

**Interrogations for Session #10 with comments by
Vivek Chibber (VC) and Erik Wright (EOW)**

(note: Vivek commented only on pieces that had arrived before he left campus)

[1] **Matt Vidal** Questions on Chibber's *Locked in Place*

This was an extremely well-written and interesting book. I don't have any problems with or comments on the empirical argument of the book, but a few abstract thoughts and questions on the relation between state autonomy and capacity.

1) State capacity is defined as the ability to (1) formulate and implement policy in a cohesive fashion, and (2) extract performance from private firms (p. 6), which may be alternatively defined as the ability to discipline (1) state agencies and (2) private capital (pp. 163-4). The first is said to be intrinsic, due, I think, to autonomy in the Evansian sense of ability to *formulate* collective strategic goals (with the additional insight that this ability requires some mechanism for inter-agency coordination). But Chibber goes beyond Evans' notion of autonomy, arguing that it is the ability to formulate and *implement* policy. However, while corporate coherence may be a necessary condition for the implementation of policy, it's not clear how it is a sufficient condition for it or, more generally, how the ability to implement policy is purely intrinsic to the state.

I think that Chibber's argument on the key role of state-society relations in determining state capacity is in reference to what he calls the extrinsic component of state capacity, (2). But I'm not sure about the status of (1). Perhaps there is an ambiguity in the use of the term "implement," which may mean "coherently implement given no organized resistance," rather than "implement as such." Otherwise, I think it would be hard to sustain the claim that the ability of a state to implement policy is solely a function of its internal structure. One would think, in any case, that the ability to implement policy in many areas beyond specifically disciplining capital also depends on the interests and power of capital. **[EOW: This is an interesting issue, since it must be the case that whenever implementation of policy requires the cooperation of social actors that its effectivity depends in part on external conditions. But it is also the case that implementation always involves internal organizational and technological issues in the state. Thus, the formulation/implementation contrast cannot be a simple internal-cohesion vs external conditions contrast.]**

2) Chibber also argues that at a certain level of the development of the productive forces, states cannot impose a new order on capitalists against their wishes. I'm curious about what is and isn't designated by a "new order." Also, is the relationship binomial or linear: is potential state autonomy (in the Skocpolian sense) sharply reduced at some point or does it decrease in proportion as capitalist development increases? **[EOW: I am not sure that much rides on the idea of a "new order" here. I think that one can make a more abstract formulation of the form: "to the extent that a set of state policies go against the interests of capitalists, then the state will have increasing difficulty in imposing those policies in a sustainable way." A "new order" is just a way of talking about a major cluster of policy changes, I think, but the same issue would apply to policy changes within a given order – i.e. if they threatened the interests of capitalists. One issue here is whether it is the wishes of capitalists or the interests of capitalists that are pivotal: remember Swenson's argument about political elites sometimes knowing that capitalists will in fact support a policy once they experience it because they will come to realize it serves their interests even though they initially opposed it.]**

VC – On question (1): You've picked up on a difficult and sometimes confusing issue in state theory, viz. the operationalization of the concept of "state capacity". Your worry seems to be that I take state capacity to be governed by factors internal to the state; what makes this problematic, you argue, is that the definition of state capacity, as I have offered it, includes the ability to actually implement policy. How can this ability to implement be decided purely by factors internal to the state? Will it not also depend, in part, on the environment in which implementation is being attempted?

Actually, I don't think there is any real problem here. I don't at all mean to suggest that the ability to implement policy is determined solely by forces internal to the state. But I do think it is

possible to argue that the presence or absence of particular institutions (internal to the state) will have an impact on state capacity – without specifying the environment. I think, for example, that it is sensible to say that a state that lacks any corporate coherence will be less capable for industrial policy than one that does have it. The key to discussions of capacity, I think, is a specification of the tasks for which capacity is being sought. Once specified, it should be possible to adduce mechanisms internal to the state which will add to its capacity.

[2] 924memo#10-Keedon

The author argues that despite the Park regime's seeming power over capital, Korea's developmental state could be established only with the state's recognition of capitalists' preferences. The empirical facts he mobilizes to prove this point appear to be clear enough to show that this really was the case. This, along with his study of India, leads him to a theoretical argument about bringing capital back in. But I think I can cite other empirical facts that are not in favor of the author's argument about Korea. For example, Park launched a massive restructuring of heavy industry in the late 1970s in face of the second oil shock. The restructuring was such that in the case of the automobile industry, for example, the state unilaterally determined which firms were permitted to produce what kinds of automobiles. There might be some backstage negotiations between Park and a couple of the largest chaebols like Hyundai that would be beneficiaries of this restructuring, about which I don't know anything. Overall, however, this way of restructuring would not be imaginable without the Park regime's overwhelming power over capital as a whole. A la Przeworski, consent is based on sheer force in the final instance. I think this was more of the case in Korea. It seems quite evident to Koreans that capital could have not resisted Park's order unless it had been absurd in any regards. Anyway, I think the author still could argue that this restructuring was done in line with Korean capital's general preferences at the expense of some firms' interests. Even if that was the case, however, theoretically more conspicuous that capital's preferences is the state's will because the way of restructuring was again quite extraordinary. At least, my impression is that Korea under Park does not support the author's overall argument as sufficiently as does India for him to speak of bringing capital back in.

[EOW: I know nothing of the facts of the case here, so Vivek will have to engage you on this. Conceptually, however, the evidence you present do not really show that this restructuring was both (a) against the interests of the capitalist class and (b) sustainable over time. How long did this arbitrary, unilateral state dictating of auto production last? Is there evidence that important firms were hurt by this? The pivotal issue in the “preferences” of capitalists argument is not that the state cannot go against such preferences, even perhaps on big issues, but that it cannot sustain a policy over time that goes against those preferences. Is there evidence for this?]

VC: Your query raises a remarkable possibility: that Park may have had to accede to the demands and interests of capital in 1963, but then was able to override them in the 1970's when launching the HCI drive. It would certainly be odd if you were right, for it would imply that the state's ability to dominate capital increased as capital got stronger. But in reality, the facts about the HCI drive are not as you describe them. It's certainly true that Park tried to impose the new strategy on the chaebol in 1973. But what happened is interesting: he couldn't get them to actually make the investments he was demanding. For close to a year, in 1973-74, there was a stalemate. Then, he did what my argument would predict: instead of just trying to force the chaebol to change accumulation strategies, he moved to increase its *attractiveness*, hence moving from *coercion* to *inducement*. He started to offer enormous subsidies, gifts, assurances of profits etc. – making the investments virtually risk-free. Once he did this, the chaebol came around somewhat slowly, to HCI. Then, once enough were on board and were solidly committed to it, he was able to exercise selective discipline, the way he did during the 1960's – because now business confidence was high. So the lesson: whenever the Korean state has tried to initiate a major shift in industrial strategy, or in industrial structure, it has always been constrained to win over a big segment of capital; it has not been able to simply impose the strategy. Indeed, I would make the following claim – there has *never* been an

instance during the past 40 years when the Korean state was able to push anything through over the resistance of the mass of chaebol. I don't know of a single such instance. In 1980, another gambit failed, which was an attempt to reduce the concentration of ownership among the largest chaebol. And in 1993, it failed again. And so on.

2. Thanks very much for the help on getting the names right. I'll make the corrections in the page proofs!

* In p. 75, Yi Pyon Chol, the founder of Samsung, should be Yi Pyong Chol (o's with ^'s). His last name is Yi, not Chol. And actually Syngman Rhee's last name and Pyong Chol Yi's last name are the same. It is usually written as Lee. (Syngman Rhee was a graduate from Columbia University, as far as I remember - but I'm not sure - and somehow decided to write his last name as Rhee.) Lee is the second most numerous surname in Korea. Just for the author's information.

[3] **Shamus Khan**

Memo below. I was hopped on drugs while reading and writing, so apologies for incoherence. I'm brief because I can only use one finger to type...

