

Strategies For State-Led Social Transformation: Rent Management, Technology Acquisition and Long-Term Growth

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The transition of a small number of developing countries to high living standards over the last four decades has opened up an important debate within economics. What are the necessary economic and institutional conditions for sustained and rapid improvements in living standards? This question goes to the heart of many current debates on the role of markets and states during the economic and social transformation that successful developing countries have gone through. Most economists will agree about a number of broad features that characterize these successful catching up experiences. Successful developing countries had high savings and investment rates, they rapidly began to export high-value added manufactured products, they were open to world markets to acquire technology and to export, in all these countries private sector capitalists were important players, but states too played key roles. However, beyond these very general observations, there is little agreement about what needs to be done in the next tier of developing countries that want to follow the example of the high-growth countries. What are the institutional preconditions, economic policies and state capacities that are needed? We identify a number of critical questions and issues that have emerged in the policy discussions on these issues and then identify a number of research questions relevant for Vietnam.

i) Creating Market Opportunities or Organizing Social Transformations. Should policy-makers focus on making markets more efficient, or does the achievement of the conditions for sustained growth require a more fundamental and far-reaching social transformation in the developing country? This critical issue has been debated for a long time, going back to debates amongst historians, and particularly Marxist historians, on the conditions that explained the transition from feudalism to capitalism in Western Europe. This is an important question because capitalism as a new and radically more dynamic economic system first emerged in England, and then in the rest of Western Europe. Yet, for a long time, these areas had been relatively technologically and commercially backward compared to many countries in Asia and the Middle East. How can we explain why capitalism emerged in England and not in China, India or the Middle East, which at different times were more technologically advanced than Europe and had more stable state organizations? Two sorts of explanations have been put forward, and the divide between them is still relevant for understanding contemporary debates on the determinants of and obstacles to the transition to high-productivity economies in developing countries today.

The first type of explanation argued that capitalism was essentially the freeing up of market opportunities. The transition to capitalism happened in those countries where the obstacles to the market were first removed. These obstacles included political obstacles, for instance, feudalism itself set up many barriers to the movement of labour and capital, and prevented land being freely sold. Other obstacles to the market were ideological or religious barriers that prevented markets from becoming the main regulator of resource allocation in society. For a variety of reasons, the argument was that these obstacles were first overcome in Western Europe because internal and external factors weakened feudal restrictions and ideologies and allowed the market to grow. The group of historians and economists making this case often differed on which obstacles were more important and the mechanisms through which they were overcome, but they agreed that capitalism emerged because of the *removal of obstacles to the market*. Despite important differences between them on other issues, Marxist historians such as Maurice Dobb (1946) and Paul Sweezy (1950) as well as non-Marxist economic historians such as Douglass North (1990) shared this view of capitalism emerging through the extension of a market economy. In many ways, the modern neoclassical economics position on how to construct the institutional conditions for a dynamic economy are very close to this historical position. It implicitly argues that if obstacles to a freely working and competitive market can be rapidly removed, economic growth will accelerate.

In contrast to this position, the more conventional Marxist position has been to sharply distinguish between the market and capitalism. This distinction is important because the market has existed for thousands of years without leading to capitalism, and so something much more special was involved in the emergence of capitalism. Moreover, areas that were relatively more commercialized, such as Florence, the Maghreb, or the Baltic states did not make the first transition to capitalism. Nor was there any sign of capitalism in India or China despite the presence of widespread long-distance trade within these empires and between them and the rest of the world. If capitalism depends on how extensive your markets are, India, China and the Italian city states should have been more developed capitalist economies than England in the sixteenth or seventeenth century, and should have had much stronger internal social pressures for further removing the obstacles to the growth of the market. Therefore

the conventional Marxist view argues that capitalism was not just about more fully exploiting market opportunities, but rather about the imposition of a completely new structure of property rights and institutions.

