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Economic Development in Historical Perspectives and the Role of the State

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Abstract
The neoclassical economists generally advocate for a state with minimal economic functions or the so-called *laissez-faire* from the 19th century as a response to failures in the 18th century due to heavy government distortions. On the other hand, due to the influence of Keynes, heterodox development economists argue strongly that the role of the state in the development process goes beyond the scope defined by neoclassical economists. They have challenged the literature by drawing on the empirical evidence particularly from East Asia. As the discord continues between the state and the markets, an attempt at tracing the history of economic development thoughts as well as the practice of development and the various factors that have shaped the thinking of actors to help broaden understanding of the interaction of the state in the business of development has severally been made. However, in almost all the discussions, it is clear that most arguments raised on the impossibility of developmental states in Africa are not firmly founded either in African historical experience or in the trajectories of the more successful "developmental states". Lessons from other parts of the world clearly suggest that appropriate institutional structures did not always exist. The experience elsewhere is that developmental states are social constructs consciously brought about by states and societies. As difficult as the political and economic task of establishing such states may be, it is within the reach of many countries including Nigeria struggling against the ravages of poverty and underdevelopment. This paper uses a historical-comparative methodology, to trace the history of economic development thoughts. It also discusses the development experiences of now developed countries in East Asia and through the comparison highlights important characteristics of the state-development relationship from the point of history. The goal is to draw lessons and make policy recommendations for Nigeria as it strives to build a developmental state. The paper is aimed at contributing to the on-going debate on the subject matter.
Keywords: Economic Development, Markets, Developmental State, Historical Perspective

1.0 Introduction

Development theory and policy during the last decade have been greatly dominated by the neoclassical paradigm or mainstream economics that elevates to prominence the all-important role of the "invisible hand" to the almost exclusion of the state's intervention in the economy. This sharply contrasts heterodox economics whose central idea is the belief that market failure is a pervasive feature of the underdeveloped economy with the corollary that the state has an important role to play in correcting it. The neoclassical resurgence, which can be traced back to the late 1960s and early 1970s, attacked heteredox on three separate grounds. First, extensive state intervention to promote import-substituting industrialization had generated inefficient industries, requiring permanent subsidization for their survival with little prospect of achieving international competitiveness. Second, extensive government intervention tended to generate "rent seeking" on a substantial scale, which detracted the attention of economic agents from productive activities into lobbying for increased allocations of government subsidies and protection. Third, and most significant in the present context, empirical evidence on the experience of the most successful countries to emerge from the Third World, namely the four East Asian countries, Taiwan, South Korea, Hong Kong, and Singapore, showed that these countries achieved extraordinary rates of economic growth, which moreover had been consistent with a relatively egalitarian distribution of income. The unique performance of these economies had been generated by using an outward-oriented model driven by market incentives and a strong private sector. Thus this sets the stage for continuous discord on the prominence of one paradigm to the other.

Several scholars have attempted to trace the history of development thought as well as the practice of development to help broaden our understanding of the interaction of the state in the business of development. (Richard Dadzie; 2012, Chang; 2003, Susan Engel; 2010). Moreover, literature on the comparative advantage advanced by neoclassical economists have been greatly challenged drawing on the empirical evidence particularly from East Asia whose success was largely a result of the crucial role played by the state. The literature on East Asian ''miracles'' marshals abundant evidence to focus its explanations exclusively on the East Asian state's exceptional capacity to implement industrial policy leading to phenomenal economic growth (e.g. Amsden, 1989; Evans, 1995; Johnson, 1982; Wade, 1990; Woo-Cumings, 1999). Fundamental to East Asian development has been the focus on industrialization as opposed to considerations involving maximizing profitability on the basis of current comparative advantage. In other words, market rationality has been constrained by the priorities of industrialization. Key to rapid industrialization is a strong and autonomous state, providing directional thrust to the operation of the market mechanism. The market is guided by a conception of long-term national plan coupled with the rationality of investment formulated by government officials. It is the "synergy" between the state and the market which provides the basis for outstanding development experience. Thus this research largely centres on the developmental state in contrasts with the neoliberal agenda manifested in Washington consensus and the Structural Adjustment Programme (SAP) that have had deleterious effects in sub-Saharan Africa.

