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*Sociological Forum*, Vol. 4, No. 4, Special Issue: Comparative National Development: Theory and Facts for the 1990s. (Dec., 1989), pp. 561-587.

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*Sociological Forum* is currently published by Springer.

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## **Predatory, Developmental, and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State**

**Peter B. Evans<sup>1</sup>**

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*Disappointment over the contributions of Third World state apparatuses to industrial transformation and the increasing intellectual dominance of "neo-utilitarian" paradigms in the social science has made it fashionable to castigate the Third World state as "predatory" and "rent seeking." This paper argues for a more differentiated view, one that connects differences in performance to differences in state structure. The "incoherent absolutist domination" of the "klepto-patrimonial" Zairian state are contrasted to the "embedded autonomy" of the East Asian developmental state. Then the internal structure and external ties of an intermediate state—Brazil—are analyzed in relation to both polar types. The comparative evidence suggests that the efficacy of the developmental state depends on a meritocratic bureaucracy with a strong sense of corporate identity and a dense set of institutionalized links to private elites.*

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**KEY WORDS:** state; industrialization; developmental state; neo-utilitarianism; East Asia; Japan; Brazil.

### **INTRODUCTION**

Scholars of development often vent their frustrations by identifying the culprits that keep their theories from working. Recently, an old favorite has been brought back into the dock with new vehemence. Instead of the peasant clinging to traditional values (as in early normatively oriented work by sociologists) or the multinational manager funneling surplus back to headquarters (as in the dissident views that supplanted earlier perspectives), the state

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bureaucrat, strangling the golden goose of entrepreneurship and lining his pockets with unproductive rents, has again become the central villain.

Disillusionment on the part of even sympathetic students of the post-colonial state has helped motivate this shift, but the intellectual apparatus has been provided primarily by the resurgence of “neoutilitarian” models. Such models have rapidly expanded the domain in which the logic of market exchange is claimed to have explanatory preeminence. The thoroughness with which neoutilitarian theorizing has penetrated thinking on development is impressive, but its untrammelled success provokes a certain unease. Enough bathwater is being discarded that the possibility of losing a baby or two in the process must be considered (cf. Killick, 1986).

A skeptical reexamination of arguments that make state action the principal impediment to development is in order and that is where this essay begins. After examining, albeit in a sketchy and summary fashion, the logic of neoutilitarian descriptions of the state, it moves on, even more briefly, to discuss some of the comparative-historical and institutional perspectives that have argued that not only regulatory but also entrepreneurial activity on the part of the state is a necessary part of economic transformation. This review of general perspectives serves as a prelude to the main task of the article, which is setting the theoretical debate in the context of some comparative historical evidence on the role of the state in Third World countries.<sup>2</sup>

States are not standardized commodities. They come in a wide array of sizes, shapes, and styles. That incumbents sometimes use the state apparatus to extract and distribute unproductive rents is undeniable. That all states perform certain functions indispensable to economic transformation is equally so. That both characteristics are randomly distributed across states is very unlikely, yet we have only a hazy sense of the range of variation, to say nothing of its causes.

As a starting point, we can imagine a range of states defined in terms of the way in which they affect development. Some states may extract such large amounts of otherwise investable surplus and provide so little in the way of “collective goods” in return that they do indeed impede economic transformation. It seems reasonable to call these states “predatory.” Zaire might be considered an archetypal case of such a state. Those who control the state apparatus seem to plunder without any more regard for the welfare of the citizenry than a predator has for the welfare of its prey.<sup>3</sup> Other states, however, are able to foster long-term entrepreneurial perspectives among pri-

<sup>2</sup>The concept of the state used here is a modified Weberian one, as in Rueschemeyer and Evans (1985:46–48).

<sup>3</sup>It is important to note that this usage of “predatory” differs from that of other advocates of the term (e.g., Lal, 1988, and Levi, 1988) who define revenue maximizing states as “predatory.”

vate elites by increasing incentives to engage in transformative investments and lowering the risks involved in such investments. They may not be immune to “rent seeking” or to using some of the social surplus for the ends of incumbents and their friends rather than those of the citizenry as a whole, but on balance, the consequences of their actions promote rather than impeding transformation. They are legitimately considered “developmental states” (cf. Johnson, 1982; White and Wade, 1988). The East Asian NICs are usually cited as examples of this type of state. Here we will focus on the “first NIC”—Japan—during the initial period of its post-World War II industrialization. Most Third World countries have “other apparatuses.” The balance between predatory and developmental activities is not clear-cut but varies over time, and depends on what kind of activities are attempted. Brazil will be the illustrative “intermediary” case.

Thinking about states as varying along a continuum from predatory to developmental is a heuristic device, not an end in itself. It helps focus attention on structural variation. What do states that prey on their societies look like organizationally? Are they more or less bureaucratic than developmental states? Should we think of them as “autonomous” or “captured”? How do developmental states emerge historically? What kinds of changes would be necessary in order for other apparatuses, intermediary states whose developmental impact is more ambiguous, to achieve a performance closer to that of the developmental states?

Trying to answer questions like these is much more likely to be fruitful, both theoretically and practically, than condemning “the state” as an inherently antidevelopmental institution. Nonetheless, the neoutilitarians have set the terms of the contemporary debate and any attempt to move it forward must begin by considering their arguments.

### THE STATE AS A NEXUS OF EXCHANGE

Neoclassical economics always admitted that “the existence of the state is essential for economic growth” (North, 1981:20), but the essential state was a minimal state, “restricted largely, if not entirely, to protecting individual rights, persons and property, and enforcing voluntarily negotiated private contracts” (Buchanan *et al.*, 1980:9). In its minimal neoclassical form, the state could safely be left exogenous, a “black box” whose internal functions were not a proper subject for economic analysis. The neoutilitarians, however, became convinced that the negative economic consequences of state action were too important to leave the black box closed. More important, they have decided to try to apply the “standard tools of individual optimization” to the analysis of the state itself (Srinivasan, 1985:41).

“Public choice” theory has generated the most prominent and powerful version of the neoutilitarian vision of the state (see Buchanan *et al.*, 1980; Niskanen, 1971; Auster and Silver, 1979). The public choice vision of the state makes no pejorative assumptions about stupidity, traditional attitudes, or lack of expertise within the state apparatus. To the contrary, it assumes only that incumbents in public office, like all other social actors, are rational maximizers. Incumbents require political supporters to survive and these in turn must be provided with incentives sufficient to retain their support. The exchange relation between incumbents and supporters is the essence of the state. Incumbents may distribute resources directly to supporters—subsidies, cheap loans, jobs, contracts, dams, water, etc. Alternatively, they may use their rule-making authority to create rents by restricting the ability of market forces to operate—rationing imports, licensing a limited number of producers, prohibiting the introduction of new products, etc. Incumbents may also exact a share of the rent for themselves. Indeed, it is hypothesized that “competition for entry into government service is, in part, a competition for rents” (Krueger, 1974:293).

