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**BOOK REVIEW:
The Post-Crisis Developmental State.
Perspectives from the Global Periphery,
by Tamas Gerocs and Judit Ricz, Cham,
Switzerland: Palgrave Macmillan, pp. 337.**

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The global financial and economic crisis of 2008–2009, and more recently the COVID-19 pandemic, have highlighted the growing challenges to global capitalism. After almost half a century of increasing market and trade liberalisation, the state is back in vogue throughout the world. This volume, edited by Tamas Gerocs and Judit Ricz, starts from the well-established empirical fact that developing and emerging market economies, which they refer to as the global semi-periphery, differ from the more advanced economies regarding not only their economic and social structure but also their capacity and autonomy to implement the developmental policies that are now being promoted in many contexts. They invite us to consider what the newly emerging post-crisis paradigm of greater state involvement in the economy means for states which are institutionally, financially, and/or politically under-capacitated, and where domestic agency and policymaking are constrained by exogenous power structures such as multinational corporations and the geostrategic interests of large countries.

This is an urgent, albeit very complex, question for both academia and policymakers. The volume adds much-needed nuance to the habitual dichotomy of the state vs. the market that often permeates political discourse. By adopting a comparative analytical framework that accounts for the varieties of state capitalism and by considering international as well as domestic political economy, the volume enriches the discussion in economics on the developmental state. It also contributes to the field of political economy itself by introducing the view

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from the global semi-periphery, where the interaction between international factors and domestic institutional weaknesses and political instability often has strong effects.

In her introductory chapter and in chapter 5 of the volume, Judit Ricz recognises a post-crisis developmental opportunity for the semi-periphery, as the structure of the global economy changes towards decentralisation of productive relations and an increasingly important role for global value chains that include smaller, dispersed economies from around the world. However, she also highlights the paradox of the growing role of populist, ethnonationalist, and patriotic elites that use economic nationalism to justify their autocratic tendencies while benefiting economically from globalisation. These puzzling trends have increased the global demand for a better understanding of the semi-peripheral economies that are plugging into the global value chains, making this volume a very timely read.

Ricz' introduction sets the stage for the next three chapters, which provide an overview of development and change in the era of modernisation. In Chapter 2, Laszlo Csaba reminds us of the strong influence institutional economics has had on policymakers during the 'liberal' era. He rejects the state vs. market dichotomy and argues that we need to improve our understanding of the state institutions that underpin and coordinate market economies. He emphasises the important distinction between being statist and being pro-institution-building and warns of the phenomenon of institutional hollowing-out that is occurring in many semi-peripheral contexts such as Hungary and Poland, and to a much stronger degree in Russia and Ukraine, where institutions that are supposed to support the market economy exist formally but have been de facto crippled by political means. He concludes that we need to pay particular attention to informal institutions such as the sets of values that prop up the market system and argues that we are in the dark when it comes to understanding how shared norms and values work in this context and why social trust and efficient institutions work in some places but not in others.

Csaba broaches a very important subject here, which could be probed further. While the rise of global capitalism has been associated with an unprecedented rise in inequality and growing delegitimisation of institutions even in the west, institutional economists have not paid much attention to the exploitative and unequalising effects of the formal and informal institutions that coordinate markets. The assumption is that 'properly' implemented institutions lead to superior developmental outcomes, while the reasons behind their growing popular delegitimisation are not explored or these grievances are simply

dismissed as populism. However, research on how market coordination shapes inequalities is beginning to emerge in comparative political economy, and I hope that eventually it will also permeate political economy research on the global semi-periphery.

In Chapter 3 Andrei Yakovlev discusses the role of information and communication technologies (ICT) in the next stage of human development in the context of growing global interdependence between countries. He makes the valuable point that both dependent market economies and the 'Varieties of Capitalism' models that are state led are reactionary since they evolved as a response to globalisation, i.e., they were shaped by it. By contrasting this to the western coordinated and liberal market economies which developed their institutional make-up prior to widespread liberalisation, he is perhaps suggesting that the latter have had more leverage to resist the adverse effects of market liberalisation, although he does not state this explicitly. Bringing global politics into the picture, he recognises the role of the elites in big emerging countries which have benefited from globalisation but remain unsatisfied with their role in the world order and argues that this is why they are driving the global push towards state-led developmentalism. He ends by exploring what it would take for different elites to cooperate within countries and for countries to cooperate in today's system of high economic interdependence. He sees this cooperation as a new cycle of development following ideological conflict and competing economic systems and argues that in this switch from competition to cooperation in the global arena the personalities of leaders are key.

While I undoubtedly root for global cooperation, I am not clear how it would work in the context of the ICT-led era of growth. The global economic system has been switching away from economies of scale and towards seizure of market shares and intensification of winner-takes-most dynamics of digitalisation. We have even struggled to share medical supplies and vaccines during a major global pandemic. The world is also facing a major fight over the raw materials and energy sources that are needed for continued growth and digitalisation, while we are also attempting to transition to 'green' growth. Thus, while I agree that in current circumstances competition can lead the world to a race to the bottom and that cooperation is the only solution, I would like to know how this cooperation is envisaged in a world where global elites are de facto fighting over resources, and where inequalities keep growing. What would be the basis of this global cooperation, and what would replace the market-grabbing tendencies of multiple global players that we have seen so far in the era of ICT-driven globalisation? Can we really afford to go on assuming that growth has trickle-down effects and that

continuing business as usual, but with some vague idea of cooperation between elites, will resolve the issue of inequalities and also the climate crisis, which is closely connected to the resource-acquisition-oriented conflicts that we see unfolding? It is very difficult for me to imagine a world where everything stays the same in terms of the economic system that we currently have, yet we somehow miraculously start cooperating on a global scale by way of elite leadership. I would thus be interested to hear more about the systemic conditions under which this form of global cooperation is envisaged.