The paper uses a historical-comparative methodology to trace the history of economic development thoughts by exploring the different approaches to the core issue of what exactly is ‘development, as enunciated by ideas of the classical, neoclassical, neo-Marxist and critical approaches. It also revisits the concept of developmental state as well as discuss the development experiences of now developed countries in East Asia and some African countries. The paper aims at contributing to the on-going debate on the subject matter and proffering policy options for Nigeria as it strives to build a developmental state and restructure the productive base of the economy in the face of dwindling resources and increasing poverty.

The rest of the paper is structured as follows; evolution of development thoughts is discussed in Section 2 while section 3 addresses the concept of developmental State and lessons from East Asia and Africa development paradigm. The last section concludes the paper and identifies policy options for Nigeria’s development.

2.0 The Evolution of Development Thoughts

This section will attempt to present in chronological order the main thesis in the three mainstream economic traditions that have most influenced development - classicism, neoclassicism and Keynesianism because an understanding of the key ideas of these traditions is central to understanding the subsequent growth of development economics. It then looks at how these traditions were expressed in development economics in the 1950s and 1960s and thereafter.

2.1 Classical Economics: Although the Physiocrats produced the first well developed theory of economics in the Western world, classical economics is widely regarded as the first modern school of economic thought. This arose in Great Britain in the latter part of the eighteenth century; its major proponents included Adam Smith, David Ricardo, and John Stuart Mill. Britain had gone through some of its most troubling times in the seventeenth century, enduring not only political and religious division in the English Civil War, King Charles’s execution and the Cromwellian dictatorship, but also plagues and fires. Adam Smith’s Wealth of Nations (1776 / 2001) was the original English classical economic text that explored why some nations developed and some do not. According to Susan Nengel (2010), Smith essentially sees economic development: “as a process embedded in, and limited by a particular physical, institutional, and social environment. More specifically, Smith conceives of economic development as the filling-up with people and physical capital (‘stock’) of a spatial container (‘country’) that encompasses a given endowment of natural resources and is shaped internally and bounded externally by laws and institutions” (Arrighi 2007). Smith and the other classical economists hypothesized that it was the combination of private capital and property, the free operation – or the ‘invisible hand’ – of the market and human labor that was the source of economic growth. One of the most enduring contributions of classical economics is the central place it gives to trade in promoting development. This belief in trade derives from Smith’s ideas about the benefits of specialization combined with David Ricardo’s law of comparative advantage. It is important to note at the outset that classical economist’s commitment to free trade was that trade should occur in the context of some government controls on the movement of capital.

2.2 Neoclassical Economics: Neoclassical economics originated in the early 1870s. It is associated with figures such as Menger, Say, Walras, Jevons and Alfred Marshall. In the years immediately following Karl Marx's publication of *Das Kapital*, a revolution took place in economics. Marx's development of a theory of exploitation from the labor theory of value, which had been taken as fundamental by economists since John Locke, coincided with labor theory's abandonment. The new orthodoxy became the theory of marginal utility. It introduced a more individualistic approach to society. Instead of the value of a good or service reflecting the labor that has produced it, it reflects the usefulness (utility) or ability to satisfy people’s wants, which occurs before the "margin" at which people find things no longer useful thus refuting the classical economics' labor theory of value. Simply, the "value" of a commodity, is equal to the least urgent use to which it is applied. In a competitive economy therefore, people gets only what they have paid for or worked for. Another key element of the neoclassicism is its focus on equilibrium – point where demand and supply are balanced; this occurs at the level of individuals, markets and at the aggregate social level. With its basis in individualism, general equilibrium is simply the sum of individual equilibriums.

2.3 Keynesian Economics: During the Great Depression, Keynes published his most important work, *The General Theory of Employment, Interest, and Money* (1936). The depression had been sparked by the Wall Street Crash of 1929, leading to massive rises in unemployment in the United States. Orthodox economics called for a tightening of spending, until business confidence and profit levels could be restored. Keynes by contrast, had argued that a variety of factors determined economic activity, and that it was not enough to wait for the long run market equilibrium to restore itself. The key policy implication was that government can and should intervene in economies to boost demand and thus achieve full employment. So the Keynesian 'revolution' was actually a two headed animal — "…first, the theoretical revolution in economic analysis; and, second, the practical revolution in governmental policies" (Meade 1975).

