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Rethinking the Political Economy of Development Beyond 'The Rise of the BRICS'.

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“The Chinese modernization effort of recent years,” wrote John K. Fairbank on the eve of the 1989 Tiananmen crackdown, “is on so titanic a scale that it is hard to grasp” ... The success of the reforms was completely unanticipated. “No economist” – notes Thomas Rawski – “anticipated China’s immense dynamism”. Even Paul Krugman got it wrong ... “From the perspective of the year 2010,” he concluded, “current projections of Asian supremacy extrapolated from recent trends may well look almost as silly as 1960s-vintage forecasts of Soviet industrial supremacy did from the perspective of the Brezhnev years.” Worse still, at a 1996 conference in Taipei, a “well-known American economist” told the audience that Russia, rather than China, “got the reform path about right” – a view echoed the following year by *The Economist’s* contention that China’s economic transformation and its growth could not be maintained if gradual reform was not given up in favour of a Chinese variant of shock therapy.

Giovanni Arrighi, *Adam Smith in Beijing*, pp. 14-15

In 2001, when Jim O’Neill, erstwhile head of global economics research at Goldman Sachs coined the idea of ‘the BRICs’, few had really considered just how dramatic the shifts in economic power would be in the subsequent decade. What seems obvious from a contemporary vantage point – that much of the West remains mired in an enduring ‘crisis without end’ (Gamble 2014) amidst a broader ‘rise’ of, in particular, China, but also other so-called ‘emerging’ countries – would have appeared rather fanciful at the turn of the millennium. This was still the messy aftermath of the Asian financial crisis of 1997 and the pre-Iraq ‘unipolar moment’ (Krauthammer 2002) in which American – and, by implication, Western – hubris was at its peak. Neoliberal models of development, although subject to vocal and sustained critique, still reigned with confident assuredness, and this is why O’Neill’s (2001) short research paper, entitled ‘Building Better Global Economic BRICs’, appeared so fresh, and seemed to capture a new critical *Zeitgeist* before these scarcely perceptible processes of change had begun to register and crystallise with any significance in the minds of many observers. Indeed, as the striking epigraph from Giovanni Arrighi (2007) at the top of the paper indicates, many – if not most – Western economists were still of the view that rapid growth in China in particular, and Asia in general, was unstable, illusory, and doomed to an imminent and inevitable *dénouement* if the correct path of market reform were not vigorously pursued. At the time of writing in mid-2016, and despite recent financial wobbles, China had entered its fortieth successive year of expansion: it was still growing at around 7 per cent and its economy still diversifying. Russia, by contrast, had experienced a contraction of over 4 per cent in 2015, and was running an ever-worsening 7 per cent budget deficit in the midst of a global collapse in its primary energy exports on which its relatively undiversified, industrially atrophied economy was dependent for rents.

Yet, while ‘The Rise of the BRICS’ has become a widely used term, simplistic claims about the emergence and growth of these major non-Western countries have become a lazy but nonetheless ascendant – and arguably even necessary – shorthand for capturing wider shifts in power within the global political economy (GPE) of development. This idea provides the backdrop for the analysis in this paper, and our point of departure is a straightforward one: although the notion certainly describes the patterns of change currently underway, and has been well accepted as a key

signifier of our time, it offers little analytically and is not, therefore, an especially useful theoretical device. However, it is also the case that, in rejecting its analytical utility, we can still accept the importance of the broader idea that those invoking it are generally seeking to convey: it points us towards certain changes in the GPE that are reflected in shifts in economic power that are still evolving and not yet fully understood. There is much that we do not know about how these changes will continue to play out, but what is clear is that they represent a challenge to prevailing ways of thinking about development. This claim consequently provides a jumping-off point from which I seek to outline a trio of contentions regarding how the study of development might be anchored going forward. These are: firstly, a re-statement of the idea that development is fundamentally a process of transformation rather than incremental change; secondly, that, for this to occur, a highly activist and penetrating state is necessary, particularly early on; and, thirdly, that the contemporary global panorama is beset by inequalities that cut across myriad cleavages above and below the state, and this essentially fragmented character of development processes and their implications must be brought centre-stage in analysis.

These arguments provide the foundation for the three main sections of the paper. To begin, we revisit O’Neill’s analysis and trace the ways in which the BRICS have – or have not – ‘risen’ over the past decade or so. Then, we unpack the idea theoretically, in order to substantiate the wider claim regarding the rethinking that is required, and the three ideas introduced above. In the third section, we take each in turn, explaining how a re-examination of them helps us to reconsider how we might conceive of, analyse and practise development today. Then, on this basis, we conclude by suggesting the broad, embryonic contours of a novel agenda for researching development in a post-crisis, ‘post-BRICS’ world. This combines the best of critical (international) political economy (IPE) – a nuanced appreciation of complex, open-ended processes of global change – with the best of the classical moral agenda of development studies, meaning essentially an appreciation of the profoundly unequal nature of political-economic interactions. Consequently, by fusing the latter with the former, I seek to buttress broader ongoing attempts to enrich both (see *inter alia* Hettne 1995; Harrison 2004; Payne 2005; Copestake 2010; Payne and Phillips 2010).

Revisiting ‘The Rise of the BRICS’

The world of a decade and a half ago really was very different to our own. In his paper, O’Neill noted how China then represented, at current \$USD, just 3.59 per cent of global GDP, a figure which was, at the time, only ‘slightly bigger than Italy’, and the BRICs as whole – in his formulation comprising Brazil, Russia, India and China, but not South Africa as is generally the case today – accounted for 7.95 per cent of global GDP on the same measure. Looking back, some of the figures appear astonishing. In 2000, US GDP was \$9.963 trillion or 33.13 per cent of the global total, whereas the Chinese equivalent was barely a tenth of that, at \$1.080 trillion. O’Neill predicted that, by the early 2010s, the combined weight of the BRICs would be, according to four different scenarios of growth and inflation (A, B, C and D), potentially 12 per cent, 9.1 per cent, 14.2 per cent, or a much larger 27 per cent of world GDP. It could be argued that, by offering such a wide target for his predictions, O’Neill could hardly miss. Yet what is most intriguing with the benefit of hindsight

is actually the way he hedges his bets. Even assuming a continued growth rate that has typified the country’s experience since the Deng Xiaoping reforms of the 1980s, China, it is suggested, will only come to account for somewhere between 4.8 and 6.6 per cent of global GDP (in scenarios A, B and C). The fourth scenario (D) proposes a much larger figure of 16.1 per cent, but this is predicated on adjusted purchasing power parity (PPP) measurements and, therefore, inherently views both China and the BRICs (again, 27 per cent collectively) as carrying greater economic weight than when measured in nominal US Dollars. Moreover, O’Neill’s hesitancy is clear from the way in which the analysis is couched in distinctly measured terms: in scenarios A and C it is suggested that China might become the 5th or perhaps 3rd largest economy in the world by 2011; it consequently ‘appears very large relative to some other countries’; and, overall, whatever scenario prevails, ‘all result in China’s relative standing in the world GDP league tables [being] considerably stronger than today’ (O’Neill 2001: 8). In short: change is underway, but it remains open-ended; there is little overstatement of the case being made, and it is advanced in a distinctly guarded, careful and even tentative fashion.

	2011		2015	
	GDP in current \$USD billions	Share of Global GDP (per cent)	GDP in current \$USD billions	Share of Global GDP (per cent)
World	72,187.936	100.00	74,551.027	100.00
USA	15,517.925	21.49	18,124.731	24.30
Brazil	2,613.061	3.61	1,903.134	2.55
Russia	1,904.790	2.64	1,175.996	1.58
India	1,843.018	2.55	2,308.018	3.10
China	7,314.482	10.13	11,211.928	15.04
BRICs	13,675.351	18.94	16,599.076	22.27
South Africa	417.057	0.57	323.809	0.43
BRICS	14,092.408	19.52	16,922.885	22.70
Mexico	1,171.185	1.62	1,231.982	1.65
Indonesia	892.590	1.24	895.677	1.20
Nigeria	418.834	0.58	515.431	0.69
Turkey	774.729	1.07	752.510	1.01
BRICS + MINT	17,349.746	24.03	20,318.485	27.25

Source: IMF World Economic Outlook Database, April 2015

So, what actually happened? Table 1 shows the relevant figures for 2011, which was a decade after O’Neill’s paper and the focus of his predictions, and 2015, the most recent available. Three broad trends are worth noting. First, there is no doubt that O’Neill’s analysis in 2001 was generally correct: the BRICs certainly increased their collective share of global GDP quite dramatically over the subsequent decade, and have continued to do so since. But the second point is that he actually underestimated the extent of the change to come: the BRICs’ total share of world GDP by 2011 was around 19 per cent, well beyond any of his three predictions that were based on GDP in current USD (not PPP). However, a third – and frequently unrecognised – point is crucial to note. Of all of these fast-developing countries, it is China’s performance that has been *by far* the most staggering. It has grown well beyond any expectations that anybody could have held fifteen years ago, such that by 2011 it had *trebled* its share of world GDP, from just over 3 per cent to over 10 per cent. Even in a context where the US has grown strongly out of the crisis, China’s catching-up has been remarkable: by 2011 its economy was worth half that of the US, and the latter had lost global market share from over a third in 2001 to barely one-fifth in 2011; by 2015, where the American share of global GDP had increased again to approximately a quarter, China had still closed the relative gap, with over 15 per cent of global GDP and well over half – and even as much as two-thirds – of the US equivalent (see also Jiang 2014). Consequently, what is actually striking – and perhaps even surprising – about these figures is that the other BRICS have generally lost market share: Brazil has declined from 3.61 per cent to 2.55 per cent; Russia from 2.64 to 1.58; and South Africa, which was, anyway, beginning from a low base, from 0.57 to 0.43 (a seemingly small number, but which encapsulates an almost 25 per cent decline in GDP). Only India has grown successfully and increased its share of world GDP – from 2.55 per cent to 3.1 per cent – but, for a country of a similar size, this means that the Indian economy is barely *one-fifth* the magnitude of its enormous Chinese equivalent.

