

happy ending, unless one's definition of "happy ending" is unreasonably demanding.

Elsewhere (p. 86), after noting that "researchers" differ on the distributive effects of economic globalization, Chatterjee states, "[M]y impression from all that I have heard and seen is that, on balance, inequalities between rich and poor countries have not come down in the last ten or fifteen years; if anything they have probably increased." Unfortunately, he cites none of the economic research on this subject and decides, instead, to trust his own impressions—drawn from what he has "heard and seen"—over the social science literature on the topic. In point of fact, that body of evidence on economic growth in recent decades indicates that the Third World's most globalized economies (those of India and East Asia) have considerably narrowed their income gaps vis-à-vis the First World, while the least globalized (most notably, in Africa) have fallen behind. It is true that neoliberal reforms and entry into the global economy often increase inequality within developing nations. But in countries such as China and Chile, even though domestic inequalities have widened, a rapidly growing economy has still raised the lower classes' living standards, albeit at a slower pace than middle- and upper-class incomes.

Both of these books are thought provoking and intellectually rich. Chatterjee's work is the more ambitious of the two, but would have benefited from a more nuanced, empirically grounded examination of the politics of subaltern groups.

Locked in Place: State Building and Late Industrialization in India. By Vivek Chibber. Princeton: Princeton University Press, 2003. 334p. \$49.50 cloth, \$22.95 paper. DOI: 10.1017/S1537592707071186

— Aseema Sinha, *University of Wisconsin-Madison*

Despite the newfound optimism about the turnaround in the Indian economy, this book's arguments about the failure of the postcolonial state to build a developmental state in the 1950s and 1960s are original, important, and relevant. Vivek Chibber's *Locked in Place* sets out to dispel important misconceptions about India's early state-building effort. His arguments are both theoretically innovative and empirically novel. Theoretically, he aims to bring back class in our understanding of comparative political economy and to insert India into conversations about the developmental state that have focused only on East Asia. He also aims to give us some sense of the "mechanisms that generate contrasting reactions" (p. 226) in the two cases that he studies: India and South Korea. This is a welcome modification to the state-centric debates about India's past failure where the state is the only target of attack or of pious hope. Empirically, the author uncovers some new archival material to argue that Indian business "defeated" the state's efforts to build a developmental state in the

1940s. The new evidence shows powerfully that Indian business had much greater power to shape economic policy in the 1940s and 1950s than we knew.

Contrary to the conventional view that the capitalist class initiated and sponsored a discussion on capitalist planning through the Bombay Plan, Chibber argues that the Bombay Plan was a *defensive* strategy (p. 97) by the business class to legitimize itself in the face of the Quit India movement and play a role in shaping the planning in India and that it was opposed by most business actors. Chibber's uncovering of rarely used evidence is a valuable piece of historical scholarship. Yet, his own evidence of the pre-1940s shows that business was hostile to state *ownership* of capital (pp. 90–91, 105) and feared a socialist turn which are not the same as hostility to the state's extraction of performance standards from the private sector or to disciplining. The business class is reacting to expropriation, not a mechanism of give-and-take, as was the case in South Korea.

Chibber's larger theoretical argument is valid, however. For him, the answers lie not in the "goings-on *within* the state" (p. 9) but "*between* state and societal actors, particularly the capitalist class" (p. 9, Chibber's emphasis). It is important to note that he does not intend to displace a state-centered argument with a class-centered argument. In late developers, like Korea and India, states continue to play important roles. This leads the author to make a nuanced argument about the scope of class power in shaping developmental trajectories. Classes—business and labor, to some extent—are important but not determinative. For him, the state's actions and strategies are crucial both for disciplining strong classes (South Korea) or uplifting weak ones (Taiwan) and for enhancing the state's institutional capacities (Korea, Japan). He explains the actions of business in terms of the models their respective states adopt: import-substituting industrialization (ISI) versus export-led industrialization (ELI).

If so, Chibber must be able to explain why is it rational for state elites to choose the different models that they do. One plausible reason for the adoption of ISI may have to do with the size of their respective economies. Large states like India find it much easier to adopt ISI inasmuch as the domestic market is assured both for industrial classes and state actors. For smaller states, reliance on export markets becomes necessary as soon as supply oversteps domestic demand. Thus, the size of India's market becomes relevant both for state motivations and business defense of ISI or ELI.

