a difference of views on ideology, although the possibility was smaller. Especially with the Copenhagen School, an expanded concept of security and non-traditional issues become more important, especially economic.

<sup>2</sup> The end of the cold war was marked by the collapse of the Soviet Union (now Russia) precisely in 1989 and was followed by the transformation in Eastern Europe. The cold war was a turning point of history, as measured by changes in the international system and international organizations.

minimalize the role of the state and liberalize, and facilitate the flow of goods, services, capital and technology into the state. Existing barriers trying to be minimized or even eliminated. And what about the people themselves? The interaction, the fight between the state and the market, in addition to achieve their stated objectives, of course directly impacting the civil society themselves. Society see how the competition between state and market, also see how both these actors control. As an organization of activities and human activities, functions and operations of the state and the market will not hinder the achievement of a public purpose, such as justice, equality, welfare, and others. The state must play an important role in promoting economic growth since the first, and perhaps even until now. As most rational actor, the state is expected to become an efficient actor to regulate the impact of the market. Depending on how some entities will view on whether pro with globalization, or contra to globalization. If they are pro-globalization, of course, they want the state's role on intervention be minimized or even eliminated. Whereas if they are contra to globalization, the role of the state is needed to minimize the impact of market mechanisms, because the market will tend to provide free flow of goods, services, capital, and technology.

### 3. Theoretical Perspectives on Economic and Political Globalization

Some dominant theoretical perspectives that become proponents in the international political economy of which are Mercantilism, Liberalism, and structuralism. Each with a distinctive analytic and normative elements. Mercantilism dominated economic thinking between the 16<sup>th</sup> century and the late 18<sup>th</sup> century Though it was defeated by liberalism in the 19<sup>th</sup> century, mercantilism is still affecting many countries where it takes the form of protectionism for the home industry. The second perspective, economic liberalism or free market capitalism, emerged in the late 18<sup>th</sup> century and early 19<sup>th</sup> century, spread by the supporters of the British and Americans. Marxism evolved in the 19<sup>th</sup> century as an alternate-counter perspective to liberalism, with socialists and communists advocating various Marxist approach as an alternative to capitalism (a term coined by Karl Marx). Three factors – the end of the Cold War, the influence of the capitalist free market and globalization – have made economic liberalism, now called neoliberalism, the dominant perspective today (Taylor and Mansbach, 2013). **Mercantilism**, or refer to the realist view, view globalization as a process that is actually intended by the developed countries, is designed to maintain commercial interests (Jemadu, 2014). There is an assumption that developed countries support the economic globalization during this will benefit them, and if they are deemed not profitable anymore, then by all means, they will do anything to stop it. In mercantilism, states play a proactive role in the economy to guide and protect major industries. Realist perspective helps us to understand the fact that globalization is not something that naturally occur, but socially and politically constructed in the interests of certain parties, namely the countries that have a greater influence. Moreover, we can know and understand with the help of this perspective, to be able to do an analysis of the role of developed countries that are operating under the World Trade Organization, International Monetary Fund and World Bank – that are not up to and running independently, but under the instructions from central power, such Washington, New York, London, Paris, Frankfurt, and Tokyo. This perspective also underlines the role of the state as a focal point or center of gravity for the implementation of economic diplomacy more emancipatory for developing countries who are victims of global financial governance unfair.

As with the mercantilism, **Liberalism** has characteristics that it is contrary to mercantilism. If mercantilists believe that the state has a very important role, liberalists assume that the intervention of the state will only worsen, so they are trying to minimize the role of the state – or even eliminate it, in accordance to the principle of *Laissez-Faire*. This perspective was pioneered by Adam Smith and David Ricardo, the British economist. Liberalism opens a free and open market, and facilitates the flow of goods, services, and capital to enter into a country. Liberals believe that the market appeared spontaneously to seek human needs, in which human beings are conditioned as economic creature and emerging markets – without a specific direction from anywhere – as in accordance with the principle of '**The Invisible Hand**'. The liberalists do not see the connection between the processes of economic growth and political developments – such as war and imperialism. They see that the economy is progressive, while politically retrogressive – some progress can only be achieved if economic separated from politics, and underlining all of the interests in the evolution of the market. In its development, neoliberalism, prioritize and highlight the role of the market. In political economy, there are differences in character between state institutions and the market. State is similar with exclusivity, territoriality, and loyalty, but also has the authority to provide public needs and social welfare. While the market is functional integration, contractual relationships, and expanding interdependences between sellers and buyers (Winarno, 2009). Neoliberal economists today still support the free market, the elimination of trade barriers, and minimal government interference in the market, but they see a greater role for international economic institutions rather than the classical economic liberalists (Taylor and Mansbach, 2013). They argue that the free movement of capital and labor investments generate greater wealth for the world as a whole even though the state is inefficient and the industry may suffer. Economic efficiency, they believe, is more important than economic equality. With a free market, there may be a gap, but even poor people become really better for economic growth and increased

prosperity. In addition, the concentration of wealth provides the necessary capital investment for further economic growth.