It is worth reiterating here that, as our brief revisiting of O’Neill confirms, these shifts – and certainly their scale – were largely unanticipated. Or, as Paul Evans (2012: 117) has suggested, it is remarkable just ‘how far perceptions have shifted in a geo-political blink of the eye’. Even those – of whom there were comparatively few – that did recognise these nascent changes could not imagine just how far-reaching they would become. Yet, just a decade before O’Neill was writing, China had a per capita income that was around a *third lower* than the sub-Saharan African average (Lin 2011: 27). Few had the audacity to predict with any degree of confidence that which has come to pass, particularly so in the case of China, and even until relatively recently. For example, one prominent thinker, Mitchell Seligson (2008: 3), writing just a few years ago in the fourth edition of one of the most popular textbooks in development studies, argued that ‘the gap’ – that is, between the incomes of both rich and poor within China, as well as between Chinese per capita income and that in the ‘industrialized countries’ – ‘will take 64 years to close on the unrealistic assumption that China could maintain its present level of growth for many decades to come’ (emphasis added). When he made this quite plausible argument, China’s GDP per capita was barely \$3,000. However, by mid-2016 as I wrote this paper, it was already approaching \$8,000. In the major cities, moreover, it has now moved into ‘high-income’ territory: in 2015, GDP per capita was \$16,527 in Shanghai, \$17,143 in Beijing and \$17,509 in Tianjin. Of course, it will be difficult for such a huge and populous country to distribute wealth between 1.35 billion people such that every-

one soon enjoys a standard of living commensurate with that in evidence Western countries, particularly given the environmental limits to untrammelled industrially-driven growth that it appears to be hitting. Equally, though – and to raise the spectre of Arrighi once more – it is also true to say that China has long confounded the predictions of sceptics and out-performed even the most optimistic expectations.

Talk of ‘The Rise of the BRICS’ actually appears rather misleading when what seems to be happening is that China’s continued expansion masks discernible patterns of stagnation in the wider grouping. Other figures emphasise the point. Today, China’s three main sovereign wealth funds control assets of \$1.055 trillion (ESADE 2014: 102) and this is coincidentally about the same as the country’s entire nominal GDP in 2000. As the data in Table 1 show conclusively, it is now comfortably the world’s second largest economy on this measure; larger, indeed, than the four other BRICS combined, and even larger than both the remaining BRICS combined with the so-called ‘MINT’ countries (Mexico, Indonesia, Nigeria and Turkey), another acronym originally thought to have been created by O’Neill (2013), but which was actually used earlier by Boston-based Fidelity Investments. At its present trajectory, China will overtake the US in the next decade, and arguably already has done so on the basis of PPP. There is no doubt that these changes have, broadly speaking, helped to substantiate claims in the academic, policy and popular literature alike about the significance of the so-called ‘emerging’ powers. However, as Buzdugan and Payne (2016: 160) note, proponents have advanced such ideas ‘mostly without feeling the need to establish from what they were supposedly emerging, or at what point they began visibly to emerge, or indeed what it meant to emerge!’ This in turn feeds into wider debates about the relative decline of the USA and its hegemonic position at the centre of the Western world order (see, for example, Zakaria 2008; Narlikar 2010; Acharya 2014). But does the identification of a few supposedly ‘emerging’ countries or the notion of ‘The Rise of the BRICS’ really help us to grasp the nature of the world order that is taking shape?

A Hollow Idea?

It is not that the BRICS, whatever they may be, are not rising (although, of course, they may not be in the ways either implied or thought previously). The theoretical issue is that the notion itself – which draws attention to the fact that the GPE is being reshaped by rapid development in a handful of large and increasingly powerful countries – does not tell us anything beyond this simple fact. It is a descriptive device, rather than an analytical one. Like other ideas that have gained traction as thinkers have sought to problematise the emerging order created by a broad power shift from ‘West’ to ‘East’ – such as in Fareed Zakaria’s (2008) popular book on US relative decline, *The Post-American World*, the subtitle of which was, self-consciously, *The Rise of the Rest* – it helps us grasp the contours of the world that is coming into view, but gives us little in the way of tools to get to grips with interrogating that world. ‘The Rise of the BRICS’ is, in short, a catchy slogan that is repeated with great frequency in the media and academic literature alike, but it is a remarkably hollow phrase for one that is so widely used. This section of the paper substantiates this claim and, in so doing, sets the scene for our broader rethinking that follows.

The first problem relates to whether or not the five BRICS countries can actually be said to be ‘rising’ in a simple and straightforward way. It was barely twenty-five years ago, for example, that we spoke of the Soviet Union as an imperial ‘Superpower’ – until which point it had spent decades as one of the two most powerful political entities on the planet. Yet today we appear to have forgotten this history, with the implication that Russia’s recent emergence – if that is what it is – is something novel. The Russian experience since the 1990s has arguably been one of stabilisation and recovery from the turmoil caused by the collapse of the Soviet state and its empire, the disastrous IMF-imposed ‘shock therapy’ experiments of the Yeltsin era (see Stiglitz 2002), the concomitant creation and existence of numerous competing power centres, and the rising geopolitical significance of its natural resource wealth (Sakwa 2008; Monaghan 2012). Given these pathologies, perhaps we should not be surprised that it has taken Russia some time to regain some of the ground lost, nor that it has done so by the continued accumulation of power at the centre. In the same vein, if we take a much longer historical view of China’s role within the international system, it is clear that it can be seen to have been a powerful and influential civilisational force for many centuries and even since long before the establishment of the modern USA (Hobson 2004). The arrival of Beijing at the top table of global affairs is, on this reading, but a recent chapter in a much longer trend (Morris 2010). Perhaps most importantly, the idea that these highly influential civilisational states are only now ‘emerging’, as US power wanes relatively, itself belies a highly partial, Western-centric reading of history that elides the role of the East in constructing world orders (Hobson 2012; 2013a; 2013b). It therefore implicitly gives credence to the post-1990 triumphalism that accompanied the collapse of the Soviet Union and fleeting US unipolarity – something Christopher Layne (1993; 2012) has called the ‘unipolar illusion’ – and rather ignores that both have remained systemically important since long before the contemporary era, whether as veto-holding members of the United Nations (UN) Security Council or, indeed, as regional – even continental – hegemons of significant heft.

The second issue is that, for the conceptual idea to carry real weight, there probably has to be some kind of core dynamic driving the rapid development of these five countries, and potentially even a central shared agenda or ideology. It is, however, far from clear whether this is the case. As discussed earlier, their recent patterns of development show great diversity, underpinned by quite drastically different growth models that neither reflect a complete rupture with, nor a simple continuation of, neoliberal orthodoxy (Ban and Blyth 2013). This is something that is only magnified by China’s considerably more extensive and broad-based transformation. By contrast, Russia is an increasingly authoritarian yet actually rather precarious state largely dependent on resource rents, which, as the collapse in global energy prices throughout 2015 illustrated, appears quite unstable. Andrew Cooper (2016: 20-21) even suggests that Russia is the most ‘atypical’ of the original four BRIC countries: it is highly fragmented, apparently declining once more rather than rising, and ‘the country’s export profile is far more restricted’. India is the largest liberal democracy in the world and has seen a boom in high-tech industries in certain enclaves, with a burgeoning and wealthy middle class emerging. Yet life for the majority has remained one of impoverishment, class and caste exclusion, and frequently undermined citizenship (see Jayal 2013). Indeed, given the scale of growth in China *vis-à-vis* the Indian equivalent, it could even be argued that the former’s authoritarianism better serves the poor in developmental terms than does the lat-

ter’s constitutional democracy, not least since ‘democratic India has more conflict with its neighbours and a far higher level of internal political violence’ (Evans 2012: 126). More broadly, then, as Andrew Kennedy (2016) has evocatively put it, China is very much the ‘roaring dragon’ to India’s ‘slouching tiger’. Brazil’s growth model is similarly distinctive: dramatic agrarian change has, on the one hand, driven patterns of accumulation resulting in its becoming a dominant industrial agro-power; yet, on the other, this has permitted a reassertion of elite dominance and therefore marginalisation – along with mass unemployment – for much of the rural peasantry (Richardson 2010; Selwyn 2015; Hopewell 2016). It is also, like Russia, suffering a pronounced contraction as its growth rate collapsed from 2014 onwards. Overall, then, there does not appear to be a central dynamic driving the development of what is really an extremely heterogeneous group of countries. Despite this, the five constituent states *have* sought to institutionalise the BRICS as an official organisation with regular summits. This is suggestive of a degree of unity, reflected in the creation of bodies such as the BRICS Development Bank (Chin 2014). But patterns of progress coexist uneasily with quite significant levels of tension and remain poorly understood: most research has tended to privilege economic and financial considerations, and the wider geopolitical or diplomatic significance of the club’s ‘informal institutionalism’ is only now beginning to be taken seriously (Cooper 2016).

This brings us to the third dilemma, which is that there is undeniably a degree of selection bias in amalgamating these states in a cohesive grouping: indeed, one counterfactual question that arises – which is outside of the ambit of this paper but potentially worth pursuing elsewhere – is whether or not these economies would have come together in an organised fashion in the absence of O’Neill’s framing of them and the discursive power that this appears to have subsequently displayed. His analysis was fundamentally predicated on the basis of growth and likely aggregate weight in the global economy of the future. However, many other indicators could have been used, and would have generated quite different results. The fastest-growing countries outside of the West during the early 2010s were those like Mozambique, Qatar, Turkmenistan, Kazakhstan, Cambodia or Myanmar that were opening up to the global economy and enjoying resource booms. Moreover, in GDP per-capita terms, none of the BRICS are anywhere the top of any global table. Of course, as discussed in the previous section, China’s growth in this measure from \$940 at the turn of the millennium to well over \$7,000 today (\$7,590, according to the World Bank’s databank) is astonishing, particularly given that, because of the country’s sheer scale with 1.3 billion mouths to feed, any substantial increases in average GDP per capita are far more impressive than in smaller countries. This is particularly so because Beijing has doggedly retained an under-valued currency for years: were the Renminbi (RMB) to appreciate against the US Dollar, Chinese incomes would be even higher, as, indeed, they are in PPP terms, and potentially even as much as double (on China’s currency dilemmas, see Hung 2013).