In addition, were the business classes merely *reacting* to the adoption of ISI and ELI, as implied by Chibber? Did the business class in the two economies play any role in encouraging the adoption of ISI in India and ELI in Korea by insisting upon protection from external competition in the one case and requesting help with export markets in Korea? For an argument based on class, some exploration

of this possibility, which apportions a stronger role for business, could be important.

The second reason for choosing ISI could be the incentives that arise from the functioning of democratic, partisan, and electoral logics. In democratic systems, state actors need to balance and trade off the imperative of reelection with that of development. While developmental goals might demand some alignment of international and domestic efficiencies, elections are more concerned with domestic issues which privilege stability and national voters. ISI allows the state to provide both national and club goods to politically salient voters, as well as to workers employed by public enterprises. ELI favors consumers who have little voting or electoral size and accords greater relative autonomy to state actors. In India, ISI covered only 10% of the economy, while the rest of the economy was agricultural as well as dominated by the informal sector, where there were no business interests. Why did the state not encourage an export-led path for these sectors? The answer might lie in the democratic incentives of state actors, rather than in the responses of business classes. South Korea and India are different in this aspect.

Indian elites were willing to trade off a strongly developmental state, as they were willing to countenance lesser growth for political stability and democratic legitimacy. South Korean elites needed an efficient developmental state, which was the only mechanism of deriving legitimacy for their rule. This argument brings in the actions and preferences of political elites, in addition to state elites or business classes, in shaping developmental politics differently in the two countries.

The third problem for this argument is that it predicts stasis and continuity. As the title of the book itself suggests, the political economy of India was “locked in place.” So, what are the levers of change? The epilogue attempts to explain the turn toward greater liberalization in India in the mid-1980s and 1991 in terms of the “implosion of ISI,” that is, changes of the ruling elite and the rise of new business classes. This explanation, while empirically plausible, is theoretically weak. If ISI generates certain incentives for business to be strong and yet lock in with a state that delivers subsidies to the business classes without asking for discipline, how did the new business arise from within the terms of the theory? If the ruling clique becomes less developmental and more regimented, as Chibber argues, that should increase the power of the domestically oriented business actors to prevent the erosion of ISI. The author is correct in his intuition that new business classes arose over time. Yet the nature of such new business classes—regional bourgeoisie, technocratic businesses, and those that grew aided by state support (the pharmaceutical industry, for example)—reveals the ability of some actors to circumvent and transform the constraints of the regulatory system into opportunities. The ISI regime was not as sealed as Chibber’s theory

would lead us to believe, and some actors—subnational elites; new, small, and regional businesses—were more developmental than the old business that are the subjects of his pessimism about India.

Despite such criticisms, the book is both ambitious and theoretically powerful. Chibber does an admirable job in putting forward an alternative understanding of India’s political economy and provides some striking new evidence for the 1940s and 1950s. No one can ignore his arguments and new evidence. His effort to reintegrate a relational theory of class and state in the political economy of development is important, innovative, and worthwhile.

Becoming Party Politicians: East German State Legislatures and the Decade Following

Democratization. By Louise Davidson-Schmich. Notre Dame, IN: University of Notre Dame Press, 2006. 232p. \$27.50.
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The democratic transitions in Eastern Europe have inspired a host of research that utilizes these changes as a laboratory for examining the enduring question of how democracies can become or remain stable. In *Becoming Party Politicians*, Louise Davidson-Schmich provides a unique contribution to this work by examining the behavior of East German state legislatures since unification. Davidson-Schmich uses the unusual case of East Germany much to her advantage. Robert Rohrschneider and others have used the division of Germany after World War II as a means of examining how mass and elite public opinion was influenced by the experience of communism, but Davidson-Schmich wishes to know how legislators’ political behavior is constrained when democratic institutions—specifically political parties—act at odds with their socialized opinions and preferences. Most of the work on institutions in postcommunist countries focuses on the factors influencing the development of those institutions, and East Germany is usually excluded from such analyses because unification immediately installed a stable national policy-making process and a ready-made party system. Davidson-Schmich uses this fact as an advantage: Rather than asking how stable institutions can develop during democratic transition and consolidation, she asks what postcommunist countries would be like if stable political institutions suddenly appeared. Hence, her interest is not in how the East German past transforms current politics but how present political institutions limit the influence of the East German past.

To examine this question, Davidson-Schmich turns her attention to the five new state legislatures created in East Germany by unification. She begins by laying out two alternative models of legislators’ behavior. The first—a socialization thesis—is based on the already extensive