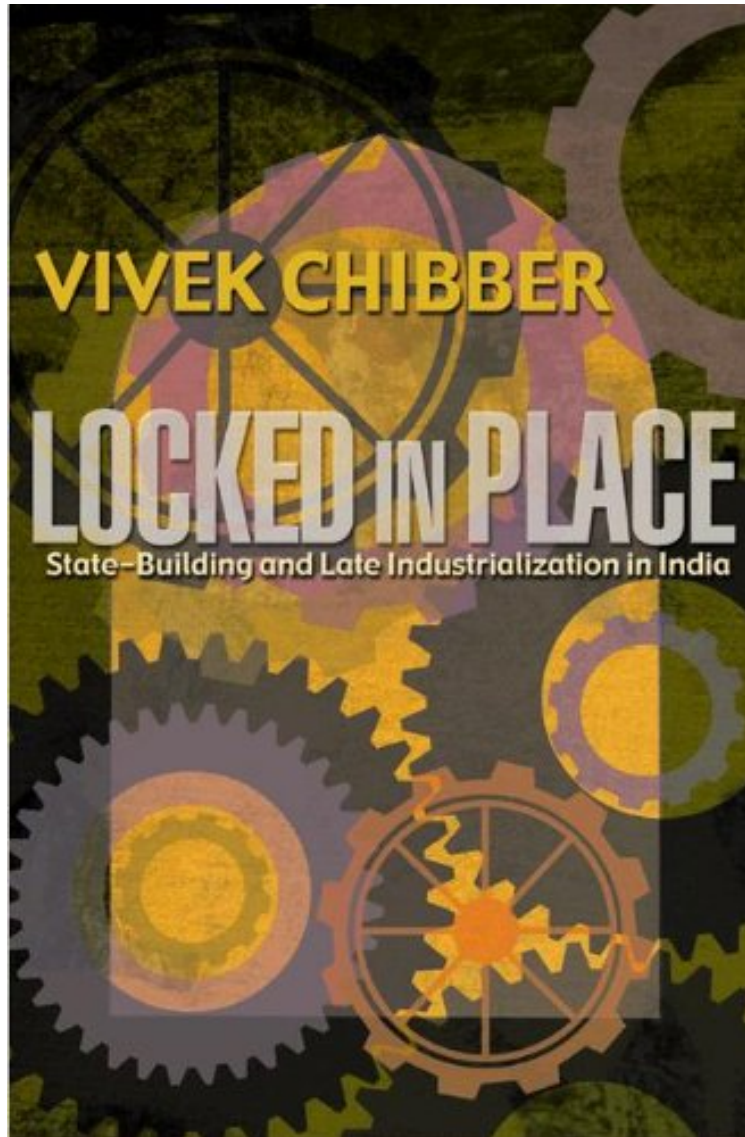


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Locked in Place: State-Building and Late Industrialization in India

Vivek Chibber

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Vivek Chibber : Locked in Place: State-Building and Late Industrialization in India before purchasing it in order to gauge whether or not it would be worth my time, and all praised Locked in Place: State-Building and Late Industrialization in India:

0 of 0 people found the following review helpful. Great assessment of India's slow economic development By VinnyGreat assessment of India's slow economic development. Detailed, but approachable at the same time. Posits some interesting theses in comparison to the predominant personality in this field- Atul Kohli 13 of 14 people found the following review helpful. It may look dull, but it is important By pnotley@hotmail.com Vivek Chibber's book on