The equivalent figures for the other BRICS show a marked disparity. India, for example, has seen an increase from \$463 to \$1,508 over the same period, meaning that its GDP per capita has gone from being half that of China’s to barely one-fifth. Brazil and South Africa have seen impressive increases, from \$3,789 and \$3,123 to \$11,893 and \$6,890 respectively. However, where the average Chinese person has seen their income increase *seven-fold* in less than a decade and a half, their

Brazilian counterpart has only enjoyed a trebling, and the average South African barely a doubling. The only one of the five that has registered anything approaching Chinese-level GDP per capita growth is, in fact, Russia, which has seen an increase from \$3,123 in 2000 (less than Brazil, at the time) to \$14,469 by 2013, an almost five-fold increase and, nominally, more than double that of contemporary China. However, because of Russia’s dysfunctional rentier development model, the IMF – from whose databank these figures were drawn – forecasts a massive correction once the falls in energy prices of 2014 and 2015 feed through fully into the economy, meaning that GDP per capita in both Russia and China will be roughly the same (just over \$8,000) and, by the time the former has recovered to its 2013 level in 2020 – assuming, of course, that it does in an era of European sanctions, geopolitical instability and depressed commodity prices – the latter, with a population almost ten times the size, will almost have caught up with GDP per capita of \$11,500. As early as 2030, real wages in China could quite plausibly be approaching the levels prevailing in wealthy industrialised countries, including those in Asia such as Japan and South Korea (Chandra *et al.* 2013: 75).

So, ‘the BRICS’ are such for reasons of overall economic size, and it is true that, for the most part, they do represent the largest non-Western economies, although South Africa is surely included for reasons of politics, regional balance and perceptions of stability, given that it is not even the largest economy in Africa (Nigeria is significantly bigger, and Egypt is a very close third) and it is only the 31st largest in the world. Consequently, there exist a number of others that may be able to stake a claim to also being worthy of inclusion in any reasonable definition of ‘emerging’ countries, whether on the basis of size, growth or GDP per capita, and many authors favour a more expansive definition to include the ‘ASEAN-4’ (Indonesia, Malaysia, Thailand and Philippines) and even adding this group as ‘A’ plus Mexico (‘M’) to the BRICS to create something called ‘BRICSAM’ (Cooper *et al.* 2006). In explicit recognition of this problem, O’Neill himself even coined the aforementioned MINT acronym, although these countries are implicitly – if arguably unjustifiably – seen as second-tier to the BRICS themselves (O’Neill 2013). And what of other demonstrably advanced countries, or those that appear either increasingly so or on the cusp of a boom that might render them so, such as South Korea, the United Arab Emirates (UAE), Argentina, Poland, Colombia, Chile, Peru, Saudi Arabia and post-sanctions Iran, or even small states that are flourishing economically like Singapore, Namibia, Botswana, Malta or Mauritius?

The success stories are, moreover, frequently contrasted with the declining fortunes of certain European economies, something that has in turn generated the awful moniker ‘The PIIGS’ (Portugal, Ireland, Iceland, Greece and Spain). Yet what this surely illustrates is that these acronyms are, in fact, ‘inevitably controversial, always irredeemably political’ (Buzdugan and Payne 2016: 161) and, most importantly, largely useless in analytical terms: the GPE is marked by huge amounts of diversity – of growth, in the first instance, but also development models, and patterns of progress and regression – and development itself is an ongoing process, not a teleological end-state that some have supposedly already achieved. The more we expand our acronyms to accommodate those countries that appear to be doing well at a given point in time we simply illustrate the fact that development is something which occurs on a complex and, if this is not an oxymoron, non-linear *spectrum* across time and space. It should not surprise us that lots of societies are

actually growing and developing, but by simply corralling some of them together, on a questionable basis, as some kind of similar grouping, tells us nothing about how those countries managed to find a successful model of political economy, nor what the pros and cons or wider consequences of that approach to development might be, and, crucially, the usefulness of the concept – whether BRICS, BRICSAM, MINT or PIIGS – breaks down entirely. It perhaps takes us a short way beyond the desperately problematic binaries that still infect much thinking on development. Yet it also offers little beyond a description: for example, do we learn anything about the differences between the Portuguese, Greek or Spanish experiences of the crisis – each of which have played out very differently, with distinctive challenges mediated by equally distinctive symptoms and plausible solutions (Dooley 2014) – or the nature of their responses by their having been labelled in this unfortunate way?

This brings us to the fourth and final issue, which is more abstract and theoretical: what does the idea of 'The Rise of the BRICS' actually tell us, beyond simply the fact that the selected countries are (or were until recently) growing and becoming more powerful? It teaches us nothing about why China is apparently diversifying and growing its economy with greater success than the other four BRICS and it offers little insight into how the country will cope with the massive dislocations wrought by that transformation. It offers few clues as to the drivers of Brazilian economic and political expansion in recent years (for a good discussion, see Ban 2012), whether Brazil might achieve its key ambition of a permanent seat on the UN Security Council, nor what it might use such diplomatic influence for. It also cannot explain how many of these countries will cope with the intense demographic pressures, inequalities and rural/urban divides that are disfiguring their societies in a considerably more compressed timeframe than was the case in Western Europe and North America (where industrial revolutions took generations, rather than a few decades). In short, although it appears to offer an easily graspable common-sense conception of the world in which we are living, it does not really help us understand the wider shifts in political economy and processes of development that are shaping that world. These five countries exhibit fundamentally different political economies, their patterns of state-society relations and political competition are distinctive, and they are exercising a range of strategies to achieve their (very different) ends, predicated on different assumptions, and with varying implications.

Nonetheless, as both a prominent and popular signifier of our time, the 'Rise of the BRICS' is here to stay. Moreover, the general idea that those invoking it are seeking to convey – that we live in an era in which marked processes of economic and social development in non-Western countries are fundamentally reshaping the patterns of power underpinning the GPE – is undeniably sound. What, then, can we take from it? By unpacking it, as we have begun to do here, we have shed light on the fact that it is really China that has undertaken by far the most dramatic expansion of all the BRICS, and which is most likely to continue to 'emerge' as the most systemically important state and society alongside the US. 'It is not a matter of when China will converge with the West', suggests Evans (2012: 127-128): 'in fundamental ways it has already done so'. We can, therefore, discern a series of clues about what this means for understanding the new political economy of development, and also begin to sketch out the contours of an intellectual agenda to interrogate it.

Rethinking Development

The patterns of development – and therefore how we comprehend them – are shifting in complex ways. For many, this is a truism: to talk in the traditional lexicon of development, between binaries of North/South, Developing/Developed, core/periphery or First and Third Worlds has long been *passé* (Payne 2005). These ways of thinking are not only inadequate, they are actively misleading: none of them, as traditionally conceived, capture in a remotely satisfying fashion the levels of diversity that exist in the contemporary world. This is, moreover, not simply the case between countries, but also within them where stark patterns of underdevelopment coexist with spaces and sectors experiencing quite dramatic growth, and also above the state level where whole regions are typified by divergence in the forms of progress embodied by the engagement of their constituent parts within an increasingly ‘pluralist’ world order (Cerny 2010). No less than the BRICS or MINT concepts themselves, the old language of development is little more than a classificatory system for trying to make sense of that which cannot be easily classified any more (if ever it could).

So, how should we understand development today? The claim I am making is that the rise of China, especially, opens up a path for considering the unique processes of change that have caused its spectacular growth and transformation, and this in turn offers us an opportunity to rethink what development might be and why it matters. I am far from the first person to have attempted such a task: for example, Jeffrey Henderson, Richard Applebaum and Suet Ying Ho (2013) recently edited a special issue of *Development and Change* where they addressed this specific issue in their opening article, and I return to their wider argument below. For now, I note that there are three dimensions to our rethinking to be discussed. First, I contend that development must increasingly be seen as a fundamental *transformative* process of change. Second, such a shift can only occur with an activist state that shapes markets to serve developmental objectives, even in a globalising era in which such methodological nationalism has been called into question, although we may increasingly need to analyse public and quasi-public authorities playing state-like coordinating functions within or across national boundaries. Finally, it is necessary to combine these essentially political economy insights with the old moral agenda of development studies: that is, inserting greater appreciation of questions of inequality into analyses of state-market relationships under conditions of global change. Before we explore these three issues, though, there is a little ground clearing to be done first.

Unresolved Debates

A huge amount has been written of late on China and the BRICS. As a result, there are a number of debates which are germane to our discussion here and need to be acknowledged, but which we cannot cover in any detail. One relates to the nature of development in all of the BRICS that is partly – even primarily – a result of their size and resource prowess (Wilson 2015) and is therefore not easily replicable elsewhere. There are different aspects to this. For Arrighi (2007), the very scale of the Chinese transformation means that it is likely to enjoy far greater freedom of manoeuvre than even the most successful of its East Asian neighbours, many of which remain dependent in some way on the USA. For others, its enormous expansion

may be predicated on strategies of resource diplomacy that serve to perpetuate the dependency of others on extractive commodities and therefore retard industrialisation in different 'developing' regions of the world. Much has been written on this question in relation to Africa and parts of Latin America especially (see, *inter alia*, Brautigam 2009; Phillips 2009; Gallagher and Porzecanski 2010; Power *et al.* 2012; Cáceres and Ear 2013). The second highlights intrinsic problems within China's own development model: as Jennifer Hsu (2015: 1754) has argued, although plenty of ink has been spilt on the effects of its engagement in Africa and elsewhere, 'much less has been written on China's own development experience' which, despite its successes, has been accompanied by severe environmental degradation, increasing inequality, pernicious abuses of power by government officials and new forms of ethnic and class-based exclusion. The third debate emphasises its essential ephemerality. Put simply: is China actually on the cusp, after almost four decades of expansion, of a crisis? Some argue that it is indeed close to reaching Arthur Lewis's so-called 'Turning-Point', where the glut of rural labour dries up as society urbanises and puts upward pressure on wages, thereby dramatically reducing the country's export competitiveness (Das and N'Diaye 2013). Others talk in a more familiar language – to non-economists – of the 'middle-income-trap' (Zeng and Fang 2014). Yet others emphasise how China's massive investment drive has resulted in overcapacity in all manner of plant that will have neither the excess labour to operate it nor the consumption of output to keep it running. As Naughton (2014: 19) contends, until now the 'system delivered investment and investment delivered growth'; however, this 'equation is no longer so simple'. Yet, just a few years previously, the same observer also suggested that 'project after project that seemed at inception to be superfluous and wasteful now hums along as part of China's booming economy' (Naughton 2010: 449). Either way, these arguments feed off broadly the same idea: that China will soon begin to stagnate and remain thereafter a large middle-income country, with a long-term trajectory echoing that of Brazil, Turkey or Argentina, rather than Japan or South Korea.

