

# The Politics of Late Development

## Section 3

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Gov 20: Foundations of Comparative Politics

1 Recap

2 Discussion: state as problem or solution?

Last week: start to explain patterns of 20th century economic development

In this section, we continue to explain patterns of economic development but focus on, the role of:

1. the state
2. regime type, and
3. their interaction

1 Recap

2 Discussion: state as problem or solution?

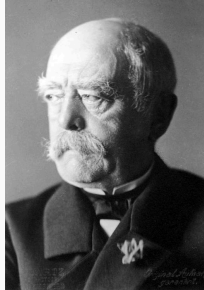
## Recap of important concepts

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- **State:** an organization or group of institutions with total control over a given territory
- **Regime:** describes a system of rule
- **Government:** a group of people or set of institutions that wield state power

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Under the Prussian monarchy, the Bismarck government used Prussian state institutions to pursue a policy of Realpolitik.

1 Recap

2 Discussion: state as problem or solution?

How did the East Asian NICs develop so quickly?



## Discussion: state as problem or solution?

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How did the East Asian NICs develop so quickly?

- (a) an autonomous civil service that was professional and cohesive,
- (b) an hands-on bureaucracy that facilitated technology transfer while successfully picking winners and losers,
- (c) business-friendly policies that protected certain domestic industries and favored capital holders over labor.

## Discussion: state as problem or solution?

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Why did state intervention fail to promote development in other parts of the world when it was so successful in East Asia?

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Why did state intervention fail to promote development in other parts of the world when it was so successful in East Asia?

Easy answer: not successful developmental states

More complex answer (Bates, Levitsky's lecture):

- protected firms remained inefficient because they had a large market share due to small domestic markets and were (often) government-owned
- inefficiencies preclude full industrialization because they cannot export manufactured products that compete on the global market.

## Discussion: state as problem or solution?

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What are the positive contributions that the state can make to development and what are the potential risks of state intervention? What are the costs and benefits of state-led development?

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What are the positive contributions that the state can make to development and what are the potential risks of state intervention? What are the costs and benefits of state-led development?

- Makes development/industrialization process faster-concentrates capital, transfers technology, directs industry
- Potentially limits democratic development or broad political participation, suppresses labor power

## Discussion: role of regime type?

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According to the readings so far, does regime type matter for economic development? Is there a trade-off between democratic institutions and development?

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According to the readings so far, does regime type matter for economic development? Is there a trade-off between democratic institutions and development?

- Yes, the developmental state needs concentrated power to shape the market how it sees fit
- Johnson: When this level of regulation and intervention is combined with high or broad levels of political participation, it can distort the incentives of politicians and bureaucrats enacting industrial policy
- Chaudry: Political crisis between state-building (creating a new elite class) and capitalist growth (former elites with capital)

Thanks to Elon Musk, Mars' citizens have decided to appoint me president of the planet. I named you my economic council and asked you to put together a development plan.

Mention **three things** we should do to foster economic growth according to the pieces you just analyzed.



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1. role of the state
2. regime type
3. their interaction

## Next week: reminders

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Reminder: no lecture next Thursday (Sept 27<sup>th</sup>), but we still have section

Focus on these readings: Fukuyama, Tilly, Centeno, Herbst, Dinecco and Wang

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