the failures of industrialization is not one that most people are likely to read, even in the unlikely occurrence that they ever encountered it. Filled with such unenthralling topics as "nodal agencies", "the developmental state," "the developmental bourgeoisie," "state capacity," and with how to create more efficient and effective bureaucracies, it is not a book that is likely to attract most people's interest. And it is true that Chibber does not have a style that would bring these topics to life. Nevertheless this is a book that should not be ignored, because it deals with a very important topic. As everyone knows, many third world countries sought to industrialize in the post war period with the help of state intervention. India under the Congress Party was a particularly prominent example of the developmental state. As time went on this path was ultimately unsuccessful, and for the past two or three decades, the IMF and the World Bank have been encouraging private enterprise and free trade. According to the advocates of globalization, state encouraged industrialization is a failure. But there is a striking exception to the narrative of failure: South Korea. It is the value of Chibber's book that it explains why India was so much less successful than Korea. One might think that the reason South Korea was so much more successful than its rivals was because it had a streamlined and efficient bureaucracy. But this is not necessarily the case: in the mid-eighties it required as many as 310 approvals and 312 documents before permission was granted to form a new industrial plant. One might think that the difference was the result of the strategy of industrialization. India, like many other countries, followed an import substitution industrialization (ISI), while South Korea followed an export-led industrialization (ELI). The difference here is not simply one between protectionism and free-trade: for a long time South Korea had its own system of tariffs to protect domestic industries. But an ELI path insured that Korean companies faced the pressures of foreign competitors, while an ISI path often resulted in domestic companies smugly idling in the fleshpots of assured markets. But Chibber shows that this is not the result of the cleverness of South Korean bureaucrats and the ideological blindness of Indian ones. There were reasons why countries preferred ISI to ELI. For a start, industrial countries placed tariffs on industrial goods from developing countries in the fifties. American foreign aid put restrictions on exports during the fifties. So did many foreign companies. One Indian committee found in 1969 that 65% of the collaboration agreements it surveyed had export restrictions imposed by the foreign partner. Moreover, since export markets were competitive and risky and domestic markets safe and assured it was only rational for businesses to resist their governments' push for export drives, which in India and elsewhere they successfully did. Korea was different. It had the luck to be the place where Japan needed to outsource its light manufacturing, and this gave it the contacts and places for its own export drive in the sixties to be successful. Moreover this led to a crucial difference with India. Because the export markets were both competitive and profitable, companies would support the disciplinary measures the South Korean state imposed to assure that its aid worked. After all, if one company failed to do what it was supposed to, there would be another to do a better job of it. By contrast, in India under ISI, there was no such incentive. There was considerable support for getting state incentives, but there was stringent opposition to enforcing any disciplinary measures. And so Chibber details how Indian business' call for state planning in the forties was in fact a way to pre-empt more radical measures, that it was call for not socialism, but for capitalist planning. He discusses how they worked vigorously to take out any teeth in Indian planning legislation, and he also shows how the Congress party demobilized the labour movement, which could have served as a counterweight to Indian business. And he goes on to discuss how Indian business was able to thwart possible reforms in the fifties and sixties, and how Indira Gandhi's erratic patronage system undermined it once and for all. He also notes how Korean business eventually became powerful enough that they did not need the developmental state's restrictions, and so started to dismantle it. The result is a complex, well documented account, which should be read by all shallow advocates of globalization.

0 of 0 people found the following review helpful. A powerful corrective to popular accounts of 20th century Indian economic history. By Mikhail B Ignore those who talk of a 90's transition from socialism to capitalism in India. This well-researched history of industrialist power in post-independence India should put to rest such facile observations, providing instead a more careful understanding of the problems of the pre-1990's Indian economy, its weaknesses and how they helped give way to the set up we have today.

Why were some countries able to build "developmental states" in the decades after World War II while others were not? Through a richly detailed examination of India's experience, *Locked in Place* argues that the critical factor was the reaction of domestic capitalists to the state-building project. During the 1950s and 1960s, India launched an extremely ambitious and highly regarded program of state-led development. But it soon became clear that the Indian state lacked the institutional capacity to carry out rapid industrialization. Drawing on newly available archival sources, Vivek Chibber mounts a forceful challenge to conventional arguments by showing that the insufficient state capacity stemmed mainly from Indian industrialists' massive campaign, in the years after Independence, against a strong developmental state. Chibber contrasts India's experience with the success of a similar program of state-building in South Korea, where political elites managed to harness domestic capitalists to their agenda. He then develops a theory of the structural conditions that can account for the different reactions of Indian and Korean capitalists as rational responses to the distinct development models adopted in each country. Provocative and marked by clarity of prose, this book is also the first historical study of India's post-colonial industrial strategy. Emphasizing the central role of capital in the state-building process, and restoring class analysis to the core of the political economy of development, *Locked*

in Place is an innovative work of theoretical power that will interest development specialists, political scientists, and historians of the subcontinent.