DISCIPLINE AND DEVELOPMENT

Perhaps the most commonly held assumption in the field of development is that middle classes are the bounty of economic modernization and growth. As countries gradually transcend their agrarian past and become urbanized and industrialized, so the logic goes, middle classes emerge and gain in number, complexity, cultural influence, social prominence, and political authority. Yet this is only half the story. Middle classes shape industrial and economic development rather than being merely its product; and the particular ways in which rural and urban middle classes shape themselves – and the ways historical conditions shape them – influence development trajectories in multiple ways. This book tells the story of South Korea's and Taiwan's economic successes and Argentina's and Mexico's relative "failures" through a historical examination of each country's middle classes and how they facilitated or limited the state's capacities to discipline capitalists during key phases of twentieth-century industrialization. It also raises questions about the likelihood that such disciplining can continue in a world context where globalization squeezes middle classes and frees capitalists from state and social contracts in which they historically have been embedded.

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Middle Classes and Prosperity in East Asia and Latin America

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PREFACE

For most development scholars the East Asian "tigers" have long been a source of wonder and curiosity. Among them, South Korea and Taiwan garnered special attention during the 1980s and 1990s for their increasing per capita incomes, declining rates of inequality, and the fact that they had transcended a predominantly agrarian past to become formidable industrial giants in a remarkably short period of time. Many have pondered why these particular countries achieved considerable economic stability and prosperity while in the same decades so many other late industrializers lurched from one debt, financial, employment, or inflation crisis to the next. What made it possible for South Korea and Taiwan to escape from the trap of problem-ridden import-substituting industrialization and pursue the more profitable export-led industrialization so early on, thereby setting themselves on such a promising path vis-à-vis so many other late developers?

When I began to seek answers to these questions several years ago, after having completed a detailed case study of political and economic development in twentieth-century Mexico, I turned to the case of South Korea first. I was totally unprepared for what I discovered. The regime uniformly identified as responsible for establishing the South Korean development miracle, that of General Park Chung Hee, counted on South Korea's farmers and rural-based small producers as a key political base and cultural reference point. During his first decade in office, when South Korea's development path initially was set, Park did not rely upon *chaebols* or other large industrialists, foreign investors, or U.S. military advisors, all of whom spent the first several years repudiating Park's administration and criticizing the nature and direction of his development policies. Rather, Park initially developed his industrial policies with small rural producers in mind. With modest farmers backing his regime at almost every turn, Park became a heavy-handed disciplinarian of bankers and large industrial capitalists, who were soon goaded (if not forced) to generate sufficient industrial export earnings so the South Korean state might

foster the growth of a dynamic agricultural sector and a strong rural middle class of farmers.

As a Latin Americanist I knew this story demanded further attention. I had not read an account of successful late development in which small rural proprietors seemed so important to a government's larger developmental vision and to the content of its industrial policies. Nor had I seen a focus on small-scale rural producers to explain the uniqueness of the East Asian model, even among those scholars who had already identified the state's disciplining of capital as key to South Korea's successes. To be sure, scholars such as Alice Amsden and Robert Bates had highlighted the state's disciplinary measures, but little had been said about the social origins or political foundations of this extensive disciplinary capacity. Tantalized by these findings and the revisionist theoretical possibilities of focusing on small rural farmers, I immediately turned to the history of Park's ascent to power. The evidence shows that he was a charismatic leader, a provincial middle-class son of schoolteachers born in the countryside who valued rural life more generally. Park viewed South Korea's urban populations as overly acquisitive and insufficiently austere; he particularly despised bankers; and he viewed most large-scale industrial capitalists and their financier counterparts as pampered and unworthy social groups whose speculative impulses and accumulation instincts should be harnessed in the service of national development. Far from envisioning South Korea as a leading industrial nation preparing itself to compete and consume more in a world of major industrial manufacturers, Park's own preferred model for South Korean development was not a big industrial power like the United States, Germany, or even Japan, but the bucolic, rural middle-class country of Denmark. Denmark? What Latin American country would have tried to build its economy using this small and relatively modest country as a guide? How much of this owed to Park's own idiosyncrasies as opposed to a realistic reading of the country's developmental possibilities and constraints?

