

Review Essay

**Compressed Development and the Political Economy of
Developmentalism****Antonio Andreoni** 

Hugh D. Whittaker, Timothy J. Sturgeon, Toshie Okita and Tianbiao Zhu, *Compressed Development: Time and Timing in Economics and Social Development*. Oxford: Oxford University Press, 2020. 295 pp. £ 60.00 hardback.

Graham Harrison, *Developmentalism: The Normative and Transformative within Capitalism*. Oxford: Oxford University Press, 2020. 304 pp. £ 58.74 hardback.

INTRODUCTION

At the turn of the 21st century, development research witnessed the consolidation of a socio-economic transformation paradigm centred around individual agency (and freedoms) and localized processes of empowerment (and stable forms of change). Within this paradigm, development processes are mainly mediated through markets and enhanced by good governance institutions. Neoclassical economics, as well as humanist approaches to development advanced by the capability approaches of Amartya Sen (1999) and Martha Nussbaum (2000), provide theoretical foundations to this paradigm. The Millennium Development Goals (MDGs) Agenda for 2000–2015 was a clear manifestation of this established consensus at the turn of the century (United Nations, 2000). Aligning with a liberal tradition, these theories have promoted research in development policies and the implementation of institutional market failure fixes that deliberately avoid a direct engagement with the political economy of structural transformation, the developmental role of the state, and the full reality of development in context. Examples of

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the transformative structural dynamics that the conventional development discourse struggles to grasp include changes in the organization of global production and their impact on the development of countries; technological changes driven by information and communications technology and, more recently, digitalization; the rise of China and the ‘great doubling’ in the global labour markets.

There have been several calls for new syntheses, integrating alternative research frameworks which can address the current reality of global development. These include a call to rediscover high-level theories of the classical political economy and developmentalist traditions.¹ The widening contradictions between the dominant development research agenda and the reality of local and global development have been addressed mainly by scholars ‘trespassing’ across disciplinary boundaries (Hirschman, 1981). This includes economists working in the classical political economy tradition — Marxist in particular but also Structuralists, Schumpeterians and Old Institutionalists — alongside anthropologists, sociologists and political scientists. This essay considers two recent books whose authors breach these traditions and disciplines. They both make a significant, and in many respects complementary, contribution in pushing ahead a new wave of high-development theory better equipped — both theoretically and empirically — to address development and underdevelopment in the 21st century.

The first of these two books, *Compressed Development: Time and Timing in Economic and Social Development* (hereafter *Compressed Development*) by Hugh D. Whittaker, Timothy J. Sturgeon, Toshie Okita and Tianbiao Zhu, advances a new theoretical synthesis within which the global matrix of technological and organizational change (and their co-evolving relationships) is framed and linked to state and markets relations (and their embedding and disembedding dialectics). The authors use these theoretical constructs to identify and document distinctive features of the current ‘era’ of development — what they call ‘compressed development’. In their view, there is something unique in the regime of compression experienced by countries from 1990 onwards. Compressed development is a historical phase of global capitalist transformation characterized by ‘out-of-sequence’ and ‘simultaneous’ phenomena. For example, the authors point to the coexistence of ‘premature de-industrialisation’ in developed economies and ‘thin industrialisation’ among several middle-income countries (p. 23).

Furthermore, *Compressed Development* highlights how ‘transmission mechanisms’ such as global value chains (GVCs) and the disembedding of global markets lead to the spread of phenomena like financialization and interdependence across developed and developing countries. Indeed, the book points to mutual interdependencies between countries whereby

1. See, for example, Chang and Andreoni (2021) and other contributions in the special issue on ‘Bringing Production Back into Development’; Kholi (2004) on the developmental state; and Kvangraven (2021) on the ‘dependency research programme’.

national dynamics shape (and are shaped by) state–market and organization–technology relationships unfolding in different countries. For example, the compressed development framework highlights how imperial powers shaped the development journey of ‘the rest’ through ‘policy space compression’, as well as showing how the rise of the rest — China in particular — has affected early and late industrializers including America and Japan (the so-called ‘China shock’).

These structural interdependencies pose new development trade-offs in the forms of ‘dual challenges’, especially for countries aspiring to achieve socially inclusive industrialization. This is perhaps the second most important contribution of this book — pointing out that social policy was a key, although implicit, ingredient of late industrialization (Mkandawire, 2004) and that this key policy has become increasingly difficult to deliver under compressed development. ‘Recent developers now face simultaneous challenges in social development which early and late developers confronted sequentially’ (p. 160). Education and health are sectors in which the double burdens and challenges are most acute and difficult to address. In the education sector, for example, the need for inclusive ‘basic education’ co-exists alongside the need for ‘advanced education’ towards technological and innovation capabilities development.