The distinction between an ISI and ELI regime seems to really be one about market competition. In ISI regimes (India and pre-60s Korea) the overall level of market competition is low. ELI regimes, in having capital compete in international markets, increase the amount of competition for local (national) capital. Higher competition increases risk and creates the necessity for non-market institutions to alleviate that risk. In the case of Korea and Taiwan this was the state. Capital's reliance on the state as a risk-lowering mechanism in the face of international competition gave the Korean and Taiwanese states not only the ability to coordinate the activities of capital, but also regulate or compel capital in particular ways.

If this is correct, it raises a few questions: Are the only options for reform to either change capital preferences to export or revamp the structure of the state to work w/in ISI (196-7)? Might there be ways to change the nature of import-substituting industrialization that increase local level capital competition? In other words, is the preference for a domestic market (and hence the reduced pressure to innovate) really just a preference for low-levels of market competition? As such is this really a story about import-substituting/export led industrialization, or are these spurious to market competition? Finally, does an increase in market competition lead to the strength of non-market institutions as risk deflecting mechanisms? **[EOW: Very good questions. I think one way of putting this is the following: capitalists always and everywhere like to reduce competitive pressures. Indeed, one of the reasons to engage in competition is the effort to escape it: if you win you reduce the pressure. So capitalists always try to form cartels, engage in conspiracies, find lucrative rent-seeking devices, etc. This universal preference for capital, then, leads to specific dynamics where there are also development/growth projects that states (and maybe some sections of the bourgeoisie) which to pursue. One other thought here: the role of the state in ELI processes is not just risk-reduction – in the insurance sense – but also providing certain kinds public goods and solving certain kinds of collective action problems. I would call this more obstacle-removal than risk reduction.**

VC – A very good question, and one to which I am sympathetic. You're right in your observation that the key here is competition. And I have also thought about the implications of this, along the lines you suggest. Could the state somehow make firms more amenable to accepting discipline even within ISI, by tweaking the level of competition? Well, one immediate means that comes to mind is the following: if firms are willing to accept discipline in ELI because of their disadvantage relative to advanced capitalist firms in the competitive battle, then one way to induce the same worries in them is to bring world competition *into* the domestic market – by, for example, allowing foreign forms to come in and sell in domestic markets, either through trade, or through inward-FDI. But then, the problem is, we're no longer in ISI! Which makes the example irrelevant to the question as posed.

What we'd be doing is creating an alliance between the state and "national" firms, against foreign firms, in a market that is more or less open. [Parenthetically – this is exactly what the WTO, NAFTA, and the aborted MAI were designed to block. My hunch is that American and European strategists know that simply prying open foreign markets is not enough, because market share belonging to firms from developing countries can be maintained by them through a close alliance with the state. So opening up markets has to come with a move to structurally block any such alliances. Hence the rule under the WTO that foreign firms must be given the same treatment as domestic firms.] Back to the issue – is it possible to manipulate firms' preferences within ISI toward accepting a disciplinary state? Well, I've tried to come up with some scenarios through thought experiments, but none of them seem very plausible... It seems to me that the only real route to a disciplinary state in ISI is by pushing it through over capital's objections.

[4] Sarah Swider

1) What is the role of labor or "popular movements" in industrial development? In Waldner's thesis he suggests that the timing of "popular incorporation" was an important independent variable in explaining state transformation into either a "precocious Keynesian state" or a "developmental state", one of which allowed industrial development to move forth and one of which stalled development. In Chibber, labor and/or popular movements seems to be treated differently in the two different case studies. In Korea, there is no mention of popular movements or labor; however, I imagine that there might have been a fair amount of resistance to the steps taken to normalize relations with Japan, and later to other state policies that strengthened the Chaebol's power over other interest groups. On the other hand, in the analysis of India, the Quit India movement seemed to play a significant role in the explanations of how business actions. It seems that both author's theses rely on an implicit argument of the necessity for states to have the ability to suppress popular movements to allow for the creation of a developmental state. However, Chibber does hint that this is not implicit in his argument (see footnote 20, pg 56). **[EOW: Vivek opens up the possibility that a strong, mobilized labor movement might have been able to force a disciplinary state on an otherwise reluctant bourgeoisie, so that the demobilization and splitting of the Indian labor movement was one of the factors that enabled the Indian capitalist class to block disciplinary planning. In Vivek's earlier thinking on this he directly drew the parallel with Sweden where, he thought, a mobilized working class was critical to explaining the triumph of the Swedish developmental model. After reading Swenson I am not sure he would still hold that view of Sweden – the accumulation needs of capital basically forged the direction of the Swedish state's interventions – so I am not sure that he would really be able to sustain the counterfactual that the Indian labor movement could have constrained capital even if it were stronger. This is a tough kind of issue and reflects a deep ambivalence in Marxist inspired work (including my own): on the one hand Marxists want the agency of workers to really matter and have the potential to shape policy in important ways, on the other hand they affirm the hegemonic capacity of the capitalist class which implies much less room for effects of workers.]**

VC – I'm not sure I understand this comment. There is no *general* answer to the question, "What is the role of labor or "popular movements" in industrial development"? In my argument, the position on labor is pretty clear – in late development, just about without exception, labor has been systematically marginalized by elites. In this, Korea and India are very similar. What's different is the mechanisms through which it was accomplished. In Korea, it was through a dictatorship, which simply smashed labor. In India, it was through a complex industrial relations regime which put into place very elaborate mechanisms of control and clientelism. But I don't see how this commits me to the view that it is necessary for developmental states to "have the ability to suppress popular movements". In my conclusion, I explicitly entertain the opposite possibility – that perhaps the Indian state could have allied with labor, around a social democratic developmental state. Now, I'm pretty skeptical about this, as I make clear. But I could even countenance the possibility if I were committed to the view you're worried I hold.

2) While Walder's argument relies on the notion of different levels of "elite conflict" as a variable to explain popular incorporation and successful/unsuccessful creation of a developmental state, Chibber

suggest that success of a developmental state was dependent upon the adoption of particular developmental strategies that allowed industrial development to become a “shared project” between business and the state and furthermore created a level of dependence of business on the state that also entailed giving the state the power to “discipline” capital, both in terms of “compulsion” and in terms of “coordination”. I am not sure why we would consider this a “shared project”, especially in the initial stages of developing industrial strategy. In other words, it is clear how the state’s policies were formed in relations to the needs of these “united elites” rather than in reaction to “elite conflict”, however, it is less clear of how the elite’s actions were formulated in terms of the demands of the states. This becomes clearer once EOE and ELI are instituted but not in the process of switching from ISI to EOE and later ELI. In other words, I clearly see how during this phase the states actions were constrained by business (elites) but not how the elites were constrained by the state. **[EOW: There is, I think, an asymmetry in the idea of “constraints” in the two directions: the state is constrained by the capitalist class, but individual capitalists are constrained by the state. The objects of discipline in disciplinary planning are specific firms, not the class as a whole. Now, the expression “The class as a whole” has some significant ambiguities, especially when we are thinking about this in terms of preferences/wishes, but still there is a shift in the character of the constraining agency.]**

VC – Well, the shared project was around rapid industrialization, as I explain in chapter two. I’m not sure why this is unclear to you. My argument is that the shared project very much existed, but there was a real possibility of conflict around its details. Would it be rapid industrialization with a developmental state, or without? That there could be disagreement about this, even in the context of an ongoing alliance around rapid industrialization, is something the literature has missed. It has simply been assumed that an alliance around one entailed an alliance around the other. Now, it would also be wrong to think that, without the developmental state, industrialization was an impossibility. Even in the case of countries like India, Brazil, and Mexico, which were not able to build great developmental states, the rates of growth in the era of *dirigisme*, were at unprecedentedly high levels. It’s just that they never approached the levels of Japan and Korea. The lesson, then, is this: ISI was not a bad strategy, even in the absence of a truly capable developmental state. It’s failure was just a relative one, relative to ELI.