Capitalism was not just more markets, but a unique system where for the first time, the market operated in such a way that productivity was rapidly enhanced and technological progress happened in a sustained manner. The reason was not just that the role of the market was extended, but rather that capitalism was based on a class who owned the means of production and a propertyless class of workers who were forced to work for them. The structure of rights was such that both capitalists and workers had to continuously improve their productivity simply in order to survive. Robert Brenner (1976, 1985) and Ellen Meiksins Wood (2002) have powerfully represented this position, and it can be argued that this was much closer to the position of Marx himself in his analysis of primitive accumulation. Marx pointed out for the first time the significance of the forced transfer of land to an emerging class of agrarian capitalists that had been essential for the creation of capitalism in England. This analysis suggests that the reason why capitalism emerged in England first and then in Western Europe had little to do with removing obstacles to the market, and much more to do with internal class struggles and state strategies that allowed the property rights necessary for a capitalist economy to emerge. The historical evidence can be read as being strongly in favour of this second interpretation of the conditions under which capitalism emerged in the West. If this view is correct, it has enormous significance for current debates on the institutional conditions for rapid productivity growth in developing countries. Dynamic economies are unlikely to emerge simply by removing obstacles to the market and trying to make markets more efficient. Rather, we have to ask what rights and institutions are necessary in the context of the contemporary world economy for rapid productivity growth, and how these can be introduced. This perspective suggests that development involves a *social transformation* and opens up the possibility that far from market-enhancing strategies being sufficient, the state may have to play a lead role in organizing this social transformation.

ii) Classical Capitalism versus Late Development. Even if we agree that the establishment of capitalism in the early developers required important non-market

processes such as primitive accumulation, it is not at all clear that the property rights and institutions that were appropriate for the early developers would be appropriate for late developers. In early developers, the creation of a propertyless class of workers and a class of asset owners who were competing amongst themselves to survive was sufficient to ensure relatively rapid productivity growth through market competition. It is not clear that a similar structure of rights in contemporary developing countries would have the same effect, given that now developing countries have to *catch up* with advanced countries who already have higher productivity and better technologies than they do. A catching-up country that had free trade would very likely be stuck with low-technology production. This is because the only technology that is viable in a low productivity country is technology that is no longer viable in any advanced country because too much of expensive labour is required. The developmental state literature (Aoki, Kim and Okuno-Fujiwara 1997 and many others), and the case studies of catching-up countries such as South Korea (Amsden 1989) and Taiwan (Wade 1990) show that successful catching up has required a range of institutions and interventions that are quite different from classical capitalism.

Thus, the social transformation in late developers is likely to be quite different from the social transformation that happened in early developers. Not only would late developers have to organize a different type of primitive accumulation, to take account of the fact that the scale and capital-intensity of high productivity production was now much greater, they would also have to organize catching-up strategies to acquire technologies that allowed them to compete. We will see that this imposes new challenges on the role of the state during the social transformation.

iii) “Good Governance” and “Investment Climate” in mainstream economics are defined as if development can be achieved simply by removing obstacles in the path of efficient markets. The mainstream consensus today (which is surprisingly similar to the minority position in classical Marxism) is that a perfectly-working market *is* capitalism. Policy is therefore aimed at creating this competitive market. What is required (in the conventional wisdom) for such a market? First, we require stable property rights, defined by low expropriation risk. Note that we do not require any specific *structure* of property rights, all we need is that *all* existing rights should be well-defined and non-expropriable. It does not matter if existing rights are peasant

rights over land or very large unproductive landlords, or anything else. The assumption is that as soon as we have property rights with low expropriation risk, transaction costs will fall, and efficient allocations will follow. The point made by Brenner and Wood that markets did not lead to capitalism emerging for thousands of years till forced changes in rights happened by accident in England in the sixteenth and seventeenth centuries has to be answered by these theorists. Secondly, well-working markets require no intervention by states, so it is assumed that a well-working capitalism also requires the absence of state intervention. Intervention creates rents (incomes above opportunity incomes) and this impedes the operation of competitive markets. Third, well-working markets require the absence of rent-seeking and corruption since these processes create rents and destabilize property rights. Finally, we need to have democracy to make a market economy work. It is assumed that since rent seeking benefits a minority, the majority will use democracy to ensure that rent seeking does not happen. All of this is theoretical. What is the evidence that good governance was necessary for generating economic dynamism in any developing country?