The symbiotic relationship involved in rent creation is self-reinforcing. Supporters whose original economic power derived from productive activities are likely to become increasingly dependent on rents and therefore increasingly committed to the expansion of “rental havens.” Conversely, since returns in the “rent-seeking economy” are highly skewed toward those involved in the production and usufruct of rental havens, the command over resources, and by extension, the political power of those involved in this sector, will increase relative to that of other sectors.

The developmental implications of the argument are obvious. As states expand their size, their range of functions, and the amount of resources they control, the proportion of economic activity that becomes incorporated into rental havens will increase correspondingly and economic efficiency and dynamism will decline. Conversely, to the degree that the economic power and prerogatives of the state can be curtailed, prospects for growth, efficiency, and welfare will be enhanced. Therefore, the sphere of state action should be reduced to the minimum, and bureaucratic control should be replaced by market mechanisms wherever possible. The range of state functions considered susceptible to “marketization” varies, but some authors even speculate on the possibility of using “prizes” and other incentives to induce “privateers” and other private citizens to provide at least partially for the national defense (Auster and Silver, 1979:102).

It would be foolish to deny that the neoutilitarian vision captures a significant aspect of the functioning of most states. Certainly, rent seeking—conceptualized more primitively as corruption—has always been a well-known facet of the operation of Third World states. In some respects, the neoutilitarian view is an improvement on the traditional neoclassical vision of the

state as neutral arbiter. Indeed, the neoutilitarian assumption that state policies "reflect vested interests in society" (Colander, 1984:2) partially recaptures some of Marx's original insights into biases likely to characterize state policy. Neoutilitarian perspectives may also produce useful policy when focused on the issue of the relative susceptibility of different kinds of state activities to distortion by rent seeking. Krueger's (1974) suggestion that quotas are more likely than tariffs to lend themselves to the formation of rent-seeking alliances is one example. As an explanation of one facet of the behavior of state bureaucrats, neoutilitarian thinking is a useful contribution. As a monocausal master theory of *all* aspects of state action, which is what it tends to become in the hands of its more dedicated adherents, neoutilitarianism is highly problematic.

Analyzing the behavior of incumbents as though they were atomistic individuals is a dubious starting point. Even the most primitive activity of the state—coercion—requires an apparatus that acts corporatively rather than as a collection of individuals. A protection racket whose triggermen cut individual deals at the first opportunity does not last very long, and the larger the coercive apparatus involved, the more difficult the problem. Without the existence of a powerful motivational logic to constrain individual behavior in the direction of consistency with collective aims, the state would be unable to perform even its minimal role as an enforcer of contracts. Even the minimal state requires that incumbents redefine individual aims in ways that motivate them to pursue corporate goals.

If we ignore this problem and assume that the state apparatus has somehow managed to achieve sufficient corporate coherence to play its "minimal role" of eliminating force and fraud from exchange relations, another equally serious theoretical problem emerges. What keeps the minimal state from moving into the business of providing rents? Within the logic of neoutilitarian arguments there is no reason for those who have a monopoly of violence to rest content being nightwatchmen and every reason for them to try to expand rental havens indefinitely. Strict adherence to their own logic makes the state that is the *sine qua non* of economic life for the neoutilitarians, one that will restrict itself to those actions necessary to sustain bilaterally voluntary exchange, unattainable. Recognition of this problem compels economists with more historical and institutional interests to introduce complementary motivational principles. North's invocation of ideology and the concept of "legitimacy" is an example. Falling back on ideology and legitimacy may not suffice to solve the problem, but it does acknowledge that a vision of the state built only on a model of individual maximizers joined by exchange relations is not adequate.

Taking into account the theoretical problems inherent in the neoutilitarian view, one can still ask, "What predictions does this perspective make about the relative efficacy of different kinds of state structure?" In principle, one

might imagine a neoutilitarian theory of how a developmental state should be organized internally and linked to society. Preference for a restricted range of state activities should not preclude inquiry into how best to structure the implementation of these activities. In practice, as we have seen, the neoutilitarian focus on individual maximization makes it difficult to contribute to our understanding of corporately coherent organizations. The problem is compounded by the fact that neoutilitarians see any kind of state intervention on behalf of economic transformation as likely to have the “perverse effect” (cf. Hirschman, 1989) of impeding the very transformations desired. They are, as Levi (1988:24) puts it, “obsessed with demonstrating the negative impact of government on the economy.” Given this vision, it is not even clear that an “efficient” state organization is superior to a bumbling and inept one. If less is good and least is best, than anything that diminishes the ability of the state to act may be a good thing. It is hard to build a positive organizational theory of the state starting with the attitude that “The only good bureaucracy is a dead bureaucracy.”

Neoutilitarians also seem to lack useful expectations regarding the relative developmental efficacy of different sorts of linkages between the state and the surrounding social structure. Autonomous bureaucrats are likely to be disastrously rapacious, but incumbents dependent on constituents will do their bidding at the expense of the general interest. Implicitly, then, the neoutilitarian view seems to come closest to that of the “structural Marxists” (e.g., Poulantzas, 1973). The state should be “relatively autonomous” in the sense of being constrained by the structural requirements of capital accumulation without being closely connected to or dependent on specific private elites.

The neoutilitarian approach provides us with a general expectation that the state action is likely to be associated with developmentally negative outcomes, but offers only the vaguest clues as to how the structure of developmental states will differ from the structure of predatory ones. For a richer set of expectations regarding the consequences of variations in state structure, it is necessary to turn to a different tradition of work on the state.

## **HISTORICAL PERSPECTIVES ON STATES AND MARKETS**

A long tradition of scholarship, which goes back at least to List (1885/1966) and includes some of the foremost theorists of early industrialization as well as scholarship of latecomers, has focused on the historical role of the state in industrialization. Its ranks include some ardent defenders of the proposition that a determined and effective state apparatus is an essential ingredient in successful industrialization. White and Wade (1988:1)

argue, for example, that “the phenomenon of successful ‘late development’ ...should be understood...as a process in which states have played a strategic role in taming domestic and international market forces and harnessing them to a national economic interest.”

This tradition has also been critical of the proposition that exchange was a “natural” activity that required only the most minimal institutional underpinnings. Forty years ago Polanyi (1944/1957) reminded us that Smith’s “natural propensity to truck and barter” had not sufficed to produce the rise of the market in England. Instead, Polanyi argued (1957:140) “The road to the free market was opened and kept open by an enormous increase in continuous, centrally organized and controlled interventionism.” From the beginning, according to Polanyi, the life of the market has been intertwined not just with other kinds of social ties, but with the forms and policies of the state.

