

Development From Below - “Any country where working people try to raise their voice, the first power they come up against and they have to confront is their own ruling classes”

Wednesday 24 February 2016, by [CHIBBER Vivek](#), [SUNKARA Bhaskar](#) (Date first published: October 2015).

Capitalists are interested in profit, not development. Only workers can empower the Global South.

Marketize, privatize, deregulate: the Washington Consensus mantra dominated policy in the developing world for a quarter century. For most the recipe was a disaster.

Today, alternatives are being discussed, and in the process many scholars and policy makers are casting a fresh eye on the legacy of twentieth-century national development models.

Given the terrible record of neoliberalism — in terms of human suffering and lackluster economic growth — this reconsideration is something to celebrate, but hindsight is often tinged with nostalgia, and risks romanticizing the pre-neoliberal period. The national bourgeoisies empowered in newly independent states were no friends to workers and peasants, and in most countries failed to bring sustained growth and development.

What, then, does the story of twentieth-century national development have to teach us today? And what would a realistic development policy for the Left look like now, given the constraints imposed by globalized capitalism?

In early October, *Jacobin* publisher Bhaskar Sunkara spoke to Vivek Chibber, a professor of sociology at New York University, about the lessons of past periods of state-led development and what kind of movements could extract real concessions from capital today.

Jacobin

Bhaskar Sunkara — There’s a widely held view among progressives that the neoliberal era has not been a success in the South. And with it a positive assessment of the era of state-led development.

What should we think about the earlier period, when countries took up developmentalism and planning?

Vivek Chibber — By and large, the “developmental era” was an impressive success, especially if you

compare it with other eras of industrialization. By historical standards, this is true of all countries that undertook state-led development — countries in South America, South Asia, parts of the Middle East, and even Sub-Saharan Africa after decolonization.

So, of course, there is some cause for looking back romantically at this period because it was a remarkable improvement on the first half of the twentieth century when all these countries were stagnant. But it was uneven. Some countries in this era developed spectacularly, at record rates, mostly those in northeast Asia. Other countries were much less impressive, such as the middle-income countries like Brazil, India, Egypt, Mexico — impressive, but not nearly as much. So the project was overall a success, but one that was uneven in its scope.

Why the different outcomes?

There were two determinants of whether or not a country fell into the more successful or the less successful camp. One was that countries that imposed land reform domestically made things a lot easier for themselves because the redistribution of land equalized income and it also raised incomes in the countryside, which created a domestic market for industry. And it also enormously reduced the power of landed classes, which had always been a problem for development. This much is well-known.

The second issue, which is perhaps less known, is that the countries that did well were ones which used state power and state planning better than the others. And the essence of that was that planning in the postwar era in all these countries was a double-sided process. Governments used public money, tax money, to help out local businesses, and in exchange for that, demanded that these businesses invest the money in ways that were growth-enhancing, which was not necessarily always the most profit-enhancing thing to do.

The problem for governments was that the thing that was best for national development wasn't always the thing that could fill up the pockets of local industrialists the fastest. So the states that did best were not only the ones that were able to subsidize local industry, but were able to make sure that industry used the money in ways that were conducive to national economic growth. That was in Northeast Asia — specifically South Korea and Taiwan. In other countries, like in India, Turkey, and Brazil, they weren't able to do the second task nearly as well.

And in India and Brazil, at least, there was no serious land reform, either.

Yes, they got hurt on both ends.

Why were some states better able to steer capital? Surely, their domestic capitalists weren't just of nicer temperament.

Well, this is where, for the Left, it's been a learning experience. Throughout the 1940s and 1950s there was an assumption among Marxists that local industrialists would be a natural partner for rapid industrialization. And the reason for that was obvious — rapid industrialization was supposed to help the local capitalist class grow. Why would they not want to do it? So they assumed there wouldn't be any kind of resistance to national development plans, if there was going to be resistance it would come from only the landed classes.