These complex relationships and policy challenges are finally addressed in Chapter 8 of *Compressed Development* with the introduction of the idea of an ‘adaptive developmental state’ and the discussion of the need for ‘dynamic state–civil society relationships’ (p. 185). Building on the case of China, the authors convincingly point to the importance of understanding the opportunities offered by multilevel governance structures and incentives, including ‘local developmentalism’; they also highlight new problems posed by decentralization projects for overall policy coherence and integration at the time when these are increasingly necessary. The book adopts a political economy lens to advance a stylized theory of an adaptive developmental state. However, it does not fully engage with the problems that ‘the rest of the rest’, that is, countries that have not even managed to reach their middle-income status, are facing in their efforts to initiate and sustain their infant processes of capitalist transformation. This is where *Compressed Development* finds an interesting interface and starts a dialogue with the second book reviewed in this essay.

The second book, *Developmentalism: The Normative and Transformative within Capitalism* (hereafter *Developmentalism*) by Graham Harrison, offers an ambitious critical political economy framework that takes on — directly and forcefully — the ‘normatively pleasing’ approach to development embodied by capability approaches and germane liberal development perspectives (p. 48). The key historical anchor of the book is that while romanticized historiographies of capitalist transformation should be avoided, we cannot escape from acknowledging the fact that developed capitalist societies have achieved generalized conditions of material progress which are

historically unprecedented. Within developed capitalist societies these conditions of material progress are so ‘pervasive and obvious’ that they are often not recognized — even though ‘they are very easily recognizable if one does not live in these conditions’ (p. 7). Using Tanzania as a standpoint — a country where a radical transformation in the material conditions of people’s daily lives has still to come — the book centres the analysis on the tension between progress and agency, as a tension between the normative and the transformative. This is central to development understood as a process of capitalist transformation, an untidy process that is in fact intrinsically ‘dirty’ (p. 88).

Within the realist theoretical framework advanced in *Developmentalism*, all stories of development start with a process of sustained and transformative accumulation resulting from changes in productive structures, increasing productivity and productive mobilization of the many in the form of proletarianization. Sustaining this expanded accumulation is, however, only a ‘necessary’ and not a ‘sufficient’ condition for capitalist development. Throughout this process of capitalist accumulation, robust political power, contestation and mobilization are needed to direct this process of accumulation towards a broader structural transformation in the socio-economic and institutional fabric of the society. Indeed, capitalist transformation is developmental *only* to the extent that it opens political possibilities and political demands for shared well-being improvements.

Developmentalism is presented in this context as a normatively troubling political economy framework, within which development is intrinsically contested and uncertain — hence the politics of state ‘legitimation’ — and it only works if it is ‘existentially necessary’, not simply desirable (pp. 76–88). At the centre of this political economy there is a process of state building whereby the state facilitates the formation and upgrading of a capitalist class and, in so doing, allocates both the gains and pains of the capitalist transformation. However, the state is part of the political economy, that is, capitalists ‘lock in’ states to deliver modes of governance and policies that sustain their productive accumulation. The extent to which the state establishes a functional relationship of ‘embedded autonomy’ (Evans, 1995), or a dysfunctional one of ‘crony capitalism’, or unproductive rents capture (Khan and Jomo, 2000; see also Gray, 2018) is historical and context specific. It is not simply a matter of institutional design or good governance. In fact, the two functional and dysfunctional dynamics can co-exist and are both manifestations of developmentalism, as documented in the rich set of historical cases in the second part of the book *Developmentalism* (pp. 91–247).

These historical case studies unveil the deep realities of capitalist transformation — their generic and differential (non-teleological) features. They include both countries in which capitalism became ‘dominant’ and those in which it is still ‘ascending’. ‘America’ and ‘Britain’ are the most detailed among these cases and best highlight the violent nature of capitalist development. China, Israel, Japan, Rwanda and Taiwan are presented as exemplars

of the risks, contestation and efforts involved in capitalist transformation and the different political projects underpinning their development journey. In the development of these latter cases, the emphasis is on the ‘deeply materialist’ developmentalist project underpinning the transformation of these countries (p. 254), and the extent to which their capitalist transformation has unleashed opportunities for new forms of social identity and political agency. The tension between the normative and transformative takes centre stage in this analysis, while some of the structural dynamics encapsulated in the global matrix of technological and organizational change stressed in *Compressed Development* tend to be overlooked.