Looking at established market societies, Weber carried this line of reasoning further, arguing that the operation of large-scale capitalist enterprise depended on the availability of the kind of order that only a modern bureaucratic state could provide. As he put it (1911–1968:1395, footnote 14), “capitalism and bureaucracy have found each other and belong intimately together.” Weber’s assumption of the intimate relation was, of course, based on a conception of the bureaucratic state apparatus that was the mirror image of the neoutilitarian view. Weber’s bureaucrats were concerned only with carrying out their assignments and contributing to the fulfillment of the goals of the apparatus as a whole. Use of the prerogatives of office for maximizing private interests was, for Weber, a feature of earlier prebureaucratic forms.

For Weber, the state was useful to those operating in markets precisely because the actions of its incumbents obeyed a logic quite different from that of utilitarian exchange. The state’s ability to support markets and capitalist accumulation depended on the bureaucracy being a corporately coherent entity in which individuals see furtherance of corporate goals as the best means of maximizing their individual self-interest. Corporate coherence requires that individual incumbents be to some degree insulated from the demands of the surrounding society. Insulation, in turn, is enhanced by conferring a distinctive and rewarding status on bureaucrats. The concentration of expertise in the bureaucracy through meritocratic recruitment and the provision of opportunities for long-term career rewards was also central to the bureaucracy’s effectiveness. In short, Weber saw construction of a solid authoritative framework as a necessary prerequisite to the operation of markets.

Gerschenkron’s (1962) work on late developers complements Weber by focusing on the specific contributions of the state apparatus to overcoming



problems created by a disjunction between the scale of economic activity required for development and the effective scope of existing social networks. Late industrializers confronting production technologies with capital requirements in excess of what private markets were capable of amassing, were forced to rely on the power of the state to mobilize the necessary resources. Instead of simply providing a suitable environment, as it did in Weber's model, the state was now actively organizing a crucial aspect of the market. Gerschenkron's argument also raises a new issue—the problem of risk taking. The crux of the problem faced by late developers is that institutions allowing large risks to be spread across a wide network of capital holders do not exist, and individual capitalists are neither able nor interested in taking them on. Under these circumstances the state must serve as surrogate entrepreneur.

Hirschman takes up this emphasis on entrepreneurship as the missing ingredient for development in much more detail. Based on his observations of the "late late" developers of the 20th century Third World, Hirschman argues that "capital" in the sense of a potentially investible surplus is not the principal ingredient lacking in developing countries. What is lacking is entrepreneurship in the sense of willingness to risk the available surplus by investing it in productive activities, or in Hirschman's own words (1958:35) "the perception of investment opportunities and transformation into actual investments." If "maximizing induced decision-making" is the key as Hirschman argues it is (1958:44), then the state's role involves a high level of responsiveness to private capital. It must provide "disequilibrating" incentives to induce private capitalists to invest and the same time be ready to alleviate bottlenecks that are creating disincentives to investment.

Viewed from the perspective of Gerschenkron, or even more clearly, Hirschman, the ability to implement rules predictably, however necessary, is not sufficient. A Prussian style bureaucracy might well be effective at the prevention of force and fraud, but the kind of surrogate entrepreneurship that Gerschenkron talks about or the kind of subtle triggering of private initiative that Hirschman emphasizes would demand more than an insulated, corporately coherent administrative apparatus. It demands accurate intelligence, investiveness, active agency, and sophisticated responsiveness to a changing economic reality.

The Gerschenkronian/Hirschmanian vision makes the relationship between state "capacity" and "insulation" (or "autonomy") more ambiguous. Since corporate coherence clearly requires some degree of insulation from the surrounding social structure, the state's capacity to act as an effective organization depends on some degree of insulation. Neo-Marxist arguments for the necessity of "relative autonomy" from the particularistic demands of individual capitalists reinforce the idea of a positive relation between capacity and autonomy (cf. Rueschemeyer and Evans, 1985). Yet for the insu-

lated state to be effective, the nature of a project of accumulation and the means of implementing it must be readily apparent. In a Gerschenkronian or Hirschmanian scenario of transformation, the shape of a project of accumulation must be discovered, almost invented, and its implementation demands close connections to private capital.

While comparative historical visions do provide us with the beginnings of a positive vision of how an effective state might be organized internally, they are ambiguous regarding the nature of effective relations between state and society. While the Weberian vision is consistent with the kind of Poulantzian insulation that seems favored by a neoutilitarian logic, Gerschenkronian or Hirschmanian arguments demand a state that is much more “embedded” in society (cf. Granovetter, 1985, for a discussion of “embeddedness”).

Neoutilitarian and comparative historical arguments do have one thing clearly in common. They apply to a similar range of cases. Unless a state is sufficiently enmeshed in the modern world to make economic transformation a goal that cannot be ignored, many of the questions raised by both views become moot. Likewise, unless private interests and market forces play a significant role in the process of transformation (or its absence), the resonance and tension between the state and the market that are central to both perspectives are likely to take on forms quite different from those expected by either approach. In short, application of these arguments to traditional societies or communist states would require substantial extension and revision. Finally, while most of the arguments apply in principle to both advanced industrial and developing countries, they apply most strongly to situations in which structural transformation, like the movement from reliance on agriculture to reliance on industry, is the order of the day. Thus, the debate is probably best moved forward by comparing Third World states, including some obviously ineffective states and some relatively effective ones. We will begin by examining a case of what appears an exemplary predatory state—Zaire under Mobutu.

### THE PREDATORY STATE—ZAIRE

Since Joseph Mobutu Sese Seko gained control over Zaire in 1965, he and his coterie within the Zairian state apparatus have extracted vast personal fortunes from the revenues generated by exporting the country’s impressive mineral wealth. During the first two decades of Mobutu’s rule, Zaire’s gross national product per capita has declined at an annual rate of 2.1% (World Bank, 1988), gradually moving the country toward the very bottom of the world hierarchy of nations and leaving its population in misery as bad

as or worse than they suffered under the Belgian colonial regime. Zaire is, in short, a textbook case of the sort of predatory state we should expect to be pervasive if neoutilitarian logic held. The preoccupation of the political class with rent seeking has turned the rest of society into prey.

