nous capitalists in much of the third world seem to preclude developmental states from emerging in many more countries at this time. Africa, in particular, faces dim prospects.

It is not surprising, therefore, that the African development debate now concerns itself less with building developmental states than with reforming existing states. Yet even when local conditions favor the emergence of developmental states, international conditions make the use of the infant-industry model far more difficult than it was for those developmental states that used it earlier in the postwar period. A grand idea, the development state may have gone out of date at just the same time it came into fashion.

The Crisis of the State in Africa

If a state is to implement IIM, it must have the authority to impose itself on the private sector. It must have the resources, such as trained personnel and support staff, office and communications equipment, transportation, and information, to govern society as extensively as an interventionist state does. It must have the power to direct and indeed transform society, enforcing law and regulating business and personal transactions. In short, the state must be strong, effective, and able to make its presence felt everywhere in the country. In Africa, skeptics doubt that the developmental state can be anything more than a good idea in countries where the state is in crisis or near collapse.[1] In a few countries plagued by civil war, the government's writ ends at the capital city's limits, and beyond lies a netherworld fought over by competing warlords. Most African bureaucracies are understaffed, with poorly paid and often poorly qualified civil servants working with insufficient resources and outdated equipment. The African state can barely keep up with the demands of the rapidly growing cities for proper sanitation, policing, schools, transportation, electricity, and water supplies. It can do even less for the rural areas that provide it with most of its revenue. In any event, corruption and abuse of power are so widespread that citizens in many African countries regard their state with suspicion at best, hostility at worst. They do what they can to avoid the state by smuggling, evading taxes, and ignoring the law as much as possible. A state so short of power, so deprived of bureaucratic resources, and so distant from its citizenry can do little to spearhead development. If anything, it may actually hinder growth: extortion rackets and instability dissuade people from entering business, and poor prices and support services discourage farmers.

These problems are not peculiar to Africa. All over the third world, neoclassical reforms have shrunken patronage networks while at the same time worsening income distribution. In effect, the supply of political largesse has dried up at just the moment demand for it has risen. The popular response has been, in part, a turn against the state, evidenced by an increasing incidence of political instability, and also a search for new political networks. This, in turn, has opened a window of opportunity for rising political elites to challenge the position of nationalist ones. Thus we see more ethnic politics, regionalist movements, or the emergence of ministates connected to the drug trade.

Not all of this political ferment is a bad thing. In some places, the weakening of the state and the growth of a class of entrepreneurs and professionals have undermined authoritarian rule and laid the foundation for a democratic opposition. Such changes arguably helped to consolidate democracy in Latin America, and to install it—at times haltingly—in East and Southeast Asia. The jury is still out as to whether neoclassical reforms have brought net political gains to the more-developed countries of the third world.

Among the poorer ones, though, the verdict is probably easier to reach. If one accepts the argument made so far in this book—that neoclassical reforms are most effective in societies that have already attained a relatively advanced level of development, and that to reach this level a high degree of state guidance is needed—then it follows that a weakening of the state in the less-developed societies will further restrain their development. Another way to look at it is to say that globalization, which to date has been intertwined with neoclassical reforms (although some leftist critics maintain that this is a blend contrived by policymakers, and that globalization and neoclassical economics need not necessarily go together), demands innovative and aggressive responses by third-world governments if their countries are to insert themselves effectively into the evolving global economy. Yet at the same time, neoclassical reforms have weakened the state and produced social tensions that have then consumed the energy of governing elites.[2] In effect, poor countries are being asked to do more with less. Given the resource scarcities they began with, the task is turning out to be greater than many of them can manage.

So if such problems have arisen all over the third world in the poorer countries, the prevalence of least-developed countries in Africa has resulted in a crisis there that is both acute and continental in scope. In response, many specialists have turned their attention to the new topic of governance. A term coined in the halls of the World Bank, "governance" refers to the effective practice of government that will enhance a regime's legitimacy and thereby draw people back into the formal political and economic spheres.[3] The Bank's prescription for improving governance includes greater scrutiny and, like its cure for the problems of the marketplace, more efficiency. Dictatorships or one-party regimes enjoy too much latitude to abuse their power. Ministers sometimes exercise discretionary power over their departments' budgets, unencumbered by any formal means of auditing. In such conditions, nobody really knows when a politician or official is depositing money into a Swiss bank account. The agents that provide such scrutiny in the West—the media, elected assemblies, opposition parties, and interest groups—may either not exist or be rigidly controlled by their governments. To impose better discipline on governments, the World Bank started advocating rule of law, respect for human rights, citizen involvement in intermediate associations, and perhaps most important of all, a free press. To reduce corruption and improve state efficacy, the Bank has concentrated on paring back the state and improving aid delivery.[4]