In the sections below, I unpack the two theoretical frameworks advanced in these new books to highlight their epistemological foundations, original contributions and normativity — especially in relation to their view of the role of the state and forms of the developmental state. I then discuss the similarities and differences between the new theoretical perspectives offered by the two books, and their relevance for advancing development research.

‘STATE–MARKET’ AND ‘ORGANIZATION–TECHNOLOGY’ CO-EVOLUTION

In development theory and broader social sciences, stage-based conceptual schemes have been widely used. Three examples stand out among others: first, Arthur Lewis’s (1954) dualist model of development; second, structural change models à la Hollis Chenery (1979), and their revamped versions underpinning Justin Lin’s (2011) New Structural Economics; and third, Kaname Akamatsu’s (1961) ‘flying geese’ model. All these stage-based models rely on relatively aggregated sectoral units of analysis (and data) and a linear view of structural change whereby all countries are expected to move from agriculture to manufacturing industries and then services in their capitalist development.

Compressed Development stresses how these stage-based models can miss ‘out-of-sequence’ sectoral dynamics. Moreover, their explanatory power is limited once sectoral boundaries become increasingly blurred. The argument of the book is that the time compression experienced by countries in the current era of development has received scant attention exactly because it does not fit with these stage-based conceptual schemes. In Chapter 1 of *Compressed Development*, the manifestation of time compression in development is highlighted with respect to two key development phenomena — industrialization and demographic transitions. With respect to the former, the authors point to the complex nature of premature de-industrialization (entailing simultaneous industrialization and de-industrialization) and its changing timing (that is, de-industrialization kicks in at earlier stages of development). The book highlights the fact that across developing

countries, ‘thin industrialisation’ and ‘out-of-sequence’ sectoral developments (such as retailing without manufacturing) are perhaps the most striking phenomena of the current era dominated by GVCs (see also Tregenna, 2016 on forms of ‘pre-industrial premature de-industrialisation’ across least developed countries). Since the 1960s, these industrial dynamics have been accompanied by demographic transitions led by rising education, changes in family structures and a decline in mortality rates. In addition, they have been coupled with social compression and market disembedding from society. Through their explanations of such transformations and their recognition of the time compression of the current era of development, the authors of *Compressed Development* construct their framework in a modular and incremental way.

State–Market Co-evolution and Polanyian Double Movements

In *Compressed Development*, the first module of the framework is centred around state–market relationships and their co-evolution. At the country level, these relationships are framed by adapting Polanyi’s idea of a double movement of ‘disembedding’ and ‘re-embedding’ of markets (Polanyi, 1944), and linking it to the ‘liberalizing’ and ‘regulating’ developments in the state. The disembedding of markets from social norms and institutional constraints provokes a counter-reaction leading to state regulation and market reshaping (and vice versa). These co-evolving state–market relationships are not insulated. Two factors make these relationships global.

First, dominant powers — such as Great Britain in early and late development (between the 19th and early 20th century) and America in late-late development (20th century) and the current era of compressed development — use their position of dominance to compress policy space in other countries. In this way, dominant powers are capable of influencing state–market relationships in these countries and constraining their industrialization. The second mechanism exercising a systemic-era influence on development is finance and financialization. The period considered late-late development (1945–80), often referred to as the golden age of capitalism, was characterized by a form of ‘embedded liberalism’. *Compressed Development* locates the roots of the current era of compressed development in the rising tension between liberalism and its embedding, especially in America and Great Britain. By the late 1960s, in these countries, productivity growth was flattening and inflationary pressure was on the rise. Governments’ attempts to manage the ‘conflicting claims’ of the 1970s by allowing inflation triggered a counter-reaction from the owners of capital in the dominant economy (for a seminal article see Rowthorn, 1977). This led to financial market deregulation which then spread globally through neoliberal reforms — the disembedding of markets. Finance turned its back on industry and productive investments. Furthermore, the corporate governance model of ‘managerial

capitalism' that emerged from the great depression was replaced by a form of 'money manager capitalism' (Minsky, 1992).