3) This question is linked to question 2 and actually less central to overall arguments that are made in the book. The action of the Park towards the “illicit accumulators” is depicted not as a punitive measure, but rather when taken in whole with the outcomes of the event, can be seen as reorientation of Park’s position towards business. Also, there was a similar purging of the bureaucracy after Park’s initial ascent to power, which was suggested to be an attempt not to eliminate corruption but rather an effort to “confine it strategically so that it would serve the political ends of the regime, without interfering with its economic strategy (56). If these were attempts to control rather than eliminate “rent seeking behaviors” how does this support, supplement, or contradict more traditional explanations of the necessity of a Weberian bureaucracy in order to prevent “a slide into individualistic predation as well as the easy colonization of state agencies” (20)? **[EOW: The Weberian bureaucracy is an ideal type which is never present in its pure form. The issue here, I think, is whether pervasive elements of efficient, rational -legal bureaucracy can coexist in a stable way with significant forms of channeled rent-seeking. Is this a self-reinforcing equilibrium? Or will the presence of significant rent-seeking, even if constrained and channeled, ultimately corrode the bureaucratic rationality? One possibility is that this corrosion is inevitable – rent-seeking eventually undermines bureaucratic rationality – but that this takes time, and the “window of opportunity” may be long enough for effective disciplinary planning that uses rent-seeking for developmental purposes to cross some developmental threshold.]**

[5] Robyn Autry

Vivek Chibber: *Locked in Place*

Transition from ISI to ELI

There are ideological differences between ISI and ELI that should be considered in understanding the motivations or reluctance, as well as the success of shifting from one to the other. Was the intention of

India's ISI to strengthen domestic markets and industries for eventual participation in the global economy -- or was it rooted in a desire to become self-sufficient—or a combination?

VC – All of the above!

Chibber writes that opposition from the business class is one of the most important factors that explain the failure of India's developmental state. Yet, in Ch.6 he describes how business did not have the capacity to realize its proposals for self-regulation with state subsidies and could not defeat the Industrial Bill. He observes that this had more to do with state managers' preoccupation with appeasing capital and reluctance to lose power to the planning agencies. This suggests that a lack of institutional capacity, coordination, and autonomy are better explanations for state failure than opposition from the capitalist class.

[EOW It could be that a class – or its organized collective forces – are capable of vetoing certain state building projects without also being able to institute their most preferred option. I think that is at least part of what is going on here: considerable “veto capacity” by capital. but less institution-building capacity.]

VC – No, I think, you've missed the point here. First, even as you've described it, this is not an instance of the outcome being driven simply by a lack of institutional capacity and coordination within the state. For if state managers are trying to “appease capital”, as you say, then it implies that capitalists were opposed to a powerful developmental state. But let's address it more broadly. What I argue is that members of the Congress government – ministers – were able to push back the state-building agenda because of the atmosphere that the business offensive created, an atmosphere in which making appeals to the possible negative consequences on business confidence became an effective tactic. So while it is true that some state managers were acting in their own interest when they opposed the PC, they were able to act on this because of the antecedent capitalist offensive. Moreover, the failure to put the Development Councils in place, as described in Chapter 6, which were to have been a pillar of the state, was attributable solely to the business offensive.

State Reproduction

Chibber explains the lack of reform of India's industrial planning by arguing that states remain in place as an outcome of power relations between capital and the state and within the state itself. He observes that the declining legitimacy of the state prevented the political elite and state managers from asking for greater power. But this does not seem to explain why state officials were not committed to enhancing the internal coordination of state agencies or working collaboratively with capital to draft policies. Further, this does not explain why the power relations within the state were so distorted and competitive. As Chibber points out, the declining legitimacy of the state's planning agencies would prevent any efforts by state managers to gain greater industrial planning powers, but neither enhanced planning coordination nor collaboration with capital would require increased power, though it could be produced by both.

[EOW: This is a nice point. Perhaps Vivek can clarify this. One possibility is that the capitalist class itself had an interest in the internal incoherence of the state, its internal lack of coordination capacity, since an enhanced internal capacity would also, necessarily, make it potentially more able to impose discipline. This would mean that the failure of internal reform would not be generated entirely by turf protection, self-interest state elite action, but also by the preferences of externally powerful actors.]

VC – I'm not sure why you say that a greater planning capacity would not have amounted to greater power for the state. What else could it have meant? It would have meant a greater ability to discipline capital. That seems to me an instance of greater power, no?

Post-coloniality

The India case illustrates well the complexity of designing and coordinating multiple reconstruction projects in the context of recent liberation and post-colonialism. Political, economic, and social reconstruction projects are all inherently linked and dependent upon each other for success, yet the very institutions responsible for their emergence and implementation are often undeveloped or severely crippled by the legacies of colonial rule and social disorder during the transition phase. States find themselves either dependent on inadequate and often contradictory colonial institutions or saddled with the responsibility of creating new ones. Chibber's identification of the factors contributing to India's failure to

establish an effective developmental state all seem rooted in difficulties linked to the nation's post-colonial position. **[EOW: I am not sure that much of Vivek's analysis actually has much to do with the specific issues of colonial legacies. If everything, I think, he suggests that the administrative forms of the colonial rule might have provided fairly favorable raw materials for enhanced state capacities and coherence, but I don't see any real argument about colonialism generating significant institutional weaknesses that explain the difficulties in forging disciplinary planning.]**

[6]

From: Pablo

To: Everyone in Soc. 924

An extraordinary book in terms of theoretical sophistication, analytic acuteness, expository clarity, and the strength of its empirical evidence. Some comments to feed our discussion follow.

According to Chibber, the statist tradition is wrong in claiming that the Korean state imposed an ELI model on the Korean capitalist class: "the turn to ELI was not foisted onto the bourgeoisie by a dominant state, but rather, was opted for by leading industrialists themselves" (p48). He contends that the statist' thesis ignores Korean capitalists' preferences. Indeed, given the window of opportunity opened by Japan's desire to transfer to Korea the production of low-end manufacturing goods, an important segment of capitalists were in favor of ELI. The Korean state was not sufficiently autonomous to simply impose ELI on the business class – it launched ELI in alliances with domestic business, not over it (p49).

I have no quarrel with this argument.

There is a second, closely related, argument in the book. In effect, Chibber contends not only that the state did not impose the ELI model on capitalists, but also that it *did not impose the institutions of the disciplining developmental state on them*. Indeed, he maintains that capitalists had good reasons to support disciplinary industrial policy (p28); that in export-led strategies, capitalists not only have no reason to oppose the project of building a disciplinary developmental state, but they have good reason to support it (p38); that far from an encumbrance, a disciplinary state was a needed ally in the competitive battle (p38); that in ELI firms had an incentive to cooperate in their own disciplining (p63); that firms had it in their interest to submit to discipline, since this was a critical condition of their continuing survival in external markets (p174); and that in Korea it was rational for capitalists to support a disciplinary state at the initial stages of ELI because of their competitive disadvantages in world markets (p250).

These two arguments are not equivalent, nor is it the case that any of them entails the other. Moreover, unless it is shown that *disciplining institutions as they existed in Korea* were necessary for firms' maximum profitability in international markets, there is no reason for the latter to prefer the former to all other feasible institutional arrangements. I am not sure the book shows this. Chibber argues that what firms need and/or want from the state is financial support/cheap credit; help in acquiring and mastering new technology; help in marketing their products; help in obtaining loans from Japan (i.e. that the state be the warrantor of their external loans); a legal framework such that Korean firms can benefit from their joint ventures with Japanese firms; help in solving investment coordination problems, etc.. Of all these functions, the only one that requires the state to have disciplinary power is the last one I have just mentioned – but for sure far less than the actual disciplinary power that the Korean state actually had.

[EOW: This is a really interesting issue: precisely which of these ELI-enhancing policies is an instance of "disciplinary planning?" I have a couple of thoughts here: first, the final item on your list – coordination/collective action problem – is not a small item, and it may not entail only a little disciplinary power. Second, if one considers this issue statically, then probably only the last policy directly entails discipline – to solve coordination problems and collective action failures requires disciplining defectors. But I would think that providing cheap credit and guaranteeing loans also requires disciplinary capacity if this is to be sustainable over time, since the endless accumulation of bad loans and cheap credit without productivity increase would not be sustainable. So, perhaps, the issue is the extent to which Korean capitalists have a long enough time horizon that they understand this and therefore endorsed the financing discipline as well.]