In the early 1990s, a democratic tide swept over Africa, part of a democratic "wave" then moving through much of the third world. In the wake of the collapse of the Eastern European regimes in 1989, Africans took to the streets of their capitals and echoed the same demand for change. Reluctant governments were forced to concede their requests. Many observers hoped that democracy would change the way in which African governments operated.[5] As one Ivoirien put it in the midst of his country's prodemocracy demonstrations in 1990, "Now that the politicians are afraid of losing their jobs, they will listen to us."

However, the democratic advance soon suffered setbacks in a number of countries. Even where the gains have not been lost in Africa, many Africanists doubt they will make a difference in the way governments operate. They worry that declining economies will continue to provoke the sort of violent struggles for the spoils of office that the 1990s witnessed, possibly jeopardizing future development.[6] Some point to the apparent contradiction of pushing democracy while pulling the state out of the economy. In poor societies, states need to mobilize popular support for both democracy and state legitimacy, and are handicapped by the lack of resources that retrenchment leaves in their hands.[7] In Africa, anticolonial movements lost much of their identity when independence came and their mission was accomplished. To retain the support of the people, they had to replace anticolonial ideology with the economic advantages the modern state could bring. Independence meant not only freedom, but also jobs, schools, and clinics. Now that the state offers people decreasing security, economic well-being, opportunities for education, or basic healthcare, it is losing much of its raison d'être. People and communities take these tasks upon themselves, forming their own vigilante squads, creating their own mutual-aid funds, and so forth. In short, they are turning their backs on the state.[8] This further undermines the state's ability to play an effective role in development.

Some who despair of the state in Africa see a silver lining in this. They believe that the nation-state is a European creation left behind by Africa's departing colonists, imposed from above within artificially designed boundaries that seldom bear much relationship to precolonial ethnic borders. The nation-state, it is said, is at odds with Africa's traditions of decentralized democracy and checks on central power.[9] To these theorists, Africans who turn their backs on the state and engage in community self-help may be returning to their roots.

Although it is a minority opinion, this view of the African state nonetheless captures the despondence that has gripped many Africanists over the past decade or so. Whereas there have been cases of good state performance in Africa, such as Botswana, there have been many abysmal failures: Zaire (now the Democratic Republic of Congo) under Mobutu Sese Seko, Equatorial Guinea under Macias Nguema, the ill-fated Central African "Empire" of Jean-Bedel Bokassa, and Uganda prior to the rise to power of Yoweri Museveni in 1986. In the latter cases, plunder and political collapse not only inhibited development, but even reversed it. Nor is it clear that policies to improve governance, if they do any good, will make it possible for developmental states to emerge in most of Africa. It is important to improve management practices and institutional arrangements, but there are deep economic and political causes for the crisis of the state in Africa. This raises a question that challenges development theory even more than does the question of the appropriate role of the state in the economy: Why is it that some states have piloted development, whereas others have held it back? What explains such glaring differences?

State Strength

It helps to go back to the East Asian examples and determine what characterized these successful states. The experiences of developmental states there point to an essential fact: to effectively guide economic development, a state must enjoy the power to direct society and lead it through traumatic changes. According to developmental-state theory, the state needs to be relatively insulated against society, giving a highly skilled technocratic bureaucracy the autonomy it needs to impose discipline on the private sector. The state, as some writers put it, must be strong or hard. Bureaucrats must be able to draft policies that promote national development, not the advancement of private lobbyists. Moreover, governments may have to enact unpopular and even harsh policies in the name of development, and the governors must be in a position to ignore or repress the discontent these policies provoke. If, for example, the government decides to open a protected industry to foreign competition, both the industrialists and the workers in that sector stand to lose some or all of their livelihood. The governors have to be able to put down worker uprisings and ignore the political pressure brought to bear by industrialists. The state must also be able to make people comply with unpopular policies. If a government is going to redistribute land or institute a resettlement scheme, it may even need to send troops into the field to force submission.