This shift led to a widespread financialization of the economy at both the macro and micro levels. At the macro level, the planning agencies of the state (such as the Ministry of International Trade and Industry in Japan) were replaced by central banks controlling targeted inflation. At the micro level, the 'maximization of shareholder value' as the ultimate corporate objective led to a shift from 'retain and reinvest' to 'downsize and distribute' with a negative impact on investments, innovation and jobs (Lazonick and O'Sullivan, 2000). Research on the financialization of business enterprises has developed substantially over the last few years and has pointed to the complex mechanisms and heterogeneous processes involved across countries and sectors (Lazonick and Shin, 2020). *Compressed Development* acknowledges how financialization is spreading across middle-income countries and how it leads to forms of 'premature financialization' (p. 60).

Organization–Technology Co-evolution Cycles and Crises

In the *Compressed Development* framework, through finance and financialization, the authors establish a direct link between the 'state–market' relationships of disembedding and liberalization on the one hand and the 'organization–technology' relationship on the other hand (pp. 47–66). This is because finance is central in shaping co-evolutionary cycles within techno-economic periods and organizational paradigms. The book takes a Schumpeterian turn (pp. 67–73) by identifying the ways in which 'disrupting and generalizing' cycles in technology co-evolve alongside 'revolutionizing' and 'balancing' cycles in dominant organizational models (the latter being the ones used by the most important enterprises based in dominant countries). The book originally integrates the dynamics underpinning the emergence of new techno-economic paradigms (Perez, 2002) with more recent contributions focusing more explicitly on the co-evolution of 'organizational paradigms' and their associated management models (Bodrozic and Adler, 2017). This integration allows the authors of *Compressed Development* to disentangle their 'organization–technology' relationships and investigate how they have led to today's compressed development era. This synthesis is a major contribution of the book.

Drawing on important work on changes in industry organizations (for example, Sturgeon, 2002) and with important connections to Stephen Hymer's (1972) seminal work on 'uneven development', the authors provide a compelling analysis of the ways in which the crisis of Fordism and the rise of the 'network model' of production is central to understanding the industrial shaping of the current era of development. The authors are careful to point out that this was not only a crisis of competitiveness driven by the 'Japanese model' of lean production but also a social crisis for workers, which

undermined the social conditions for innovation and productivity across Western capitalism. In fact, within Western firms, ‘lean practices were often applied piecemeal. Reduced in-process inventory and increased monitoring raising productivity and quality were not coupled with employer commitment to job security — required to motivate buy-in from workers — as it was in Japan’ (p. 77).

The pressure from the Japanese model and its implementation paved the way for the rise of the ‘network organizational paradigm’. Throughout the 1990s, especially in America, the restructuring of the industrial organization led to downsizing, computerization, production outsourcing and offshoring. In America, outsourcing was ‘loose’ in the sense that firms shifted dramatically from a vertically integrated hierarchical form to one dominated by horizontal market transactions. This was not the case in Japan or in the European manufacturing core where ‘quasi-hierarchical’ forms were sustained to a larger extent. What matters here is that outsourcing and offshoring — and hence the widespread diffusion of GVCs — was perceived as the best organizational form to reduce costs and risks, as well as to increase flexibility.

This is a model that has proven problematic in many respects in both dominant countries and developing countries. A slew of crises — from the tech bubble in 2001 to the financial crisis of 2008, and more recently the global COVID-19 pandemic — have stress-tested this global organizational form of production, revealing modularity traps: several problems associated with loss of industrial commons; resilience issues in advanced countries; as well as persistent ‘thin industrialization’ across developing countries, exactly where production transformation is most needed. The extent to which digitalization and the rise of a new ‘platform business model’ will be a constraint or an enabler (or both in different ways) of industrialization in developing countries is something that remains to be seen. Digitalization is a revolution in the making. *Compressed Development* refrains from embracing widespread digital triumphalism and remains well-grounded in its historical and analytical understanding of the long term co-evolving organization–technology relationship.

Varieties of Compressed Development and Divergent Institutions

The extent to which countries have historically been able (or not) to develop under different eras of development and under different forms (and intensities) of compression depends on many factors. *Compressed Development* dedicates Chapters 4, 5, 6 and 7 to the historical analysis of several country cases and policy domains. Here, the focus is on the different institutional responses to the domestic and global challenges posed by different development eras. The authors advance two key arguments, forcefully illustrated with an in-depth historical–institutional comparison of Japan and

China. The first argument is that countries develop ‘divergent institutions’ and solutions in each development era. The second is that institutional development is path-dependent and cumulative. This means that institutional solutions which emerged in a certain era might persist in subsequent ones, even if they are no longer the best solutions to the new opportunities and challenges posed by emerging organization–technology relationships.