As it turns out, the landed classes were not always especially hostile to planning, mostly because they had already lost a lot of political power by then anyway — there wasn't much they could do. As it turns out, it was the local capitalist class that ended up being hostile. The reason for this — which is actually, in retrospect, not so mysterious — is that, as I said, planning had a dual feature to it:

giving lots of goodies and subsidies to capitalists (they were very happy about this), but at the same time wanting to treat that as a contract in which they had to reciprocate by giving up some powers over investment.

This is where the capitalist classes drew the line and they fought very hard — tooth and nail — against relinquishing unilateral power over investment. States like India and Turkey had to scale back their ambitions as to how much power they would have over capitalists because they were unable to bring these capitalists into line and, in the end, these were bourgeois states.

In Korea and Taiwan, they were much better able to harness capitalists to this agenda.

I guess this belies the notion that there was this national bourgeoisie that was in any way inherently progressive, or was a natural partner of the working class.

It does belie that notion, and it is true that even today in the orthodox Communist parties, the mainstream Communist parties in the developing world, there's still this idea that the vanguard of national economic development is going to be the domestic bourgeoisie.

I think this was a very flawed analysis, and it remains so now. It imputes to capitalists a motive and an interest that they've never had. Capitalists have always and everywhere had only one interest, which is making profits. Now, in certain conditions, profit-making becomes consistent with overall national economic development, but only under certain conditions.

It's very possible for capitalists to make great profits for themselves, like, for example, in industrial zones that remain enclaves unconnected to the rest of the economy. Also, it's possible for them to make profits by simply ripping off the state and ripping off public funds without really engaging in productive investment.

There's more than a few examples of that happening under Nehru.

Yes, in India, the way the plans worked was planners drew up a list of priority sectors where capitalists were urged to invest, and sectors which were actually, then, blocked off, or where they weren't supposed to invest. The biggest ones were alcohol and certain high-end luxury goods.

What happened during the plans was that because planners had very little ability to punish capitalists if they didn't abide by the plan instructions, they were helpless to actually influence the flow of investment. What internal audits in the 1960s found was that upwards of 40 percent of all investment was going to sectors that weren't just low-priority sectors, but were actually banned outright.

That's an example, then, of how public funds were misused by private capitalists, not because they weren't being good capitalists, but because they were being good capitalists, they were just pursuing the opportunities for profit that they deemed best, which weren't necessarily the ones planners wanted.

Where does the faith in the progressive nature of these postcolonial capitalists and the idea that they could be trusted to achieve development outcomes come from?

This is kind of a hangover from the way in which the Russian Communist Party propagated a particular view after the 1920s about the national bourgeoisie being necessarily the senior partner, because the "bourgeois democratic" stage of the revolution still needed to be completed. And this filtered across the intellectual left of the 1940s and 50s and I think it was a mistaken notion then, and it's a mistaken notion now.

What capitalists are interested in are profits and maintaining political power over the classes that work for them. Where and when that turns into national development is quite a separate question and we should not equate the two.

That said, do you see the return to *some type of developmentalism being in the cards?*

In order to answer that question, it's important to first ask the question, "Why did developmentalism come to an end?"

The popular view out there among many people on the Left is that the West destroyed it, and that's partially true, but only true in the sense that after the 1970s, economic conditions globally shifted in such a way, under the influence of the West, that maintaining national economic planning wasn't really feasible anymore.

There was a certain amount of political pressure coming from the West to open up their markets, so in that sense, the West did have a role. But it's important to remember, what the West can do in the current era is to demand of countries that they change policy. However, unless those changed policies have support in the domestic elites, it's very hard to keep them in place.

In fact, the United States found that in the 1960s and 70s, whenever it tried to get developing countries to liberalize, they would liberalize for two years and then go back to a much more state-led economy, and that was because domestic capitalists still wanted state protection and some kind of closure from the global economy.