Many states, particularly in Africa, lack this strength. Some Africanists cite the "uncaptured peasantry" to illustrate this. Peasants frequently ignore state directives, refuse to sell all their output to marketing boards, smuggle goods across borders, and even resist attempts at coercion. For example, in Tanzania, when the state tried to force farmers into villages that would serve as hubs for large collective farms, many peasants refused to comply, even when force was used.[10] In addition to the uncaptured peasantry, there exists the influence of powerful interests. Jean-François Bayart and Patrick Chabal have argued that many African states are so thoroughly penetrated by interests within their societies that they cannot hope to transform those societies.[11] However, this problem is scarcely peculiar to Africa. At one time, many specialists on India blamed the "Hindu rate of growth" on the power of vested interests to repeatedly thwart difficult but necessary policy changes. Perhaps an industrialist was threatened by the potential arrival of a competitor, and was owed a favor by the minister whose election campaign he funded and who had the power to refuse licenses to new firms. Or perhaps the economic ministry's top bureaucrat owed his job to the personal influence of a friend; this friend owned a factory that used imported inputs, and wanted the official to use his position to keep the currency overvalued. Influence asserts itself in many ways. But it seems obvious that if a state cannot insulate itself against such pressures, and worse, cannot successfully implement its policies, it lacks the strength to engineer development. What, then, must governments do to obtain the strength their states need to engineer development?

Authoritarianism in the Third World

Some find the recipe for development unpalatable but inescapable: an authoritarian regime that can ignore demands from society and repress the population if it becomes too vociferous. Democracy, it is sometimes said, is a luxury for the rich and must be deferred in the interests of development. When, in the 1960s and 1970s, Latin American governments began facing tough economic choices, the political situation deteriorated and a rash of coups d'état brought authoritarian regimes to power. This led an Argentinian political scientist, Guillermo O'Donnell, to develop a model that linked this seeming new phase in Latin America's history to its stage of development. The bureaucratic-authoritarian model, as O'Donnell called it, maintained that during their import-substituting phases, Latin American governments had been able to remain democratic because ISI offered substantial benefits to the population. Above all, it created jobs for them, so people were happy with the regime. But once ISI had reached the limits of the national market, industry had to start moving into export markets, which meant competition with foreign producers and hence greater pressure on productivity and efficiency. This lowered employment and squeezed the population to reduce spending and increase investment. Only a hard, coldhearted state could preserve stability through these difficult times. The spotty record of democracy in the third world should therefore come as no surprise.

There are problems with the bureaucratic-authoritarian model, however, notably that the sequence of events in the rise of military dictatorships did not follow that hypothesized in the model.[12] More important, although authoritarian regimes wield great command through their control of repressive power, it is not clear that they are all that hard or strong in terms of their insulation from society. The authoritarian regime of Philippine dictator Ferdinand Marcos was famously unable to resist being penetrated by private interests, who took advantage of legal monopolies, quotas, franchises and leases, protective tariffs, tax exemptions, and import licenses to enrich themselves at the expense of the economy. It would seem that state strength has to do with more than the ability to coerce the population; this was something the Philippine state *could* do. In fact, the evidence suggests that authoritarian regimes have not been particularly good at implementing reform or economic-austerity programs.[13] For one thing, authoritarian regimes may have naked power but lack intelligence or enlightenment. After all, there have been monumental cases of mismanagement by authoritarian regimes. Marcos found good company in the inept and damaging administrations of Haiti's

Duvaliers and Zaire's Mobutu Sese Seko.[14] Nor are authoritarian regimes necessarily immune to societal pressure. If they resist popular pressure, the result may not be an interest-free state but one in which a single interest monopolizes power.[15] Strength seems to involve not only brute force but also the ability to stand above society and lead, rather than be led by it.

The Overdeveloped State?