Park's constant invocation of Denmark as a model further reinforced my resolve to consider the possibility that the South Korean state's desire and capacity to discipline capital, and thus achieve such great developmental gains, rested on rural middle-class foundations. But then again, if these modest goals of rural development really were Park's aim, and he relied so strongly on a rural middle-class ethos of discipline to sustain this vision, why did South Korea end up looking so heavily urbanized and industrialized, with a relatively weak rural sector and a dominant class of industrialists, and not at all like the northern European agricultural welfare state that served as his inspiration? This was a story that had to be told, not only for its own sake, but in comparison to other late industrializers.

Once I had made the decision to use material drawn from the South Korean case as a springboard for understanding East Asian "successes" – especially

vis-à-vis the Latin American economies that have suffered so many economic troubles during the last several decades – I reformulated this project into a more general study of "middle classes" and late industrialization in which discipline was a key conceptual notion. I chose for study South Korea, Taiwan, Argentina, and Mexico, because when they were grouped as "matched pairs," conventional class-centered, state-centered, and world-system explanations could not account for their developmental differences and commonalities (see Appendix A for more on case study selection and methodological logic). My originating point of departure became smaller producer-owners, both rural and urban, and their role in establishing the disciplinary foundations of state development policy during key decades of industrial expansion. In conceptual and theoretical terms, the book's focus on these forces, and the decision to view them in middle-class terms, stemmed from a desire to liberate development theory from the shackles of its myopic preoccupation with the power of capital, labor, and the state.

Enter History

As the research for the project unfolded, it became clear that I harbored an equally fundamental aim: to reintroduce history into contemporary development studies. I had long been uneasy with the contemporary development literature's overly presentist orientation. I found far too many efforts to theorize successful development with a focus on the policies enabling those successes, rather than with a view to what made those policies possible in the first place. An emphasis on the period of success rather than on its antecedents further reinforced the search for simple policy paradigms whose ingredients could be altered or modified to produce greater government efficiency, expedient global management techniques, "right" or "wrong" prices, new public-private partnerships, post-Fordist production techniques, and/or reconstituted global commodity chains, to name but a few. Granted, many of these prescriptions hold the potential to bear fruit, and there is nothing wrong with embracing such normative aims in the social sciences. But an overriding concern with market failures and the policies necessary to "correct" them has dislodged the long-standing scholarly commitment to historically grounded, complex explanation of the variety that led to a focus on South Korea's unique disciplinary development trajectory in the first place. By first turning to the post–World War II rural middle-class origins of Park's disciplinary development model, and then contrasting South Korea with countries at an equivalent historical moment where such class foundations and developmental visions were absent, this book raises the possibility that economic prosperity in late developers is as much the outcome of social structures and political processes rooted in historically grounded geographical, cultural, and social class arrangements that favored some countries over others as it is a matter of knowing what general

policies will magically correct market deficiencies and thus lead to sound economic growth.

In addition to recognizing the constraints of history, this book also seeks to transcend them in some fashion. Much of the development literature is built on the assumption that the history of the world's "early" industrializing nations, namely, Britain, France, and much of western and northern Europe, stands altogether apart, and that economic progress in twentieth-century industrializers, or "late developers," differs fundamentally from the early developmental experience. To be sure, the extent and dynamics of global capital and commodity flows in the twentieth-century world are entirely different from those in the eighteenth and nineteenth centuries when countries like Great Britain first initiated industrialization. So too are the size, character, and role of the state, factors which affect whether, where, and how the governments in "late" industrializers will intervene in markets and productive activities. But in the effort to specify what makes late development unique, scholars may have thrown out the baby with the bath water, ignoring the class actors and social conditions that were most relevant among early industrializers, namely, middle classes and their disciplinary orientations. With its analytic focus on middle classes and discipline, this book shows some elective affinity with arguments offered by scholars of early development, particularly those advanced by Max Weber in *The Protestant Ethic and the Spirit of Capitalism*. Far from conceiving of the distant past as an obsolete legacy to be shed in contemporary model building and analysis, I suggest that the history of "early" developers can serve as a central theoretical and analytical reference point for a more contemporary period.