iv) The Evidence. While a lot of cross-sectional evidence is presented in support of the conventional models, these regression exercises do not actually support the claims that are made (see Khan 2002 for a critique). Figure 1 plots Knack and Keefer's Property Right Stability Index (incorporating corruption, rule of law, bureaucratic quality, government contract repudiation and expropriation risk) for 1984, the earliest available year, against GDP growth rates for the decade 1980-90. We can treat 1984 as the index for the beginning of the period in question. The interesting observation is that while the regression line has the expected positive slope, (though the R bar square is only 0.03), the countries in our sample separate into three quite separate groups. Most countries belong to either group 1 (low-growth developing countries, defined by a growth rate below the advanced country average) or group 3 (advanced industrialized countries, defined by their per capita incomes).

The characteristics of these two groups are that the first has low growth (by definition) and poor governance characteristics, while the latter group has higher growth and the best governance characteristics. The most interesting group is, however, group 2 (developing countries that are catching-up by virtue of having

higher growth rates than the advanced countries). This group is interesting because though the countries in it are not numerous enough to make a difference to the slope of the regression line, they were the only ones that were actually catching up. A visual examination of the data shows that while their growth was significant, their property right and other governance characteristics were *not* significantly different from the developing country average. This observation is particularly significant given that the data is already biased in some of the ways we have mentioned earlier. High-growth countries are likely to generate subjective indices of governance that are better, and moreover, because they have already grown for some time, we would expect their governance characteristics to be better as a *result* of growth rather than simply being exogenously better.

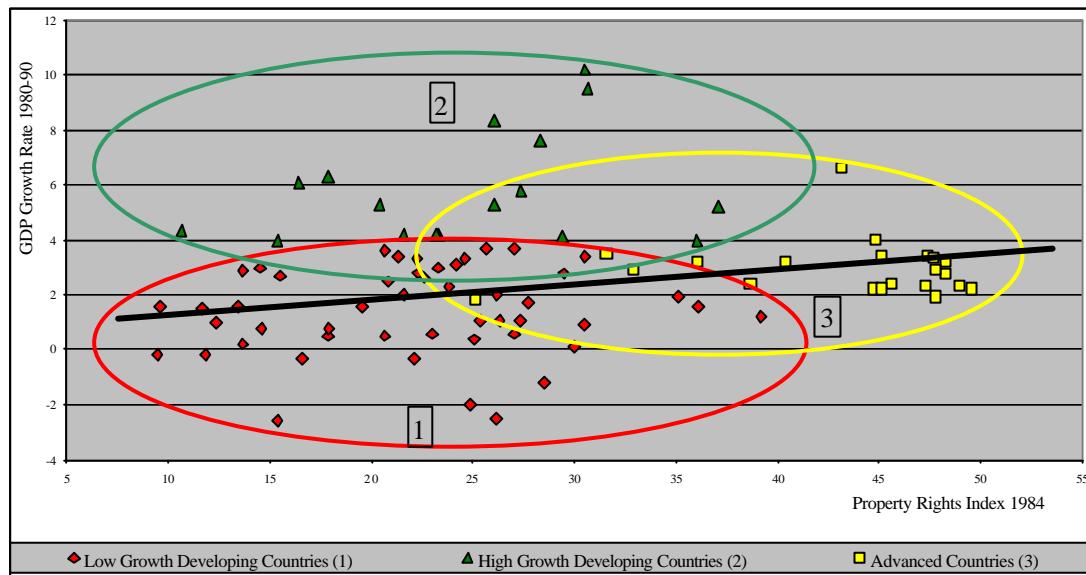


Figure 1 The Relationship between Stable Property Rights and Growth

This evidence raises a very important question for catching-up policies in developing countries. Do group 1 countries try to reach group 3 by *first* emulating the governance characteristics of group 3 countries, or do they look at history and try to attain the governance characteristics of group 2 countries, as these are the only countries that are actually catching up? The route to group 3 may be through group 2, in which case, the relevant institutional capacities for group 1 countries should be sought in group 2 rather than group 3. Whatever the critical institutional and governance characteristics that created a good investment climate in group 2 countries, these are not readily

described as stable property rights and other characteristics that good governance theory identifies.