This is certainly contrary to the belief left wing offered by Marx, **Structuralism**. It emphasizes the social class structure in society. The state help to regulate and control the economy by determining the price. The Social Class is consisted of the bourgeois class – the capitalist class and the proletariat. Neo-Marxism is a renewal of thought of Marxism. Neo-Marxism appeared to see the initial thought of Marx by absorbing the ideas that feel lost or ignored Marxists due to misinterpretation (Hobden and Jones, 2001). If it emphasizes the class structure and production systems, the Neo-Marxism emphasizes the international system. There are two types of theory in Neo-Marxism, the first is the World System Theory and the second is Dependency Theory. According to Wallerstein, World System is divided into three sections, core, semi-periphery and periphery countries. For World System, there are two types that are, the World Empires and the World Economy. World empires are centralized economic system that uses its power to redistribute resources from the periphery countries to the core countries. While the World economy seen that there is no single authority, and all the things left to the market. World economy is the mechanism of World Empires. Then dependency theory is the core concept for the Neo-Marxism. They state that the periphery countries are poor not because of economic backwardness, but because their lives were neglected and are abandoned because the core countries (Jackson and Sorensen, 1999). The dependency between the state core, semi-periphery and periphery led to the global capitalist system continues. Some third world countries (LDCs – Less Developed Countries), not detach from its dependence on developed countries. But the level of dependence of a developing country to developed countries also determine the fate of the country further, whether they will continue to dependent for forever and suppressed by force hegemon, or want to try to rise from adversity and not to depend anymore. Marxism argues that capitalism is disastrous, especially for third world countries.

#### 4. Economic Development and Industrialization in Singapore

The World Bank gave the nickname to Singapore, Hong Kong, Taiwan, and South Korea as "The Asian Miracle" as the four countries became the attention of experts. Those four countries reached remarkable achievements in economic growth, which cannot be achieved by other developing countries. As an entrepôt country, Singapore has an economic growth rate three times higher than the average growth in industrialized countries. Base of income per capita reaches half of the average of the industrialized countries continue to narrow their absolute income gap with the richest industrialized countries (Riedel, 1992). The political system that was developed in Singapore is authoritarian, while the institutions of economic policy makers have high autonomy. Stated by Stephan Haggard, Singapore has a government institution (the executive) that is strong and independent, the legislature are weak and subordinate, and economic technocrats who are relatively independent operationally (Haggard, 1990). This political dimension of contributing to the economic policies coherent with each other. The most appropriate theory used to explain the phenomenon of economic development and industrialization in Singapore, is to use a theoretical perspective **MERCANTILISM**. State has a great role in intervening. Singapore became independent from the British colony in 1959. In the 1960s, after the escape of the British colony, Singapore was considered as poor country, more likely similar to some parts of South American countries. Industry capacity built by the dominance of MNC investment from the United States (US), English, and Japanese. More specific from Singapore is, government has a high dedication to assist the entry of MNC investment and making it the most attractive countries to invest in Asia (Kasmudi, 2001). Singapore and its industrialization key actor is the Economic Development Board (EDB). The organization was founded by the government in 1961, but unlike government institutions, more as an entrepreneur. EDB also has stakes in a number of joint venture with MNC. For example, the semiconductor industry was established in 1994 is a joint venture between EDB and HP, Texas Instruments and Canon. EDB is a global organization which has branches in all major cities of the world, providing one-stop service for servicing investors from start to help licensing, helping a variety of issues such as the recruitment of labor, aspects of construction, immigration, taxation, customs, security to provide land for industrial locations. In 1994, foreign companies contributed 76 percent of manufacturing output in which 85 per cent is exported directly. In 1996, the three countries, US, UK, and Japan, have contributed 80 percent of foreign investment and 57 per cent of all investments. Many MNCs are investing, among others, HP, Canon, SGS-Thompson, Segate, Maxtor, Beckham, Glaxo, Spectramed, Mitsui, Mitsubishi, Kikkoman, and so on.