As important and intriguing as these huge questions undoubtedly are, all are, again, still far from resolved, and broadly outside the scope of the paper, so I can only take a crude position on each. In the case of the first, it may well be that the Chinese recipe is not replicable and even presents an impediment to similar strategies being adopted elsewhere. But this is hardly pre-ordained: all development strategies necessarily influence those of others, for better or worse, in a globalising world order. Besides, such an argument betrays a rather pessimistic, zero-sum mindset: as Raphael Kaplinsky (2013) has shown, China's engagement in Africa is multi-faceted, multi-layered, conducted by a vast array of public and private actors, and brings with it myriad development opportunities, not least the diffusion of low-cost, small-scale, 'below-the-radar' technology that permits African entrepreneurs to create new micro-firms. To simply focus on neo-colonial dynamics appears rather deterministic and runs the risk of obscuring the agency of Africans themselves. This is particularly so, given that the evolving nature of the Chinese transformation is increasingly opening up spaces for African firms and entrepreneurs to benefit from the kind of strategies – such as offshore textile production – that are becoming unprofitable in China itself as cheap labour dries up, urbanisation intensifies and rebalancing gathers pace (Lin 2011; Chandra *et al.* 2013; Lin 2014). So, just as China has shifted from being a 'follower goose' to a 'leading dragon' and diversified into increasingly higher value-added activity, almost 100 million manufacturing jobs are

becoming available for ‘those lower-income countries that can formulate and implement a viable strategy to capture this new industrialization opportunity’ (Lin 2011: 4). On that basis, there is no reason why African countries cannot mirror the Chinese experience in spirit, if not necessarily in scale or extent. The second is an essentially normative issue: like all approaches to development, the Chinese recipe – and, by implication, those of other emerging countries – is replete with tensions and trade-offs. Industrialisation in the West provoked quite appalling environmental and social consequences too. The fact of their existence is less important than whether China can develop the solutions to these challenges or not. It is already leading the world in the creation and embedding of green technology and may well find novel ways simultaneously to continue growing and achieve greater environmental balance, so the answer is potentially a positive one (see Mathews 2014; Mathews and Tan 2015).

On the third, it is impossible to see the future, but predictions of a Chinese collapse have been spectacularly wrong in the past and it is plausible that they will continue to remain so. The country will surely face various crises, and it is certainly confronted with a set of thorny challenges related to its political system, the imperative of economic rebalancing, and environmental constraints. But it retains a solid foundation for continued growth and expansion, even if ultimately at a lower rate than previously. This is partly because of the ‘increasing technological sophistication’ of its key firms (Henderson *et al.* 2013: 1228) and the fact that it is beginning to export – and cleverly finance – high value-added, advanced products of its own, such as high-speed rail infrastructure, an industry that, as Naughton (2014: 14) notes, has grown out of the country’s own enormous ‘infrastructure build-out’ which has occurred at ‘eye-watering speed’. Moreover, those who suggest that China is soon to fall into the middle-income trap frequently base this on assumptions derived from the past experience of other large ‘developing’ countries, and emphasise its dependence on both foreign investment and technology, and the comparative advantage supplied by a large labour pool undertaking medium-skilled assembly functions in sectors such as consumer electronics (Zeng and Fang 2014). Yet this strikes me as an increasingly dated view, often predicated on a caricature of the Chinese economy a decade ago: although many firms and hundreds of millions of workers still operate at various points away from the high value-added end of global value chains, in recent years China’s highly capitalised domestic businesses and advanced research institutions, both public and private, have begun to move aggressively into new areas of industry and have filed a staggering number of patents that are many times greater than their Indian equivalents, or, indeed, those of the wider BRICS (Kennedy 2016; Serrano 2016). As these processes evolve, some Chinese firms – Huawei being a prime example – are becoming among the largest and most powerful globally, and lower value-added activity is increasingly being out-sourced to new parts of the value chain elsewhere in Asia and Africa (Lin 2014). And, underpinning all of this, as Kaplinsky (2013: 1307) suggests, continued growth ‘will almost certainly involve an expansion of domestic demand’. So, given that China’s export-led industrialisation mirrors the development of the ‘Asian Tigers’ to a larger degree than it does, say, the import-substitution experiments that were prevalent in 1970s Latin America, it seems quite reasonable to expect that its longer-term trajectory will also mirror the experience of the former to a greater extent than the latter, not least since it is following essentially the same pattern of shifting into more ‘technologically sophisticated industries in accordance with the upgrading of the underlying production structure’ (Chandra *et al.* 2013: 74).

None of these three unresolved debates, as important as they are, alter my fundamental agenda in terms of rethinking development. In any case, my overarching argument is not that other societies can – or, indeed, should – replicate China’s experience in a prescriptive way: whatever approach they might take, one society’s patterns of development will be distinctive, as will the nature of the costs and benefits that are subsequently engendered. I therefore seek here to draw attention to the ways in which, regardless of the external or internal consequences, the Chinese experience affects how we comprehend the processes that have fostered it, and the concomitant intellectual implications for better understanding both the very essence of what development itself is and the political economy by which it might be engendered. It is unlikely that, even where they so inclined to try, other societies can emulate China: as Naughton (2010: 439) has put it, ‘nobody else is so big, possesses such a unique comparative advantage [in its abundant pool of labour], or operates a remotely similar political system’. Or, as Weiwei Zhang (2012: x) has suggested, it is quite plausibly ‘a country *sui generis*, a civilisational state, a new model of development’. This is a process, moreover, which has arguably been in train for far, far longer than just the decade or so with which we have increasingly come to be familiar with it (see, *inter alia*, Hobson 2004; Morris 2010; Hobson 2012; Ringmar 2012). But this also does not automatically mean that there are not certain *principles* underpinning China’s transformation that matter, nor that an analysis of them does not help us better understand processes of development. My contention, then, is fundamentally that the nature of – and relationship between – the empirical and intellectual shifts that are underway is such that it permits us to reconsider what, exactly, development *is*, because its meaning – at least in the sense advocated here – has been lost during the neoliberal era. This recognition has, in one respect, an obvious theoretical dimension: as Payne and Phillips (2010: 1) have argued, the concept itself requires urgent and critical rethinking because it has become ‘extraordinarily widely used in public discourse’, and yet ‘has perhaps never been deployed so glibly, and in general so little questioned and understood’. It is on this basis that we now try to bring some clarity to the idea.

Development as Transformation

The problem is not simply that the concept itself is frequently misunderstood, misdiagnosed or misappropriated. Something much more subtle has been going on, too: an implicit narrowing of the terrain upon which *meanings* of development are constructed, legitimised and naturalised. Not only are contemporary conceptions highly circumscribed and taken for granted in an almost organic fashion, but, crucially, they represent subtle and largely un-questioned manifestations of power (Peck 2011; Harvey 2014). The irony is that those who transmit these ways of thinking are often well-meaning actors *working in development*, many of whom would surely consider themselves of a broadly heterodox persuasion. However, they and their institutions reproduce, almost sub-consciously, a distinctly orthodox agenda through the language that is deployed to ascribe meaning to both the practice and purpose of ‘development’. The critique that I advance here is not – in the first instance – familiar indignation about the fundamentalist marketisation of political and social life that has occurred progressively since the heyday of the ‘Washington Consensus’. As Colin Leys (1996a; 1996b) argued at neoliberalism’s peak, the effective reduction of development policy to little more than rolling back the state and

letting market processes take over effectively represented a repudiation of active development policy *per se*. Or, as Jan Nederveen Pieterse (2010: 7) has put it more recently: ‘neoliberalism was fundamentally an anti-development perspective, not in terms of goals but in terms of means’. This story is well-known and, with the benefit of hindsight, arguably also overblown: many countries outside the West quickly disavowed the excesses of market fundamentalism once its myriad failures became clear (Heron forthcoming). What interests me more here is how the rooting of neoliberal ideas in official development policy created a legacy of path-dependence, subsequently setting the boundaries of future thought and action, even in spaces that are not thought of as inherently neoliberal, either by those within them or, indeed, critics residing outside. Today the very essence of what development is or might be – and the full range of choices available to try to engender it – is, often inadvertently, but nonetheless dangerously, elided, even by those actors we might think of as its key defenders.

To substantiate this claim it is worth briefly revisiting some intellectual history. The 1960s and 1970s, as is well known, witnessed a battle between notions of ‘modernisation’ and ‘dependency’. However, despite regularly being framed as opposites, both ways of thinking actually converged – to some extent – on the nature of the problem itself, even though they diverged on both their interpretation of its significance and the kinds of action to which it gave rise (Bull and Bøås 2012). At this time, as Hugo Radice (2008: 1165) has put it, both mainstream thinkers and their radical critics had a broadly shared view regarding ‘the desired objective of development’ (emphasis in original). So, regardless of where one stood on the ideological spectrum, development was seen to be fundamentally about processes of national liberation and economic transformation, with outcomes characterised by sustained social amelioration. This is what development was: i.e. nothing other than a substantial shift in the productive capacity of an economy, usually driven by the establishment of new industrial sectors capable of generating rapid productivity increases and significant ‘autocentric’ growth, with the consequence that profound changes take effect in the wider social and political order, which moves, essentially, to an altogether different panorama of existence or possibility. Development, on this reading, is a *process of quite fundamental change*, which, although not free from the legacies of the past, results in a distinct alteration in multiple facets of the given society, such that it embodies an entirely new state of being. Indeed, this is the classic everyday meaning of the word itself: a *progressive process* whereby an actor or an institution – an individual, a state, a society, a team, or even a system – undergoes systematic change resulting in the evolution from one state of being to another. Put simply: it *develops*.

However, by the 1980s a resurgent neoliberalism took aim at the Keynesianism that was a key driver of the industrialisation and restructuring of societies along social democratic lines in ‘the North’ and, to borrow a lovely turn of phrase from my late colleague, Norman Girvan (2006: 74-75), ‘its presumptive intellectual offspring, developmentalism in the South’. Throughout the 1990s and beyond, neoliberalism had such a stranglehold over mainstream thinking – if not necessarily praxis – that, at the global level, attempts to theorise alternatives took place within extremely narrow parameters. Jean-Philippe Thérien (1999) identified two trends in this regard: a ‘Bretton Woods paradigm’ characterised by Joseph Stiglitz’s (1998a; 1998b) ‘post-Washington Consensus’ agenda in the World Bank, which softened the harshest

edges of neoliberalism by adding notions of ‘good governance’ and the importance of institutions to its lexicon; and a ‘United Nations paradigm’ emanating out of New York, characterised by human-centred notions of development, most famously encompassed within the Human Development Index (HDI) and the Millennium Development Goals (MDGs). This debate has been much picked over, and it is both accurate and well known that neither of these agendas posed a genuine challenge to the neoliberal order. However, what is under-remarked – and this is the crucial point about subtle elisions of developmental possibilities – is that both of them also intrinsically deny the kind of transformation of economy, state and society that was so central to the development debates of the post-war period. The former is about off-the-shelf liberalisation and sweeping global market integration driven by corporate power, the disastrous results of which are encompassed in rocketing levels of inequality, insecurity and even democratic decline (Rodrik 2012). The latter is about incremental improvements in specific areas, such as education, access to clean water, sanitation and so on. These are, of course, undoubtedly good things in and of themselves. Yet, in allowing the UN agenda to dominate official discourse and policy, particularly at what we might think of as the more leftist end of a spectrum that is suspicious of the orthodox certainties emanating from the Washington-based institutions, the boundaries of critical official thought are set far more narrowly than is either desirable or, crucially, even recognised.