In a nutshell, Japan’s successful late-development experience was built on the institutional complementarity between its productionist system, relational contracting, Japanese-style employment and patient capital. Although this model has faced dramatic pressure since 1990 under compressed development, it has proven resilient and has shown some elements of adaptation (although changes remain limited). In contrast, China has re-emerged as a superpower in the compressed development era, despite persistent institutional gaps and ambiguities. Since the 1990s, the inflows of foreign direct investments and hybrid forms of governance have led to a much quicker and more widespread adoption of production networks and niche development as well as integration into GVCs and financialization. These divergences in institutional solutions in Japan and China, and their emergence from different eras of compression, are evident in the education and training sector and are reflected in its impact on equality. Unlike Japan, China’s education system had to develop with extreme rapidity — time compression — while China was internationalizing.

Chapters 6 and 7 of *Compressed Development* are important deep dives into two key policy and institutional areas: employment and skills development, and social policy. In these chapters, the authors move away from the institutional comparative analysis of China and Japan (although Japan remains in the background), to focus on China as a (successful) middle-income country case. The key contribution of these two chapters is to highlight an often-overlooked aspect in the capitalist development and industrial policy literature. That is the fact that production transformation must be socially inclusive. The authors go even further when they argue that ‘the key challenge in the era of compressed development is not so much technological catch-up and upgrading per se, although this is difficult enough. Rather, it is to establish a virtuous loop between economic or technological development on the one hand, and equitable, inclusive growth and social development on the other’ (p. 141).

This perspective enriches the current debate on the so-called middle-income trap in three main ways. First, it convincingly highlights how, under compressed development, we need to look at new types of informal and non-regular employment. Second, it stresses how governments now must face the dual challenge of developing an education sector while pursuing goals of both social inclusiveness and production upgrading. Third, it emphasizes that governments need to develop simultaneously a ‘system to combat under-nutrition and communicable diseases, and the onset of over-nutrition and non-communicable diseases’ (p. 161).

Education and social policy are not domestic and public affairs: they have become an ‘arena for renegotiation of state–market relations’ (p. 180). In fact, in developing countries, in the name of ‘de-politicizing’ policy and promoting evidence-based policy, we have witnessed the proliferation of non-public actors and public–private partnerships in these two sectors. ‘In reality the movement whose banners are constantly changing is far from technocratic and apolitical’ (p. 181). This book succeeds in bringing in the politics of institutional development and problematizing its impact for development. The explanatory power of this synthesis is highlighted by the multiple cases that the authors mention, as well as those that the reader can immediately visualize given her or his country research focus.

A REALIST POLITICAL ECONOMY OF CAPITALIST TRANSFORMATION

In *Compressed Development*, the contradictions and challenges emerging in the employment, education and social sectors are linked to the era of compressed development, and the underlying forces shaping this era of capitalist transformation. Can we frame these tensions and contradictions at a more fundamental level of capitalist transformation? Which frameworks can help us to do that? Which are the dominant narratives of development that prevent us from seeing these contradictions and mounting crises? This is where an imaginary dialogue between the authors of the two books reviewed in this essay stands. If *Compressed Development* focuses on the key influencing forces shaping eras, and the manifestations of power dynamics underlying capitalist transformation, Harrison’s book *Developmentalism* makes power the centrepiece of an ‘agonistic’ historical dialectic within which policy is enacted as a form of distribution of pains and gains. In *Developmentalism*, power gets centre stage and is raw and existential: ‘development is immanently disruptive, requires authoritarian state action, generates social harm to some and maybe many, and is based on a process of accumulation that is intrinsically exploitative’ (p. 20).

Power, Freedoms and Capitalist Transformation

Central to Graham Harrison’s framework in *Developmentalism* is the idea that the success or (more likely) failure to develop the social, political and economic conditions for capitalist growth and transformation is, ‘from a political economy perspective, an outcome of the dynamics of the political (re)ordering of accumulation’ (p. 13). He continues (pp. 13–14):

Developmentalism is, then, fundamentally about the way in which political power is exercised to promote sustained accumulation. It has a set of cardinal features: the dynamics of interaction between the state and major concentrations of property; the coherence and social determination of ruling elites; the ideologies of statehood and their ability to generate stable

projects of social engineering; the extent to which state and capital endure crisis; and the socio-political dynamics of popular mobilization and contestation in pursuit of the commonwealth.