But our main concern is with the theory. Underlying the good governance and investment climate approaches is a theory of capitalist development that has many weaknesses. These theories are based on observations of capitalist economies in advanced countries, but the theoretical mechanisms they assume may not be appropriate for emerging capitalist economies. In particular, the focus on stable property rights and the creation of a well-working market needs to be questioned. While these are important characteristics of an advanced capitalist economy, creating a capitalist economy always requires substantial restructuring of pre-existing property rights and incentives for emerging capitalists to rapidly acquire new technologies. During this transition, the condition of stable property rights is an odd one to aim for; particularly since the existing structure of rights and production systems are by definition of low productivity. The real question is whether we can ensure that the economic and social restructuring that is taking place is taking the country in the direction of a viable capitalist economy or not. The danger is that the good governance and investment climate approaches are in fact bypassing asking difficult questions about the social transformation and instead they focus on reforms that would make an already existing capitalist market economy work better. This assumes that a capitalist market economy exists in the first place, and in most developing countries, the insignificance of the capitalist sector is the main problem.

vi) Why does capital not flow to cheap labour countries? The issues of primitive accumulation and technology acquisition would be less significant if the market actually operated in the way in which it is supposed to operate in theory. In theory, if a market exists, and a country has cheaper labour than another, capital should flow to the cheap labour country. But this theory ignores that competitiveness and productivity are only high in some countries because the social structure imposes compulsions for high productivity. If productivity is low and does not grow, low wages by themselves will not attract investment.

This is a simple matter of arithmetic. Even if wages in the developing country are $1/20^{\text{th}}$ that in an advanced country, if productivity is $1/40^{\text{th}}$, unit labour costs are *twice*

as high in the developing country. Productivity differentials between advanced and developing countries are likely to be particularly high in high technology industries, and less so in low technology industries. This, rather than the relative cost of labour and capital explains why only low productivity industries are likely to migrate to developing countries if they simply rely on markets with no internal strategy of social transformation. A powerful evidence of this is the recent example of Mexico, which joined the US in a free trade zone (NAFTA) in 1994. After ten years, Mexico's average per capita income growth over this period was barely 1%, far lower than East Asian countries that do not have duty free access and free capital flows with the US (Stiglitz 2004).

vii) How have successful countries managed to ensure investment in high productivity industries? The conventional explanations of why some countries have been more successful in sustaining high technology investments have focused on infrastructure and education. These are important points but they do not go far enough. Many successful countries like Taiwan and South Korea in the sixties were building infrastructure at the same time as they were industrializing, rather than good infrastructure *explaining* their industrialization. The same is true of China today, where industrialization is running ahead of infrastructural capacity. So, while infrastructure in general is important, it cannot on its own explain why some countries have been much faster in moving up the technology ladder.

The key factor that determines whether high value-added industries will be set up is the institutional structure that determines whether high value-added sectors can be operated at high productivity. The basic problem with setting up high productivity industries is that learning how to use high technology machines, and setting up all the internal and external systems that are required to maximize productivity *takes time*. This very simple point was made a long time ago by Kenneth Arrow who introduced the term “*learning-by-doing*” to describe the fact that productivity was always initially low with new machines, and only gradually improved as a result of learning how to use them. This means that unless there is some institutional system that can both allow this learning to take place, and *ensure* that resources are not wasted if learning fails, investment in high productivity sectors is unlikely to happen.