What destroyed developmentalism wasn't the West coming in and imposing something else, it was that the capitalist class that had demanded developmentalism, or in some way had been important to it, lost interest in it by the 1980s.

Now, if that's why it got done away with, the answer to your first question is now fairly simple. It amounts to asking, "Can we imagine a situation in which capitalists in countries like Brazil, or India, or Egypt, Peru, Chile, would want to go back to developmentalism?" And the answer is no, because there are too many sections of the domestic capitalist class that is too wedded to a globalizing agenda for them to go back to putting up with all those regulations and controls that developmentalism entailed. So I don't see a return to developmentalism of that kind.

How about a new form of developmentalism, some new plan for the Global South even within capitalism?

It's important to phrase the question carefully here — are we talking about developmentalism within capitalism? If that's what we're talking about, my view is that nostalgia for the developmentalism of the old kind is not really warranted because that was a developmentalism that rested on some kind of support, or partnership with national capitalists. And that partnership is, I think, gone forever. There's no indication that it's coming back.

But if the question is could we have developmentalism of another kind, by which we mean some kind of growth-oriented agenda in which the state plays an important role, there I think the answer is perhaps, but only under an entirely new political partnership that's going to be a partnership between working people and the state. So it'll have to be some kind of (for lack of a better term) social-democratic growth agenda or labor-led development agenda. And I think for that the conditions are actually not all that forbidding.

Finally, I'll say that it's not just that prospects for developmentalism of the old kind are bleak — it's not really something that we should want, either. That whole era was one in which the ruling

partnership was between the state and industrial capitalists, where there was some space for labor to organize. Nevertheless, it rested on a significant containment of labor's political power, either through military dictatorships — and we shouldn't forget that developmental states were often times quite authoritarian — or through some kind of handcuffing of the labor movement through corporatism. Through that process labor often became dependent on state support and state largesse. So that ended up having very negative political consequences and we shouldn't want that.

If poorer countries do manage to go through development along the path you describe, would their trajectory be basically the same as European late developers?

I think it's going to look very different. The path that European late developers took was one in which they transformed their agriculture. As a result, peasants, either who had left their home regions or had been thrown out of them, came to cities and were sucked up into industry.

From 1870 to 1920 you had this enormous wave of industrialization in the first generation of late-developing countries. Here we're talking about Germany, Italy, Russia, and Japan — it was this industrialization that gave birth to the modern labor movement.

What is happening now, and what has been happening for the past thirty years is something interesting. First of all, the late-developing countries today, which is one hundred years after the initial generation, were already different in that in these countries the service sector and the informal sector have played a much larger role in the growth process than it did in the earlier generation of late developers, where industry rapidly expanded to become the most vital sector of the economy.

This has not been the case in Latin America or in South Asia or the Middle East. Services and informal sector work — by which we mean temporary work in very small shops, which is often times done by migrant laborers — has played a much more important role, which has already made the kind of development they've experienced different than the first generation of late-developing countries.

Something else is happening now, which is much more remarkable, which is that it's not just that industry has been less prominent in these countries, it's that over the past twenty years a process of deindustrialization has set in. Industry is actually shrinking in terms of the employment that it commands in the economy — it's the informal sector that's now getting bigger and bigger. This makes their developmental path much different from the earlier generation, and there's no reason to think that at some point it will veer back towards industrialization, so you're going to get growth, but it's going to be growth of a very different kind.

One corollary to this: in some of the countries, like India, the ballooning of the informal sector is bound up with a persistence of agriculture and peasantry because what's happening is that employment growth in manufacturing has been very slow, so instead of seeing urban jobs as a magnet for themselves, for which they will leave their villages and come to the cities, what peasants and rural proletarians have learned is that urban employment is insecure and unreliable. What they end up doing, as a result, is instead of leaving their land to come to the cities, they hold onto small patches of land and then go back and forth between there and the cities.