Given this situation, it is natural to think that Korean capitalists would have preferred a situation similar to India's, i.e., unconditional help and subsidies. In their case, given ELI, this would have meant that the state gave them what they needed to successfully compete in international markets, but that it had the minimum disciplinary power required to fulfill this function – much less disciplinary power than what the Korean state actually had. **[EOW: This is worth getting precision on: did the Korean state have “surplus disciplinary power”? Perhaps it is necessary to have excessive disciplinary capacity to be able to use it flexibly even in the minimal case – just like having surplus skills may be needed to use ordinary skills. Maybe what we are talking about here are the conditions for a self-sustaining institutional equilibrium in Aoki's sense: the state needs this excess disciplinary capacity in order to generate the reinforcing beliefs required for it to effectively use minimal discipline. What I don't know is whether or not Korean capitalists saw things this way.]**

Of course, even if capitalists do not prefer a strong disciplinary state, it can still be rational for them to support its development. Indeed, if the choice they have is between a state that allows them to succeed in international markets and disciplines them more than what they need/want, or a state that does not help them at all, they may choose the former out of pure self-interest (conditional subsidies and assistance will often be better than no subsidy and no assistance). But a state that is able to structure their choice set in these terms (something that India's state was not able to do) not only is a powerful state; *it is state that, in a very traditional sense, dominates capitalists*. In effect, a situation like this would be a textbook instance of Weber's “domination in virtue of a constellation of interests.” **[EOW: It isn't so clear that this means that the state dominates the capitalist class or merely capitalists as individuals and specific firms.]**

Summing up, if, as I have argued, it is really the case that

a) the optimum level of state's disciplinary capacity from the point of view of capitalists was much lower than the one the Korean state had; and

b) President Park was able to structure capitalists' choice set in the way I suggested above;

then we should conclude that:

a) Even when the state did not impose ELI on capitalists;

b) It did impose the institutions of the developmental state on them, and

c) The state was able to do the latter because it dominated capitalist by virtue of the interests they had.

[EOW: One other general thing following up on your arguments: It isn't so clear why capitalists would ever really object to a disciplinary state of the sort you describe – with coordinating capacity to solve collection action problems. This would always seem to be in their interests, unless: a) the institutional equilibrium required for such discipline entails excess disciplinary capacity, and b) there is a lot of uncertainty about how this disciplinary power would actually be used in the long term – i.e. there may be “Frankenstein” effects. Unless capitalists are extremely cohesive, then, they may not be confident that they would be able to prevent such Frankenstein possibilities in some unspecified future, and thus oppose creating even the minimal disciplinary capacity.]

VC – First, a minor point: your very last point, point (c), is hard to understand. I don't know what it means to say that the state “dominated capitalist by virtue of the interests they had”. Do you mean to say that the state dominated capitalists because it acted on their interests, despite their stated preferences? In other words, are you saying that there as a difference between capitalist preferences and their actual interests? If not, then the statement's meaning is very unclear. I don't understand what it means to dominate someone *by virtue* of their interests.

Now, on the more general issue. Your argument, as I understand it, is this:

1. Of all the state functions I have listed which were of use to Korean capitalists, only a few entailed the imposition of discipline.
2. The actual ability to impose discipline far exceeded what was in fact required to make ELI work.
3. Give that most of the tasks did not require discipline, the chaebol really would have been able to succeed with a state more like the Indian one, a state with little disciplinary power.
4. Why, then, did they accept such a state?
5. Perhaps the state offered an “all or nothing” choice to capital.
6. If capital accepts the strong state on this ground, then there is ground to call it state dominance.

This is an ingenious argument. But it has two flaws, as I see it. First, the issue of the degree of power the state really needed. You start off by suggesting that discipline only accounts for a small part of the state’s functions in ELI. Now, this may seem true if you list all the functions, as you do. Only a couple involve discipline. But that isn’t really a good way to assess its importance. The unpacking and utilization of technology, and the coordination of investment decisions – these are arguably the central preconditions to making ELI work. Furthermore, even though they are just two functions, the quantum of monitoring and processing capacity they require may be quite enormous. This being the case, I don’t think you provide good grounds to conclude that the Korean state actually wielded more disciplinary power than it needed to make ELI work. The only way to establish that is through careful comparative analysis with some other state trying ELI. Now, perhaps you do find that, after all, it had more power than it needed. Does it follow that this was an instance of state dominance? I don’t think so. For it could be that this kind of “excess capacity” is exactly what state discipline requires. And if that is true, then the existence of such capacity ought to be taken as the normal outcome of the state-capital alliance around ELI. The second flaw is an empirical one. You make the leap, in point (b) of your comments, to suggesting that Park actually did structure the choice for capitalists as an all-or-nothing one. But there is no evidence for this at all.

But I liked the effort!

[7]

Amy Lang

Comments on Vivek Chibber, *Locked in Place: State Building and Late Industrialization in India*

One issue I would like to raise for discussion is the apparent unimportance of political regime in Chibber’s comparison of India and Korea. This interests me because I read a striking contrast in Chibber’s presentation of the dispersion of political authority in the Indian and Korean cases. In Korea, ultimate political authority was concentrated in Park’s leadership of a military regime. Park’s round up, arrest, and subsequent bargain with leading industrialists following the coup may have ended by signalling his support for private enterprise, but it also signalled his ability and willingness to use force if necessary. Chibber argues that it was only after Korean business as a class had oriented its interests to ELI that the Korean state was able to exercise disciplinary powers in this direction. I do not dispute the importance of business class interests in ELI in supporting the Korean state’s discipline of specific firms. What I wonder is how the threat of military force can be completely excluded from the mix of incentives at play in the development of a state-business pact in the mid 1960s.

In contrast, political authority in India’s parliamentary democracy appears to have been more widely dispersed (For example, Ch. 8 describes how various Ministers resisted the imposition of the Planning Commission’s directives). Nor was the threat of military coercion an issue (I am relying on Chibber’s presentation of the case). Thus, even though the incentive structure of ISI was such that Indian capitalists were inclined to resist the development of co-ordinating bodies, the leaders of the Indian state were not in a position to make credible threats of force, threats which might have altered the incentive structure for creating state-capitalist pacts.

[EOW: This is an important issue, I think. It is a bit like some of the issues raised in the discussion of Waldner, where at times it seemed that authoritarianism was in fact the necessary political condition for solving the Kaldorian dilemma – Turkey’s democracy, however fragile and incoherent, made this much more difficult in his analysis. Perhaps this is true here as well.]

VC – Actually, I think your presentation of this point contains its own answer. You say that Park showed that he was willing to use military force, and this may have cowed the capitalists into submission. But ask yourself – what else could he have used it for, other than what he actually did use it for? He arrested them and threatened to expropriate them. This is about all he can do, short of actual expropriation. But as soon as he had done this, he backed down. This was a clear signal to capitalists that he was committed to maintaining a capitalist order. This being the case, he would have to negotiate with them. They knew this. I think this issue of Park’s authoritarianism has been vastly over-played in the literature. Military regimes in Peru, Brazil, Argentina, Pakistan – all of these were undemocratic and did all kinds of saber-rattling win their dealing with their capitalists. But in no case were they able to actually force through policies with no regard to capitalist reactions. In no case were they able to impose developmental states on capitalists. This should make us pause in the attribution of Park’s success to his authoritarianism. Another point – the ability of Indian ministers to push back against a Planning Commission really has little to do with democracy. The power and autonomy of ministers is an index of intra-elite power dynamics more than inter-class dynamics. Even in a dictatorship, the power of ministers can be enormous, if the power-bloc (to use Poulantzas’ term) is an unstable one. Now, in India, when the Finance minister revolted, there was in fact no functioning democracy – only its promise. India was still functioning with a Constituent Assembly, with elections still two years away. So there was no direct pressure of maintaining electoral support anyway! But that’s a minor point.

[8] **James Benson**

Labor as a force that can support capacity-building of the state

“In recent years, consensus has grown among students of the state that the latter’s ability to bargain with economic elites is increased when accompanied by popular mobilization and mass pressure” (Chapter Five, 111). In the case of Indian industrial policy, Chibber notes that the Indian state’s action to demobilize the labor movement, in response to its post-War militancy, served to decrease the power of the state in negotiating industrial policy with the business class in India. One of the mechanisms by which this process took place involved the draining of power away from the Indian National Congress and left-leaning legislators that supported a disciplinary industrial policy, and the enabling of right-wing forces that opposed such a policy.