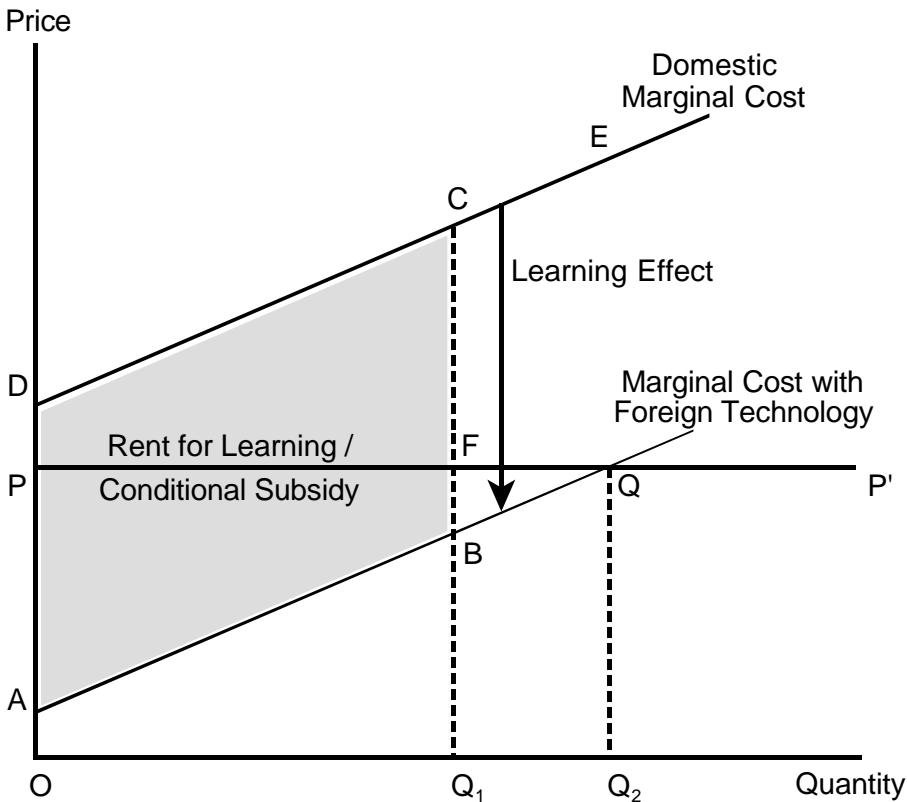


Figure 2 Conditional Subsidies and Rents for Learning Source: Khan (2000a: Figure 1.8)

The basic problem can be shown using a very simple diagram shown in Figure 2. It shows that domestic productivity in the developing country is initially so low, that if it imports the potentially high-productivity foreign technology, it can initially have *higher* marginal costs than the advanced country. But this is only because productivity is low because of the absence of learning, not because it is permanently going to be low. So how does the developing country overcome this hurdle? The simplest way to acquire the learning is the classical infant industry strategy of providing a conditional subsidy or “learning rent” for a fixed period, with the condition that the subsidy will be withdrawn at the end of the period, or even earlier if performance is poor. In our diagram, a subsidy of ABCD to the domestic industry allows it to produce OQ₁ of output. By allowing the industry to produce and the worker and managers to set up the systems and incentives for productivity growth, over time, productivity can rise, reducing marginal cost to the advanced country level or even below, given the wage advantage. But in the short run, these strategies have a cost, because they allow static inefficiency by allowing a loss-making industry to survive. The short run cost will only be worthwhile if the subsidy succeeds in generating long term productivity

growth and the country can enjoy higher living standards as a result. Many developing countries attempted these strategies in the past, but only a few succeeded. Providing a learning rent for a very short period is just as problematic as providing it for too long. If the state does not have the credibility to be able to withdraw a subsidy when there is underperformance then not only will there be a short-run cost, there will be a permanent cost because infant industries will never grow up.