To explain what it is that allows some third-world states to isolate themselves from societal pressures, some have turned to the theory of the overdeveloped state. Emerging from the Marxist literature on the state, this school focuses on the colonial legacy. It begins with the European nation-state, arguing that it arose from the development of capitalism and so was intimately connected to the society whence it evolved. Its primary task was to defend and promote the interests of the capitalist class. However, when capitalism spread its tentacles, the states created by imperialism differed from their parents. They bore no relation to the society upon which they were imposed. Indeed, their first task was to subjugate *all* local classes. To this end, they were endowed with an unusually strong bureaucratic and military apparatus. Their legitimacy and power originated in a far-off land. Thus, according to theorists of this school, at the time of independence the new ruling elites took over a state that was overdeveloped, suspended above society, and separated from it.[16]

Although overdeveloped-state theory has traditionally been restricted in its popularity mainly to students of India,[17] variants of the theory gained popularity among some observers of East and Southeast Asia.[18] For example, some have attributed the autonomy of the Taiwanese state to its origins outside Chinese society. The state was created and staffed by the nationalists who fled to the island from the victorious communists in mainland China. The members of this ruling class bore little in common with the people they came to govern. Theirs was a different culture and dialect, and they have maintained their separateness ever since. Until recently a small minority controlled virtually all political power.[19]

However, in arguing that the postcolonial state had little to do with local class politics, the theory of the overdeveloped state overlooks what are often very important class conflicts. To contemporary political scientists, a theory that separates the state from society is rather like a medical lecturer who treats the human head and body as distinct. The head may govern the body, but that does not make it independent of the body.

In recent decades, research on the state has gone well beyond the "black box"—the interest-mediator standing above society—of which political science once spoke. Political scientists now see the state as an entity closely linked to and penetrated by society, as well as itself penetrating society. Some states may be more permeable than others, but what seems to determine state strength is not so much the degree as the character of penetration. The state in Africa may appear weak due to a strong society: private interests riddle the state and use it for corrupt purposes, while the peasantry largely ignores state directives and operates outside the formal economy, thus eluding "capture." However, many Africanists reject this portrayal of the African state, and believe the problem to be precisely the opposite: society is not too strong, but too weak. Society lacks the independent organizations, such as interest groups, political parties, and news media, that can both resist state abuses and help the state to communicate with its people.[20] Society therefore draws apart from the state, and people form parochial groups (for example, kinship groups) that have particularistic concerns and often aim to insulate their members from the state. So while a strong society may undermine a strong state, it may equally underpin it. The task at hand is to determine what makes a strong society produce a strong rather than a weak state.

The other interesting point is that states need not be authoritarian or remote from society in order to enact unpopular measures. Democratic or otherwise "weak" regimes have in some cases made difficult reforms and engineered development, at times quite effectively.[21] Popular control does not preclude strong leadership. The key to success, it appears, is for the government to generate a consensus in favor of reform or growth.[22] The ability to garner public support seems to be more important to development and reform than does authoritarianism.[23] Leaders must rally potential winners together and marginalize or divide the losers. This is no mean feat—as Niccolò Machiavelli pointed out, today's losers are always a more potent group than tomorrow's winners—yet it can be done. Perhaps one of the best examples in recent history is that of the South African regime and the African National Congress, which together paved the way to democracy in that country by building up the support of the white business and middle classes and dividing the right. Compared to such tactics, violent repression of popular opposition is revealed for what it is: a crude, often ineffectual means of maintaining stability, typically undertaken by a regime that has failed to win popular support for change.

So, if regimes do not need to be authoritarian or remote from society in order to be strong, what is it that underlies state strength?

The Importance of State Capacity

Whether or not the theory of the overdeveloped state applies to Taiwan and other Asian countries is open to debate. However, the Taiwanese example points us in the direction of something that is crucial to state strength, and that does arise from colonial legacies: state capacity. Colonialism endowed such countries as South Korea and Taiwan with capable bureaucracies,[24] whereas countries such as Congo were left with slim pickings.[25] The Japanese invested in training indigenous administrators in their Asian possessions, but the European powers generally reserved the administration of their colonies for their own nationals. Only the French put much effort into educating local administrators, and even they produced but few and low-level officials. Basil Davidson once reckoned that when the Belgians abandoned Congo, which was called Zaire during the presidency of Mobutu Sese Seko, they left behind fewer than twenty Africans with postsecondary education, none of whom had serious administrative experience.[26]

Congo was but the extreme version of the rule in Africa. At independence, Botswana and Côte d'Ivoire confronted this dearth of state, or administrative capacity, by continuing to hire foreigners who worked alongside the new African recruits. This gave the latter the time to develop both administrative skills and loyalty to the institutions of government, until they came to see themselves as servants of the state rather than of their village, kinship, or political patrons. This was arguably the cause of the relatively high degree of state capacity in these countries,[27] but few other African regimes made use of this strategy. Few could. A nationalist strategy bent on expelling colonialists could scarcely then turn around and invite the colonialists to stick around for a while. But administrative capacity is essential to state strength: one cannot delegate policymaking authority to skilled bureaucrats, or implement the policies they make, if one does not have them in sufficient number.