Chibber mentions in the Introduction that he hopes that his inquiry and thinking on the developmental progress of the Indian state can be applied more broadly to other states, and added to state theory in general. I find this notion, that organized labor can be a force that emboldens the state in its relationship with capital, a very compelling one. I think that Swenson’s discussion of trade unionism in the context of Swedish development, and in particular the Swedish state’s orientation toward an export-based economy could be another point of reference for this discussion. One question that arises for me: Is it necessary for a social democratic party to be present, in order to represent the power of labor through the legislative process, in order for labor to serve the function of aiding the state in its relationship vis-à-vis capitalists? The answer to this question definitely bears upon the U.S., where we do not have a social democratic party, but it may also bear on other countries (with varying degrees of SD party development). In general, I would like to explore the relationship between the mobilization of labor and the capacity of states to discipline capitalist development. [EOW: I think it would be a very good thing for us to discuss the relationship between Swenson’s arguments for Sweden and Vivek’s for India. Swenson’s point about labor organization and discipline is a bit different in some ways from Vivek’s. Vivek was hypothesizing that a strong labor movement might have been able to fortify the state’s capacity for disciplinary planning (i.e. for disciplining capital), whereas in Swenson it is Swedish capital that

wants to be disciplined but needs organized labor to do so effectively – i.e. through enforcing the labor market deals. I don't think Swenson saw labor organization as central to the institution-building project in the state as such, but maybe I am misremembering.]

[9] Matt Nichter

A very impressive book - the chain of reasoning is tight and each step in the argument is well-grounded empirically.

My question concerns the claim in Ch. 9 to the effect that a developmental state favoring ISI can be forged despite capitalist opposition. I don't doubt this is true, but I don't feel the French and Japanese cases lend very strong support (Taiwan is a bit of an odd case since there was relatively little capitalist opposition to overcome).

Is post-war France a clear-cut case of ISI? If not, I'm not sure how much force the case has: given the argument about development models determining capitalist interests, French capitalist opposition to disciplinary planning should not have run that deep. Inverting the argument about the Bombay plan, is it possible that a large number of French capitalists had an interest in disciplinary planning but feared implementing it given the danger of more radical reforms by the Left? **[EOW: This seems very likely to have been the dynamics – with the Communist movement strong and the right-wing discredited, then even with such strong statist traditions in France, a strong disciplinary state could have looked pretty risky]** Especially since French planning remained 'locked in place' after the threat of the Left had subsided, I wonder if capitalists were very strongly opposed in principle. The upshot of all this, if correct, is that the French experience doesn't clearly support the position that states can readily overcome capitalist opposition to 'disciplinary ISI'.

Whatever the case may be in France, post-war Japan clearly pursued ELI rather than ISI, which, given the argument about developmental strategies implying capitalist interests, again makes me wonder about the strength and nature of capitalist opposition that had to be overcome there. Complicating matters in this case too is the massive wave of protests, strikes, and factory seizures that took place during American occupation - which surely impinged on the stance capitalists took, whatever their interests might have been otherwise. And finally, the persistence of the disciplinary state after the initial phase of opposition must be explained. So again I'm not sure how much support this case yields for the possibility of imposing 'disciplinary ISI' against the will of capitalists.

In short, I'm suggesting a tension in the argument: If the developmental strategy determines capitalist interests, then it's not clear why there was so much opposition to overcome in these cases, Japan especially. One response is to argue that capitalists were confused about their interests and so resisted the developmental reforms, states overcame this resistance, and then capitalists came to understand what was good for them. This may be correct, but it would be more compelling if we could identify clearer cases of 'disciplinary ISI' imposed against the will of capital, particularly in late-late developing countries.

[EOW: I like your synoptic formulation here a lot – capitalists are confused, they oppose disciplinary initiatives because of uncertainty and risk-aversion, but then discover that it works pretty well. This is a lot like Swenson's discussion of the New Deal and the durability-of-policy test. This also bears on the more abstract issue of whether or not it is the wishes of capitalists or the interests of capitalists that are the real constraint on the disciplinary planning capacity of the state. It may be that wishes can be overcome so long as, in the end, the disciplinary measures serve the interests of capitalists, since this will lead to a robust change in their wishes after implementation has been experienced.]

VC – Yes, I take your point. I think the Japanese and French cases only give limited succor to any optimists about ISI and the imposition of a DS on the bourgeoisie. France in fact pretty rapidly went to ELI after the war. But Japan is another issue. Here, ELI wasn't adopted until after 1954. But the pressure to dismantle the war-time regulatory apparatus started much before that. So it's a friendlier case. But, as I say in the book, one shouldn't make too much of that either. Sigh...

[10] César A. Rodríguez

Soc. 924

Memo # 10 – Vivek Chibber, *Locked in Place*.

1. As stated in the concluding chapter, one of the key contributions of the book —and one that I found particularly compelling— is the exploration of the options available to “late late development” countries in the face of the failure of the dominant developmental model —i.e., non-disciplinary ISI. Thus, I would like to raise some questions for discussion regarding what Chibber aptly calls “possibilities and roads not taken” (p. 241).

As Chibber argues, a state that, like India, was confronted with the failure of its ISI model stripped of its disciplinary components had two options: either turn to ELI or incorporate disciplinary mechanisms into the ISI model over the resistance of capital. The book makes a strong —and, to my mind, quite convincing— case that the first option was available only in exceptional cases, like that of Korea. However, the case for the second option —i.e., forcing capitalist to cooperate with a disciplinary state within an ISI model— seems somewhat less plausible. To substantiate this claim, I will first point out the considerable political and economic obstacles that such a strategy would encounter —and has in fact encountered in many LDC’s—, and then briefly address the counter-arguments offered by the author in the concluding chapter. In doing so, I will push, for the sake of discussion, the structuralist argument offered in the book to its ultimate consequences (which, of course, need not be part of a plausible structuralist claim).

The obstacles to the state’s imposing a disciplinary ISI on capital are both political and economic in nature:

1) As long as the bulk of production is carried out by private rather than state firms —as was the case in India and most other developmental states in the developing world—, any *stable* developmental model has to cater to the interests of capital. As Chibber points out, the dilemma facing LDC’s state elites in installing a developmental state is akin to the one facing state elites in developed countries who seek to install a welfare state. Now, as Swenson convincingly argues in his account of the rise of the welfare state in the U.S. and Sweden, such a state became a stable institutional equilibrium because it advanced not only the interests of labor, but also —and crucially— the interests of capitalists, who were very much aware of the way the new institutions would help them solve collective action dilemmas.

Given the careful attention given by Chibber’s argument to structural constraints, the author is well aware of such limitations. But in dwelling on the historical conditions under which such constraints could be overcome (more on this below), he accepts the possibility that ISI could have become a stable institutional equilibrium —i.e., one that could have remained in place long enough (i.e., probably for several decades) for it to bring about economic development. This, I think, merits some discussion. For even if we granted that under some of the exceptional circumstances invoked in the concluding chapter (e.g., war, massive labor mobilization, etc.) disciplinary ISI could have taken hold, given the absence of international competition and the possibility of extending into new market niches in the domestic market, capital’s acquiescence vis-à-vis disciplinary planning would have been highly unstable. In other words, the temptation to defect —i.e., to withhold investment or find ways to make huge profits without having to innovate— would have been quite considerable, thus rendering disciplinary ISI prone to crisis.

[EOW: But isn’t the issue here that if in fact ISI was present in a fully disciplinary planning form, then regardless of capitalists “temptation” to defect, they couldn’t – the state would impose sanctions. So, what you have to show is that the state could not realistically prevent defections even if it had disciplinary powers, because such disciplining requires “quasi-voluntary compliance” of the sort Levi describes for taxation. That is: disciplinary practices require consent to be effective in contexts like capitalist investment, and thus disciplinary planning can effectively impose discipline only where it elicits cooperation from most capitalists]

VC – I think that the key here is the “critical juncture” when the state is installed. If state managers are able to push through a developmental state because of conjunctural factors, then there is a possible pay-off. Since it would be able to impose discipline, the state would be able to help firms acquire and use best-practice techniques fairly rapidly, which would make ensure high rates of expansion and profits. But in my view, this would only really be stable if the state goaded firms

toward world markets in rapid order, once they became competitive. IN its absence, firms would have no reason to accept state discipline, since they can make profits in ISI without it. Now, if firms are reaching the technological frontier, then their acceptance of ELI is not all that unrealistic, even if a “Japan” is not on the scene to help them get entrée into markets. In theory, the state can socialize the same costs that Japanese firms did. Well, that’s a lot of work, but in the realm of possibility – the fulcrum on which it turns is the critical juncture. Once a DS is installed, the state has available to it the means to make its alliance with capital a stable one, I think.