It's not that agriculture in these countries are still not capitalist — they are capitalist — but it's a capitalism in which agriculture is drawn into commodity production but remains a strong part of the economy because peasants use it as an insurance policy against the infirmities of urban employment. This has an important economic impact, since it means that the kind of rapid industrialization we saw in 1880 to 1920, and then again from 1940 to 1970, doesn't seem to be in the cards for the

Global South.

Secondly, it means that the political consequences of development are going to be different, too. One consequence of rapid industrialization was bringing huge numbers of former peasants together into new factories where they rapidly got absorbed into trade unions and were quickly radicalized. But now since workers don't stick around in the factory long enough to be politicized, to be drawn into organizations, it means that economic development and urbanization isn't bringing with it a kind of radicalized working class the way you saw in the past.

What you're getting is an itinerant working class, which is much harder to organize. This means that for radicals on the Left in these countries, organizing strategies are also going to have to be very different. All this is to say that countries from the Global South are now developing, they are in some ways modernizing, but the kind of modernization we're seeing is very different from what we did one hundred years ago and will continue to be very different, which means that looking at past experiences is important to put the current era into perspective, but we shouldn't expect it to be a blueprint for what's going to come.

This would seem to be a perfect environment for the emergence of some type of populism that might not necessarily be progressive. How do leftists make sure these articulations are done in a broader class framework?

It's going to be hard. What is probably not going to work is a strategy of organizing these workers at the workplace and then negotiating with employers shop by shop. I think it's going to have to be a combination of using the leverage that the formal sector of the industrial economy has; workers in the formal sector, although they're small in number, they account for a disproportionate part of the domestic product, giving them a lot of economic leverage.

Using that leverage, combined a legal apparatus which extends protections and privileges to informal sector workers through rule of law, rather than through workplace negotiations, is vital. This extends to informal workers a whole host of services and goods through the state instead of having them come negotiate it through higher wages and employer-based benefits like health care.

This means using the power of workers where you can organize them and have an expansive welfare state taking more and more goods out of the commodity economy, providing them as public goods, and thereby increasing the leverage of workers in the informal sector so that they are not as terrified constantly of losing their jobs. This will enable them to then negotiate with some degree of effectiveness against their employers.

So organize where you do have the most working-class strength and then try to push for demands that will create the conditions for a stronger social base for socialist politics?

Yes, it will shore up that base and it will be the engine that brings workers from the informal sector into progressive and left politics, rather than being a mass of potentially recruitable people into right-wing politics, which is quite often what can happen when people are desperate.

I can tell you that in India, a lot of what are called religious riots are actually people who are recruited into right-wing religious organizations on a monetary basis because they need the money, and that's a sign a sign of these right-wing organizations preying on their desperation. But we have to be humble here — the truth is that we haven't made much progress crafting a strategy for these ends yet.

This calls for a project driven by workers — something radically different than many of the

postcolonial projects of the twentieth century. And yet, there is this kind of nostalgia of academics like Vijay Prashad and others who pose that those newly independent nations, the “darker nations,” formed a new bloc with some sort of emancipatory potential.

I think that’s a distorted view of the era. There’s something to it in that there was something called a Non-Aligned Movement, and they did try to rest some degree of autonomy for developing countries in the global economy. Nevertheless, we have to be careful about calling it a “project” as Prashad does.

The implication there is that things like the Bandung Conference had some kind of mass support, and there was a vision that differed in some important way from the vision of its domestic ruling classes, and that description, I think, is wrong.

First of all, this Non-Aligned Movement, the effort to bring together developing countries through things like the Bandung Conference, was essentially an elite project. It was really something that catered to particular designs that local industrialists had and went down to some parts of the intelligentsia and the middle classes. It wasn’t something that resonated with most workers and peasants, so to characterize it as a movement is misleading.

Secondly, because of its narrow base, it was something that was entirely servant to, and constrained by the visions of, the domestic elites. And so it was right from the start very limited in its ability to project an alternative project to what postwar capitalism globally was representing.