Part of the problem, as Wil Hout (2012) has argued, is that development agencies, regardless of any subtle differences of ideological emphasis, still view the phenomenon as something that is *technical* rather than *political*. This reflects, in part, incentives for staff to work in an instrumentalist, project-based fashion to improve the various indices in which they may be interested in often *very poor* countries. It also reflects, despite – or even because of – the centrality of the ‘good governance’ agenda and conscious attempts to bring political economy analysis into decision-making processes, an almost imperceptible and unquestioned antipathy towards the state inherited from neoliberalism. Resources are continually channelled to actors and institutions – both local and foreign, especially in civil society – outside of the state, even contributing to its weakening in contexts where it is most needed. This finds its most ludicrous expression in attempts to induce democratic reform: states that lack capacity have, at times, been compelled to shed functions and become leaner; yet this only contributes to their further weakening, and therefore an even greater inability to bear successfully the institutional paraphernalia of democracy, let alone the social compromises that it implies, or, indeed, the charting of an ambitious development strategy (Grugel and Bishop 2013). There is a paradox here: as Heron (forthcoming) has suggested, although ‘the role of the state in the practice of development has been substantially reduced, the role of the state in the analysis of development has been substantially increased’. So, on the one hand, it is clear that a penetrating state is required – but is neither sufficient for, nor a guarantee of – the facilitation of effective development policy, and this is increasingly, albeit often only partially, acknowledged in official discourses. Yet to follow this to its logical conclusion is impossible: this would force practitioners, the carriers of official discourse, to cede power and simultaneously empower political elites of often highly authoritarian character for whom good governance and democracy are not the same thing, and for whom the latter is not a necessary pre-requisite of successful development (Bishop forthcoming). This matters, because the continued technocratisation of development policy – and its inability to imagine political

alternatives, or to permit them to be imagined in their full glory – implicitly serves to prevent more transformational notions of development from taking root.

Whatever it might be, then, development cannot be reduced to the components of the MDGs or the Sustainable Development Goals (SDGs) that have replaced them. This is not to dismiss their importance *tout court*: these frameworks and others like them are clearly useful – although not uncontroversial – in terms of national and global benchmarking (see Broomé and Quirk 2015), and the improvements that a great many societies have made in recent years according to their prescriptions are undeniably worth celebrating. However, they can also only ever represent *symptoms* of development, not development itself, and policy that is geared exclusively towards achieving them will be intrinsically incremental rather than transformative. Put differently: Norway does not regularly find itself at the top of the HDI because it is focused upon being so; its leading position is rather a by-product of its wider developmental success. Changes in global patterns of development – and, in particular, the transformation underway in China – pose a huge intellectual challenge to the prevailing technical orthodoxy. For the first time in decades, notions of development as *national developmentalism* are hovering back into view. As Jayati Ghosh (2015: 321) has recently noted, development is not really ‘about simply reducing deprivation’, as envisaged in universalist MDGs and SDGs that strip history and context from societal challenges. It is, she suggests, ‘more about transformation—structural, institutional and normative—in ways that add to a country’s wealth-creating potential, ensuring the gains are widely shared and extending the possibilities for future generations’. This is also something recognised by Henderson and his colleagues noted above: they also conclude that the way China is ‘re-constituting the nature of globalization’ necessarily affects ‘the conceptualization and policy-practice of “development”’ and they argue, in turn, for greater focus on ‘a discourse of transformation’ (Henderson *et al.* 2013: 1222). However, there is a subtle difference to their broader conclusion, as they consider the ‘externalisation’ of Chinese capitalism brought about by its distinctive patterns of development, and the consequent implications for the transformation of global capitalism. This is an important agenda and echoes my point of entry into the wider debate. However, my use of the same term is different and geared towards understanding the nature of development itself: that is, viewing development as transformation, in light of the lessons gleaned from China’s rise, as opposed to analysing the consequences of China’s development *for* the transformation of globalisation and the impact on ‘the developing world’ as a whole (Henderson *et al.* 2013: 1237). In a sense, we are looking at the same broad issue, but posing different questions and placing key variables in a different order.

The focus on transformation that I advocate here carries two quite significant implications. First, neoliberal approaches to development – particularly the more market fundamentalist variants – appear implausible, even on their own terms. Successful growth, development and transformation do not result magically from processes of global market integration bereft of public agency; they require, rather, a developmentally minded state to actively pursue them. Moreover, regardless of official or intellectual resistance to this idea, a number of hugely powerful countries in general, and China in particular, are intervening to transform the productive capacity of their economies, thereby effecting genuine national development. Second, there is an important lesson for all countries, but especially poorer ones.

Improving living standards is important, but this will not happen in a truly fundamental way from blindly pursuing the SDGs as an end in themselves. This will only serve to continue leaving responsibility for what are essentially political decisions in the hands of foreign technocrats, thereby narrowing the horizon of developmental possibility. Means, therefore, are as crucial as ends, if not more so, not least because their successful exploitation can subsequently generate a much wider panorama of possible ends. Those countries that have industrialised successfully, often by resolutely ignoring the diktats of international experts, have far greater leeway to pursue subsequently other kinds of economic and social policy than those that remain dependent on them. It barely needs saying that such a view is heretical in official development circles, not least since it inherently implies rejecting much ‘off-the-shelf’ policy advice that is, as we have seen, overwhelmingly geared towards satisfying a narrowly-defined set of objectives. But that does not mean that it is misguided. If you get the development right by effecting meaningful growth and transformation, the outcomes should broadly take care of themselves. In the next two sub-sections we take each of these issues – the question of the state and that of exclusionary dynamics – in turn.

Bringing the State Back In: Again

One of the most important books to have been published in recent years on questions of development is *The Quest for Prosperity: How Developing Economies Can Take Off* by Justin Yifu Lin, a Chinese economist and, until 2012, Senior Vice-President at the World Bank. Lin’s appointment in 2008 was in itself remarkable: in the prologue to the book he notes how he was the first national of a developing country since the creation of the Bank in 1944 ‘invited to serve as its chief economist, guide its intellectual leadership, and shape the economic research agenda of the institution’ (Lin 2014: x). This perhaps hints at a deeper shift in emphasis and a desire for intellectual renewal of the kind that, to a certain extent, was happening elsewhere in Washington at the International Monetary Fund (IMF) during the crisis (Grabell 2011). In *The Quest for Prosperity*, Lin’s argument is actually rather simple. Put crudely, states should look to the Chinese example of rapid growth underpinning development – echoing the argument above, he uses the term ‘dynamic structural transformation’ frequently to describe what China has achieved – and do far more than just correct market failures or provide infrastructure and other public goods necessary to underpin markets. Rather, states should identify strategic sectors for growth and intervene purposefully to nurture and develop them. In short, governments can and should pick winners: this is a crucial activity, both in the early stages of development and later on when vested interests need to be taken on in order to recreate, reshape or rejuvenate markets, provoke ongoing structural change, further upgrading and, consequently, new patterns of transformation.

Lin notes at the outset that his argument – when he first started making it in the 1990s – went against the grain of ‘Washington Consensus’ doctrine: ‘China violated almost all basic principles for a well-functioning market economy, dictated in the mainstream theories’ (Lin 2014: x). Yet, as he also argued at length in an earlier work authored with Fang Cai and Zhou Li and originally published in 1996, *The China Miracle: Development Strategy and Economic Reform* (Lin *et al.* 2003), the deliberately slow reform path taken by Chinese policymakers was fundamentally about twinning social stability with growth. Had the country followed the kind of

‘shock therapy’ experiments that took place in Russia, unviable firms would have collapsed overnight, with dangerously unpredictable social and political consequences. Private actors would not have been able or willing to bear the risk associated with creating whole new economic sectors – and, eventually, globally powerful firms – without the intervention of the state. Like Russia, a shock-therapised China would today surely be dependent on a range of economic activities lower down the value chain. However, as we discussed earlier, it has begun to diversify rapidly out of those industries that drove the early stages of its expansion and into much higher value-added activity.

The lesson from China is not simply that the state needs to take up a central role in shaping the economy, nor that the broad agenda favoured by free marketeers is intrinsically misguided. Indeed, as Heron (forthcoming) suggests, the progress of the BRICS illustrates the intrinsic superiority of neither state-led nor market-led development: it is rather ‘the distinct institutional pathways – and political coalitions that underpin them – which accounts for the economic models that different economies follow and, to a degree, the successes and failures associated with them’. China itself remains very much a capitalist market economy, but one in which public actors have a very large stake, partly as a method of ensuring greater competition, even if it is between state-owned firms (Naughton 2010). This is not as paradoxical as it sounds: high levels of marketisation can – and do – coexist with heavy authoritarianism and intervention. The fact that the Chinese experience is, as Julian Gruin (2016: 44-45) puts it, ‘often mischaracterized and misinterpreted’ in this regard ‘is due to an assumption that the institutions of capitalist modernity must all somehow be pressed out of the same mould’. There is little doubt that today a range of inefficiencies exist in many sectors that are dominated by overweening state firms, but something similar can surely be said of the USA or Europe where corporate behemoths frequently corner markets, extract rents and corporate welfare, and crowd out competition. Nonetheless, plenty within China recognise the need to reduce gradually the supremacy of many State-Owned Enterprises (SOEs) and encourage new private innovation, particularly since in many industrial and technological sectors the country is now approaching the innovation frontier. As Kennedy (2016: 69) argues, ‘successful transitions, therefore, require a retreating state’, since it becomes progressively more difficult to pick winners in such a context: patron-client ties can exclude more innovative actors from state backing and the downside risks associated with supporting the wrong industries or firms are acute. It is also true, though, that many growth sectors would not have otherwise come into being without forceful state guidance at the outset. Reform should be characterised, therefore, by a steady process of diversification and change, not a sudden cataclysm: as Lin notes, China’s ‘gradual, piecemeal, dual-track approach provided transitory protections and subsidies to firms in the old priority sectors’, but also facilitated the gradual growth of private firms in newer ones with, over time, the balance between state and market slowly shifting (Lin 2014: xi).