The rapid economic growth by four tigers of Asia, including Singapore, adopt a model Export-Led Growth. Industry and local companies in Singapore are still in the early stages so that Singapore is so rely on foreign investment. Export-Led Growth Model is still a hypothesis, although its implementation is successful in some cases, such as Singapore. This model was first introduced by Japan and Germany in the 1950s and 1960s – by adopting this model, the four Asian tigers followed Japan and Germany to implement the policy in the 1980s and 1990s, until finally this model itself was adopted by Indonesia in the 1980s and 1990s. Why mercantilism, as far as has been described, this problem is referred to the openness, which means that bases its principles of

neoliberalism? In here the role of the state is very important in industrialization in Singapore. Direct state intervention through policies taken, intensive intervention in the market, including in terms of determining the path, design and development objectives are carried out and that will be achieved (Winarno, 2014). Because the industry and local companies in Singapore are still relatively weak, the Singapore government would open up to the free market and attracting foreign investment (Foreign Direct Investment). This success is inseparable from the role of the Prime Minister of Singapore, Lee Kuan-Yew in promoting Singapore as a founding father. Some policies conducted by the government of Singapore include: fiscal and financial incentives, established state institutions and companies themselves (SOEs), and intervened in the labor market. Here the role of the state can be classified into two, the first is as an actor, and the second as a facilitator. As an actor, because it plays a direct role in the economy through a company owned by the state (State Owned Enterprises or SOEs) to compete openly and freely with multinational companies, or in cooperation with the private sector through Government Link Corporation (GLCs) – and as a facilitator seen from its capacity as policy makers and their rules are used to create a free market mechanism which is intended to guide the development of the private sector and investment. Policies taken by Lee Kuan-Yew to attract investment, are with cheap labors as a driving factor to attract investment. It is intended as a comparative advantage, with the continued repression against the labor costs to remain low and competitive, is expected to remain competitive. As these three things is the key factor in the policy taken by the government of Singapore, namely exports, capital and foreign investment, as well as low-wage laborers.

Singapore as a model state of industrialization, the massive repression against the labors to remain at low wages, become a comparative advantage to attract foreign investment, because of Singapore's local entrepreneurs are weak, and they rely more on the service sector. To cover the shortfall, Singapore tried to establish state enterprises. The incentive is given by the Singapore government is, keeping labors cost to remain low to serve foreign companies. Labor costs for woman was lower than men's wages, to fill jobs that somehow seemed feminist. Then Singapore develop labor policies with three things, namely the demobilization of local labor and incorporate them into the organization in the state structure that is authoritarian, and use foreign workers to fill labor shortages - with a low wage because filling the worst labor paid sector, and incorporate women into the labor force to fill the jobs that are considered women's work with a very low wage, alleviate labor shortages and a buffer man workforce during recession (Bello and Rosenfeld, 1990).

According to the authors, the theoretical perspective of liberalism / neo-liberalism and structuralism (Marxism / Neo-Marxism) not quite appropriate to explain the phenomenon. Although its export policy, free markets and foreign investment linked to neoliberalism, but here the state that runs a set of rules, still continue to intervene so that the liberalization doesn't devastate. If it is true, Singapore achieved success only because of the adoption of a suitable model, which is export-led growth, Indonesia who also adopted this model should be as successful as Singapore, Hongkong, South Korea, Taiwan, German, and Japan. Indonesia, who integrated themselves into global markets with emerging markets, as for neo-liberalism, it actually fell through the adversity with a very slow revival. In fact, both President Soeharto in new order regime governed with authoritarian state, as well as Lee Kuan-Yew, but Singapore successfully achieve welfare while Indonesia was not. Liberalism perspective that state intervention, with the concept of Laissez-Faire exacerbates it was not proven, despite the openness of Singapore in the beginning. There is no social classes and big gap and discrepancy in Singapore, society have equal status and there is no significant difference and even lame as Marxism argued, and although Singapore initially dependent on capital-foreign capital, according to the dependency theory by Wallerstein, currently Singapore is able to stand-alone, with the ability of the local industry that is growing rapidly. As Wallerstein stated the dependency of semi-periphery and periphery countries to the core only exacerbate is not fully proven. Singapore model of development is different from Western countries who adopted liberal capitalism, in contrast to them, Singapore adopts an authoritarian capitalism. Economically, Singapore is said to be one of the symbols of capitalism, while in political freedom, Singapore is classified as authoritarian regimes. Even until this, still continues to defend it. Growth, prosperity and stability of the political economy of Singapore is from authoritarian rule. In fact, maybe if Singapore was not like this, then Singapore will not became a developed country and will even remain a backward country.

Compared with Indonesia, which incidentally are both led by authoritarian governments and were similarly adopted the model of export-led growth, why the results received were so different? Singapore has a strong foundation of domestic government, with firm autonomy and clean government. While Indonesia has a government that is corrupt and weak, just relying on authoritarian, the power is used with and for things wrongly. Not trying to embrace society together, lead and bring them to a better track.

The state and the market have a lot of different characteristics, contrary. As well as mercantilism and liberalism. In this neoliberal era, the role of the state becomes questionable due to 'winning of market' is. But is it true that the market takes over the role of the state, control of the economy? The role of the state is still the most important, however, because the freedom of course there must be a limit, unless a country is completely ready. State could accept some things through globalization (which is currently referred to as neoliberalism), but if the

state does not undertake restructured policy and protectionism, accept all things for granted without being filtered, of course it is not a wise thing. Is state ready to embrace its freedom and openness? Are the societies ready to embrace it too?