At the end of World War II, Keynesianism was the dominant economic theory across the West and it penetrated the developing world too. In the midst of rapid decolonization in the Third World, development and independence were often seen as two sides of the same coin (Rapley 2002). Studying development became vogue and it was in this era that development economics became a discipline of academic study. As John Rapley notes, "During the 1940s, Keynesianism began finding its way into the work of development theorists. Economists in the Third World read the General Theory with great interest. Many obtained their training in first-world universities, where Keynesianism had become prominent by the late 1940s" (Rapley 2002). Thus, in years following the war, development thought was not really left or right, rather there was a widespread consensus that there should be more government intervention in the economy than had previously been the case (Rapley 2002).

Subsequently, structuralism, dependency theory and classical growth theories were major influences on postwar practices of development. Classical growth theory was popular in development economics from the late 1940s through to the mid-1950s. The early models were fundamentally classical ones emphasizing structural change but with allowance for some state intervention to achieve development, showing a Keynesian influence. They saw development as a process of capital formation that was predominately the product of levels of investment and savings. Interest in two particular puzzles permeated the work of these early development economists: the impact of positive externalities from technology, savings and investment on development; and the nature of relationship between positive wages and unemployment in developing countries (Bardhan; 1993). On the other hand, the dependency theory had their roots in the Marxian political economy and draws on classical economics, which said that human labor was the key source of the creation of surplus. It provides basis for the study of dependent and exploitative relationships in the world economy; peasant and land owners, capitalists' countries and the peripheries etc. Structuralism was influenced by Keynesianism and there is a shared concern about unemployment. It lays the blame for unemployment firmly in capitalism's structure of production and said that more fundamental intervention than Keynesian demand management was required to break free from this trap that allowed developed countries to produce industrial goods while developing countries produce primary raw materials (Martinussen 1997).

To sum up this section, there is a need to define economic development and consider its underlying logic in the light of the above. Economic development is therefore a broad term that does not have a single, unique definition. Economist Michael Todaro specified three objectives of development:

- Life sustenance: To increase the availability and widen the distribution of basic life-sustaining goods such as food, shelter, health and protection,
- Higher incomes: To raise levels of living, including, in addition to higher incomes, the provision of more jobs, better education, and greater attention to cultural and human values, all of which will serve not only to enhance material well-being but also to generate greater individual and
- Self-esteem and Freedom to make economic and social choices: To expand the range of economic and social choices available to individuals and nations by freeing them from servitude and dependence not only in relation to other people and nation-states but also to the forces of ignorance and human misery.

According to Seers (1979), the purpose of development is to reduce poverty, inequality, and unemployment. For Sen (1999), development involves reducing deprivation or broadening choice. Deprivation represents a multidimensional view of poverty that includes hunger, illiteracy, illness and poor health, powerlessness, voicelessness, insecurity, humiliation, and a lack of access to basic infrastructure (Narayan et al. 2000, pp. 4-5). Disillusioned by the apparent lack of progress in the aftermath of the UN's first development decade (1960-70) on Less Developed Countries' (LDCs') economic growth, in 1969, Seers signaled the shift away from the goal of growth by asking the following questions about a country's development:

> *"What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have become less severe, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result "development," even if per capita income has soared"* (Seers 1969)

For Sen (1999), freedom (not development) is the ultimate goal of economic life as well as the most efficient means of realizing general welfare. Overcoming deprivations is central to development. Freedom of exchange, labour contract, social opportunities, and protective security are not just ends or constituent components of development but also important means to development and freedom. Sen's welfare theory relies not on individuals' attainments (of basic needs) but individuals' capabilities, an approach he believes can draw on a richer information base. For Sen, living consists of the effective freedom of a person to achieve states of beings and doings, or a vector of functionings. This freedom to attain, rather than the functionings themselves, is the primary goal, meaning that capability does not correlate closely to attainment, such as income.