In one sense, this is not particularly radical stuff. Amidst the more heterodox strains of political economy, many have long pushed back against the neoliberal contention that the role of a necessarily circumscribed state is to provide the legal and material infrastructure in which notionally ‘free’ markets – which, in reality, are often not free in the classical sense, but rather characterised by contractualisation and the arms-length outsourcing of state functions (Cerny 2010) – should increasingly produce all goods and provide most private and public services, in favour of em-

phasising the enduring role of the state in shaping and distorting markets to serve developmental objectives (see, *inter alia*, Wade 1990; Amsden 1992; Leftwich 2000; Chang 2002; 2010). This is particularly so since, as Lin argues, the neoliberal diagnosis of the problems afflicting poorer countries is misguided: it is not distorted markets or market failures that inhibit development, but rather that the market – composed, that is, of webs of sophisticated, institutionally dense, competitive firms – often does not even exist. Ha-Joon Chang (2010) has also made a similar argument: it is not that poorer countries lack entrepreneurialism, an affliction with which they are frequently diagnosed by development agencies. If anything, he suggests, people are compelled to be more entrepreneurial in contexts of impoverishment. But what they do lack are the institutions, markets and stores of capital to turn that entrepreneurial vigour into businesses that can expand, compete internationally and help to generate growth. New industries and markets consequently have to be created, nurtured and shaped: this necessarily requires strategic action, within the context and capabilities of public actors and institutions, rather than a simple rolling-back of them.

In her well-received book, *The Entrepreneurial State*, Mariana Mazzucato (2013) has offered a particularly persuasive contemporary account of these kinds of arguments, suggesting, in an evocative nutshell, that it is the ‘visible hand of the state’, rather than the invisible hand of the market, that has regularly undertaken and underwritten the kind of risk necessary to develop new industries and engender the kind of subsequent growth that stimulates real, long-term, transformative development. China, on this reading, has simply found a successful recipe for ensuring an appropriate mix between the state and the market: a similar recipe to those successfully concocted by the East Asian ‘developmental states’ themselves during the 1970s to effect their own transformations. This is, moreover, a lesson that many African countries are increasingly taking on board too. In a huge study undertaken by David Booth and his colleagues on the question of *Developmental Regimes in Africa*, and echoing our argument in the previous section, it is suggested that the faith placed in external models of ‘good governance’ for the past twenty years has been misguided: this has led to a situation where ‘African economies are getting growth but not structural change or the accumulation of new productive capacities’ (Booth *et al.* 2015: 1). Part of the problem is that, in order to maintain good relationships with donors, governments adopt their policy advice, ‘best practices’ and institutional recommendations, ‘even though in practice they do not represent relevant solutions to the problems countries are facing’ (Booth *et al.* 2015: 8). These authors broadly find that, while the ‘post-Washington Consensus’ focus on institutions has merit, it is not liberal, inclusive, democratic ‘good’ governance that matters, but rather the developmental orientation of the state: periods of sustained economic progress have nearly always been driven by outstanding leaders and then waned in tandem with their own political decline. The question, then, is not necessarily how to improve ‘governance’ in Africa, but rather how to ensure that a developmentalist bent is fully institutionalised within the organs of the state and, especially, the bureaucracy, so that it can outlive discrete episodes of purposive political action. Of course, a developmental state is not, on its own, sufficient to ensure development. A further key issue, then, is how to manage transitions in the relationship between state and market, and thus minimise the damaging rent seeking of either public or private actors. As it rebalances, China faces significant challenges in this regard from entrenched vested economic interests linked to the state, not least

since, as its political-economic regime has stabilised, the pace of market reform has slowed (Naughton 2014). But Western countries face similar – and frequently unrecognised – problems from entrenched private rent-seekers, particularly in the Anglosphere, where, by handing over public functions to privatised capital, they have become beholden to *rentier* finance, something that has become increasingly clear during the crisis and beyond (see, *inter alia*, Blyth 2013; Mirowski 2013; Piketty 2014).

Radical or otherwise, Lin’s intervention is intriguing in three further respects. First, the very fact that these ideas emerged from a senior location within one of the main Bretton Woods institutions during his four years at the World Bank between 2008 and 2012 is potentially suggestive of a broader shift in thinking, or, at the very least, greater open-mindedness. Similarly to Stiglitz’s aforementioned ‘post-Washington Consensus’ agenda in the 1990s from a similar position, Lin’s work can be seen as a continuation of the gradual unpicking of orthodox certainties that appear increasingly indefensible in a world exemplified by Western stagnation and rapid growth in Asian economies marked by a heavy dose of *dirigisme*. Second, Lin’s ideas go beyond even the most *outré* frontiers of ‘post-Washington Consensus’ thought. It is not that he believes in state intervention for the sake of it, nor that he does not recognise the very real failures of industrial policy in some places that led to the rise of neoliberalism and its – in many ways plausible – critique of the costs that they can impose on economic efficiency. It is rather that, while emphasising the importance of an efficiently operating market economy, intervention is often required to encourage the creation of many of the institutional components and industrial sectors themselves, and also to support the ongoing transformation and evolution of the economy into more sophisticated activity. It is, therefore, the *nature* of the strategy that matters. In this sense, both advocates of classical industrial policy and their neoliberal critics are to some extent misguided: we need to distinguish between different interventionist approaches taken by countries, since ‘policies facilitating the development of new industries that are consistent with the comparative advantage of the economy often succeed’ (Lin 2011: 20). What this means, essentially, is that China’s ongoing success – like that of the ‘Asian Tigers’ in an earlier era – can be explained by forms of intervention that have shifted relentlessly over time according to changes in the prevailing endowment structure. Third, the reason Lin’s ideas are so important is because – again, as noted earlier – the Chinese example on which he bases much of his argument fundamentally challenges existing ways of thinking about development. As Lin himself notes, as he took office at the World Bank at the end of the last decade, there was a real worry that there were ‘difficult times ahead’ in China, and a series of quite troubling crises relating to inequality, the rural/urban divide and, what he euphemistically terms ‘other domestic issues’ (Lin 2014: ix-x). This sense of a country walking a tightrope has not abated. But what has happened in the intervening seven or eight years, amidst a massive global financial crisis? China’s economy has doubled in size!

Were the government today seeking to protect the textiles manufacturers that drove growth during an era in which Chinese comparative advantage was located in abundant labour migrating from farm to factory, it is quite likely those forms of intervention would eventually precipitate stagnation or decline. Yet state-directed investment is now pouring into high-speed rail, mobile technology and advanced petrochemicals – amongst other things – thus forming the basis for further struc-

tural transformation. The ‘unprecedented speed’ of China’s investment in green technology and renewable energy, which will in turn help to mitigate the environmental constraints faced by its broader growth pattern, is a direct consequence of its ‘top down command and control’ approach to stimulating the sector (Chen and Lees 2016). On the one hand, then, without such interventions, private market-based actors would be unlikely to generate these broader transformations alone. In the absence of purposeful state action – to give one obvious example – there would be no exports of high-speed rail technology gradually coming on stream, and the economy would ultimately be operating at a lower level of developmental possibility. Yet, on the other hand, not all interventions are sure to succeed: if Lin is right, they must be aligned with shifting patterns of comparative advantage. Countries cannot develop competitive industries overnight, nor can they mirror those operating at the industrial frontier immediately. So, China could not have started exporting high-speed rail when the *Train à Grande Vitesse* or the Shinkansen were being developed in France and Japan respectively during the 1960s and 1970s. But, equally, this perhaps explains why China has – so far – avoided the fate of the Latin American industrialisation experiments of the 1960s, where capital-intensive sectors that could not compete internationally against rich-country firms with far greater stores of capital began to rent-seek, further undermining their own flaky competitiveness and wasting scarce public resources on the protection of essentially unviable firms and industries. Successful industrialisation, then, is a *gradual*, yet also *continual* process of upgrading that ‘targets’ industries operating in countries possessed of a discernably – but not significantly – higher level of income and development, along with a comparable prevailing comparative advantage structure (Lin 2011; Chandra *et al.* 2013; Lin 2014). As industries grow and accumulate capital, the state has to have the wherewithal to provoke shifts into less labour-intensive activities, lest stagnation and rent-seeking set in.

The overarching lesson is that neither states nor markets alone generate new industries, growth and development, nor indeed do markets operating in a ‘post-Washington Consensus’ environment that (only grudgingly) accepts the importance of a state whose role remains limited. This was, as Lin (2011: 23) again notes, the major failing of a neoliberalism that emphasised the *government* failures in Africa and Latin America during the 1960s and 1970s ‘without fully taking into consideration the crucial *market* failure issues of coordination and externalities inherent in the process of industrial upgrading and diversification’ (emphasis added). Simply because some interventions fail in some places at some times, it does not follow that strategic state action *per se* should be *verboten*, just as recognition of market failures in some places at some times does not represent a convincing argument against market economies in general. As Lin adds, attempts to achieve the kind of transformation that marks the experience of rich countries with high levels of advanced industrial activity and capital intensity ‘cannot rely solely on the market mechanism’. That this might remain controversial in some quarters is puzzling, not least since, as Naughton (2010: 45) suggests, ‘the need for a government-led investment effort was once part of the oldest orthodoxy in the field of development economics’. So, rather than ‘bringing it back in’, we should perhaps note that the state has never really gone away: it is rather that misguided *general* lessons regarding the implausibility of government intervention were drawn from what were actually *specific* policy errors during the pre-‘Washington Consensus’ era (Lin 2011: 34). Consequently, on both the orthodox and heterodox side, we have a poor understanding of how

the state actually operates in distinctive settings to generate particular types of development outcomes (see Rodrik 2014). Indeed, in this sense – and amidst remarkable diversity of those outcomes across the globe – it is perhaps surprising how, in much of the literature, the state is at once over-conceptualised and under-theorised. What is required, then, is a better appreciation of its nature in a given context, and a mapping of how it engenders particular forms of development by shaping markets – or, of course, neglecting to do so – in distinctive ways.