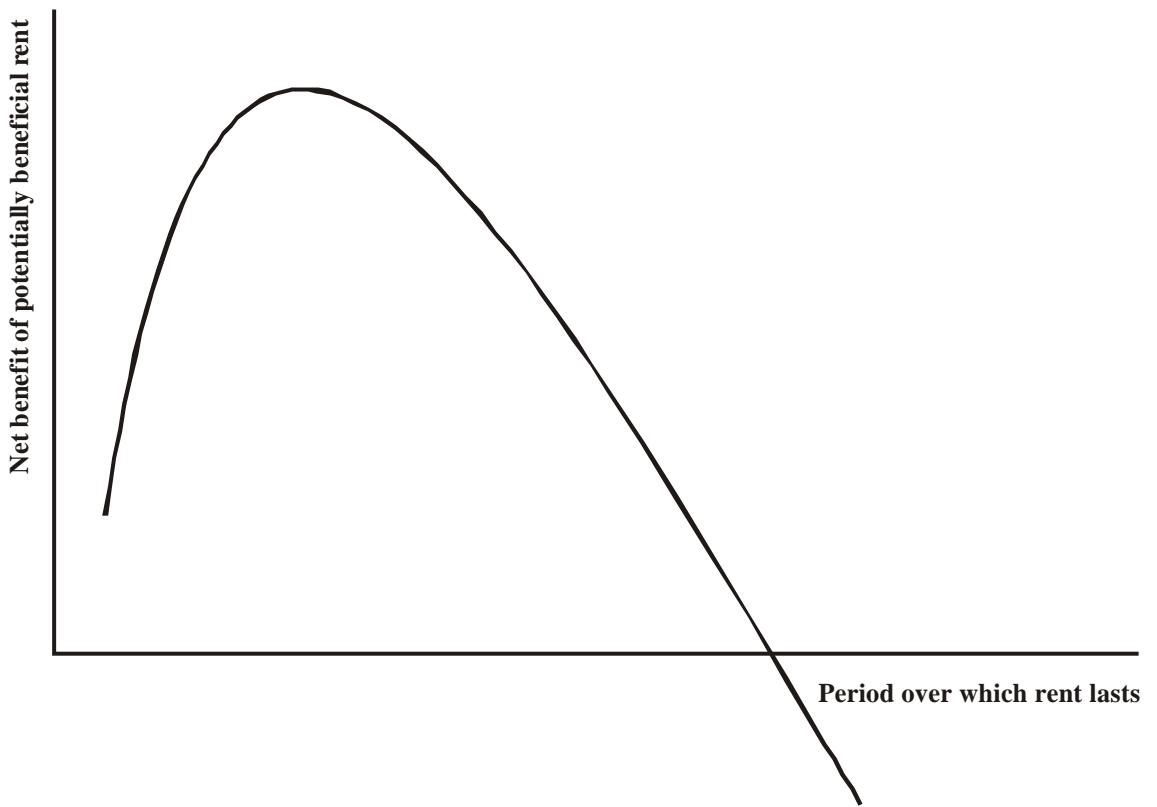


Figure 3 Rent-Management in the case of Learning Rents

Figure 3 shows that to ensure productivity growth even in the simplest case of learning rents, fairly demanding conditions are required of the state. In the case of direct subsidies to learning industries, critical conditions for success include a capacity of the state to pragmatically *monitor* and make judgements about performance, *and* the capacity to *re-allocate subsidies and assets* of non-performers. However, direct subsidies to infant industries have not always been the route through which late developers have gone up the technology ladder. Moreover, with the advent of the WTO, organizing direct subsidies to infant industries is going to be more difficult in the future.

Despite the WTO, there is no change in the fundamental reasons why the institutional structure of early capitalism that was sufficient for ensuring rapid productivity growth in the context of the frontier capitalist countries is not likely to work very well in catching-up countries. Successful catching-up countries have shown that late developers require additional institutional features to ensure productivity growth, since capitalist property rights and market competition alone cannot ensure this. If direct subsidies have become more difficult, indirect subsidies to learning industries and industries bringing in high value-added technologies have to be considered. After all, industries in advanced countries receive massive implicit subsidies in the form of differential taxation, infrastructure provision, subsidies that provide them with an educated work-force and so on. Indirect subsidies have been widely used in developing countries, but here too we need to have specific rent-management systems to ensure that good economic outcomes are achieved.

Many different mechanisms of hidden subsidies can be identified. These include, for example, state involvement in technology licensing from abroad, paying for some of the overhead costs and providing technology to domestic producers at a lower cost. There could be tax breaks for specific sectors, and these can be related to technology acquisition strategies. There can be hidden subsidies in the form of prioritized infrastructure for specific sectors. In advanced countries like the USA, government purchasing policies in high technology industries like aerospace often allow cost plus pricing to be used for part of the sales of specific industries, providing a barely hidden subsidy. Competition policy can also be used to allow temporary monopolies in specific sectors to allow enterprises to make monopoly rents for a time as a way of subsidizing innovation. This is used extensively in advanced countries, as the debate over the monopoly status of Microsoft has revealed. In each case, success requires complementary rent-management capacities for the state. While they are different in each case, they are essentially similar to the basic model that we have set up for the simplest case of direct subsidies. In each case, state institutions have to have the capacity to identify the degree of support required, and have the capacity to *withdraw* this support when performance is unsatisfactory. These capacities are partly institutional and partly political, and are somewhat different for different rent management strategies.