What Zaire does not demonstrate, however, is that excessive bureaucratization lies at the heart of the problem. To the contrary, most descriptions of the Zairian state seem to vindicate Weber. Callaghy (1984:32–79) emphasizes its patrimonial qualities—the mixture of traditionalism and arbitrariness that Weber argued retards capitalist development. True to the patrimonial tradition, control of the state apparatus is vested in a small group of personalistically interconnected individuals. At the pinnacle of power is the “presidential clique,” which consists of “50-odd of the president’s most trusted kinsmen, occupying the most sensitive and lucrative positions such as head of the Judiciary Council, Secret police, Interior ministry, President’s office and so-on” (Gould, 1979:93). Next there is the “Presidential Brotherhood” who are not kin, but whose positions still depend on their personal ties with the president, his clique, and each other.

One of the most striking aspects of the Zairian state is the extent to which the “invisible hand of the market” dominates administrative behavior, again almost as a caricature of the neoutilitarian image of how state apparatuses are likely to work. A Zairian archbishop (cited in Callaghy, 1984:420) described it as follows:

Why in our courts do people only obtain their rights by paying the judge liberally? Why do the prisoners live forgotten in prisons? They do not have anyone who can pay the judge who has their dossiers at hand. Why in our office of administration, like public services, are people required to return day after day to obtain their due? If they do not pay the clerk, they will not be served.

President Mobutu himself characterized the system in much the same way, saying

Everything is for sale, everything is bought in our country. And in this traffic, holding any slice of public power constitutes a veritable exchange instrument, convertible into illicit acquisition of money or other goods (cited in Lemarchand, 1979:248, from Young, 1978:172).

The prevalence of such a thoroughgoing market ethic might at first seem inconsistent with what Callaghy (1984) calls an “early modern absolutist state” but it is in fact quite consistent. Personalism and plundering at the top destroys any possibility of rule-governed behavior in the lower levels of the bureaucracy, giving individual maximization free rein. At the same time, however, the “marketization” of the state apparatus makes the development of a bourgeoisie oriented toward long-term profit-based productive investment almost an impossibility. With a bureaucracy whose maxim is “make the quest for wealth and money an obsession” (Tshitenji-Nzembele, cited in

Lamarchand, 1979:249), anyone risking a long-term investment must be considered more a fool than an entrepreneur.

Mobutu has at least managed to construct a repressive apparatus with the minimal amount of corporate coherence necessary to fend off potential competitors, but only by relying on the patronage of other, more effective states. As Gould (1979:93) puts it bluntly, “the bureaucratic bourgeoisie owes its existence to past and continued foreign support.” Aid from the World Bank as well as individual Western nations has helped, but French and Belgian troops at critical moments (e.g., in Shaba in 1978) have been the *sine qua non* of Mobutu’s remaining in power (Hull, 1979). Thus, Mobutu provides only a weak test of the limits to which individual maximization can be allowed to rule without undermining even the repressive apparatus necessary for regime survival.<sup>4</sup>

Zaire confirms our initial suspicion that it is not bureaucracy that impedes development so much as the lack of capacity to behave like a bureaucracy, but it poses some problems for conventional definitions of state autonomy. On the one hand, the state as a corporate entity is incapable of formulating goals or implementing them. Because decisions are eminently up for sale to private elites, the state lacks autonomy. In this optic the Zairian state confirms the idea that autonomy is a necessary prerequisite for effective state action. Yet the Zairian state is strikingly unconstrained by any set organized social interests and in this sense very autonomous. The combination of weak internal organization and individualized external ties produces an incoherent absolutist domination that in no way enhances the state’s transformative capacity.

## DEVELOPMENTAL STATES

While states like Mobutu’s were providing practical demonstrations of the perversions predicted by neoutilitarian visions of the state, a different set of “new nations” halfway around the world were writing historical records that were more problematic from the point of view the neoutilitarians. By the end of the 1970s, the economic success of the major East Asian NICs—Taiwan and Korea—was increasingly interpreted as depending in important ways on the active involvement of the state. Amsden (1979) argued that Taiwan was not the model market economy portrayed by its American advisors

<sup>4</sup>Obviously, a full analysis of both the original character of the regime and its persistence would require more careful attention to the nature of Zaire’s social structure. For a general approach to the question of the state and development that begins with an analysis of social structure, see Migdal (1988).

nor the exemplar of dependence portrayed by its detractors, but a successful case of estatism. Even observers with a neoclassical bent (e.g., Jones and Sakong, 1980) recognized the central role of the state in Korea's rapid industrialization. Credit for dubbing Taiwan and Korea "developmental states," however, should probably go to the researchers associated with the Institute of Development at Sussex University (see Wade and White, 1984, revised as White, 1988). This group in turn seems to have been inspired, at least partially, by the growth of interest at the end of the 1970s in the state that served, in different ways, as a model to both Taiwan and Korea—Japan.

None of these states are paragons of virtue. In certain periods their regimes have appeared more predatory than developmental (e.g., the KMT on the mainland, the Rhee regime in Korea) and even while basking in their developmental success they are hardly immune to corruption. In addition, it must be acknowledged that there are important differences among them in terms of both internal structures and state–society relations. Nonetheless, they have, on balance, played a developmental role, and looking for shared features among them is probably the best starting point for an inductive understanding of the organizational and social structural characteristics that allow the state to play a developmental role.

Johnson's description of MITI (1982) provides one of the few detailed pictures of a "developmental state" in action. Regardless of whether his account overstates the relative weight of state action in producing Japan's impressive rates of industrialization, his description is fascinating because it corresponds so neatly to what a sophisticated implementation of ideas from Gerschenkron and Hirschman might look like in practice.

In the capital-scarce years following World War II, the Japanese state acted as a surrogate for a missing capital market while at the same time helped to "induce" transformative investment decisions. State institutions from the postal saving system to the Japan Development Bank were crucial in getting the needed investment capital to industry. The willingness of state financial institutions to back industrial debt/equity ratios at levels unheard of in the West was a critical ingredient in the expansion of new industries.

The state's centrality to the provision of new capital also allowed it to implement "industrial rationalization" and "industrial structure policy" (Johnson, 1982:27–28). MITI, given its role in the approval of investment loans from the Japan Development Bank, its authority over foreign currency allocations for industrial purposes and licenses to import foreign technology, its ability to provide tax breaks, and its capacity to articulate "administrative guidance cartels" that would regulate competition in an industry, was in a perfect position to "maximize induced decision-making" (see Johnson, 1982:236).

The administrative apparatus that oversaw Japan's industrial transformation was as impressive as the transformation itself. Some might consider

Johnson's (1982:26) characterization of MITI as "without doubt the greatest concentration of brainpower in Japan" hyperbole, but few would deny the fact that Japan's startling postwar economic growth occurred in the presence of "a powerful, talented and prestige-laden economic bureaucracy." Nor is it controversial to assert that, at least up to the recent past, "official agencies attract the most talented graduates of the best universities in the country and positions of higher level officials in these ministries have been and still are the most prestigious in the country" (Johnson, 1982:20). The ability of the higher civil service exam to weed out all but the top graduates of the top universities is apparent in the failure rate. As few as 2% or 3% of those who take the exam in a given year pass (Johnson, 1982:57).