In summary therefore and drawing from Sen, economic development is the continuous expansion of the capacity of the individuals, firms, communities to realize their capabilities and contribute to the advancement of society. Economic development is essential to creating the conditions for economic growth and ensuring continuous economic growth. By capacities, we mean conditions conducive to promoting an array of intermediate outcomes that set the stage for the realization of potential. This potential may be realized at multiple levels– for an individual, a firm or set of firms or industry, a community of people or a place. Building capacities allows for a better platform to accommodate an uncertain future and the ability to meet many possible contingencies. (Maryann Feldman, 2014). This capacity-building therefore requires government investment because there is no other entity that has societal benefit as its main objective and is able to command the resources required to have significant impact. Government is a vehicle for collective action: an agent for whom the principal is its citizens. While the not-for-profit and even for-profit sector has taken over many functions previously allocated to government, the results of this privatization are mixed. Government is still the principal inclusive vehicle for organizing economic, social and civic life. In contrast, markets are concerned with transactions and coordinate activity through prices.

3.0 Developmental State re-visited and Lessons from East Asia and Africa

It is without doubt that the classical school of thoughts had long held to the belief in the sovereignty of the market forces to make for efficient and stable economy and to effectively guide resource allocative decisions. Neo-classical economic models generally posit that the role of the state should be minimal in generating economic development, since any external influence other than market imperatives would distort the allocation mechanism, dampen incentives to invest, lower economic growth, and ultimately lead to a Pareto inefficient outcome where some people are worse off due to the centralized allocation mechanism of state intervention (Kim; 2009). However, it is now well recognized that the conditions under which markets are efficient and stable are highly restrictive, and not satisfied in any economy as at yet, not in the least in developing countries which are in dire need of escaping the poverty trap. Essentially, almost all economies exhibit the characteristics of mixed economy. The financial crisis of 2008-2009 is a classic example of market fundamentalism—the belief that unfettered markets, on their own, were stable and efficient, and the best way to promote growth and development.

Over the last two decades, the World Bank founded on the premise that a gap in resources accounted for the failure of development in the developing countries have focused on several piece-meal and project-based efforts to bring about development in the developing world. From the Structural Adjustment Programme (SAP) which was predicated upon the notion that the "right" economic policies will bring about development, yet it was efforts in futility as the needed development was elusive. Then came the Washington Consensus policies and the main thrust was the adoption of the right public institutions ("the good governance agenda") and good legal frameworks ("the rule of law") and development would follow. Once again, the result was less than expected. The failure of each of these strategies, according to Joseph Stiglitz by itself, led to and reinforces the view that development involved societal transformation, including the transformation of the economy and it would take a comprehensive development framework to accomplish such a societal transformation (Stiglitz, 1998). It also brought to the fore the obvious fact that what separated developed countries from developing ones was not just a gap in resources but a gap in knowledge according to the 1998 World Development Report, *Knowledge for Development*; development was about overcoming that gap.

The over-arching goal of a democratic state is to establish a society in which the citizens are intellectually, socially, economically and politically empowered (Marwala, 2007). In order to achieve this noble goal, certain conditions need to be in place in order to mobilize social, economic and political forces to capacitate the state to galvanize the productive forces that would ensure that these goals are achieved. One school of thought regarding the mechanism through which these productive forces can be galvanized is to reorient the state as a developmental state (Chang, 1999). This is what underlies China's "miraculous" doubling of its economy in 10 years whereas it took the USA approximately 50 years to double its economy. It achieved unprecedented feat in terms of the well-being of mankind: the movement of half a billion Chinese out of poverty in the span of a third of a century. Today, China's economy has exceeded the size of the US economy growing at an average annual growth rate more than 7 percentage points higher than that of the US. It went from being a country with a GDP a fraction of the United States to being the world's largest economy in the areas of savings rate, manufacturing and trade of goods (Marwala, 2005). This then sets the stage for asking pertinent questions which is the subject focus of this paper: what is a developmental state? What was the right balance between markets and the state that aided the "East Asian Tigers" in the process of development? What are the necessary conditions for the functioning of developmental state in other developing economies like Nigeria?