In Chapter 4, Miklos Szanyi poses the interesting question of whether catching-up countries benefit more from periods of accelerating technological development or from the widespread deployment phase of cutting-edge technologies. He concludes that the successful catching-up countries have been better at utilising the business opportunities of the deployment phase and suggests that capital and skilled labour are necessary to seize these opportunities. I would also add insights from economic geography on the importance of networks and politics in how places utilise the business opportunities that present themselves, which fits nicely with Csaba's chapter 2 on our need to better understand the informal institutions that structure developmental outcomes.

The second part of the book starts with Judit Ricz' overview of the literature on how developmental states have emerged, from the political economy perspective. She juxtaposes two schools of thought: the role of elites as agents of development vs. the urgency theory where development is the result of coalitional and social demands pressurising political elites. She then moves on to the historical and cultural factors that have shaped East Asian developmental states, including homogenous societies and good quality institutions. She points out the role of strong leaders in East Asian developmental states and explains that although broad swaths of the population were often politically excluded and sometimes even repressed, they were never ignored economically, so the idea of equitable distribution of gains from growth was arguably part of the growth model and economic inclusion of the broader society mattered. However, where the institutions and policies that lead to long-term sustainable development come from remains an unanswered question. What might help us answer this question, Ricz argues, is a renewed focus on domestic agency and power dynamics not only among elites but also among broader sections of the population in the semi-periphery. It would be interesting to learn more about the role of authoritarianism in developmental states, and to what extent this framework is applicable in the context of rising authoritarianism in Eastern Europe.

Case studies of Slovakia, Ethiopia, Namibia, and Zimbabwe in the subsequent chapters offer empirical input on the role of domestic agency. Cases from sub-Saharan Africa provide especially insightful accounts on how domestic political factors interact with exogenous constraints and the international political economy of globalisation. The Slovakian case is unique in the volume in that it points to the unequalising effects of developmental policies, with growing disparities between the urban core around the capital city and the rest of the country. The fact that Slovakia is referred to as a success story in the concluding chapter is somewhat confusing, because the general message of the volume seems to be that broader swathes of the population need to benefit from developmental policies in order for them to work. However, this message is not explicit, so I am left somewhat in the dark as to whether the authors assume that broader development gains are the result of trickle-down growth, or whether some populations are expected to, and often do, take up the disproportionate cost that developmental policies impose onto them. Some chapters suggest that non-economic policy areas such as education matter, while others focus on the idea that political stability is a key pre-condition, one which often remains unfulfilled due to both domestic and international constraints. There seems to be some tautology in this line of argument, because we are left with the idea that local political conflicts need to be resolved in order for countries to develop institutions and spur growth, but at the same time the fact that it is mostly the elites that are benefiting from growth in today's world is also a factor of political destabilisation. Moreover, we know that some policies are good for development, but they cannot be implemented because no political consensus can be formed around them, and we do not understand why.

The last part of the book brings the developmental state perspective into a conflictual relationship with trade policy, thus adding an additional layer of international political economy analysis which complicates the picture and has important implications for the global economy as a whole. In Chapter 13, in the context of North Africa, Tamas Szigetvari discusses the role of elite corruption and the adaptation of free trade institutions to particular interests, further emphasising the point made by Laszlo Csaba in Chapter 2 that statism is not the same as state coordination of economic policy and market relations, and that we need to be careful whether we are actually advocating institutional regulation or whether we are strengthening the role of elites by providing them with a theoretical and policy framework that can serve to hollow out the institutional foundations of global capitalism. The cases of Brazil and Pakistan appear to push the argument in the opposite direction, showing that certain international

processes can have a destabilising effect on local political dynamics and even developmental policies, and thus threaten their effectiveness.

After reading this volume, I am even more convinced that the post-crisis developmental paradigm is a major challenge of our times. Almost none of the country cases covered in the volume are cases of successful developmental states (the exceptions are Taiwan, and partially Ethiopia and Slovakia), so the volume in fact provides an overview of developmental state failures that need to be tackled in the process of coming up with a developmental paradigm for the global semi-periphery.

I am now also even more convinced that within-country inequalities need to be high on the agenda of the new developmental state paradigm, and that it is no longer enough to assume that growth-with-equity means that developing countries catch up with advanced economies ‘on average’. Distribution of development gains within countries has to be high on the catching-up agenda. As long as we are not willing to find ways to redistribute resources more equitably, rising inequalities within nation states will decrease our chances of finding political solutions to current challenges.

This volume is a welcome contribution to the new developmental state paradigm that is still in the making. It raises important questions, but comes short of unpacking the catching-up/growth agenda for the semi-periphery and its feasibility in the context of rapidly growing within-country inequalities and the global climate crisis. It is encouraging that issues of political economy have finally entered the economic arena. I look forward to continuing this debate in a direction which integrates the issue of semi-periphery catch-up with the growth paradigm crisis that we are seeing in advanced capitalist economies that have ‘all the right ingredients’ in terms of their institutional make-up.

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