There is clearly a Weberian aspect to the Japanese developmental state. Officials have the special status that Weber felt was essential to a true bureaucracy. They follow long-term career paths within the bureaucracy, and generally operate in accordance with rules and established norms. In general, individual maximization must take place via conformity to bureaucratic rules rather than via exploitation of individual opportunities presented by the invisible hand.

Weberian pronouncements regarding the necessity of a coherent meritocratic bureaucracy are confirmed but the Japanese case also indicates the necessity of going beyond them. All descriptions of the Japanese state emphasize the indispensibility of informal networks, both internal and external, to the state's functioning. Internal networks are crucial to the bureaucracy's coherence. Johnson (1982:57-59) emphasizes the centrality of the *gakubatsu*, ties among classmates at the elite universities from which officials are recruited, and particularly the "*batsu* of all *batsu*," which bring together the alumni of Tokyo University Law School who comprised in total an astounding 73% of higher bureaucrats in 1965.

Informal networks give the bureaucracy an internal coherence and corporate identity that meritocracy alone could not provide, but the character and consequences of these networks fundamentally depend on the strict selection process through which civil servants are chosen. That formal competence, rather than clientelistic ties or traditional loyalties, is the prime requirement for entry into the network, makes it much more likely that effective performance will be a valued attribute among loyal members of the various *batsu*. The overall result is a kind of "reinforced Weberianism," in which the "non-bureaucratic elements of bureaucracy" reinforce the formal organizational structure in the same way that Durkheim's "non-contractual elements of contract" reinforce the market (cf. Rueschemeyer and Evans, 1985).

External networks connecting the state and private corporate elites are even more important. As Nakane puts it, "the administrative web is woven more thoroughly into Japanese society than perhaps any other in the world"

(cited in Okimoto, 1989:170). Japanese industrial policy depends fundamentally on the maze of ties connecting MITI and major industrialists. According to Okimoto (1989:157), the deputy director of a MITI sectoral bureau may spend the majority of his time with key corporate personnel. Ties between the bureaucracy and private powerholders are reinforced by the pervasive role of MITI alumni, who through *amakudari* (the “descent from heaven” of early retirement) end up in key positions not only in individual corporations but also in the industry associations and quasigovernmental organizations that comprise “the maze of intermediate organizations and informal policy networks, where much of the time-consuming work of consensus formation takes place” (Okimoto, 1989:155).

The centrality of external ties has led some to argue that the state’s effectiveness emerges “not from its own inherent capacity but from the complexity and stability of its interaction with market players” (Samuels, 1987:262). This view may be a useful corrective to some descriptions, like Johnson’s, that tend to overemphasize MITI’s ability to act authoritatively rather than building consensus, but setting external networks and internal corporate coherence as opposing alternative explanations misses the point.

If MITI were not an exceptionally competent, cohesive organization, it could not participate in external networks in the way that it does. If MITI were not autonomous in the sense of being capable of independently formulating its own goals and able to count on those who work within it to see implementing these goals as important to their individuals careers, then it would have little to offer the private sector. MITI’s “relative autonomy” is what allows it to address the collective action problems of private capital, helping capital as a whole to reach solutions that would be hard to attain otherwise, even within the highly organized Japanese industrial system. This “embedded autonomy,” which is precisely the mirror image of the “incoherent absolutist domination” of the predatory state, is the key to the developmental state’s effectiveness. It depends on the ability to construct an apparently contradictory combination of Weberian bureaucratic insulation with intense immersion in the surrounding social structure.

## THE DYNAMICS OF DEVELOPMENTAL STATES

A full-fledged exposition of the developmental state would require exploration of the substantial variations on the Japanese theme that are found in Korea and Taiwan.<sup>5</sup> Such a comparative examination, which unfortunately

<sup>5</sup>For some recent discussions of the role of the Korean state in industrialization, see Cheng (1987), Choi (1987), B. K. Kim (1987), E. M. Kim (1987), K. W. Kim (1987), M. S. Kim (1987), and Woo (1988). On the Taiwanese state see Amsden (1979, 1985), Cheng (1987), Gold (1986), Pang (1987), and Wade (forthcoming). For comparative arguments see Deyo (1987) and especially Cumings (1987).

cannot be undertaken here, would produce a number of important revisions and refinements to the picture drawn so far. There is, however, one revision too important to forgo. The static image of the developmental state must be replaced by a more dynamic one.

The idea that East Asian states are developmental is a relatively recent one. The Rhee regime in Korea and the KMT on the mainland certainly seemed more predatory than developmental. Nonetheless, their historical legacies provided important foundations for their subsequent success. They all began the post-World War II period with long bureaucratic traditions and considerable experience (albeit some of it disastrous) in direct economic intervention. World War II and its aftermath provided all of them with highly unusual societal environments. Traditional agrarian elites were decimated, industrial groups were disorganized and undercapitalized, and foreign capital was channeled through the state apparatus. Thus, what were, in terms of domestic dynamics, largely exogenous events qualitatively enhanced the autonomy of the state. The combination of historically accumulated bureaucratic capacity and conjuncturally generated autonomy put these state apparatuses in a very exceptional position.

At the same time, the state's autonomy was constrained by the international context, both geopolitical and economic, which conspired to create the conviction, first, that rapid industrialization was necessary to regime survival, and later, that export competitiveness was essential to industrialization. Commitment to industrialization motivated attempts to promote the growth of local industrial capital. Their exceptional autonomy allowed the state to dominate (at least initially) the formation of the ties that bound capital and the state together. The conjuncture as a whole made possible the embedded autonomy that characterized these states during the most impressive periods of their industrial growth.

Embedded autonomy depends on the existence of a project shared by a highly developed bureaucratic apparatus with interventive capacity built on historical experience and a relatively organized set of private actors who can provide useful intelligence and a possibility of decentralized implementation. In contrast to the incoherent absolutist domination of the predatory state, which seems self-reinforcing, embedded autonomy has been, to a surprising extent, its own gravedigger. Its very success as a framework for structuring the accumulation of industrial capital has changed the nature of relations between capital and the state. Private capital has become less dependent on the resources provided by the state and the relative dominance of the state diminished. Even the capacity of state apparatus to command the loyalties of the "most talented graduates of the best universities" began to shift as private careers became more rewarding. Concurrently, economic growth was accompanied by a resurgence of distributional demands, both political and economic, that the elite networks and bureaucratic structures that had successfully fostered industrial accumulation were not necessarily



well adapted to meet. For nonelite social actors making new demands on the state, both existing forms of embeddedness and the existing insulation of the bureaucracy are likely to be seen as disadvantages rather than advantages.