Chalmers Johnson is credited with establishing the developmental state as a conception of the state (Cumings, 1999). Johnson (1982) argued that credit for the exceptional development of Japan after WWII should go to the tactful government policies dating back at least to the 1920s. Thus the concept of developmental state has to do with state-oriented economic development or economic nationalism of a country. It is predicated on the assumption that there is a mutually beneficial relationship between state actors/bureaucrats and non-state entrepreneurs as non prevails over the other (Woo-Cumings,1999) and encompasses the view that state intervention is necessary to achieve long-term capital accumulation and society-wide developmental goals. As a concept, the developmental state has been described as anti-economics (Hollerman, 1983; Yamamura, 1983). It has been accepted as different but non-altering of neoclassical economic theory.

Developmental state according to Leftwich (2000,) is a transitional form of modern state "whose political and bureaucratic elites have generally achieved relative independence from socio-political forces in the society and have used this in order to promote a programme of rapid economic growth". This suggests that the interactions of social and political forces make developmental state non-static as it progresses through a life cycle that "commences with origins, progresses through consolidation and continues with metamorphosis". It is characterized by developmentally driven political purpose and institutional structures as well as politically driven developmental objectives. It is worth mentioning here that developmental state is constituted by particular political forces "creating interests and organizations in an increasingly complex economy and society" (Leftwich, 2000). These political forces may be democratic or non-democratic and this explains why non-democratic China and democratic Botswana are all developmental states.

Developmental state has two components: one i*deological*, one *structural*. It is this *ideology-structure nexus* that distinguishes developmental states from other forms of states. In terms of ideology, such a state is essentially one whose ideological underpinning is "developmentalist" in that it conceives its "mission" as that of ensuring economic development, usually interpreted to mean high rates of accumulation and industrialization. Such a state "establishes as its principle of legitimacy its ability to promote sustained development, understanding by development the steady high rates of economic growth and structural change in the productive system, both domestically and in its relationship to the international economy" (Castells, 1992). The *state-structure* side of the definition of the developmental state emphasizes *capacity* to implement economic policies sagaciously and effectively. Such a capacity is determined by various other institutional, technical, administrative and political forces or variables. Undergirding all these is the *autonomy* of the state from social forces so that it can use these capacities to devise long-term economic policies in collaboration with the private sector.

The main force behind the developmentalist ideology has usually been nationalism, inducing nations to seek to "catch up" with countries considered as more developed, to firm the resource base for national defence and security, etc. It is essential to stress these ideological underpinnings of state policies for it is these that provide the rationale for some of the policies and give legitimacy and impetus to the ruling class to make sacrifices for the nation. Implicit in the different stripes of definition of developmental state above is a state with a strong capacity to engineer industrial policy and such a state is insulated from the vested interests of the society. Hence the two pillars of state autonomy are her capacity and insulation of the state's institutions.

Apart from the obvious example of Japan's developmental state, accounts from Korea, Taiwan and other countries in the second tier of East Asia's newly industrializing economies is worth considering. In retelling the story of East Asia's success, and contrasting with the failures of others, the single focus is to extract lessons on the source of their outstanding progress. It is well known that most of the countries of East Asia have few resources, beyond the enormous potential of their people. When they began their journey of development, a little less than a half century ago, they were very poor but in taking steps towards their development, these countries of East Asia varied greatly in their economic policies. Some, like Korea and Japan, did not open up their doors to foreign investment (alleged by the advocates as the key factor to success for developing countries and emerging markets). Others, like Malaysia, did. China insisted on foreign investors being part of joint ventures for purposes of technological transfer. Some, like Taiwan, focused on smaller enterprises; others, like Korea, on large conglomerates.