The cardinal features highlighted by Harrison cannot be more distant from the liberal-pleasing view of development encapsulated in Amartya Sen's view of 'development as freedom' (Sen, 1999) and other normative political theories of rights and justice. In Chapter 3 of *Developmentalism* the author provides a comprehensive critical review of the theoretical foundations of the capability approach — in particular, its methodological individualism — and normative agreeability. Specifically, Harrison points out how the only collective dimension accepted within capability approaches is the one of the 'small community', and indeed this is where individual reasoning works best for Sen. Higher social structures or prospective agency are perceived as a threat to individual agency.

Developmentalism forcefully rejects liberal traditions for their lack of understanding of the political economy of structural transformation and mass poverty reduction. It is not surprising to discover that Harrison also distances himself from the purely technical institutional fixes promoted within the good governance agenda and backed up by New Institutional Economics (Harrison et al., 1995). This agenda conflates the manifestation of social phenomena with their causes. For example, endemic corruption is framed sometimes as a behavioural or even cultural phenomenon in most development and politics literature. Harrison reminds us to look for 'the causes of causes' (p. 22) which he identifies as the structures and relations central to the capitalist accumulation process. From this perspective corruption can only be understood by reversing the relationship between institutional development and economic growth. Indeed, historically, it was capitalist accumulation and inclusive growth that brought institutional change and state formation (Ang, 2020; Khan, 2018). Therefore, the book is framed within a Marxist epistemological tradition ('a theory of history' so to speak) that distinguishes the 'actual' phenomena (e.g. commodities) and the 'real' — that is, the underlying structural and capitalist social relations that generate their forms of appearance, content and movements.

From this standpoint, Chapter 2 of *Developmentalism* focuses on the introduction of an important distinction between those countries where capitalism is totalizing and self-expanding (hence 'dominant') and those countries where capitalism is present but still *in fieri* (hence 'ascending'). The fundamental difference between these two opposite states is the following: where capitalism is dominant the economy operates with a regime of 'self-expanding surplus' — to use Marx's language (p. 34) — driven by continuous production expansion, a hard-wired imperative to employ labour, and a push towards technology-replacing labour. This 'immense accumulation of commodities' that is capitalism (again to quote Marx) is a precondition for any politics of commonwealth around which Harrison centres his normative

framework (p. 32). As Harrison notes (p. 34), the problem is that in those countries in which capitalism is ascending:

[c]apital has not yet generated a process of sustained and expansive accumulation ... markets are shallow and not strongly integrated into strong circuits of commodities, full-time wage labour is a small proportion of the workforce, ... surplus generated by capital and the mass of wages earned by workers are too small to create the fiscal revenues to enable a government to provide material well-being for all.

The second scenario — in which capital is ascending and, hence, is not performing developmentally yet (and fully) — is the most common one in large parts of the world. Harrison's engagement with this scenario is one that explicitly takes distance from 'Marxisant' approaches (as he calls them) such as 'dependency theory'. In his view, these approaches do not engage enough with the historic possibility of capitalist development in the periphery. Instead, he positions Developmentalism alongside those approaches such as Modes of Production and 'Classical' Marxism that insist on highlighting potential progressive properties intrinsic to capitalism (see, for example, Warren, 1980). Within these frameworks, the constitutive violence of capitalism is fully recognized. In fact, coercion, the assertion of command over markets and resources, and the capacity of disciplining rents allocation, are all key dimensions of state formation and capitalist transformation. In this context, the formation of the capitalist state is not 'epiphenomenal', rather it is the expression of a historical and context-specific political economy.

Normativity and State Legitimation as a Material Project

As framed so far, *Developmentalism* takes a normatively troubling position. Harrison dedicates Chapters 4 and 10 to address this challenge. This is one of the book's key contributions to development research and the advancement of a realist approach to development's normativity centred around 'value pluralism'. Rights-based approaches to development are built on a Kantian-Rawlsian epistemology in which rights are pre-political values intrinsic to the human condition. These values determine what is 'morally right, just and reasonable' (p. 67). Within this framework, states might act morally if conditions of law, democratic processes and consequential considerations of the development outcome of state action holds. Harrison points out how this legitimation of the state 'tends to frame politics as a task of implementation ... a technique for the realization of deduced normative codes' (p. 71). In his view, this is inadequate to assess capitalism, as 'states do not implement development, they are themselves immersed in it' (p. 72).