Concentration of Power

However, just because a government has administrative capacity does not mean it will be able to use it for developmental purposes. A large bureaucracy may still be permeable and susceptible to influence. To overcome this obstacle, states with a high degree of administrative capacity seem to become developmental when they concentrate their power in the executive branch, which in turn surrounds itself with a technocratic elite.[28] This arrangement, more than authoritarianism or remoteness from society, seems to provide development planners with the autonomy they need to devise and implement effective national strategies. This minimizes the impact of the interdepartmental squabbling that can slow down policymaking in any regime.

No state is internally united. Priorities among departments differ. When the Brazilian finance minister tried to reduce public spending in 1994 by cutting the minimum wage, he immediately ran up against the powerful labor ministry, which wanted to raise the minimum wage. When such conflicts emerge, they can be resolved if one ministry gains enough influence over the government to make its will prevail. However, another way to resolve such conflicts is for the government to create small superministries, staffed by bureaucrats who get the final say in policymaking matters and whose political autonomy vis-à-vis society is ensured by an executive acting as a buffer against powerful interests.

At critical junctures in their histories, many states have gone through something like what Karl Marx called a Bonapartist moment: a turning point, often a crisis, in which political power was largely granted to, or usurped by, the executive branch or even one leader. In some cases, such as in Côte d'Ivoire and Botswana, this came with independence, when a strong party helped to cement a new government's hold on power.[29] In the case of South Korea, it arose from a coup in which the military, allied to the bureaucracy, broke the political networks that had sustained ISI.[30] In other cases economic crisis prompts strong action, leading sometimes to a military intervention.[31] In all cases, the common feature is not an authoritarian regime, but one with concentrated executive power that delegates policymaking to technocrats.

This made it possible for regimes to break free from or at least weaken the hold of the scourge of many third-world, and especially African, states: patrimonialism. Patrimonialism, a concept originated by Max Weber and elucidated in recent years by some theorists of African political economy,[32] severely erodes a state's autonomy. Politics in a patrimonial state is highly personal: individuals, not parties or interest groups, build up networks of supporters. Whereas in other states individuals must find means outside the state to do this (for example, political parties), leaders of patrimonial regimes use the state itself. They attract supporters with offers of plum government jobs, contracts, and opportunities for corruption. For this reason, directorships on marketing boards or senior positions in customs offices are eagerly pursued as rewards for political loyalty, because they allow officials to directly skim money off the economy. Because of the way appointments are made, a patrimonial state enjoys little autonomy from the political networks on which it is based; corruption is widespread and the bureaucracy is riddled with political appointees who owe favors to those who arranged their appointments. In other words, it is hardly a skilled, technocratic, autonomous bureaucracy. Civil servants direct their loyalty to the leader rather than to the state.

Meanwhile, the networks excluded from power are completely denied the spoils of office. Politics tends to become an all-or-none affair, given that political office is not a means to an end, but the end itself. Struggles for this "cash cow" can cause severe political instability; in Africa, networks organized along ethnic lines compete for power in sometimes vicious battles. Such political instability frightens away investors, and it does not help when successful ventures find themselves prey to police officers or fire departments who demand their cut lest fires break out, a practice that became endemic in Mobutu's Zaire. This is the grand version of what happens in any African city whenever somebody parks a car on a public street. Young boys appear before the engine has even been turned off, offering, for a small fee, to guard the vehicle against vandals or thieves. The drivers always pay, less for the service the boys render than for the assurance that they will not ruin the car themselves.

If a state is to become developmental, it is essential for the government to reduce patrimonial politics so as to insulate decisionmakers from the excessive influence of societal interests. But what are the political forces that are likely to drive the assault on patrimonialism? It takes more than a committed military and bureaucracy or a strong party to make a state developmental. If some strong societies produce weak states, while others produce strong states, then what is the missing element in the former case? Given the existence of a state with a high degree of administrative capacity and concentrated decisionmaking, it appears that the final ingredient that cements the rise of the developmental state is a domestic capitalist class.

