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Review

Kicking Away the Ladder: Development Strategy in Historical Perspective

Ha-Joon Chang. London: Anthem Press, 2002. 196pp.

Seb Bytyçi*

Although it has been a decade since this book's publication, it is worth bringing attention to it due to its significance. Many important events have taken place in the world since *Kicking Away the Ladder: Development Strategy in Historical Perspective* was published; most notably the global financial crisis, the Eurocrisis, the continued economic growth of the BRICS, the enlargement of the European Union in ex-communist Eastern Europe, and the raw materials-based growth of many developing countries fueled mainly by Chinese demand. All these developments in the global arena make it worthwhile reviewing and rereading this book. Another key reason for its relevance is the ongoing discussion regarding the post-2015 UN development agenda. Considering the global debate revolving around the above mentioned issues, and their relevance for international development, the lessons and conclusions of this book are highly relevant.

The general aim of Chang's *Kicking Away the Ladder* is to provide a historical overview of the economic development of the Now-Developed Countries (NDCs), analyze their current approach towards the developing world, and subsequently draw lessons from this for the developing countries. The main point of the book is that NDCs through the Washington Consensus prescribe policies for the developing countries which they have not used themselves during their period of economic growth. He uses Friedrich List's phrase "kicking away the ladder" to describe the policies of NDCs towards developing countries.

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In chapter 1, the author provides an introduction to the book. He outlines the Washington Consensus, which consists of the recommended “good policies” of restrictive macroeconomic policy, liberalization of international trade and investment, privatization and deregulation; and “good institutions”: democracy, “good” bureaucracy, an independent judiciary, strongly protected private property rights (including intellectual property rights) and transparent and market-oriented corporate governance and financial institutions, including an independent central bank (1). The author asks whether NDCs used these policies when they were developing. He then introduces his findings that now-developed countries used policies which would be considered “bad” under the Washington Consensus. The second part of this chapter focuses on methodology. Here Chang explains that he is using the historical approach first used by the German economist List in his book *The National System of Political Economy*. This approach “involves searching for persistent historical patterns, constructing theories to explain them, and applying these theories to contemporary problems” (6).

In chapter 2, Chang gives a historical account of industrial, trade and technology policies used by NDCs in their stages of development. He challenges the neoliberal narrative of economic history which states that countries were only able to develop after installing laissez faire policies. He states that there was only a brief period in the 1860s to 1880s when the world enjoyed a largely liberal trade regime, which was mainly due to British imperial policy. But historically protectionism has been the norm, and every successful NDC has used interventionist policy to develop. Chang provides examples of Britain, U.S., Germany, France, Sweden, Belgium, the Netherlands, Switzerland, Japan, Korea and Taiwan to illustrate how NDCs used a range of policies to catch up, from tariffs, infant industry protection, public-private investment, subsidized financing, poaching skilled workers, patent theft to the practice of the developmental state in the twentieth century.

The third chapter focuses on institutions, namely, democracy, bureaucracy, judiciary, property rights, corporate governance, financial institutions, and welfare and labor institutions. Here Chang argues that developing countries have more advanced institutions than NDCs in a similar stage of development. The institution-building processes in NDCs took a lengthy amount of time and they were not one-dimensional. Developing countries have an advantage in this case because they can learn from NDCs’

history and do not have to wait for a natural evolution of institutions, which would take too long.

The fourth chapter provides a summary of the previous two chapters and concluding remarks. Chang argues that the proposed economic policies prescribed by the neoclassical model must be rethought because they have failed to bring growth to developing countries. In the period of neoliberal reform from 1980 to 1999, developing countries fared much worse than in the “interventionist period” from 1960 to 1980. Regarding institutions, the author states that if the appropriate institutions are put in place, the push for institutional reform might be a positive one. But as this is not the case this pressure by international institutions on developing countries to create expensive and unnecessary institutions (such as property rights institutions) amounts to a “ladder-kicking” exercise.

Chang’s points are highly relevant to today’s debates about the role of policies and institutions in development as well as the role of government in general. This is especially the case after the global financial crisis, when in NDCs governments intervened to take ownership of several banks and corporations and to provide stimulus to the economy. The issue of institutions is a crucial one. In fact, having a professional meritocratic bureaucracy is a very important part of development, and countries would do well to achieve that regardless of the requirements for institutional reform. Often such reform efforts lead to a further weakening of bureaucracies through the introduction of concepts such as New Public Management (NPM) (Löffler and Vintar 2004). And, especially in countries that have undergone regime change or state collapse, such as Eastern European countries, a Weberian meritocratic bureaucracy is imperative to complete the process of transition (Amsden et al. 1994). Institutions in developing countries suffer from a degree of “formalism” (Riggs 1964) and introducing “world class” institutions in such a context may turn out to be a formalistic exercise which does not create substantial institutions. Development as a complex process requires state intervention in many areas. Governments may find themselves obliged to intervene in the economy in order to create a tax base, which they can tax to pay for institutions and public services.

One shortcoming of the book is that the author does not provide adequate explanations of why alternative theories are not satisfactory to explain the historical development of NDCs. Also, the book would benefit from including at least one case of a

country which was independent, but did not develop at the same time with the NDCs and to compare their policies. However, these shortcomings do not diminish the value of the book. It is a great contribution, not least for its historical approach, and will continue to influence the debate on development.

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