An alternative form of legitimation of the state and the political order can be found in Bernard Williams's 'realist approach' (Williams, 2003). Harrison builds on this approach to identify human rights as a political

phenomenon. He sees them as only one important set of values among others which emerge from socially and historically specific processes. In this, we can see an interesting resemblance with Ha-Joon Chang's 'institutional political economy' (Chang, 2002) and his emphasis on the constitutive role of institutions. Harrison, however, moves one step further. In Williams's book (2003) the so-called 'basic legitimation demand' that the state must satisfy to achieve a minimal form of legitimation of its authority and politics, is defined in terms of 'order, protection, safety, trust, and the conditions of co-operation' (p. 77). According to Harrison, the establishment of state's authority is also a 'material project' (ibid.).

By augmenting realist political theory with a critical realist perspective, Harrison materializes legitimacy and makes the 'material inclusivity' of the most radically disadvantaged a condition for state's basic legitimacy. This materialization is the only way to remove those fundamental forms of 'structural violence' occurring 'when human beings are being influenced so that their actual somatic and mental realizations are below their potential realizations' (p. 81). From this perspective and under specific conditions, putting aside unacceptable forms of rights violations that are purely functional to remain in power (e.g. the assassination of opposition leaders, journalists etc.), for Harrison it is possible to legitimize some forms of coercive governance such as the redistribution of property (e.g. land reforms) or re-organization of labour.

In Chapters 5 and 6, Harrison provides a detailed historical and realist political economy account of how states in America and Great Britain systematically exercised their coercive power for capitalist accumulation — from dispossessing and colonizing, to reorganizing society and distributing patronage and rents. Great Britain is in this sense the original developmentalist state, and a dominant one which shaped through its imperialist project the global space for development. Indeed, the first articulation of Developmentalism emerged as a response to this dominance, and the productionist imperative rose exactly from those like Alexander Hamilton and Friedrich List who advocated 'infant industry protection' and industrial policy (Helleiner, 2021). By 1893, America had already achieved world industrial dominance through its policy of developmentalism; indeed, the region of New England alone was manufacturing more goods than the rest of the world combined. This capitalist ascendance and dominance involved extreme exploitation of labour, including child labour, and the dispossession of indigenous peoples. However, in both America and Great Britain, as their economies grew, the pressure to maintain a commonwealth increased and the state had to address this pressure to retain its legitimacy.

Chapters 7 and 9 detail late and late-late development experiences, namely in countries such as China, Israel, Japan, Rwanda and Taiwan. While for most of these countries there is already a significant literature, *Developmentalism* still manages to highlight important political economy insights and bring original contributions to the fore. Most contributions in the

literature have attempted to explain the capitalist transformation ‘miracle’ of some of these countries — notably in East Asia — by emphasizing institution building, economic performance, developmental and industrial policies. Harrison focuses instead on the dialectic process of state formation and legitimation, and the rise of a capitalist class within a material project of capitalist transformation. In this respect, the cases of China and Rwanda are presented as cases of near success. If we focus on the Chinese case, drawing from both books, *Compressed Development* and *Developmentalism*, the reader is provided with a powerful example of the importance and potential of integrating these research streams into a new ‘compressed developmentalist’ synthesis.

TOWARDS A NEW SYNTHESIS: COMMONALITIES AND DIFFERENCES

This essay has discussed key contributions made by *Compressed Development* and *Developmentalism* that enhance our understanding of states, markets, industry and the real political economy of capitalist transformation. Both books share a ‘productionist perspective’ of development whose origins can be traced back to classical political economy and its focus on productive and political economy structures and their changes. Both books start from an attempt to make sense of a production puzzle. *Compressed Development* begins with a puzzling vignette: the co-existence of a late model Swiss machine and very basic locally produced machine tools within the same small die and mould factory on the outskirts of Taipei in 1996 (p. 21). This co-existence of the old and the new — something that researchers visiting shop floors in developing countries often encounter — is difficult to explain within a stage-based model of development (for example see industry and firm cases in Andreoni et al., 2021). Similarly, *Developmentalism* opens with an image in which the author compares Tanzania today with an imaginary Tanzania in 2090 when capitalism has in this image become dominant (p. 3). This comparison is centred on the existing and transformed productive structure of the country. The puzzle lies in trying to explain why Tanzania failed to generate a capitalist transformation under Nyerere’s *ujamaa vijijini* (village socialism) and the following decades of the 21st century (for an answer to this question see Gray’s 2018 analysis contrasting the developmental trajectory of Tanzania with that of Vietnam).

