

How Elites Determine Development

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The *Role of Elites in Economic Development* is a volume of 15 essays edited by Alice H Amsden, Alisa DiCaprio and James A Robinson. This book grew out of a United Nations University conference held in Helsinki in the summer of 2009, where more than 150 scholars participated in examining the place elites hold in society and in determining economic processes. As a result, it is safe to say that the selected essays capture the cutting edge of elite-focused research, not just in terms of how elites affect economic development as the title suggests, but just as much in terms of the role elites play in development writ large.

This book also contains some of the final published words of Alice Amsden, an intellectual titan whose work on east Asian development serves as the touchstone for how scholars and policymakers

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think about late industrialisation. As those who are familiar with this literature recognise industrialisation in countries like Japan, South Korea and Taiwan was the product of elite-driven enterprise, whereby a small group of technocrats and business leaders navigated the state towards high rates of economic growth. Coming at a time when scholars and policymakers were convinced that ideologies and factor endowments determined development outcomes, Amsden's work brought the messy field of politics – and elite-driven politics in particular – back into focus. In doing so, she called into question the prevailing neo-liberal consensus at the time that freeing

markets is central for development. She will be sorely missed and this volume is a testament to her scholarly success, confirming that elite studies will continue to be a vibrant field in development studies, attracting the attention of many excellent thinkers from around the world.

A Brief Primer on Elites

In the introductory chapter by DiCaprio, elites are understood to be “a distinct social group within a society which enjoys privileged status and exercises decisive control over the organization of society” (p 4). Defining elites in such a manner harkens back to C Wright Mills' understanding of a “power elite”, whereby a precious chosen few are able to influence all spheres of society and governance (1956). Impressively tracing the long intellectual history of this power-elite theory from its 19th century Italian foundations to the present, DiCaprio conspicuously avoids engaging the serious challenges to the notion that a power elite ever exists. That is to say, a separate school of thought on elites claims that no

single group exercises decisive control over the organisation of society; instead, there are groups who can dominate certain contested domains. This school of “diffuse elite theory” is best captured in Robert Dahl’s *Who Governs?* (1961) – a benchmark book that is not mentioned even once in this entire volume. Dahl’s painstaking research of a small American city revealed the spaghetti bowl that comprises local politics in America – instead of a small cabal determining the organisation of society, nested groups of elites come to dominate certain specific spheres of policymaking with very little cross-over between them. In Dahl’s understanding of elites, elites who decide education policy are distinct from those elites who determine sanitation and those groups of elites are distinct from those who are in charge of meting out of justice, for example. In contrast, those in the power-elite school would expect the same small group of people to be making decisions in both education policy and sanitation.

Whether intentional or not, what emerges is that many of the subsequent chapters in the book underscore how the thrust of elite-focused research needs to go beyond debates as to whether the “power elite” is the correct model or whether Dahl’s disaggregated understanding of elites is more appropriate. Instead, these researchers explore under what conditions does a cohesive decision-making elite body emerge and perpetuate, which necessarily requires weighing the opposite question as well – under what conditions should we instead expect an incongruent and fragmented struggle between elites? In so doing, this volume shows that the study of elites in the 21st century is going beyond Mills and Dahl in a promising and fruitful new direction.

Elite Perpetuation

One of the biggest puzzles confronting political scientists from the time of Machiavelli are the following: When do those in power abuse their stations for their own benefit, and when do those in power elect to build systems of governance that favour society over personal gain? Two fine chapters by Amsden

(Chapter 2) and Robinson (Chapter 3) set the tone for exploring this puzzle by underscoring how elite politics has long-run impacts on institutions. Robinson describes how at certain points elites will create institutions that are particularly suited for a given environment. In some cases, this means that elites will construct dynastic institutions, whereby their descendants will form future generations of elites. In other cases, Robinson observes that elites will design institutions that reproduce and change future elite classes. Therefore, if one wants to understand institutions and institutional persistence, one must consider the motives, coherency, and overall dynamics of the elite. Such an admission from one of the leading “new institutionalists” is quite a testament to the importance of elite studies.

Amsden, likewise, hammers home the message that elites deserve further scholarly attention. As she does in much of her other work, Amsden accords a healthy amount of agency to the elites, exploring how different kinds of elites respond to similar-yet-unexpected challenges. Comparing the indigenisation of German companies in Argentina, and Japanese companies in Korea, she argues that national elites failed in Argentina but succeeded in Korea. For a variety of historical reasons, Korean elites possessed a tacit knowledge and a skill set over their inherited industries that Argentinian elites lacked. As a result, the Korean industrial elite were more cohesive in their orientation towards spurring industrialisation. This elite-level cohesion resulted in the positive growth outcomes that are a hallmark of the classic developmental state.

Classifying Elite Groups

Several chapters in the volume introduce new classifications of elites. For instance, in considering how international circulation affects national-level elites, Solimano and Avanzini (Chapter 4) divide elites into three categories – entrepreneurial elites, who travel for business, knowledge-based elites, who travel for academia, and political elites, who travel for political reasons. They claim that each of these groups of elites has different

reasons to circulate internationally, and they bring back different skills and networks when they return to their countries of origin. However, Solimano and Avanzini do not discuss how or when these groups of elites will contest or cooperate. The same can be said of Gustafsson and Ding’s comparison of political elites (cadres), economic elites (entrepreneurs) and non-elites in China (Chapter 7). Thus, even though the authors painstakingly show that these groups have different levels of wealth, they do not discuss whether we should expect different preferences for elites from the different groups, nor do they discuss whether contestation or cooperation is likely. Similarly, in her discussion of the rise of the “new female elite”, Wolf (Chapter 6) delivers an upbeat message that female elites are increasingly emerging across the developing world, but she does not address questions of whether female elites offer new perspectives or whether they challenge existing male-dominated elite structures, nor does she discuss what these changes in the elite class will mean for economic development.

