

MODERNISATION MEANS INEQUALITY

Ian Shapiro



IAN SHAPIRO is a prominent philosopher and political scientist. He is the Stirling Professor of Political Science at Yale University and the Director of the McMillan Center for International and Area Studies. He is a member of the Council on Foreign Relations and a member of the American Academy of Arts and Sciences. Ian Shapiro was a participant in the international conference 'The Modern State and Global Security' held in Yaroslavl in 2009

■ *Mr. Shapiro, in your opinion, what are the prospects of Russian focal modernisation? Do you think that Russia will be able to develop specific modernisation sites? What factors will help such a model succeed (such as with the development of Skolkovo in the Novosibirsk scientific zone)?*

While it is certainly tempting, I should also say that this is not necessarily a new idea. It has been around among development economists for at least 80 or 100 years. One of the

most famous formulations was given by the economist Gunnar Myrdal. He had a theory of what he called 'cumulative causation'. This **theory assumes that resources will flow to places where there are already resources. In other words, development sites become magnets for more resources. Once a site can get started, it pulls more resources to it and develops at a very fast pace.** The biggest challenge, as I have mentioned before, is in the subsequent stages of modernisation, once you are beyond the basic issues of early modernisation.

It is not obvious where these focal modernisation sites should be, what types of modernisation should be pursued, which sectors of the economy should be preferred, and how modernisation should take place. Some choices might look good in the short run, but fifteen years later they are not going to be successful. And again, this has nothing to do with the political system, as it could happen in an authoritarian state as well as in a democracy. We can take the example of Japan and the decisions that were made in the 1970s and 80s, when everybody thought that Japan had the best economic model in the world. The government was pouring subsidies into certain sectors of the economy and then 15 years later, it turned out that the government had made very poor bets. The Japanese economy basically completely stalled in the 1990s because of these strategically wrong decisions.

■ *Do you think the social inequality that arises in the course of developing modernisation sites can be minimised by applying democratic methods? Or is a successful focal modernisation possible only within a rigid totalitarian regime and a centralised governance model?*

Democracy cannot resolve the problem of social inequality that comes from developing modernisa-

tion sites. You will see it if you look at countries like Brazil or South Africa. Both countries have had a rapid modernisation and they have become democracies, but this fact has had virtually no effect on their overall inequality. Indeed, Gini coefficients in South Africa and Brazil, which is one of the measures of inequality, are among the highest in the world. Democracy does not necessarily guarantee equality. Even in advanced democracies like the United States, for example, we have seen increased inequality over the last forty years, even though this country has a democratic system. **There can be no doubt that modernisation produces inequality,** but I am not sure that democracy is likely to have much effect in resolving the problem. At the same time, I do not think that the political system determines whether or not modernisation is going to be pursued. Focal modernisation has brought its results both in authoritarian China and in democratic India.

■ *In your opinion, is it possible to have a non-focal (country-wide) modernisation that is capable of producing positive results and benefits that extends evenly to the entire population of the country?*

It is hard to think of any example of rapid economic growth that has been successful and has not, at the same time, produced significant inequality. Some people might point to the USSR, but it is known that even within the Soviet Union, by the 1950s, there were significant inequalities developing. Barrington Moore, an American political scientist, detailed these inequalities in his book 'Terror and Progress, USSR: Some Sources of Change and Stability in the Soviet Dictatorship', which was published in 1954. In the course of time, it was clear that the Soviet model did not prove to be a viable model of modernisation in any case. It could not

sustain itself once the task of primitive modernisation had been completed. If you look at command economies that have remained relatively equal, such as Cuba, you will see that they have very low levels of economic development. So it does seem that **development tends to be achieved at the expense of equality.**

■ *How harmful is globalisation for a country that is trying to modernise itself? Can we expect that modernisation sites will work for the benefit of the country in which they are located and that they will not end up becoming centers servicing the needs of the rest of the world?*

This is a tremendously important question. But, alas, no one can answer it. If you look at the previous wave of modernisation, which took place in the immediate post World War II era, it is clear that the conditions were absolutely different. There was no globalisation. So you could have modernisation behind trade barriers, you could have modernisation with controls on the flow of capital and currency, and you could have modernisation that was consistent with strong protection for domestic workers and trade unions. All of that is gone in today's world. It is essentially impossible for governments to control the flow of capital in the world nowadays. Trade barriers have come down everywhere. Trade unions are largely collapsing, even in those countries where they used to play an important role. So countries that are being modernised today have to do it in the context whereby the winds of globalisation blow through and influence the modernisation processes all of the time.

In the last five years, China has been demonstrating a very interesting trend. The country is now outsourcing a lot of production to Africa because labour is cheaper in Africa than in China. One can even assert that **modernisation in the context of the globalised world economy has never been accomplished before.** We don't have any good maps of this and we don't have any reliable experience to draw on. At the same time, none of the successful modernisations that could otherwise be used as



an example or a model can be seen as quite reasonable today.

■ *Finally, since we began to talk about global processes, I have a couple of questions about the Yaroslavl Forum. You participated in the 2009 International Forum in Yaroslavl and you are also planning to take part in the 2010 Forum. What do you expect to get from it and what do you think about the main topic of the conference, which is the Modern State: Development of democracy and Efficiency Criteria?*

I think it is a very important subject and it is good to address it. What will determine how successful the Forum will be is how people will address the more specific aspects in relation to this question. I particularly like the fact that they are going to place an emphasis on regional questions, particularly when we are dealing with failed states. The answer to this problem is almost certainly going to involve regional

organisations, within the framework of which these 'sound' states surrounding the failed states should help them even where this creates problems for the governments of the involved countries.

For example, now we have a more or less failed state in Iraq. Even though the United States is not very friendly to the idea, it seems to me that regional cooperation with Syria, Iran and Turkey is going to be essential in considering the stabilisation of Iraq once the occupation by U.S. troops ends. So I am very pleased to see that regional cooperation is on the agenda of the Yaroslavl Forum when it comes to talking about security. I think that it is a very important way to move forward. Russia has the opportunity to play a significant role in developing the rules of such regional cooperation. ■

Ian Shapiro was speaking with Yulia Netesova