Besides, most of the countries of East Asia had strong equalitarian policies that promoted social cohesion, and opened up the doors to large fractions of the population, including women. In doing so, they harnessed the most valuable resource they had—their human resources. As a point of comparison, even today, Japan's Gini coefficient is 0.32, compared to the US, which exceeds 0.41. Even China, which has a Gini coefficient comparable to that of the United States, has policies to ensure that the fruits of the growth are shared by those at the bottom and the middle as well. This kind of shared prosperity didn't just happen and according to Stiglitz, there were at least two critical ingredients. The first was the careful management of macroeconomic policies in conjunction with the industrial reforms. The second was the heavy investment in human capital, in education. Basic literacy became universal. Secondary education became the norm. China sent hundreds of thousands of students abroad for technical training. Millions more were enrolled in their own universities (Stiglitz; 2015). According to Marwala (2005), developmental states generally put strong emphasis on technical education and the development of numeracy and computer skills within the population. This technically oriented education is strategically used to capacitate government structures particularly the bureaucracy. What emerges out of this strategy is that the political and bureaucratic layers are populated by extremely educated people who have sufficient tools of analysis to be able to take leadership initiatives, based on sound scientific basis, at every level of decision making within the government structure. In all, the state played a central role (a role that has subsequently been referred to as *the development state)* and it was this central role that reflected most deeply the departure from the dictums of the Washington Consensus. At the same time, markets were also important. The state governed the market. It did more than just enforce contracts; it played a catalytic role.

Indeed, one of the crucial ways the East Asian countries government tightly controlled and regulated was their financial market, rather, than as in the United States, sometimes almost seemingly controlling the government). It was heavily regulated—and in some cases (such as Thailand) regulated to focus on real investments, rather than real estate speculation and even created special financial institutions (such as the Long-Term Credit Bank of Japan) for longer-term investments. They focused on encouraging savings (both by making it easy for individuals to save and making savings more secure), instead of encouraging borrowing and indebtedness. The result was high savings rates in the years before the crisis, the household savings rate fell to zero. Some have seen this high savings rate as *the* source of East Asia's success—it was what led to the creation of the wealth of these nations (Stiglitz 2015).

The same period that saw the enormous success of the East Asian countries saw stagnation and instability in much of the rest of the developing world. The reasons for their failures are as instructive as the reasons for the successes of the countries in East Asia. It is believed that many followed the precepts of the Washington Consensus. While some did so voluntarily, others were compelled especially in Africa because of being aid dependent on the West. It is instructive to note that at the center of the success of East Asia was learning, facilitated by education especially technical education, the transfer of technology, autonomy of the bureaucracy and industrialization. At the same time, at the center of failures in Africa was the process of deindustrialization and a lack of concern about learning and at best investment in education focused on primary schools—improving the ability of these countries to produce basic commodities. Nothing was done to close the knowledge gap that separated them from the more advanced countries. (Noman and Stiglitz 2012, 2015; Noman, Botchwey, Stein, and Stiglitz 2012).

During the period in sub-Saharan Africa, five countries; Rwanda, Ethiopia, and Mauritius (countries without natural resources) and Botswana and South Africa (economies based on natural resources) maintained some level of success. To succeed, Tiny Botswana blessed with diamonds had to stop a contract for the exploitation of diamonds signed in the colonial regime that gave room for disproportionate share of the benefits of the diamonds. As a departure from the colonial model where the developing countries were thought of only as a source of raw materials, with the value -added processes occurring in developed countries, Botswana recently developed a strategy to ensure that a larger fraction of the processing of diamonds occurs in Botswana. To complement the above and diversify her economy, it had earlier placed heavy emphasis on education, and developed a vibrant tourist industry.

In addition, the sense of nationalism and development vision of the leaders of Botswana particularly first President of Botswana- Sir Seretse Khama and his Vice - Quett Masire, lied at the heart of a developmental state of Botswana as evidenced by her national slogan- '*ditiro tsa ditlhabololo'* meaning 'work for Development' is an indication of developmental drive of their Ministry of Development Planning which laid the foundation for growth (Taylor, 2003). Rwanda, Ethiopia, and Mauritius all had one thing in common; they all adopted the East Asian development state model. They did so deliberately by studying the cases that were successful, and based their policies on trying to *adapt* to their circumstances the policies that had worked so well. They focused on industrialization and learning—reversing the mistakes that had been made under the IMF and World Bank tutelage in the structural adjustment programs (though retaining some of the *good* lessons, such as sound fiscal systems.). While the World Bank was telling countries to spend its educational resources just on primary education, Mauritius took a different course, providing free *college* education to all of its citizens (Stiglitz 2012).