For further guidance in historicizing and theorizing late development, and any similarities or differences between late and early industrializers, I turned not only to the literature on states and bureaucratic decision making and to that which explores the relations between business investors and their factor inputs (labor and technology), but also and most especially to the classics in comparative-historical sociology and economic history written by Max Weber, Henri Pirenne, Karl Polanyi, Barrington Moore, Perry Anderson, Robert Brenner, Eric Hobsbawm, David Landes, Michael Mann, and Charles Tilly. The model that emerged is a hybrid, a contemporary mix of the "new" and "old" dynamics examined in both bodies of literature. Think of it as Robert Brenner's and Barrington Moore's yeoman farmers meeting Alexander Gerschenkron's and Peter Evans's developmental states.

History enters these pages in yet another way: in the analyses of individual country trajectories. Not only did each of the four countries studied here (South Korea, Argentina, Taiwan, and Mexico) face distinct social, political, and economic histories, these unique national histories affected rural and urban middle-class formation, the institutional and cultural foundations of the disciplinary ethos, and thus how and why each country pursued the

twentieth-century industrial development path that it did. For precisely this reason, much of the narrative of this book is devoted to presenting what I would call "foundational" histories of late industrialization, or the historical conditions associated with middle-class formation in each of the four countries that led their national states to foster rapid industrialization at a particular time and in a particular form.

Acknowledgments

Speaking of histories, I have one myself. I would like to thank those who inspired and mentored me over the years, especially those who taught me the importance of thinking historically. I start with my mother, Dorothy F. Davis, whose eight-year personal project of mapping the genealogies, wars, monarchical lineages, and imperial dynasties of early modern Europe belied her seemingly narrow role as a 1950s suburban housewife. My love for historical scholarship began with her and with the reams of paper she transformed into charts and diagrams, rolling and clandestinely stuffing them into an upstairs hall closet before her four kids returned home from school. This initial interest in historical research was reawakened in graduate school under the watchful eye of Maurice Zeitlin, who mentored me in the academic pursuit of historical sociology. Other luminaries in the fields of history and historical sociology furthered my commitment to the marriage of history and social science through their personal encourgement during my first several teaching appointments. They include Charles Tilly, Janet Abu-Lughod, Ira Katznelson, and Eric Hobsbawm, with whom I had the fortune of working in one way or another while at the New School for Social Research; David Landes, who graciously approved my very first academic job as a Lecturer in Social Studies at Harvard University; Theda Skocpol, who permitted me to join her CROPSO workshops during my year at Harvard; John Coatsworth, also at Harvard, who many years later gave me an opportunity to join a dynamic group of Latin Americanists at the David Rockefeller Center, and who still inspires as a master economic historian of Mexico; and most recently, Robert Fogelson, a colleague at the Massachusetts Institute of Technology and brilliant urban historian to whom I owe a great personal and professional debt.

For help and guidance with the aspects of this book that mainly concern economic development, another interest tracing to Maurice Zeitlin, I relied on yet another circle of scholars, and they too deserve thanks. First, I am most grateful to Alice Amsden, whose seminal work on the South Korean state's policy measures to discipline capital inspired much of the thinking and preparation for this book. Amsden's work interfaced nicely with my own long-standing research on middle classes in Mexico and helped inspire the basic argument of the book, the idea for which emerged during an enjoyably raucous and stimulating political economy class we taught together at the New School

for Social Research in the mid-1990s. I also thank Judith Tendler, whose guidance, writings, and advice drawn from her years studying and implementing rural development policy were and continue to serve as a source of inspiration and knowledge. Many others have read or made insightful comments on the history and theory of development in this project at different stages of its formulation, starting with an initial paper on middle classes and development in comparative perspective prepared for an international conference in Taiwan organized by Hsin-huang Michael Hsiao. They include an especially welcoming group of scholars from the Sociology Department of the University of Hawaii at Manoa, namely, Hagen Koo, Alvin So, and Peter Manicus; longstanding friends and colleagues Susan Eckstein, Leslie Sklair, Deborah Poole, and Tony Pereira; and newfound professional colleagues Mauro Guillén and Vivek Chibber.

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This book is dedicated to my daughter, Alexandra Indira Sanyal.

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