There is, in short, no necessary reason to presume either that the developmental state will persist in the form that has been described here or that if it does persist it will be able to satisfy future social needs. It has proved itself a formidable instrument for instigating the accumulation of industrial capital, but it will have to be transformed in order to deal with the problems and opportunities created by the success of its initial project.<sup>6</sup>

The question of the future of the developmental state is fundamental for East Asia, but for countries with other apparatuses the historically contingent character of the developmental state raises different issues. Do their own bureaucratic traditions and state–society networks hold the potential for generating the same kind of transformative capacity that Japan and the East Asian NICs have enjoyed, or are the differences insurmountably large?

### AN INTERMEDIATE CASE: BRAZIL

Most developing states offer combinations of Zairian “kleptopatrimonialism” and East Asian “embedded autonomy.” The balance varies not only over time but also from organization to organization within the state apparatus itself. We will focus on one such state—Brazil—in hopes of glean- ing some clues as to how its internal structures and external ties are distinguished from those of the ideal typical developmental state.

The character of the Brazilian state apparatus, both historical and contemporary, has been thoroughly chronicled by a series of detailed field studies and telling interpretive analyses.<sup>7</sup> The differences between the apparatus that they describe and the ideal typical developmental state begin with the simple question of how people get jobs in the state. Geddes (1986) chronicles the difficulty that Brazil has experienced in instituting meritocratic recruitment procedures that approximate the Japanese or Korean ones, even in the con-

<sup>6</sup>“Embedded autonomy” might also be used as a way of characterizing the small states of northwestern Europe as described by Katzenstein (1984, 1985). The comparison between these states and those of East Asia is particularly interesting since the networks in which Northern European states are embedded include organized representation of labor as well as industrial capital.

<sup>7</sup>Among historical studies, those by Murilo de Carvalho (1974) and Uricoechea (1980) are particularly relevant to this discussion. Important recent contemporary studies include Abranches (1978), Barzelay (1986), Hagopian (1987), Geddes (1986), Raw (1985), Schneider (1987a), Shapiro (1988), and Willis (1986). The discussion that follows draws especially on Schneider.

temporary period. Unusually extensive powers of political appointment are the necessary complement to lack of generalized meritocratic recruitment. Extending Johnson's (1982:52) comparison of Japan and the United States, Schneider (1987a:5, 212, 644) points out that while Japanese prime ministers appoint only dozens of officials and U.S. presidents appoint hundreds, Brazilian presidents appoint thousands (15–100 thousand by Schneider's estimate). It is little wonder that the Brazilian state is known as a massive *ca-bide de emprego* (source of jobs), populated on the basis of connection rather than competence and correspondingly inept in its developmental efforts.

Unable to transform the bureaucracy as a whole, political leaders try to create "pockets of efficiency" (*bolsões de eficiência*) within the bureaucracy (Geddes, 1986:105), thus modernizing the state apparatus by addition rather than transformation (see Schmitter, 1971; Schneider, 1987a:45). The BNDE (National Development Bank), favored especially by Kubitschek as an instrument of his developmentalism in the 1950s, was, at least until recently, a good example of a "pocket of efficiency" (see Martins, 1985; Willis, 1986). Unlike most of Brazil's bureaucracy, the BNDE offered "a clear career path, developmental duties and an ethic of public service" (Schneider, 1987a:633). Early in its institutional life (1956) the BNDE started a system of public examinations for recruitment. Norms grew up against arbitrary reversal of the judgments of the bank's technical personnel (*opinião do técnico*) by higher-ups. A solid majority of the directors were recruited internally, and a clear esprit de corps developed within the bank (Willis, 1986:96–126).

Agencies like the BNDE are, not surprisingly, more developmentally effective than the more traditional parts of the Brazilian bureaucracy. According to Geddes (1986:116), those projects in Kubitschek's Target Plan that were under both the jurisdiction of Executive Groups and Work Groups and the financial wing of the BNDES fulfilled 102% of their targets, whereas those projects that were the responsibility of the traditional bureaucracy achieved only 32%. Because the BNDE was a major source of long-term investment loans,<sup>8</sup> its professionalism was a stimulus to improving performance in other sectors. Tandler (1968) notes, for example, that the necessity of competing for loan funds was an important stimulus to the improvement of proposals by Brazil's electrical power generating companies (see Schneider, 1987:143).

Unfortunately, the pockets of efficiency strategy has a number of disadvantages. As long as these pockets are surrounded by a sea of traditional clientelistic norms, they are dependent on the personal protection of individual

<sup>8</sup>According to Willis (1986:4), the bank has "virtually monopolized the provision of long term credit in Brazil, often accounting for as much as 10% of gross domestic capital formation."

presidents. Geddes (1986:97) examines the fate of DASP (the Administrative Services department established by Getulia Vargas) once its presidential patron's protection was no longer available. Willis (1986) emphasizes the dependence of the BNDE on presidential support, both in terms of the definition of its mission and in terms of its ability to maintain its institutional integration.

Trying to modernize by piecemeal addition also has disadvantages in terms of the organizational coherence of the state apparatus as a whole. As the pieces are added, a larger and ever more baroque structure emerges. Having entered power with the hope of shrinking the state by as much as 200,000 positions, the Brazilian military ended up creating "hundreds of new, often redundant, agencies and enterprises" and watching the federal bureaucracy grow from 700,000 to 1.6 million (Schneider, 1987a:109,575,44). The resulting apparatus has been characterized as "segmented" (Barzelay, 1986), "divided" (Abranches, 1978), or "fragmented" (Schneider, 1987a). It is a structure that not only makes policy coordination difficult, but encourages resort to personalistic solutions. As Schneider (1987a:27) puts it, "personalism . . . is now made indispensable by bureaucratic fragmentation."

The fragmentation of the structure is complemented in turn by the character of the careers that take place within it. Instead of being tuned to the long-term returns to be gained through a series of promotions based on organizationally relevant performance, careers in the Brazilian bureaucracy are staccato, punctuated by the rhythms of changing political leadership and periodic spawning of new organizations. Brazilian bureaucrats shift agencies every four or five years (Schneider, 1987a). Since the top four or five layers of most organizations are appointed from outside the agency itself, long-term commitment to agency-relevant expertise has only a limited return and construction of an ethos that can act effectively to restrain strategies oriented toward individual gain is difficult.

Just as the internal structure of the Brazilian state apparatus limits its capacity to replicate the performance of the East Asian developmental states, the character of its embeddedness makes it harder to construct a project of industrial elites. As in the case of the East Asian developmental states, this embeddedness must be understood in historical terms.