The examples of success in Africa highlighted here not only show that success is possible but they also demonstrate that some of the arguments put forward for the inevitability of failure in Africa and the inability to replicate the Asian experience are simply wrong. Some of the reasons include dependence, lack of ideology, "softness" of the African state and its proneness to "capture" by special interest groups, lack of technical and analytical capacity, the charged international environment that did not permit protection of industrial policies, and past poor record of performance. On the other hand, the developmental state is not manna from heaven. Observation have shown that the extent to which development 'work' depends in part on particular local, historical or institutional contexts. Thus, general policy prescriptions will fail when the necessary conditions that make them work are either absent, ignored or poorly understood. In short, context matters, suggesting a need to study how people understand their own development experience. As Dani Rodrik (2010) puts it, "there has not been a greater instance of poverty reduction in history than that of China in the quarter century since the 1970s. Yet can anyone name the (Western) economists or the piece of research that played an instrumental role in China's reforms? What about South Korea, Malaysia and Vietnam?" Equally, the implosion of the countries of the former Soviet Union and Eastern Europe demonstrated that it was not market economics alone that was on trial, but perhaps dogmatism more broadly. If the countries of the world are varied in every way from their initial conditions to the degree of their openness to outside money and influence, and success is not centered in any one group of countries, it stands to reason that there cannot be a single recipe for development".

4.0 Conclusion

This paper sets outs to discuss the history of economic development thoughts and as well trace the development experiences of new independent economies in East Asia and some selected African countries highlighting important characteristics of the state-development relationship from the point of history. The goal is to contribute to the on-going debate on the subject matter and also draw lessons and make policy recommendations for Nigeria as it strives to build a developmental state.

It is no doubt sub-Saharan Africa is facing huge political and economic problems. The region has the greatest number of fragile and failed states and many of the countries in the region are among the poorest in world. This plethora of challenges have created the notion that government failure is at the heart of the crisis and it was what fueled the introduction and subsequent implementation of Structural Adjustment Programs (SAP). Regrettably, one of the key tenets of structural adjustment was limiting the role of the state and enhancing the role of the market by touting the ability of the latter to resolve all problems regarding growth and development. But, as has been discussed in this paper, the arguments raised on the impossibility of developmental states in Africa are not firmly founded either in African historical experience or in the trajectories of the more successful "developmental states that this paper uses for its analysis and comparisons. In fact, in the history of development in Sub-Saharan Africa, the fastest rates of economic growth and development were achieved in the period soon after independence where there was relatively more state involvement (Akyuz & Gore, 2001). Indeed, some writers characterize the post-colonial state as "developmentalist" almost by definition. African leaders then had always been aware of the need for some "nationalist-cum-developmentalist" ideology for both nation building and development. Overall, the experience elsewhere is that developmental states are social constructs consciously brought about by states' elites and the ruling class and with active cooperation of society members and example from Botswana is clearly evident.

5.0 Policy Recommendation

Since economic development is synonymous with the continuous expansion of the capacity of individuals, firms, communities to realize their capabilities and contribute to the advancement of society and drawing from the benefits of experience of other economies, the Nigerian Government needs as a matter of urgency to re-prioritize her immediate and long term investment in education, research and development and technological transfer as core components of learning and human capital development. Secondly, the current drive for curbing corruption and sanitization of the system should be encouraged and sustained within the ambits of the rule of law. However, appropriate legal framework is required to strengthen institutions for long term reforms that supports economic growth and industrial development policy. Thirdly, efforts should be intensified to pursue the diversification of the country's economy and create the enabling environment for the development of agricultural sub-sector for food sufficiency and the development of the industrial sub-sector. To make agriculture attractive, government should put in place policies that will favor subsidy for agricultural inputs like fertilizer to the real farmers and provision of incentives like reduced interest loan to farmers. Investments in critical infrastructures like dams, roads and rails should be given priority to boost agricultural development. Overall, government should consciously implement pro-policies and programmes that promotes social inclusion and bridges the large inequality gap between the haves and the have nots.

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