2) Even if capitalists went along with disciplinary ISI because forced by a state that –thanks to the support of other classes or social groups (e.g., labor)— is more autonomous vis-à-vis capital, such a strategy would come at a cost to the state. For instance, as Waldner suggests, the state’s coalition with labor has to be cemented through some sort of “side payment” to the latter, probably in the form of a higher social wage. Thus, if we are to accept Waldner’s argument, this would set off another mechanism that would thwart the success of the disciplinary ISI model, in that the latter’s resources to promote industrialization would be compromised by its commitment to making such side payments. Thus, disciplinary ISI could evolve into “precocious Keynesianism”.

[EOW: Very good point here: labor mobilization and support for a disciplinary state certainly would not come without a price tag, and the issue is whether this would strengthen ISI. If labor was badly enough paid to begin with, the such payment could have the effect of strengthening domestic demand in ways that would be good for local capitalists]

VC – Well, I’m not sure I accept Waldner’s argument about side -payments as central to ISI. There is the empirical issue of just who much of an alliance there was between the state and labor in ISI countries. I think he vastly exaggerates it. But more importantly, I’m not sure why ISI and side -payments go together. Wages in Korea and Taiwan were very high – higher than in most ISI countries. So if side-payments means higher wages (and it must, since there is very little else that goes into a “social wage” in these countries), here we have ELI with apparently huge side -payments. The reason why you have ELI and high wages is not hard to fathom – the extraordinary rate of accumulation created very tight labor markets; whereas in ISI countries, the slower growth and stagnant agriculture made for a permanent and huge army of the unemployed, exerting downward pressure on wages. This is true in India, Mexico, Brazil, and many others. Indeed, I think the place of labor in these countries is more accurately described by Burawoy as a kind of factory despotism. The wages of the organized sector were high, but only relative to the informal sector. In reality, states were very permissive about pretty brutal repression by employers and local police authorities. So I don’t think ISI was ever really encumbered by side-payments to labor. It’s flaw came because capitalists were incurable rent-seekers. Think about it this way – if capitalists are protected and assured high profits, isn’t it rational for them to try getting even higher profits by repressing labor? The only thing to stop them is a state that strongly enforces labor law. But Cesar, do you know of any ISI state that did?

3) Finally, from a purely economic viewpoint, it remains to be shown that under the historical conditions of “late late developers”, ISI –even in its disciplinary modality— was conducive to economic development. In other words, even if we conceded the above-mentioned two points, in order to argue that disciplinary ISI could have been a feasible route to economic development —i.e., a “road not taken”—, we would need to show that, from an economic viewpoint and under the historical conditions of late late developers, full-blown ISI would not only have promoted industrialization but also —and crucially— have fostered continuous innovation and productivity enhancement. In the absence of pressure from international competition, while it is feasible to attain the former —and, indeed, this is what India and other countries achieved—, it is not clear to me how it would be possible to attain the latter –i.e., to solve Waldner’s “Kaldorian collective dilemmas”.

Chibber explicitly the issues of the roads not taken in Chapter Nine, where he indeed offers some clues as to what the answer to the above questions could be. In general, he argues that a developmental state can be installed against the will of capitalist in three possible scenarios: when capitalists are too weak to resist (e.g., in Taiwan), when the state forges an alliance with a different class or group, namely labor (e.g.,

France), and when extraordinary circumstances create unique opportunities for the state to reign in capitalist power (e.g., Japan). Despite the illuminating discussion offered in the analysis of these three cases, I think the questions raised above about the feasibility of ISI in “late late developing countries” hold. For Taiwan and Japan quickly turned to ELI (and thus do not offer us historical illustrations of successful ISI), and France is a late developer, but not a “late late” developer (footnote: It is not clear in the text whether France pursued any sort of ISI or a mixed strategy). **[EOW: As I have noted in several other comments, I think that there may be a time-horizon issue here: the state might impose disciplinary planning over capitalist objections if the actual effects of such policy once in place were beneficial to capital. the issue, then, is how long this would take to become clear – is there a long enough time horizon within which imposition could be sustained against opposition for the beneficial effects to be experienced by capitalists?]**

2. Finally, a brief point on a different topic. Given the key role played by a nodal agency in coordinating the state bureaucracy—which the book rightly brings to the fore—I think it would be worth discussing the structural limitations to the rise of such kind of agency. In particular, I wonder how compatible is a nodal agency with a democratic regime of checks and balances. In Korea, for instance, “the same agency [i.e., EPB, the nodal agency] that made annual plans also made the annual budget, without having to get parliamentary permission or the agreement of the finance minister” (p. 168). This can be done, it seems, only in authoritarian regimes. In a democracy, basic principles of separation of powers (e.g., “no taxation without representation”) would prevent such concentration of authority in one agency directly controlled by the head of state. Indeed, similar tensions between democratic legitimation and the economic tasks of the state are at the heart of Offe’s arguments about the administrative rationality, which is invoked in the book to support the importance of a nodal agency. Is the breach of democratic principles necessary for transforming a bureaucracy into a developmental bureaucracy? In other words, is some degree of authoritarianism necessary to transform a “bevy of punctilious clerks pushing files from one agency to another” into a coherent staff capable of “rule-driven action subordinated to the attainment of particular ends?” (p. 169).

[11] Matt Dimick
Sociology 924
Theories of the State
Weekly Interrogation 10

To begin, I found convincing Chibber’s explanation for the contrasting developmental paths taken by India and Korea. As I understand it, his argument is that different developmental paths (ISI in India and ELI in Korea) structured the incentives of capitalists in different ways. In India the subsidies and protections that came with ISI structured incentives such that capitalists chose to diversify rather than specialize or adopt new techniques. In Korea, ELI exposed capitalists to the rigors of the world market such that they were willing to allow the state to discipline them. That Japanese capital also gave Korean capitalists a unique cost-cutting opportunity in the form of access to markets is another interesting part of the explanation.

Chibber also argues, particularly in chapter 5, that because the Indian state demobilized the labor movement, this further weakened the state’s capacity to discipline its capitalists. One question I have here is why the state chose to demobilize the labor movement and where the capacity came from to do so. It seems a little odd to say that mobilized working classes strengthen the state against capitalists and then to argue that when the popular classes were in fact mobilized, the state acted to demobilize them. If anything, we would expect the state to act more in favor of popular classes and less in favor of capitalists at a time when the popular classes are mobilized. Perhaps part of this problem hinges on how we view the state in this kind of “class-struggle” model of state theory. One view of the class struggle model would see the state largely incapable of defining its own goals and objectives. The state simply responds to wherever the pressure is coming from and whoever is exerting the stronger pressure. Hence, if capitalists are well-organized, active, powerful, etc. while the working classes are demobilized and demoralized, this view of the state says that the state will act in favor of capitalists. On the other hand, states will act in favor of workers when capitalists are weak and workers are strong, etc. The state simply responds to the balance of

forces in society. Under this view, it would be hard to explain why the state acted *against* workers and peasants, to demobilize them, when workers and peasants were at their most militant and organized. It would make sense to say that once the subaltern classes were demobilized, the state would tend to act in favor of capitalists because of its weakened position in relation to them. But it would still have trouble explaining why the state acted to demobilize them in the first place. If I remember right, capitalist power was growing at this time as well, but in the case where both capitalists and popular classes are strong, we would probably expect the state to be incapacitated and unable to act rather than vigorously acting to demobilize labor.

