

## **Week 3: The Politics of Economic Development II: State- and Market-Led Development**

### Introduction

Last week, we spent a lot of time discussing cultural explanations to development, modernization theory, dependency theory, and other things like Rostow's 5 stages of development. But there weren't any politics! This week, we delve more deeply into what makes development political. We look at the domestic actors and institutions, and examine how these domestic players influence political and economic behavior and trajectory.

My goal for this section is to start by briefly overviewing Johnson's theory of the developmental state, then Bates piece on African development. I'd like us to explore the applicability of Johnson's developmental state to African countries. Next, I'd like to move on to Acemoglu and Robinson, who present an institutionalist theory of development, and perhaps evaluate the NICs success from the perspective of A&R. Finally, I'd like to end class by drawing on your opinions about what theory of development you've found most compelling thus far, and why.

### Discussion Questions:

1. How did the East Asian NICs develop so quickly? Quickly go over what Johnson said.
2. Why did state intervention fail to promote development in African countries when it was so successful in East Asia?
3. 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? Draw on Bates (1981), Johnson (1987), Gershenkron (1962), Acemoglu & Robinson (2012).
4. Where does the developmental state fall into A&R's model of inclusive and exclusive political and economic institutions? What would A&R say about the NICs economic success? How can we reconcile the NICs' extractive political institutions with their economic success? Why were they so successful? Is this replicable in other parts of the world?
5. Is there a trade-off between democratic institutions and development? In what ways can democratic politics constrain the developmental state, and is it a bad thing? Are extractive institutions always inimical to economic development? Compare insights from Johnson (1987) and Acemoglu and Robinson (2012).
6. Do long- and short-term growth have different institutional determinants? Are institutions equally important at the initial and later stages of development? Draw on Acemoglu & Robinson (2012), Rodrik (2006), Bates (1981), Johnson (1987).
7. What theories from the previous weeks' readings does the success of the NICs challenge?
  - a. A lot of you previously seemed to find dependency theory a reasonable theory for underdevelopment. However, isolationism is the policy prescription that goes along with dependency theory –does our reading of the NICs success change your view? If so, how?

- b. Some of you grappled with the path dependent nature of modernization theory last week. How is A&R's theory path dependent? How is it not?
8. What theory of development do you find most compelling? Why? What are the outcomes you find most important – growth? Human rights? Something else? If you were at the WB or some sort of developmental NGO, what would be your priority, and why? (This can be a team activity, break into groups of 3-4 and have them discuss.)