While the Brazilian state has been an uninterruptedly powerful presence in the country's social and economic development since colonial times, it is important to keep in mind that, as Fernando Uricoechea (1980), Jose Murilo de Carvalho (1974), and others have emphasized, "the efficiency of government . . . was dependent . . . on the cooperation of the landed oligarchy" (Uricoechea, 1980:52). Over time, the state has become less dependent on the political support of reactionary rural elites, but they have never been dramatically swept from the stage as in the East Asian cases (see Hagopian, 1986). Thus, rather than being able to focus on its relationship with industrial capi-

tal, the state has always had to simultaneously contend with traditional elites threatened by the conflictual transformation of rural class relations.<sup>9</sup> At the same time, relations with industrial capital have been complicated relative to those in East Asia by the early and massive presence of transnational manufacturing capital in the domestic market (see Evans, 1987). Forcing domestic capital to face the rigors of the competitive market is much more difficult in an environment where transnational capital is the likely beneficiary of any “gale of creative destruction” (cf. Evans, 1982).

The character of the state itself reinforced the problems intrinsic to the nature of the social structure. The lack of a stable bureaucratic structure makes it harder to establish regularized ties with the private sector of the “administrative guidance” sort, and pushes public-private interaction into individualized channels. Even the military regime, which had the greatest structural potential for “insulation” from clientelistic pressures, proved unable to construct on a general basis an “administrative guidance” kind of relationship with the local industrial elite. The regime was “highly legitimate in the eyes of the local bourgeoisie, yet unconnected to it by any well-institutionalized system of linkages” (Evans, 1982:S221). Instead of becoming institutionalized, relationships became individualized, taking the form of what Cardoso (1975) called “bureaucratic rings,” that is, small sets of individual industrialists connected to an equally small set of individual bureaucrats, usually through some pivotal office holder. As Schneider (1987b:230–231) points out, the ad hoc personalized character of these linkages makes them both undependable from the point of view of industrialists and arbitrary in terms of their outcomes. They are, in short, quite the opposite of the sort of state-society ties described by Samuels and others in their discussions of the developmental state.

Overall, this reading of the internal structure and external ties of the Brazilian state is consistent with Schneider’s (1987:4) lament that “the structure and operation of the Brazilian state should prevent it from fulfilling even minimal government functions,” but obviously the picture has been overdrawn in order to sharpen the contrast with the model of the developmental state. It is important to keep in mind that the Brazilian state has in fact been entrepreneurially effective in a variety of industrial areas, ranging from creation of infrastructure to the installation of the automotive industry.

In the creation of electric power generating capacity, the state was not only willing to invest massively, it also succeeded in creating relatively effi-

<sup>9</sup>This problem is even more severe in other intermediary states like India in which the rural areas weigh more heavily in both politics and economics (see Bardhan, 1984; Rudolf and Rudolf, 1987).

client firms (see Tendler, 1968). Furnas, for example, is reputed to employ fewer employees per gigawatt/hour of electricity than either the Tennessee Valley Authority or major European power companies (Schneider, 1987a:87). Shapiro's (1988) thorough and dispassionate analysis of the implantation of the auto industry concludes that overall "the Brazilian strategy was a success" (1988:57), and that the planning capacity and subsidies provided by the state were crucial to inducing the required investments. Trebat (1983) concludes that state-led investment in the petrochemical industry not only saved foreign exchange but were economically reasonable given the prevailing opportunity costs of capital, despite the apparent irrationality of the projects at their outset (see Evans, 1981). Brazil's state-owned steel companies have not only increased local capacity sevenfold over the course of the last 20 years, but produced steel at internationally competitive costs and enabled the country to become a net exporter (Baer, 1969; Trebat, 1983; Schneider, 1987a).

These successes are, as we would expect, found in areas where the immediately involved state organizations had exceptional coherence and capacity. In areas of success, more coherent state organization also enabled a more institutionally effective set of linkages with the private sector, with results something akin to the embedded autonomy of the developmental state.

Shapiro's (1988) discussion of the role of GEIA (Grupo Executivo para Industria Automovilistica) in the implantation of Brazil's auto industry during the late 1950s and early 1960s is a good example. GEIA served as a kind of sectorally specific "mini pilot agency." Because it combined representation from all the different agencies that needed to pass on plans, it "could implement its program independent of the fragmented policy-making authority" that plagued the government as a whole (Shapiro, 1988:111). Its ability to provide predictable timely decisions was "critical to risk reduction" as far as the TNCs who were being asked to invest were concerned. In addition, again much like MITI or the IDB, it "played a critical coordinating role between the assemblers and the parts producers" (Shapiro, 1988:58).

The later development of the petrochemical industry exhibited an even more potent variant of embedded autonomy (see Evans, 1979, 1981, 1982, 1987). At the heart of the initiative was Petrobras, the most autonomous and corporately coherent organization within the state enterprise system. Equally crucial to the explosive growth of Brazil's petrochemical capacity in the 1970s, however, was the dense network of ties that were constructed to link the Petrobras system to private capital, both domestic and transnational.

How can we summarize the differences between these intermediary cases and our polar ideal types? The principal difference between the Brazilian state and the archetypal developmental state is that embedded autonomy is a partial rather than a global attribute in the Brazilian case. The impossibility of constructing a global embedded autonomy is in turn rooted both in the lack

of internal organizational capacity and in the greater challenge posed by Brazil's complex and contentious elite structure.

Internally, the bureaucracy is not a uniformly patrimonial caricature of a Weberian structure as in the predatory case, but still lacks the corporate coherence of the developmental ideal type. Organizationally consistent career ladders that bind the individual to corporate goals while simultaneously allowing him or her to acquire the expertise necessary to perform effectively are not well institutionalized. Not only is the level of bureaucratic capacity lower, but the demands placed on the apparatus are much greater. The state faces greater social structural complexity and is less selective in its intervention. The ability to cope with the task of industrialization is specifically complicated by the continuing social power of agrarian elites. The lesser capacity of the bureaucracy and the more difficult environment combine to make embedded autonomy of the sort that characterizes developmental state impossible. The intermediary state does not dominate their societies in the fashion of the truly predatory state, but neither can it construct common projects of accumulation in the way that developmental states can. It is organizationally uneven, both over time and across tasks, sometimes capable of fostering transformative change, often threatening to slip back into predatory patrimonialism.

## COMPARATIVE CONCLUSIONS AND FUTURE AGENDAS

The main conclusions of this comparative analysis are straightforward. The differential effectiveness of Third World states as agents of industrial transformation can in fact be connected to differences in their internal structures and external ties. The most effective states are characterized by embedded autonomy, which joins well-developed, bureaucratic internal organization with dense public-private ties. In the least effective states, the mirror image—"incoherent absolutist domination"—combines undisciplined internal structures with external ties ruled by the "invisible hand." Intermediate states occasionally approximate embedded autonomy, but not sufficiently to give them the transformative capacity of developmental states.