A second view of the class struggle model might be that the state acts as an independent actor, defines its own goals and aims and then can draw on the relative power of classes to achieve those goals. Thus, we could argue that the Indian state had a particular developmental plan in mind (capitalist planning) and then it relies on the strength of particular social actors to help them achieve it. So it might make a little more sense here to say that although both classes were strong, the state drew on the capitalist strength to demobilize labor after it had independently established its goals. But even under this view, the role of class struggle is somewhat downplayed. We still have an instance where the Indian labor movement was at its historical high watermark and the state *still* acted to demobilize them. If my impression is correct, Chibber wants to avoid an explanation of Indian development that leaves the lower classes out of the picture, and thus his explanation is that a weak labor movement was another reason why the state was deprived of its capacity to discipline capital. But to get to this point, we have to explain it in terms that make it look like the lower classes have no bearing on the state's power capacity.

[EOW: There is a third possibility: the state was always a capitalist state, either an independent actor as in your second formulation nor simply a terrain of struggle pushed by whatever class force is stronger, but a distinctively capitalist state that is structurally biased to favor capital. In that context, then, a highly mobilized working class, especially in the context of the specter of communism (remember: this is the time of the Chinese revolution), would be seen as a threat by the state elite because of its structural dependency on and connection to capital. Furthermore, in the historically specific context there were undoubtedly struggles over alternative responses to mobilized labor – cooptation or repression being the two main ones probably. That demobilization triumphed could then just reflect the balance of *faction* strength within a capitalist state.]

VC – Well, they demobilized for two reasons. First, and most importantly, the Congress was committed to cementing an alliance with capital, and not with labor. They always took labor as an unfortunate nuisance. Second, given this antecedent commitment, they were very willing to act when capitalists demanded that no alliance would be possible so long as labor remained uncontrolled. Keep in mind that, since 1937, the INC had had considerable success in bringing capital into the fold. They had no reason to think that capital would not be amenable to planning, since the discourse of planning was accepted by capital too. So they willingly demobilized labor, because they appeared to think that they did not *need* it.

My other question on this point is whether the decision to demobilize labor would in fact weaken the state's capacity to discipline labor. It seems that if the state demobilized labor, capitalists might be more willing to submit to discipline from the state. That is, from a capitalist's point of view, even if it looks like trouble is coming both from above (the state) and below (the workers), would he not be willing to accept state discipline in exchange for a demobilized labor movement? Maybe a lot of this would depend on what capitalists and state managers believed they could get away with. Perhaps capitalists saw themselves in a strong enough position to resist the state even after the state demobilized labor. Perhaps capitalists simply lied and told state managers that they would submit to discipline once the state demobilized labor and then reneged on their promise. Still, it is not obvious to me that a weakened labor movement also weakens the state's capacity to act against capitalists.

[EOW: This is a nice point. If there is a "Frankenstein effect" fear on the part of capitalists, then that would be reduced if the labor movement was demobilized. On the other hand, risk-aversion in the face of the experience of labor mobilization might still lead capitalists to reject any serious disciplinary capacity.]

VC – Capitalists will certainly be more willing to accept discipline if labor is absent. But when they can make high profits anyway, why accept discipline at all?

Finally, I had some other questions about the role of lower classes in late-capitalist development contexts. Chibber clearly shows that the state demobilized the labor movement and subordinated the labor movement to the state. This was done by bringing labor within the control of the Congress Party (through the creation of its own labor federation) and by legislating certain labor-relations laws (which reduced the scope of independent union action and collective bargaining and made workers highly dependent on the state). But did labor get nothing from its period of mobilization? Chibber points out that a variety of matters (conditions of employment, promotion, wage scales, safety, leave and holidays) were covered by labor-relations legislation. Was such legislation purely a farce? Again, clearly, the labor movement lost any semblance of independence. But by incorporating the labor movement into the party and state, I'm guessing that the latter saw or needed them as allies and that this alliance would have to have been cemented by something. If labor did get anything out of the deal, the next question is: what was the upshot of this alliance for development? I have in mind here something like Waldner's story (even if Waldner's story is too dichotomous and is lacking in detail). If the state had to make "side-payments" to subaltern classes, its capacity to discipline capitalists may have been relatively weaker. Thus, in the Indian case, perhaps the state's capacity was not weakened because it demobilized the lower classes but rather when it demobilized them, it did not pulverize them, but made something of an asymmetrical alliance with them and made concessions to do so. For example, I believe that under Indian labor law, an employer has to get permission from the state to layoff workers, even if going out of business. This would seem to be a somewhat substantial concession to workers and to pose a big obstacle to capitalist development. My uninformed impression is that Korean labor was not just demobilized but pulverized and that this was a boon for capitalist development.

[12] Memo#10 Landy Sanchez

I found Chibber's book easy to read and with a clear argument. I agree that to account for developmental experiences it's necessary to fully understand the role of capitalists in choosing development strategies, building and reproduction of state structure. I have a couple of comments/questions.

1. Chibber claims that ISI and ELI development strategies offer two different incentive structures for capitalist classes. In general terms, he argues that ISI offers low incentives to improve productivity, since it protects capitalist from international competition; consequently, capitalists would be less willing to build a developmental state, since their profitability is already guaranteed. On the contrary, ELI, by exposing capitalist to high international competition, increases capitalists preferences for accepting state discipline since it becomes essential to secure their performance in export markets. It is clear to me that he is not claiming any deterministic connection between development strategy and state structure, but that ELI and ISI shape capitalist preferences. However, to me it is not fully clear why they would necessarily generate these particular preferences and reproduce over time. For example, in his account it seems that in opposition to state capacity to discipline capitalists, ISI would generate incentives for "self-regulating" or "coordination" among capitalists; however, in his portrait of the Indian case capitalists developed rent-seeking behavior: capturing licenses without using them, blocking other groups investment, wasting public resources, among others. Hypothetically these activities could reduce the expected levels of profits, and hinder investment possibilities (at least for certain capitalist groups). Would not it generate the incentive for building of a developmental state? Would it be a rational action for those groups that are paying the highest cost of ISI? (Even though these groups were not strong enough, they could become allies of state actors.) **[EOW: This is a good issue to discuss. You raise the possibility of there being various fractions of capital – an insider fraction capable of appropriating large rents and an outsider fraction excluded from those mechanisms. This could provide the basis for opposition to the nondisciplinary planning model. The issue, of course, is whether nondisciplinary ISI would also tend to politically strengthen the rent-seeker category to such an extent that they could not easily be politically defeated. This is, in fact, what an interesting recent economic model of accumulation-model switching argues – i.e. that ISI strategies have two effects: 1) developmental rents which enable extensive accumulation and growth, and 2) accumulation of political power by the rent-seekers, who can also invest in political capital. The dynamic problem, then, is for the state to switch from this**

strategy an ELI strategy before (2) becomes so strong that switching is impossible, but also after (1) has reached a sufficient stage that a switch can be successful.]

2. My knowledge about Korea and India is almost null, but it seems to me that a “broader” picture of the political conditions under which these states were constructed will help to better explain the resulting development strategy and state structure. In the case of Korea, Chibber mentions that Park’s personal surveillance enhanced state capacity; thus, in general, what is the specific weight of political institutions in the construction and reproduction of state structure? (Kind of Waldner’s question) What is the role of other actors in choosing development strategies and shaping the state? (As an instance, the agrarian classes in India.)