China therefore presents our understanding of these issues with both a huge challenge and an intellectual opportunity. It represents at once ‘a system in which market incentives and administrative supervision and surveillance are *both* unusually strong’ (Naughton 2010: 457). In other words, it embodies a strong state existing within a context characterised by similarly strong and well-developed markets. So, it is not that the state is more important than vibrant market competition, as is implied in parts of the more heterodox literature; the latter is crucial for fostering innovation and driving down prices, amongst other things. It is rather that the impetus for creating, reshaping and overcoming failures within markets, generating new patterns of incentives and thereby provoking the kind of continual industrial upgrading that underpins transitions into new and higher panoramas of development, simply cannot occur without strategic action on the part of the state (Lin 2011: 25). This is particularly important when it comes to the orientation of finance and the purposes to which it is put, productive or otherwise: as Ghosh (2015: 327) suggests, ‘no country has industrialised’ without some form of ‘public control over the direction of credit’. Assessing China’s recent growth record – particularly when compared with the massive misallocations of human and finance capital that preceded the 2008 crisis and resulted in multi-trillion dollar Western bank bailouts, along with ongoing market and regulatory failures, enduring instability, and the continued extraction of wealth by *rentier* elites (Bell and Hindmoor 2015b; 2015a) – it appears difficult to argue that strong public institutions, both in Beijing and at the provincial level, have not been at least as (if not more) effective at shepherding capital to the right places.

Exclusionary Dynamics

The final element to our rethinking relates to contemporary patterns of exclusion that are enduring globally, but which have been thrown into sharper relief by the distributional consequences of shifts in economic power. In a sense, I have so far made the case for injecting the study of development with a better appreciation of political economy themes. Here I do the opposite and argue that the study of the latter would be stronger were it infused with a bit more of the former, and, in particular, an awareness of the patterns of inequality that continue to mark development processes. Of course, transformative change driven by states with dramatically varied power resources competing with each other is never going to be fair, but its consequences matter analytically in myriad ways. Here we address four primary and broadly interlinked issues: firstly, how we should grapple intellectually with patterns of development in societies that do not appear especially successful; secondly, how we should comprehend and analyse development processes that can be identified in a wider range of societies than has traditionally been the case; thirdly, what to do about the fact that such processes increasingly cut across national boundaries, and development strategies can, perhaps, be identified both be-

low and above the state; and, finally, what should we do about those societies that are really struggling, where the state is frequently absent or inimical to meaningful, positive transformation, and for whom development as a realistic ambition appears something of a chimera.

Questions of inequality, exclusion and poverty have represented the staple fodder and moral agenda of development studies through the ages, and are, indeed, its major strength. We cannot, therefore, only learn about development by looking at it through the eyes of the BRICS and the ‘successful’, and our research on development – even where we view it as fundamentally about transformation – cannot solely address how this occurs. We must also analyse the varied consequences of such change. In many contexts, though, there might be no change to speak of, and certainly not in a transformative sense. Equally, some societies might be changing for the worse, with their ‘development’ – such as it is – going backwards or transforming negatively into something marked by regression rather than progress. There is no doubt that this presents us with a thorny analytical problem: analysing such diverse processes of change and their consequences is difficult, both in terms of identification and scrutinisation. But, intellectually, we are on solid ground. Indeed, if a weakness of modern development studies and praxis is the kind of incrementalist focus discussed earlier, a primary strength is its focus on the detrimental consequences of different forms of developmental change, and, especially, the impact on the poorest. So, if we make the case that development is ultimately about transformation, this – or attempts to induce it – can produce both positive and negative effects. Intellectually, there is no reason why the same is not true for forms of non-transformation or regression: they can still result in varied outcomes that might be positive or negative – or, indeed, both simultaneously, depending on where we cast our analytical spotlight – and remain of interest to us as development scholars. This is particularly important given that those societies which are not growing – or even shrinking – just as is the case with others that might be progressing, are often doing so as a reflection of the development strategies and processes of others. In short, we need to shine a light on the essentially open-ended (not pre-ordained) outcomes that are generated by patterns of developmental change, all the while keeping a keen eye on the distributional consequences and patterns of inequality that they intrinsically imply.

At the same time, we also need to remember that patterns of inequality cut across and between states with little respect for obsolete binary distinctions between the richer and poorer parts of the world. We therefore require alternative ways of considering developmental change in a much wider range of societies than has traditionally been the case. It is no longer something that is simply a preoccupation of poorer societies, but rather *all* states and societies are attempting, in some way or another, to embed a ‘viable, functioning political economy’ (Payne 2005: 41). The problematic focus on a pre-conceived set of supposedly ‘developing’ countries still sees development studies subjected to sustained criticism. This way of thinking – or, perhaps more accurately, unthinking – reproduces and reifies notions of the so-called ‘Global South’. This is both intellectually indefensible in a world in which enormous diversity exists and can also generate disastrous real-world outcomes when, for example, global governance regimes are inhibited by existing categories and hierarchies of states that convey special privileges on certain groups of actors, the contours of which are preserved in aspic from the past and no longer really

stand up to scrutiny. Climate governance, where tiny island states negotiate collectively with China and India as a form of ‘Third World’ unity, even though they have diametrically – and, in the case of the former, even fatally – opposed interests is one good example (Bishop and Payne 2012), but plenty of other problems exist in binary thought and practice on questions of development too (see, *inter alia*, Berger 2004; Corbridge 2007; Weiss 2009).

This problem is also frequently reproduced, albeit more implicitly, in (international) political economy. One obvious tendency is that, in the key debates that animate the field, the experience of ‘developing’ countries is often homogenised in a quite sweeping way. However, in contrast to the conscious drawing of intellectual boundaries around the ‘Global South’ by a development studies for which this is the key unit of analysis, it manifests itself in a more unconscious fashion. It can be explicit: debates about, say, the ‘resource curse’ regularly assume that endowments of oil and minerals afflict ‘developing’ countries in intrinsically negative ways, without their proponents pausing to either consider the distinctiveness of how this plays out in different societies, nor indeed how it might do so in equally well-endowed ‘developed’ countries for whom resources are generally presumed to be unproblematic (or at least not inherently problematic in the same way). Why, for example, are hydrocarbons in Nigeria or Venezuela thought to represent a ‘curse’, but not those in Britain? It is at least arguable that ‘developing’ countries with large sovereign wealth funds have used some of their oil wealth far more prudently. Similarly, the fact that poorer countries are regularly excluded from discussion about ‘models of capitalism’ is a grave oversight: can we not learn as much from the relationship between Colombian, Turkish or Indonesian state-market relations as we can their German, American or British equivalents? It is unclear why supposedly ‘developing’ country cases generally continue to find themselves disregarded at the margins in development studies or area studies, rather than being seen as equally valid cases worth addressing in key political economy debates. In terms of intellectual value there is no difference: an analytical focus on the USA, or as is increasingly the case, China, is no less parochial than one on a small African or Caribbean country (and, by the same token, it is not as if a legitimate and well-funded British or American form of ‘area studies’ does not exist and thrive within their own variants of political science and international studies). The opposite, though, is also true: just as IPE remains in need of theoretical and empirical broadening such that it becomes truly ‘global’ in scope (see Phillips 2005), it is also time for development research to take more seriously what is going on in supposedly ‘developed’ countries. It matters not whether a country was once considered part of the ‘South’ or the ‘North’: the problems that all societies face in development terms and the strategies they subsequently engender to alleviate or overcome them, despite being distinctive in genesis, composition or extent, ‘are not conceptually different’ (Payne 2005: 41).

However, if the effects of development increasingly manifest themselves across the world with little respect for national boundaries, it logically follows that the process of engendering development does too. Notwithstanding our analysis above regarding the importance of the state – which is undeniably critical for the kind of broad-based, national transformation that has marked the Chinese experience – we increasingly need to shine a light on ‘development’ strategies taking place above and below the national level, as well as the consequences of them. This is not a contradictory claim. There are many places – in the ‘North’ and ‘South’ alike – where

unbalanced national development has led to painful distributional outcomes, and in any society, whether richer or poorer, people occupy the same spaces but quite plainly live in different worlds. Moreover, throughout the world, privileged sub-regional political authorities increasingly pursue novel development strategies of their own. Major ‘global cities’ with devolved governance represent obvious examples (Sassen 1991). China is, in fact, emblematic: provincial governments play a large role intervening to shape development policy, including the financing and control of a wide variety of ‘state-owned’ enterprises, in tandem with, and even sometimes in opposition to, the central state apparatus. But, when we talk of China’s spectacular growth, we must also bear in mind that still living within the country is a shrinking, but nonetheless still huge, rural peasantry that is tens – if not still hundreds – of millions strong, and for whom the economic transformation of the past thirty years has not (yet) fundamentally changed their way of life (Yeh *et al.* 2013).

A number of implications necessarily flow out of these insights. One is that, as Lin (2011: 24) has noted, we need to see development itself as increasingly taking place on a continuum: between the poorest agrarian societies and the richest, most highly industrialised ones lies an unfathomable amount of diversity that cannot easily be captured by any binary distinctions, including, of course, the two used to make this point! More importantly, perhaps, we need to increasingly look within states at the differentiated consequences, both positive and negative, of development strategies and outcomes. Britain represents a case in point and can be examined in a number of ways: London’s pre-eminence as a financial centre and the distributional consequences for areas of industrial decline by the position of privilege afforded it by successive governments; the fact that, comparatively, China has, in barely a decade, constructed almost 20,000km of high-speed rail – over half the world’s total – while the British 192km ‘High Speed 2’ programme will not be complete for another two decades; or indeed how the tired neoliberal maxims to which Britain appears beholden can be overcome via the construction of interventionist state institutions that can begin the desperate task of establishing a new growth model capable of engendering meaningful, and long overdue, economic diversification (see, *inter alia*, Hay 2011; 2012; Berry *et al.* 2016). Although rarely framed in this fashion, these are ultimately *developmental* questions and, like Lin’s analysis discussed earlier, are fundamentally about the need to effect ongoing structural transformation away from *rentier* stagnation.

As liberating as this idea might be, though, it presents us with further intellectual and theoretical problems. If development occurs on a spectrum, then there are no developed countries – because development is, by definition, an ongoing process – and all countries are actually *developing*, or at least seeking to do so. On this reading, there is no reason why the fundamental challenge of development facing the BRICS is any different to that of Britain, France or the United States or, indeed, the so-called MINTs and others like them. However, what these countries have in common is that they are all doing, in a general sense, reasonably *well*, despite any pathologies that their models of political economy might reproduce. So, it is all very well saying that all countries face the same challenge, but in a way that recognition almost implicitly elides the traditional – and still valid – concerns of traditional development studies with the poorest and most marginalised, many of which have been hit particularly hard by the fall-out of the wider post-2008 crisis (Sen 2011). The great strength of development theory historically has been its obsession with

ameliorating the plight of those existing at the margins, and the fact is that there exist a great many societies that are *not even developing* in any meaningful sense of the word. This is true of distinct groups within societies: as Kaplinsky (2013: 1298) notes, the vast majority of the world’s poor today are either ‘eking out a living in subsistence agriculture or in low-paid formal-sector employment’, or they are ‘wholly excluded, without either access to land or employment’ and generally living in urban slums. These comprise many of the people that Paul Collier (2007) once called ‘The Bottom Billion’. The same is true of countries themselves. Put crudely: many that regularly find themselves at the bottom of the UN Human Development Index – such as Mozambique, Burundi, Niger, Sierra Leone or Rwanda – have, in recent years, registered some of the world’s strongest growth performances. But does this reflect development of a broader, well-rooted, transformative kind?