The cases analyzed here confirm many of the conclusions reached by earlier comparative historical analyses of the state. East Asian developmental states have followed Geschenkronian/Hirschmanian paths in their strategies to a striking degree. Earlier Weberian ideas on the usefulness of the ideal typical bureaucratic frame to capitalist development are confirmed as well, but Weberian bureaucracy by itself is insufficient. Nonbureaucratic bases of internal solidarity are necessary to reinforce the coherence of formal bureaucratic structures. Even more important, a bureaucracy without an or-

ganized network of external ties cannot effectively promote industrial transformation.

The idea that the effective capitalist state is characterized by embedded autonomy has interesting implications for Marxian notions of the state as well as Weberian ones. The old aphorism about the capitalist state being the "executive committee of the bourgeoisie" may have been abandoned for more abstract structural notions too quickly. It is true that the effective capitalist state cannot be simply a passive register for private interests, but it is equally clear that the guidance provided by the generic requirements of capital accumulation is insufficient to allow the state to construct a project of industrial transformation. If it is assumed that an "executive committee" normally acquires an expert staff and sufficient independence from its constituency to avoid catering to particularistic interests, then it may be a better analogy for the developmental state than the more remote Hegelian visions conjured up by structural Marxists.

The comparative evidence has also confirmed initial doubts with regard to the usefulness of the neoutilitarian image of the Third World state. Neoutilitarian claims that a state run by an undisciplined collection of individually maximizing incumbents will tend to become a predatory monster are plausible, but it is patently false that some natural law of human behavior dictates that states are invariably constructed on this basis.

This is not to say that the prescriptions that flow from the neoutilitarian paradigm are uniformly perverse. On one important point comparative analysis concurs with the admonitions of the neoutilitarians. Strategic selectivity does seem crucial to developmentally effective intervention. In many societal contexts the state has attempted to perform a range of tasks that goes far beyond what existing and likely future bureaucracies can deal with effectively. Brazil, our intermediary case, is a good example. In such cases, a positive response to neoutilitarian cries to "shrink the state" may be a prerequisite to the construction of an effective state apparatus. It is on the "capacity" side that comparative analysis contradicts the neoutilitarian prescriptions. The neoutilitarian admonition to "minimize the state" is generally interpreted to mean imposing a general reduction on the resources allocated to the bureaucracy. Since the bureaucratic apparatus is considered generically predatory, little is lost by eviscerating it. A differentiated view of Third World states suggests, to the contrary, that the construction of a "real" bureaucratic apparatus (as opposed to a pseudobureaucratic patrimonial apparatus) is a crucial developmental task. To accomplish this task, the institutionalization of meritocratic recruitment patterns and predictable career paths must be accompanied by the provision of sufficient resources to make careers in the state competitive with careers in the private sector. Neoutilitarian exhortations may be useful in helping to bring the scope of state initiatives in line with feasible capacity, but they are likely

to have counterproductive consequences for the supply of effective capacity.

Intermediary state apparatuses are most vulnerable to the negative consequences of neoutilitarian policies. Stringent cuts in real wages and the reduction of resources for training of personnel will undermine the “islands of efficiency” that still exist in these bureaucracies, undercutting any possibility of moving in the direction of becoming developmental states and pushing those who remain trapped in the bureaucracy to become predators in order to maintain their standards of living. Insofar as only states with considerable autonomy are likely to force firms to confront the discipline of the market, the results of neoutilitarian prescriptions are likely to be doubly perverse. They will help foster precisely the kind of predatory states that neoutilitarians find abhorrent and undercut the kind of market-induced gales of creative destruction that they most desire.<sup>10</sup>

A differentiated view of states suggests that policy should be two pronged, aimed at increasing the selectivity of tasks undertaken by the state apparatus but devoting equal attention to reforms that will help reconstruct state apparatuses themselves. It is the latter task that is the more difficult and demanding of intellectual imagination. Existing examples of developmental states can provide useful clues, but not solutions. They are embedded institutions historically as well as social structurally. Neither the historical traditions nor the special class configurations out of which they arise can be reproduced by policy choices. The task of reconstruction is made doubly difficult by the rudimentary nature of our theoretical understanding of the state. Research inspired by the neoutilitarian vision devoted itself assiduously to demonstrating the predatory character of public organizations, trying to demolish reported evidence of public efficiency, and extolling the virtues of market solutions. Research in “public administration” has generally remained pedestrian, providing no effective intellectual counterweight. The growing comparative literature on states and social structures contains a variety of useful case studies and promising concepts, but remains very much in process.

The idea of embedded autonomy provides a good illustration. It grew out of previous work on the concepts of autonomy and capacity and by several excellent studies of the social context of the developmental state in Japan. It seems to help summarize differences between developmental states and intermediate cases like Brazil. It directs the attention of others engaged in comparative research to the possibility that bureaucratic capacity and social connectedness may be mutually reinforcing rather than in opposition. It remains, however, primitive. The constraints that keep the inevitable clientelism and corruption from overwhelming the utility of ties to private

<sup>10</sup>Confirmation of this hypothesis would have the ironic side effect of demonstrating the vulnerability of neoutilitarians to the same “thesis of the perverse effect” that they have used so often against others in the past (see Hirschman, 1989).



capital are still not well defined. Nor are those that prevent internal "*batsu-like*" solidarity from undercutting performance-based criteria within the bureaucratic hierarchy. We do not even have a clear picture of how information flowing between the private sector to the state apparatus and back can change public policy and private strategies.

The task of constructing a credible comparative political economy of the Third World state is just beginning. Trying to move it forward is likely to be onerous and frustrating, but such efforts are crucial if we are ever to discover how Third World states might become less part of the problem and more part of the solution.

### ACKNOWLEDGMENTS

I would like to acknowledge the support of a Guggenheim Fellowship and a fellowship from the Center for Advanced Study in the Behavioral Sciences (funded by NSF Grant No. BNS8700864) without which this article could not have been written. I am also grateful to Kathleen Much for editorial assistance, and to Pranab Bardhan, Robert Bates, Jeff Frieden, Mark Granovetter, Albert Hirschman, Atul Kohli, Kathleen Much, Ben Schneider, Helen Shapiro, Ian Shapiro, Barbara Stallings, Evelyn Huber Stephens, John Stephens, Charles Tilly, Steven Topik, Robert Wade, and John Waterbury, the issue editors, and two anonymous reviewers for having provided useful substantive commentaries on an earlier draft.

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