Class Politics in the Third World

At the heart of much political struggle is the conflict over access to economic resources, whether jobs, government spending in a given region or on a particular program, or favorable tax legislation. Money may not be the crux of all political struggles; anybody involved in the abortion debate will point out that some of the most intense political struggles are not over money. But a good many political struggles ultimately revolve around who gets what share of the pie. Furthermore, economic strength is usually an essential component of political strength: although rich parties are not guaranteed electoral victory, parties with no economic resources and no prospects of finding them are almost always assured obscurity.

One of the major achievements of modern capitalism is that it removes much of the political struggle from the state. Not only political leaders can proffer plum jobs; so too can rich industrialists. The state is no longer the sole means of gaining control over resource allocation; private economic power plays at least as important a role in this process as does public office. Capitalist power therefore seems to undermine patrimonial politics. It renders it less necessary, since the spoils of power can be had in the private sector. Indeed, capitalism and patrimonialism may have a difficult time coexisting. Patrimonial government preys on private entrepreneurs, and it is in the collective interest of these entrepreneurs to limit predatory behavior by the state and maintain political stability. Capitalists share an interest in expanding the size of the private sphere and creating clear separations between private and public power to defend their accumulated gains. Rolling back the frontiers of the state may equally benefit the state by clearly defining its role and capacities while protecting it somewhat against excessive private penetration.

Of course, capitalists may not recognize their common interests. The crony capitalism of the Philippines saw capitalists taking advantage of, rather than resisting, patrimonial politics. Individual businesspeople fought to get preferential access to scarce resources ahead of their rivals. Organization is therefore essential if the capitalist class is to act as a bulwark against patrimonialism. Entrepreneurs must agree on a common set of rules to which they all will submit. They must, through interest groups and chambers of commerce, develop a common program. If they are linked in this way, they are less likely to "break ranks" and seek political gains at the expense of their rivals, leaving their differences to be settled in the marketplace. Organization may also be essential to make up for the capitalist class's political weaknesses. In a first-world country, most of the state's revenue, whether from taxes or borrowing, flows directly from the capitalist economy. Capitalism thus forms the very lifeblood of the modern state. In third-world countries, by contrast, the modern capitalist sector still accounts for a comparatively small share of economic output, very small in the case of the least-developed economies; a capitalist class must make up for its deficit in economic strength by means of political organization.

Finally, in addition to organization, capitalists must make up for their shortcomings in economic power by linking their organizations (and sometimes individuals) to entry points in the state. This permits a two-way information flow: capitalists can express their concerns to policymakers, and policymakers can at the same time communicate more effectively with chief players in the economy. Where capitalists fail to establish such linkages, they risk becoming politically marginalized, and worse, preyed upon, as happened to some emerging African bourgeoisies at the time of independence.[33]

Such linkage has come to be referred to as "embedded autonomy," after the work of developmental-state theorist Clive Hamilton. Of course, organization and linkage might prove so effective that the state becomes a mere tool of the capitalist class. However, if the state is strong, and has concentrated decisionmaking in the executive power that is surrounded by a technocratic elite, the capitalist class will be able to communicate but not to dominate. The bureaucracy will retain sufficient autonomy from the capitalists to withstand their pressures when need be.[34] This brings to mind the Marxist debate of the 1970s that generally concluded that the most effective capitalist regimes were those that were able to overlook and even repress the demands of certain fractions of capital in order to govern in the interest of the whole class.[35]

In line with Hamilton's reasoning, it appears that not just any group of capitalists can provide the coalition to underpin a developmental state. It probably needs to be a capitalist class rooted in production, and not merely trade or services. Businesspeople invested in trade can satisfy themselves with access to state licenses,[36] and if they make the move to production under an ISI policy, they may go no further than taking cover under state protection and making profits from final assembly of finished goods.[37] Moreover, such capitalists worry less about political stability, because profits in trade rise when stability deteriorates, whereas they fall for those invested in production. Instability drives traders out of the market, which makes commodities scarce and increases their price and hence revenue to the seller. By contrast, in unstable situations, factory owners may have to invest more heavily in security or purchase expensive power generators to make up for power cuts, and in other such ways raise their costs of production, which eats into their profits. States linked to traders, therefore, seem more likely to come under pressure to slide into patrimonial behavior. This may not altogether preclude the eventual rise of an industrial bourgeoisie, which may later come into conflict with the "old" class; recent years have seen the development of such conflicts between "old" and "new" entrepreneurs in several countries. However, as history has shown, patrimonial politics slows industrial development.