Both books also share a view of development as capitalist transformation in which production transformation is intertwined with social and institutional changes, and state building. They also share the idea that the developmental state is legitimate to the extent that it can deliver social progress, that is, growth must be inclusive (and sustainable). Environmental sustainability does not feature prominently in either of the books, given their focus and approach, but this sustainability dimension is consistent with their frameworks. *Compressed Development* focuses on the ways in which the state is

challenged by financialization, good jobs creation and social welfare provision under a compressed development regime. *Developmentalism* focuses on the ways in which the state can build a basic legitimacy through delivering some form of minimal (and incrementally more) commonwealth. This is in fact an essential ingredient of the existentially necessary development project. In *Compressed Development*, Karl Polanyi's (1944) double movements of re-embedding and disembedding are central in the articulation of a theory of the state–market co-evolution, while Schumpeter (1942) is used to frame the organization–technology dyad. In *Developmentalism*, a Marxist lens is used to disentangle class and power dynamics in the process of state formation.

Finally, both books share a common methodological approach, that is, the integration of theory and history. In the case of *Compressed Development*, this integration allows for an open system analytical framework in which context, place and historical time matter and agency is structurally embedded. This does not mean that there is no agency, but that development unfolds in a materially and politically structured space. This tradition can be traced back to the work of some classical development economists — from Albert Hirschman (1967) to Alice Amsden (1989) — but also to scholars of capitalism, technological change and business organizations, such as Alfred Chandler, Edith Penrose, Joseph Schumpeter, Kenneth Galbraith, Nathan Rosenberg and Stephen Hymer. In the case of *Developmentalism*, the historical method is less mediated by the above tradition. Instead, it is directly grounded in Marxist political economy and a realist approach to development's normativity. In some cases, parallelism and contrasts can be traced back to the works of Henry Bernstein, Paul Baran, Robert Brenner and Samir Amin.

What are these books offering in the advancement of a political economy of developmental change? Some differences between the books can be found here. *Developmentalism* sees Developmentalist as an approach that is 'more aspirational' than liberal approaches to development, but nevertheless an approach grounded in the reality of power, conflicts and material legitimation of the state. For Harrison, 'value pluralism' — hence a realist approach to development's normativity — is a fundamental commitment to real change, a change that is possible within capitalism, or as Marx put it: 'within and against the historical engine of capitalism, anything is possible' (quoted on p. 259).

In *Compressed Development*, the authors are mainly focused on providing some suggestions towards a rewired developmental state. Other recent contributions in *Development and Change* have looked at the same question (see, for example, Chang and Andreoni, 2020; Evans, 2021; Wade, 2018). Whittaker, Sturgeon, Okita and Zhu sketch a new type of developmental state whose main attribute is to be 'adaptive'. By reviewing the experience of multilevel governance and local developmentalism in China (see Chapter 8), *Compressed Development* points to some opportunities offered by

smart-city projects in a time of compression such as speed and rapid growth. It also points to the fact that this model introduces two main trade-offs. First, local developmentalism enhances flexibility but it does so at the expense of policy coherence and integration. Second, the politics of speed is more effective in a time of compression, but speed runs the risk of leaving many behind, hence creating social marginalization and pressure on the environment. To address some of these contradictions and tensions, Whitaker and his co-authors see in civil society an important factor mediating the state–market relationship and co-evolving dialectics. They call for ‘expanded state–civil society concertation’ (p. 185), a concept often advocated but difficult to articulate in practice, especially at a time when intermediate forms of collective representation such as political parties, unions and co-determination models have been in retreat.

This is perhaps where the two books reviewed in this essay appear to diverge, even on the semantics of the debate. Shall we talk about civil society or classes? How do we define the civil society in ascendant capitalist countries like Rwanda and Tanzania or in so-called advanced countries like the USA? This remains an unanswered question, but it is a central one. In conclusion, developmentalism requires both learning the technique of industrial and welfare policies as discussed in *Compressed Development*, as well as the political art of creating and sustaining a material project of social change that ultimately legitimizes the state and provides a prospect of prosperity for all, as discussed in *Developmentalism*. These two books, in this sense, complement each other and offer (albeit from two different perspectives) an important contribution to learning these techniques and preparing ourselves for the possible.

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