What is the Role of the State in Fostering Development?

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Introduction

A state plays an important role in the development of any country. Not only the state but also civil and private societies play crucial roles and duties in the development of a state. The main aim of this paper is to examine the role of the government in fostering development through theoretical debates as well as historical experiences.

The divided-nation imagery was critically highlighted, showing the extent of inequality levels during the post-apartheid period in South Africa. Mbeki's two-nation portrayal provides a current analysis of South Africa. Not only was racial income inequality evident, but wage discrimination was as well. After the 1994 democratization, the last statutory vestiges of racial discrimination were ended. The available data states that the Gini coefficient was stable in the 1990s as interracial inequality decreased; however, intra-racial inequality increased sharply (Baskin).

Liberalism and State Development

Liberalism refers to limiting the state's role in the economy and reducing the state's predatory functions. Also, democracy's introduction reduced the state's predatory functions as politicians had to pay attention to the opinions of the voters. As a result, the period between 1776 and 1929 was a triumph of liberal ideas that regarded intervention by the state in the economy as harmful. The liberal countries' economic success confirms the major liberalism postulates. At the start of the 20th century, the intervention of the state seemed bad and the market was good; at the same time, the period between 1815 and 1914 was the most peaceful time recorded in the history of human beings. Liberal democracy never allowed the total usage of the state's potential to foster the economy (Baskin). Trade liberalization is one of the liberalization aspects that has promoted advancement among the elites or developed countries (Adler & Webster). However, when focusing on the way it works in developing countries, it explains the reason for the strong opposition against it.

Trade liberalization is required to promote the income of a country by forcing the less productive resources to move to a more productive state. Economists refer to this as the utilization of comparative advantage. However, moving the less productive resources to a worse situation does not

contribute to the development of a country. One of the immediate effects of trade liberalization is job destruction. New jobs are to be created after this destruction. However, in most countries, these programs have worsened the state since there is a lack of capital to transform these less productive resources.

The fact of trade liberalization is that it can lead to unemployment. This is the main reason trade liberalization is opposed. Countries, especially those from East Asia, took advantage of globalization in trade liberalization and started in a slow manner (Baskin). However, the Western countries that emphasize trade liberalization push it for those commodities that they mainly export and protect sectors that the developing countries have petitioned and threatened their economy. This created opposition to many trade negotiations, such as those in Seattle, that aimed at the development and advancement of the industries. However, neoliberalism is the alternative where modification is done.

Debates

The state is responsible for setting minimum wages through two mechanisms. The first, used from 2002 to 2003, is that the Employment Condition Commission (ECC) recommends the sectoral minimum wages that are gazetted by the labor ministry on basic employment condition acts. Currently, the labor ministry, as well as the ECC, sets the minimum wages in eleven sectors, including wholesale and retail, forestry, private security, taxi, hospitality, domestic workers, civil engineering, and farm work. This method serves in setting minimum wages in many sectors where most workers are not organized into strong trade unions.

Labor Policy and Minimum Wages

Another mechanism used to set minimum wages entails the labor ministry extending collective contracts that are negotiated between the various unions and the employees in negotiating council establishments as in the Labor Relations Act. An example is that of the contracts in the metalworking as well as clothing industries.

There are three approaches involved in the national minimum salary. The first is the liberal or free-market view that is advocated by the Free Market Foundation. This approach suggests that wage regulations need to be opposed, partly because the salary rules inhibit job creation as well as economic growth. As a result, the labor market should be given its freedom in choosing wages since the two mechanisms are all bad, and the national minimum salary is the worst as well. An opposite argument that Coleman suggests is that the national minimum salary should be compulsory and needs to be higher than an existing sectoral minimum salary. The range is R4800 to R6000 every month. This range was achieved by using 40 percent to 50 percent of the median salary. Therefore, the major argument of Coleman is that a higher minimum salary may not only decrease the exploitation of low-paid workers but also may generate jobs through consumption-fuelled

development. The last approach is the middle view. In this view, wages may be controlled in situations such as that of South Africa, though the level of meeting minimum salary needs to consider the negative effects that are associated with employment. These wage rules may include sectoral minima as well as minimum wages (Adler & Webster). These minimum wages should not cause a large amount of job losses resulting from higher salaries reducing workers' groups that might cause unemployment.

State Capacity and Development

Liberal capitalism's failure provoked once more a discussion about the state's role in development. The state should build a capable, effective, as well as intelligent state. A capable, effective, and intelligent state works with civil and private societies to agree and redefine its mandate, challenges, and mission in the entire country's aspirations in socio-politico-economic terms. The changes that are experienced in these aspects must be diagnosed, analyzed, agreed upon, and discussed through participation and consultations with the population in cross-sectional ways (Adler & Webster).

The state should restore peace, security, as well as the stability of the state. The state plays a vital role in ensuring the security, peace, as well as the stability of a nation. Other private as well as civil societies may be involved in achieving these factors in the state. However, it is a challenge as well in developing countries where their political establishments promote the opposite of this expectation.

Constitutionalism and Public Institutions

The state should enforce constitutionalism as well as the law that rules the country and strengthen and modernize the system of the national judiciary for fair, affordable, as well as accessible justice. Enforcement of the constitution, as well as the law, is the foundation of any development of a country. The power of the rule of law can eliminate poverty; the constitutional-making procedure is important. At the same time, justice should be established in every resource and be fair, affordable, as well as accessible (Adler & Webster).

Finally, the state should sustain as well as strengthen accountability, trust, as well as the legitimacy of state institutions through ethics, transparency, leadership, accountability, integrity, as well as professionalism. The state should encourage ethics, transparency, leadership, accountability, integrity, as well as professionalism in every aspect. Therefore, development of the state in social, political, and economic terms will be evident.

In conclusion, the state has a role to play in fostering development. Liberalism involves limitation, thus making neoliberalism the solution. This is a better way of ensuring development; however, it is faced with some opposition. Thus, this shows that the roles of the state in development, such as strengthening accountability, trust, as well as the legitimacy of state institutions through ethics, transparency, leadership, accountability, integrity, as well as professionalism, and building a capable,

effective, as well as intelligent state, are important.

Work Cited

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