In each of these chapters, the authors do not discuss whether these sub-elite categories will contest or cohere, and they also do not discuss what the existence of these classifications mean for policy outcomes. However, while the chapters by Solimano and Avanzini, and Gustafsson and Ding introduce classifications seemingly for the sake of the exercise, Wolf intelligently puzzles over what the rise of female elites means for the perpetuation of elites intergenerationally. Female elites, especially in the developing world, are able to avail household help to meet the needs of professional life as well as the needs of personal life. At the same time, female elites are more likely to marry male elites. Taken together, Wolf suggests that female entry into the elites may result in an elite that is less egalitarian in terms of class, which could be a potentially dark underbelly for gender-based inclusion.

Elites and Their Preferences

For a book focused on the effects of elites on politics, cases where the preferences of elites map to actual outcomes have to

be included. Therefore, the workhorse chapters of this volume consist of Reis' probing analysis of elites and poverty in Brazil (Chapter 8), Kalebe-Nyamongo's exploration of elites and the poor in Malawi (Chapter 9), and Zang's discussion of why elites in China choose to promote growth (Chapter 10). While each of these chapters are worthy of attention for those who study these respective regions, Reis' chapter in particular offers a useful framework for crafting a theory of elite preferences that may travel beyond her country of analysis. Utilising a framework first developed by de Swaan (1988), Reis states that in order for elites to address poverty, three conditions must be met. First, elites have to perceive poverty as something that carries negative consequences for themselves. Second, elites have to feel that they can do something to decrease poverty. Finally, elites have to feel socially responsible for poverty. After all, elites "have to feel involved, or else why bother?" (p 182). To demonstrate this framework, Reis introduces survey and interview results from 300 Brazilian elites. While Brazilian elites recognise that the persistence of poverty bears negative consequences for themselves and while they believe that they can address poverty, they do not feel a responsibility to do so. While Reis does not state how Brazil is performing in terms of poverty reduction, we can infer that elites do not have a sense of responsibility and therefore Brazil should not be addressing poverty. But the opposite is in fact true – among other countries in the developing world, and far more than ever before in its history, contemporary Brazil has been pioneering new and effective poverty-alleviation strategies. This suggests that the third condition identified by Reis – that elites need to feel responsible for poverty – really does not matter. If elites believe that poverty carries negative consequences for themselves and if they believe they can do something about it, they probably will address the problem. Relatedly, elites will probably also elect to reduce poverty if they believe that such an action carries positive consequences for themselves and they have the ability to do so, regardless of whether they

feel a social responsibility or not. de Swaan's framework probably needs to be revisited. It is worth noting that in the subsequent chapter, Bourguignon and Verdier (Chapter 11) introduce a formal model exploring the incentives under which elites choose to increase state capacity for collecting and redistributing taxes. Not surprisingly, and in line with other mainstream formal theories of elite behaviour, the elites' notions of social responsibility do not factor into this model.

Elites and State Capacity

The remaining three empirical chapters take unconventional views as to who comprise "elites". Cantens (Chapter 12) classifies customs' officials in Cameroon as elites, while Pinhanez (Chapter 13) claims that Brazilian tax collectors are elites. Considering revenue-collecting bureaucrats as elites makes some sense, even though they do not exercise decisive control over the organisation of society, they certainly can affect the organisation of society and they also enjoy a privileged status. Going beyond the definition of elites proffered at the outset, it is important to note that bureaucrats in revenue-collecting agencies in the developing world oftentimes considerably benefit from the status quo at the expense of the rest of society. Understanding how and why reforms take place within such agencies should shed light on how cohesion and contestation can reform a powerful status quo, which should have implications for elite dynamics more broadly, regardless of whether one comes from the power-elite school or in the diffuse-elite-theory school. For instance, Cantens explains that the Cameroon customs' office is one of the main revenue-collecting centres for the government and officials are well-compensated through both legal as well as illegal means. Not surprisingly, graduates from the top national school typically seek jobs there. Through a close ethnographic study, Cantens shows that intra-elite competition within this bureaucracy is quite fierce – those who triumph rise in the ranks, but are forced to spend resources to remain on top for long, while those who fail

become pariahs to the organisation. What is particularly appealing about intra-elite competition is that it may enable true reforms. If objective measures of performance can be developed and accepted, Cantens believes that the factions within the customs' office will compete over improving overall performance, which will necessarily result in more honest revenue collection. This chapter illustrates the ways in which intra-elite competition, even within organisations, can be leveraged for improving outcomes.

The final empirical chapter by Wong considers the two main approaches by foreign agencies in engaging with local elites during development projects. Sometimes agencies seek to counter the local elite by marginalising them in the decision-making processes. Alternatively, sometimes agencies seek to co-opt the elite by including them. Through case studies of Ghana and Bangladesh, Wong illustrates how both approaches have serious limitations. If elites are excluded from the development process, their influence is not necessarily undermined and they can work against the project; if elites are included, existing (and presumptively problematic) power structures are reinforced by the foreign agency. Wong suggests that a middle-ground must be discovered, whereby elites are engaged only to a certain extent. Echoing many of the other chapters in this volume, Wong concludes that further research is required in order to ascertain the true nature of elite politics. Taken together, these chapters show that the study of elites has a promising future in the years ahead.

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