Identifying and developing the appropriate rent-management capacities must be a critical part of any moves towards setting up a developmental state that can organize catching up in a developing country. It follows that assisting developing countries to develop appropriate rent management capacities can be an important way in which these countries can be assisted to raise living standards more rapidly. While developing countries are often advised to let the market take its own course, it is worth noting that rent-management capacities are recognized as extremely important in advanced countries. When the US state considers whether to allow Microsoft to keep making its monopoly profits or to break it up, its regulators are precisely considering the effects of Microsoft's profits on its innovation and that of other competitors. These are sophisticated state capacities, mistakes will occasionally be made, but advanced countries do not rely on the market alone to ensure rapid innovation and productivity growth. The need for state rent-management capacities is if anything much greater in developing countries. The argument that developing country state's can make mistakes is correct, as is the argument that interventionist attempts have often gone wrong in developing countries in the past. But it does not follow that developing countries can therefore abandon rent management capacities entirely and rely on the entirely on the "market". This is particularly the case given that the historical evidence tells us that raising social productivity, and therefore reducing poverty, requires much more than extending markets and relying on competition.

viii) Growth-Enhancing and Growth-Reducing Rents. While some rents are critical for enhancing growth prospects in developing countries, other rents are very damaging for growth prospects (see Khan 2000a for a discussion of different types of rents). From a policy perspective, we need to point out that potentially growth-enhancing rents can become growth-reducing if the rent-management capacities of the state are missing. For instance, potentially dynamic infant industry subsidies can become growth-reducing for the economy if they are allocated without proper conditionalities and without a state capacity to monitor and withdraw subsidies in underperforming industries.

Type of Rent	Rent-Management	Economic Outcomes
Monopoly Rent	Created in response to special interest group pressure	Negative
Successful Learning Rents (Infant Industry Subsidies, Prioritization of Infrastructure, Temporary Monopolies)	Benefits conditional on performance, institutional and political capacity for monitoring and rent-withdrawal	Very positive
Failed Learning Rents	Powerful groups can protect rents, state lacks capacity to independently allocate rents, or monitor or withdraw rents from underperforming enterprises	Very negative
Viable Redistributive Rents	Extent of redistribution effectively controlled, lobbying for these rents kept separate from management of learning rents	Mildly negative but can be positive if benefit of political stability included
Damaging Redistributive Rents	Growing redistribution, unstable coalitions, redistributive coalitions protect inefficient learning rents	Very negative

ix) Differences in Rent-Management Systems. When we look at the conditions that allowed successful developing countries to maintain growth-enhancing rents and remove growth-reducing rents, we see that their success depended on effective rent-management systems that were appropriate to the rents they were trying to manage. The problem of research and for policy is that we find a great number of variations in the types of institutions and interventions managing rents in different successful late developers because the strategies of technology acquisition differed considerably (Khan 2000b). A few examples of technology acquisition strategies and the associated rent-management systems will indicate the range of variations that we observe:

a) In the South Korean case, large holding companies, the *chaebol*, were given subsidies to catch up technologically with advanced countries. Here, large companies were given the responsibility to acquire high-technology production systems. This was the classic infant industry strategy, closest to the situation shown in Figure 2. For this system of rent-allocation to work, the state had to operate a rent-management

system that involved the executive setting export and other performance targets, and making pragmatic judgements about performance based on observed results. The success of the South Korean rent-management system depended critically on a balance of power between capitalists and the state that prevented inefficient capitalist from protecting their subsidies if the state decided to withdraw them. The state on the other hand had no incentive to support inefficient capitalists because it could get bigger kickbacks and taxes by shifting its support to dynamic capitalists (Amsden 1989, Khan 2000b). This route of social and economic transformation would be difficult to replicate precisely in many developing countries where capitalists can easily buy themselves political protection from factions within the state who will protect their inefficient rents even if other state agencies try to remove them.

