The nature of the state’s relationship with the economy has been the major focus of controversy within the debates which have raged over the causes of both the rise of the East Asian ‘miracle’ economies and the crisis which has now come to afflict a number of them. Regardless of the position taken on the impact and effectiveness of state intervention to promote the achievement of economic goals, it has been widely accepted that such intervention has been pervasive in East Asia and that it has taken distinctive institutional forms which have differentiated it from its counterparts elsewhere, both in the developing world and in the industrialised West. Yet there is one area of East Asian economic activity as regards which, despite widespread recognition of the fact that state intervention and protection have been particularly marked, little comparative analysis has been undertaken. That area is agriculture. In particular, there has been little comparative analysis of the forms and mechanisms of state intervention to ‘govern the market’ in agriculture.

Agriculture has been, needless to say, a sector of the economy which few governments in the developed or developing worlds have left to be governed by the market, and the agonised negotiations over agricultural products under the GATT Uruguay Round testified to the strength of the forces supporting protection of domestic agricultural producers and the widespread resistance to the ‘globalisation’ of agriculture which the new WTO regime was seen as heralding. In East Asia, these forces had generated, over the preceding decades, rapid rises in the degree of state intervention in agricultural markets, so that the level of intervention, as measured by, for example, the extent of border protection, had came to exceed, as subsequent data will show, levels typical of the industrial West.
However, the approach of much of the literature on the East Asian state is based on the assumption that the state’s role in the economy is different not only in its measurable extent but also, and more importantly, in its nature. The state is seen as accepting the existence of the market economy and private ownership of the means of production, but also as seeking to manipulate the incentive structure facing producers so as to bring about a different allocation of resources from that which would otherwise prevail. Of course, as far as agriculture is concerned, most governments in the world could be described in this way, but the East Asian model is further characterised according to the institutional actors involved and the methods used to ‘guide’ or ‘govern’ markets towards the achievement of what are seen as national goals.

The term ‘developmental state’, originally coined by Chalmers Johnson to define the institutions and practices of state intervention in the industrial sector in Japan, has come to be more widely used as the means of describing such distinctive features of the state’s role in the economy in East Asia, whether as the key explanation of the successful cases of industrialisation in the region or as the underlying cause of the crisis of the late 1990s.

A number of key features are generally held to be common and crucial to the operations of the developmental states of East Asia. Within such states, it is argued, the political arm of the government interacts with interest groups to maintain political stability and secure room for manoeuvre in the actual implementation of policy, while the bureaucratic arm, usually under the direction of a particular agency within the bureaucracy (‘the pilot organisation’ in Johnson’s terminology), is left free to adopt whatever day-to-day methods it can devise to achieve the overall goals. Although the bureaucratic agency may sometimes intervene quite directly (for example, through public ownership of production facilities) in the industrial sector which is its concern, it more commonly makes use of more indirect methods of inducing private-sector businesses to follow bureaucratic ‘guidance’.

These tend to involve whatever carrots (e.g., access to government-controlled sources of credit) and sticks (e.g., the threat of reduced protection from domestic or international competition) the bureaucratic agency has at its disposal and are employed by means of more-or-less informal relationships between bureaucrats and the representatives of private producers. Whilst there has been much controversy as to the impact of this form of state intervention on actual economic outcomes, there has been little question that it has been widely attempted and that its institutional characteristics pervade the relationship between the state and the economy in many parts of the East Asian region.