[13] Weekly Interrogation -- #10

Sun Jing

Vivek Chibber argues that two factors explain the great discrepancy between the two developmental states, namely India and South Korea: the orientation of business class towards state; and different incentives offered to capitalist class by ISI and ELI models. While I agree with his explication on these two points, I would also like to know how much he weighs in the impact of geopolitical factors. In the case of South Korea, the country aligned itself closely with the United States during the Cold War, and the US was willing to open its market to the South Korean commodities while at the same time tolerating, if not encouraging, South Korea to discriminate against the US enterprises. Such non-reciprocal trade provided a necessary foundation upon which an ELI model could be constructed, and it was not unique to South Korea, but also to all of America’s vital political and military allies in East Asia and Western Europe. In other words, during the crucial economic takeoff era of these countries, the US was willing to carry the economic burden so as to keep these countries politically loyal to the US leadership. It also seems to me that contingent factors such as the outbreaks of the Korean War and Vietnam War also played a critical role in providing important momentums for the Japanese and Korean economies to catch up. **[EOW: I think the issue is whether or not these geopolitical processes would have been enough if the Korean state had not launched a process of disciplinary planning with the cooperation of the Korean elite. Adding US markets & geopolitics is not enough, I think, to yield the positive trajectory.]**

India also has not existed in a vacuum. Nehru wanted to make India not only as a prominent example of decolonization, but also a pioneer in realizing Third World industrialization and self-sufficiency. Yet his personal belief in hyperrationalism results in a thoroughly complex and enormously cumbersome system of “Permit Raj.” However, all this was not very obvious in the 1960s and 1970s. In fact, the Third World developmental strategy reached its zenith during the 1970s and appeared to be on the way to victory. In a sense, the sustaining of the failed Indian model of developmental state is only part of an even greater disillusion of the whole Third World. **[EOW: But Chibber shows that the Indian elites were aware of a failure of this model before the 1970s, so if he is right, then its persistence was not because of a continued faith in the model]**

By the same token, the demise of the ISI model also has a lot to do with changes in the external environment, even though we view such demise as an “implosion.” The ISI model and the New International Economic Order (NIEO) were all greatly delegitimized by the 1982 Third World Debt Crisis. The subsequent prevalence of neoliberal economic ideology, along with the economic success of China, offers crucial lessons for India on the direction of restructuring. In addition, it seems to me that the collapse of the Soviet Union also had a great impact upon India’s redirection.

In any event, I think Chibber is correct by pointing out that one original gap of the mainstream literature is that it tends to be state-centric and does not pay sufficient attention to the internal dynamics between the state and society. I hope that a new dimension of external incentives/constraints could also be included for the construction of a more comprehensive research agenda on developmental state.

[14] 10: TERESA MELGAR
CHIBBER: LOCKED IN PLACE

1. *On the impact of the pre-existing character of state institutions on building a developmental state capacity.* Chibber argues that most states do not find themselves endowed at the onset with the elements (i.e. rational and well oiled bureaucracy, nodal policy agency and dense ties with the industrial sector) which he considers crucial for states to be able to engage in disciplinary industrial policy under the aegies an export-led industrialization (ELI) strategy. Political elites, therefore, who sought to pursue a developmental state strategy, had to build these institutions side by side with the process of state building. But in crafting these essential elements, how, and to what extent, were the choices and actions of the political elites affected by the pre-existing character of whatever nascent political institutions or “traditions of statecraft” (p. 20) may have already been in place in these societies? I ask this because my sense is that today, state elites who are seduced by the promises of a developmental state strategy will probably have to contend with the preexisting character of their institutions more substantially than Korea probably did. In the Philippines, for instance, any attempt to put in place these elements will have to contend with very significant obstacles that have to do with existing, and to a large extent, very well-entrenched character of its state and state institutions (e.g. a state, that, dating back to the colonial period, has been captured by the particularistic interests of a well-entrenched oligarchy, but whose economic base lies outside the bureaucracy; policy-making that is often incoherent, and guided less by rational planning than by political expediency; a bureaucracy that is vulnerable to political pressure and where public office is often seen as part of the spoils to be distributed in the aftermath of political contests). In this context, does Chibber see the character of pre-existing institutions as an important variable in predicting whether political elites may be able to put these elements together successfully, as they seem to have done in Korea?

[EOW: I think Chibber’s stance is that these Weberianesque bureaucratic issues are indeed very important and they could constitute pretty basic obstacles to any developmental project, whether of the ISI or ELI variety. His main beef with the embedded-autonomy school is not that they have misspecified this issue, but that they incorrectly underplay the importance of relevant class forces and conditions for accumulation. So, in a case like the Philippines it could well be the case that these organizational weaknesses would hinder a development project more than simply the lack of a capitalist class with interests in development.]

2. One of the issues that I would like to know more about concerns the presence or absence of cleavages within the capitalist class in India. Did the capitalist class in India generally act coherently in opposing the state’s industrial disciplinary authority? Or were there cleavages in this regard that reflected different interests, even if they belonged to one class. **[EOW: I wonder if the effects of bourgeois unity on developmental state strategy might be nonlinear: a very weak and divided capitalist class cannot resist state disciplinary planning; a very strong bourgeoisie would welcome such planning knowing that it would be able to control the parameters of the plan; a powerful but divided capitalist class might have the most ambivalence. Perhaps that doesn’t work, but it might be worth thinking about].**

The following are some comments EOW prepared for Vivek

I. An implicit model of equilibrium conditions.

The analysis is built around two fundamental dichotomies: the ISI/ELI contrast and the disciplined-planning vs nondisciplined planning contrast. You make it clear that ELI without discipline will not work: ELI requires disciplined planned. Taken together this yields 4 possible regimes:

		Accumulation/growth strategy	
		<i>ISI</i>	<i>ELI</i>
Planning capacity	<i>Disciplinary planning</i>	I. Disciplinary ISI unstable because of opposition of capitalist class	II. Disciplinary ELI Korea 1960s-80s
	<i>Nondisciplined planning</i>	III. Undisciplined ISI India 1950s-1980s	IV. Undisciplined ELI unstable because lack of disciplinary planning makes ELI unsustainable

Are there examples of cell I? It would be worth showing some example of this case if it exists. Was the USSR an example?

One possible theorization of this typology is to make the claim that only II & III are stable equilibria in the sense that once achieved they will tend to generate self-enforcing institutional relations. Both I and IV, if instituted, will be unstable and tend to degenerate. Perhaps, in fact, one might want to claim that I & IV both tend to collapse to III, but that might be too strong a generalization.

Anyway, with this map, perhaps the Indian and Korean trajectories can be described as follows:

1. India sets up an undisciplined ISI regime in the 1950s. At the time ELI was not on the agenda, but disciplinary ISI was entertained as a possibility and rejected because of capitalist class opposition. It therefore begins in Cell III.
2. The India case could be framed (perhaps) as a general thesis: if a country creates a planning apparatus under conditions in which ELI is not possible (or not on the historical agenda), then it will end up in cell III, since cell I will meet with concentrated opposition by capitalist classes
3. Korea had no real planning regime at all until an opportunity for ELI emerges for contingent historical reasons. It was thus able to entertain disciplinary planning. *If* Korea had designed a nondisciplined ISI regime in the 1950s then the switch to disciplinary ELI would have been much more problematic.
4. If it had failed to institute disciplinary planning for internal reasons, then it would have degenerated to cell III since ELI would be unsustainable without disciplinary planning.

5. Once a country is in cell III then, even if an ELI opportunity emerges, it will be difficult to move to cell II because of internal bureaucratic obstacles. Cell III is a stable equilibrium – locked in place.

II. Character of the bureaucratic organization of the Korean Planning regime/State

There were a couple of things that occurred to me in reading about the way in which the Korean state was organized after 1961 with respect to planning and capitalist initiatives:

1. Some of the formal properties of the state you describe are remarkably like the model of “empowered participatory governance” that Archon & I have been working on in the deepening democracy project, with the pivotal difference that the participators are capitalists not popular social forces. One of the pivotal elements on EPG is what we call *recombinant decentralization*: that is, an arrangement in which decentralized decision-units are centrally coordinated, especially in terms of learning processes and information sharing. Your description of the mechanics of how embeddedness actually works is very much like this.
2. In the Korea discussion of the “blue house” you suggest that it was Park himself who constituted the pivotal super-nodal agency, not really the EPB. This seems a little dicey to me, for it is hard to see how the predictability and reliability of information sharing, disciplining, etc. could really be located in the personal power of the dictator. It is one thing to say that he was able to override the EPB in a specific set of policy-conflicts, but it doesn't seem likely that he actually functioned as the functional equivalent of MITI.
3. There is some sense in which your analysis seems to suggest that authoritarianism might have been a necessary condition for the successful implementation of disciplinary planning, not so much because of the problem of authoritarian disciplining of capital, but because of the capacity to override agencies in the bureaucracy and impose a nodal agency over the resistance of existing state managers. You don't say this, but Park's ability to override state managers and impose resolutions to conflicts seem pretty important to the process of institution building. If this is not right, then it might be worth saying something about this.