b) In the Malaysian case, technology acquisition was accelerated by providing conditions for high-technology multinational companies to invest in Malaysia and provide backward linkages to domestic producers. Unlike many other countries, the multinationals that came to Malaysia were high-technology companies and they were induced to come because the government effectively provided them with hidden subsidies. These took the form of prioritization of infrastructure to suit the needs of foreign investors and the protection of foreign investors from internal redistributive demands. The latter was particularly important because Malaysia's internal redistributive needs were entirely met by taxing domestic capitalists who happened to be largely from the minority Chinese community. This effective subsidization of multinationals was conditional on high-technology processes being imported because the government vetted the technology investors were bringing in, and it ensured that low technology investors did not come. The state then ensured that domestic learning would also take place by insisting on technology transfer to subcontractors and other backward linkages by insisting on local content. But they could do all this because the platform that the Malaysian government offered to multinationals was much better than that offered by most of Malaysia's competitors. It may be difficult for other countries to repeat the Malaysian experience because the effective subsidization of foreign companies is more difficult if domestic capitalists do not come from a minority community and are able to resist their effective taxation (Jomo and Edwards 1993, Khan 2000b).

c) In the Taiwanese case, the government encouraged small-scale high technology industries in the private sector to acquire high-productivity technologies by subsidizing this technology acquisition through state-led technology licensing, and the provision of key inputs through a well-run and efficient public sector. The coordination of technology licensing by the state meant that in Taiwan, the state directly subsidized technology acquisition by passing on this technology to a competitive private sector below cost. It then ensured that learning would happen because a relatively large number of firms in the private sector would each have access to these subsidized technologies, and competition would favour the firms that were better at raising productivity rapidly through learning (Wade 1990). For this rent-management system to work, the state needed to be able to distance itself institutionally and politically from the competitive private sector, so that rent seeking by individual firms within this sector did not affect state decisions on technology policy. This can be difficult to repeat in other countries where the state is not artificially separated from the private sector as it was in Taiwan because of the historical accident. The Taiwanese state was led largely by mainland Chinese following their expulsion from mainland China in 1949 and the business sector was composed largely of local Taiwanese. This political distance proved to be very useful in operating this rent-management system because local business interests could not influence state-led technology acquisition to favour particular groups at the expense of national interests, nor could any group use political power to acquire monopoly power in the domestic market.

The policy question for the next tier of developers is to construct the institutions required for high-growth. We have argued that this is not going to be achieved by simply pushing market-enhancing reforms because it also involves much more difficult processes of changing social structures and institutions to compel productivity growth. Productivity growth is not an easy or effortless task, and it has not happened in any country without institutions that compelled productivity growth. We have described the creation of these new institutions and rights as a social transformation and we find that in successful developers, the state played a key role in driving this social transformation. In the early developers, the social transformation was achieved by creating capitalist property rights. This was sufficient to achieve rapid productivity growth, because capitalist market competition was a sufficient

mechanism of compulsion to force productivity growth in the early developers. But in late developers market competition between capitalists had to be augmented by a number of different rent-management systems that allowed the rate of technology acquisition to be maximized.

To determine the nature of the rent-management system that will work in different contexts, we have to start by looking at the technology challenges that the country faces. We first need to identify the key sectors where technology upgrading is socially desirable, to enable the country to move to the next tier of technologies. As we have seen, different strategies of technology acquisition exist, and new ones may evolve in the future. Our second task is then to identify the different strategies through which technology acquisition may be promoted in the sector identified. Each of these strategies has an associated system of rent management and we then have to identify the institutional and political conditions that are required for each of these strategies to work. The aim is to identify the strategy that is most likely to work in our specific country given pre-existing political and institutional conditions. In other words, if we are considering Vietnam, we need to ask whether Vietnam can make feasible changes in its internal political and institutional capacities to follow South Korean, Malaysian, Taiwanese or other strategies of social transformation. If not, is there an alternative rent-management strategy that can accelerate technology acquisition in the Vietnamese sectors we are considering and which can be implemented given Vietnam's political and institutional conditions? These judgements clearly require an appreciation of what is politically feasible, as well as an understanding of the economics of technology acquisition. Recommendations can then be made to policy-makers about feasible reforms in political and institutional conditions to allow the technology acquisition strategy that we have identified to be implemented.

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