## 5. Conclusion

In the end, the success of a state is not only depending on what model is used, but how great, how big and how strong the state's role in bringing society to success. Public Goals achieved from the interaction of the state and the market will have a direct impact on civil society. If it is harmful and make society worse, then the impact will be returned to the state, and of course the market. The question is, if the state does not take an active role, whether the success of Singapore, along with other Asian Tigers can be achieved? The answer is no. The state is the highest authority in the territory of the nation state, and also the source of law. The market itself will only be effective if the state took part in the process. If there is a market failure, the market cannot 'heal' itself, still need help the state's role. The blind forces of the market, can be overcome with the countries taking part. Therefore, the view of neoliberalism on the marginalization of the role and function of the state is wrong, especially in third world countries, because basically, industrial and economic growth in developing countries are in the early stages. They need the demands of the state and the state's role is very important there, still in need of protection and subsidies and policies to strengthen the industry.

## References

- Baldwin, David A. (1997), *The Concept of Security*. British International Studies Association.
- Bello, Walden and Stephanie Rosenfeld. (1990), *Dragon in Distress: Asia's Miracle Economies in Crisis. A Food First Book – The Institute for Food and Development Policy*, San Fransisco.
- Buzan, Barry. (1991), *People, States and Fear*. Harvester Wheatsheaf, New York.
- Clark, Ian. (1997), *Globalization and Fragmentation: International Relations in the Twentieth Century*. Oxford University Press, Oxford
- Cohn, Theodore H. (2003), *Global Political Economy: Theory and Practice Second Edition*. Addison Wesley Longman, United States.
- Crockatt, Richard. (1999), "The End of the Cold War" in John Baylis dan Steve Smith, *The Globalization of World Politics*. Oxford University Press, Oxford.
- Haggard, Stephan. (1990), *Pathways from Periphery: The Politics of Growth in the Newly Industrializing Countries*. Cornell University Press, Ithaca.
- Held, David, et al. (1999), *Global transformations: politics, economics and culture*. Stanford University Press, Stanford, California.
- Hobden, Stephen and Richard W. Jones. (2001), "International History" in John Baylis & Steve Smith (eds.). *The Globalization of World Politics 2<sup>nd</sup> Edition*. Oxford University Press, Oxford
- Hughes, Helen (eds). (1992), *Keberhasilan Industrialisasi di Asia Timur*. Gramedia Pustaka Utama, Jakarta.
- Jackson, Robert H. (2000), *Global Covenant*. Oxford University Press, Oxford.
- Jackson, Robert H. and Georg Sorensen. (1999), *Introduction to International Relations*. Oxford University Press Inc, Oxford.
- Jemadu, Aleksius. (2014), "Isu Keamanan, Terorisme Global, dan Indonesia" in *Politik Global: Dalam Teori dan Praktik Edisi 2*. Graha Ilmu, Yogyakarta.
- Lairson Thomas D. and David Skidmore. (1997), *International Political Economy: The Struggle for Power and Wealth*. Harcourt Brace College Publishers, Fort Worth.
- Riedel, James. (1992), "Pembangunan Ekonomi di Asia Timur: Melakukan Hal yang Lazim Terjadi?" in Helen Hughes (eds.). (1992), *Keberhasilan Industrialisasi di Asia Timur*. Jakarta: Gramedia Pustaka Utama.
- Scholte, Jan Art. (2000), *Globalization: A Critical Introduction*. New York: Saint Martin's Press.
- Strange, Susan. (1970), *International Economics and International Relations: A Case of Mutual Neglect*. *International Affairs*, April, 304-15.
- \_\_\_\_\_. "Political Economy and International Relations", in Ken Booth dan Steve Smith. (1995), *International Relations Theory Today*. Oxford: Polity Press, Blackwell Publishers. Ltd.
- Taylor, Kirsten L. and Richard W. Mansbach. (2013), *Introduction to Global Politics 2<sup>nd</sup> Edition*. New York; Routledge Publishers.
- William, Paul D. (2008), *Security Studies: An Introduction*. New York: Routledge
- Winarno, Budi. (2009), *Pertarungan Negara VS Pasar*. Jogjakarta: MedPress.
- \_\_\_\_\_. (2014) *Dinamika Isu-isu Global Kontemporer*. Gejayan, Jogjakarta: CAPS (Center of Academic Publishing Service)
- Kasmudi, Mudi. August 2<sup>nd</sup>, 2001. *Kebijakan Industrialisasi*. Available: <http://economy.okezone.com/read/2011/08/02/279/487021/kebijakan-industrialisasi>