I think it rests on a very romanticized view of the national bourgeoisie. It attributes to it a broader vision and progressive intention that it didn’t have. What it was trying to do was to carve out a bigger space for its interests in the global economy, not anything that we might call national interests, much less the interests of working people.

There are others who seem to even resist the idea that Brazilian capitalists can be just as bad as American capitalists and Indian capitalists just as bad as Canadian ones.

I think the problem goes even deeper. On the intellectual left, in the United States over the past fifteen years, there’s a very pronounced discomfort in thinking in class terms at all. And this kind of romanticism about the Third World and the Third World nations is actually not the first time we’ve seen it.

It actually was first around in the 1970s in a certain part of the Left, and it was called Third Worldism. At the time, the critics of Third Worldism were mostly Marxists.

Though much of this Third Worldism had Maoist roots.

Sure, it came out of Maoism, but the critics of that were also Marxists. Why is it resurfacing now? Certainly not because Maoists have suddenly become dominant on the Left. It’s part of an inclination, a desire, to think of the world in racial terms and national terms rather than in class terms.

And that’s why it makes it easy to think in terms of nations of darker people in the South versus the white North, rather than acknowledging and recognizing that those nations themselves are racked with class divisions where their ruling classes are as vicious as the ones in the North.

And that’s why you get narratives where people like Nehru are champions of progress.

Yes, I’ve seen Nehru and Nasser represented as visionaries of social justice and national self-

determination. Nehru, under whom India unfolded one of the longest military occupations of the postwar era, in the northeast states of India; Nehru who went back on every promise he made to the Kashmiris for local autonomy, and whose daughter and grandson imposed a brutal military occupation there; Nasser, who was virulently and unrelentingly anti-communist and hostile to the Left, and had expansionist plans of his own in the Middle East.

These are basically representatives of local ruling classes who had some progressive thrusts, not because they had a different vision, but because in all these countries, workers and peasants had some real strength, which created a more forward-looking ethos within the ruling classes for a brief period, which was reflected, and had echoes, in conferences like Bandung.

But we must understand that the agenda of people like these leaders was to contain and to roll back the power of the laboring classes, not to represent them in some way. And nostalgia towards that is, I think, entirely misplaced.

But the emphasis of that period on growth and progress isn't entirely unquestioned now on the Left.

I'm one of the people who says that growth is a good thing, not a bad thing. In countries that are still very poor, it's hard to imagine a serious egalitarian agenda which doesn't take income growth as part of its premise.

But the other side of it along with income growth has to be not just constraining capital, but strategically taking assets away from capital where it's politically and economically necessary, and then in those sectors that allow private capital to continue to have power over investment, force it to negotiate with the organizations representing ordinary citizens in some way.

And then finally, to take as much of the universe of economic and produced goods out of the private sector as much as possible to turn them into public goods.

And this perspective isn't counterposed to the idea of going beyond capitalism in the future?

Not at all. It's recognizing that a ruptural break with capitalism is probably not on the agenda in most parts of the world, so short of that, you have to come up with a bridge [1], which recognizes that you have to work within capitalism but nevertheless tries to tame capitalism and make it less brutal for working people.

I think the first step towards that is to see that the fundamental problem these days is not North versus South, the fundamental problem is that in any country where working people try to raise their voice, the first power they come up against and they have to confront is their own ruling classes.

P.S.

* "Development From Below". Jacobin. Issue 19: Uneven and Combined:
<https://www.jacobinmag.com/2015/11/development-state-korea-india-nehru-postcolonial-global-south-chibber/>

* Vivek Chibber is a professor of sociology at New York University. His latest book, Postcolonial

Theory and the Specter of Capital, is out now from Verso.

Footnotes

[1] <https://www.jacobinmag.com/2015/07/miliband-ralph-ed-david-labour/>