This brings us neatly to the final questions to be addressed here: can all countries or societies actually initiate and enjoy a positive developmental transformation? Do those that have been successful offer plausible lessons that others can follow? We probably cannot answer these questions to any satisfactorily conclusive degree. But what can be said is that viewing development as transformation is ultimately an ontological contention. Recognition of this could therefore give rise to many different epistemological agendas, some of which only interact tangentially – if at all – with issues of transformation themselves. In the case of the most pertinent example, China, this has quite rightly necessitated a range of different strands of research: attempts to understand whether a distinctive ‘model’ exists (see Ferchen 2013); whether others can draw discrete lessons or not; the distributional consequences of its dramatic industrialisation, for both the country itself and also the rest of the world; and the stability or otherwise of these processes, amongst myriad others. In some contexts, there may be no transformation to speak of. Yet we may well find interesting the consequences of attempts to induce it (or not) or indeed the effects on different societies of patterns of development, or particular development strategies, that have come to affect them, whether perpetuated by national governments, city and regional authorities, or otherwise. In any case, it may well be that China does actually provide an inspiration of sorts. As Shaun Breslin (2013: 1277) has argued, ‘China might also provide a new development model that others can learn from; an example of strong state developmentalism rather than following neoliberal prescriptions associated with the West’. Lin (2014: xiii) himself is pretty clear on this: ‘any developing country’, he argues, ‘can start immediately on a path to a dynamic structural transformation and growth even though endowed with poor infrastructure and business environment’. This would seem to be one key lesson emanating from our discussion here: few societies enjoy China’s scale or political system, but the principle of strategic state intervention to shape markets, based on a reasonable understanding of the country’s comparative advantage and a commitment to keep upgrading relentlessly, is a sound one. In short, few societies can easily replicate the kind of industrial transformation undertaken by China, but even the poorest can have, as an ambition, a transformative kind of development. The principle, if not necessarily the practice, is the same. Going forward, then, we can hold the foundational idea that development is about transformative change while also advocating a great diversity of epistemological agendas in our analysis of it.

Conclusion: Towards a New Research Agenda

Clearing new intellectual forests for planting – like devising and implementing development strategies – is a truly difficult business. Yet to guide us in this task I have a deceptively simple question: how does the rethinking of development undertaken hitherto provide the necessary grounding on which to elaborate a new agenda for researching the subject going forward beyond ‘The Rise of the BRICS’? My argument cannot be couched in anything other than embryonic terms, but the contours of it are clear enough. I offer here four founding contentions and then suggest how they might form the basis of a comparative agenda for studying development in different parts of the world. By way of conclusion, then, I actually seek to offer a point of departure for future research on the political economy of development.

First, something reiterated throughout the paper is the need to bring (international) political economy and development studies more squarely into conversation with each other. Others have already begun this task and stressed its importance (Payne and Phillips 2010), and here I suggest only how such an endeavour might be extended further. One element of this is overcoming the tendency described earlier for both broad fields of study to – for different reasons, and often unwittingly – reproduce untenable divisions between the supposedly ‘developed’ and ‘developing’ worlds. What this means is that we need to transcend simultaneously the hegemonic tendency in much IPE, both mainstream and more critical, to focus on the supposedly successful in either Europe or North America, or, indeed, the major ‘emerging’ countries, as well as that within development studies to do the same for supposedly ‘developing’ countries. If our earlier analysis of the BRICS in general, and China in particular, tells us anything, it is that the levels of diversity that exist throughout the world completely undermine such simple categories. Moreover, we need also to overcome the tendency within both to view traditional development issues as simply a concern of the supposedly poorer: debt, inequality, poverty, resources, questionable governance, corruption, migration and exclusion are just as much a challenge in wealthier countries as they are poorer ones. They may play out differently, but that is true the world over, regardless of relative levels of national wealth. Equally, though, this insight also invites us to grip the moral agenda of development studies tightly: in the past, this was fundamentally geared towards thinking through the kinds of dislocations caused by industrial development (Pieterse 2010). Although this undoubtedly remains crucial – indeed, increasingly so in certain contexts – patterns of development today bring into sharp relief, amongst other things, novel forms of inequality, the distributional consequences of the sharing economy, casualisation of labour, new concentrations of economic power accruing to offshore actors, and the ways in which the livelihoods of individuals and communities are becoming increasingly precarious (Standing 2011). These inherently cut across national and other geographic boundaries, affecting people the world over, and, regardless of whether our focus is London or Lagos, they are fundamentally issues of development.

Second, I contend that, in a global era, a penetrating state remains extremely important as a source of strategic action, but that development – and the consequences of it – must also increasingly be analysed above and below the national level. This is not a contradictory position. Ghosh (2015: 321) has suggested that it is ‘no longer credible to think that deregulated markets in a context of unfettered capital flows

driven mostly by the pursuit of short-term profits or capital gains will deliver inclusive economic growth’. So, we need to continue to re-locate responsibility for engendering development strategies in states themselves – in the first instance, at least – and take their theorisation far more seriously than has, at times, been the case in the past. This is something that political economy can clearly add to the wider study of development (see Leftwich 2005). Yet, even though states need to be brought back in – or, as I argued earlier, have never really gone away – their importance as central actors in development processes sometimes sits uneasily with a world in which they are also having to share power with a range of other private and public actors and, indeed, still remain broadly written out of the dominant neo-liberal policy orthodoxy (Booth *et al.* 2015). This does not mean, however, that they are unimportant: it is rather that they have to be simultaneously nimble, active and effective in an era where the benefits of success and the costs of failure are even greater than in the past. As Kennedy (2016) has argued, the challenges faced by late industrialisers are not really any different under globalisation: it is rather that the imperative of overcoming them successfully is much more critical. Put differently: the ‘quest for structural transformation’ may well be an ‘elusive’ one, as Lin (2011: 19) himself suggests, but it carries enormous payoffs when it occurs. Moreover, while states are frequently the source of major and wide-ranging transformations, they are also often the proponents of particular forms of national or regional development that privilege certain groups and industries, with diverse consequences for different communities both within and beyond the state.

Third, context is crucial: any analysis of development cannot but be situated in a particular time, place or intellectual and ideological tradition. Development has always meant and implied different things to different people in different places at different points in time: all societies ‘have defined this goal in the light of their own historical and geographical circumstances and varied internal social and political processes’ (Buzdugan and Payne 2016: 3). In certain respects, this contested ideological terrain is actually rather liberating: although it is hard to imagine there ever being a consensus on the meaning of development, a clear engagement with the concept – as we have undertaken here – can yield real progress in terms of generating a well-grounded new agenda. Consequently, we can hold the view that development is contextually mediated and rooted – what it means in practice for a small, remote Pacific island is very different to the residents of a major American city – while accepting that its conceptual essence is, again, some kind of transformative process of change. So, we have to consider the distinctiveness of the contemporary era as a kind of structuring context in which patterns of development play out: this is an era in which the enduring contemporary crisis that is perceived as shifting the contours of the global political economy is as much about the rise of China as it is the Western-induced economic collapse and stagnation (Heron forthcoming). Yet, if nothing else, it has always implied some kind of change: a broader improvement, as we discussed earlier, from one state of being to another. A key element of this is that, today, we have to grapple with the contours of the nature of the post-crisis, post-BRICS world, and the theoretical lenses through which development is viewed. What this means in terms of a future research agenda is that processes of change that are discernible today are taking place in a distinctive global and local context, and provoking a range of effects for both the society in question and others with which it is linked. This broad panorama must be the focus of our analysis.

Finally, development can be based on a wide variety of strategies, take myriad forms and be propelled by many different actors and institutions in a given context, and it can result in greatly divergent outcomes. Forms of development, then, are distinctive and varied, and they all have their up and downsides. If we are serious about transformation, it is hard to escape the fact that growth is central. As Wade (2001: 136) noted at the turn of the millennium – and following our critique of the MDG agenda earlier in the paper – the ‘growth crisis in developing countries should be right at the forefront of the development debate’, but was not, as discussion had essentially been hijacked by Western NGOs and others working in the formal ‘international development’ sector who ‘show little interest in economics and economic growth’. Thankfully, this era is now passing and both growth itself and the political mechanisms by which it is engendered are returning to the centre of analysis. At the same time, development cannot be reduced to growth as it was at times before the ‘Washington Consensus’. Put differently: we cannot simply demand growth for growth’s sake. It is therefore not a contradiction to suggest that, while the concept of development implies a progressive, forward-moving process of positive change, it can also move backwards. Shrinkage, rather than growth, can produce novel forms of development, both positive and negative, just as spectacular forms of expansion can have quite significant downsides. Development, then, does not mean a perfect world. Rather, the analysis of it inherently implies approaching what are often highly diverse patterns of change and their consequences in an open-ended, open-minded fashion, frequently weighing up their merits and demerits on their own terms.

Moving forward on this basis, then, what might a contemporary agenda for re-researching development look like? By bringing the best of political economy and development studies into conversation with each other, reaffirming the mutually constitutive, symbiotic and constantly evolving nature of the relationship between states and markets, and increasingly looking at processes occurring within and beyond the state itself, driven by a variety of actors and institutions at all levels, we can start to suggest some empirical considerations. These could, of course, be framed around the myriad ‘issues’ – debt, poverty, inequality, environmental degradation – that have traditionally been the staple fodder of much development research. However, I suggest here a somewhat different approach. Specifically, the time is ripe for a large, comparative study of development that looks, in the first instance, at patterns of state-led transformation in a wide variety of countries beyond the BRICS, including both Western states – the traditional fodder of much IPE – and also major industrialising states in Asia, Latin America and elsewhere. But it would quickly move on to an examination of development strategies taking place above and below the state level, as well as in a much wider range of cases. This would include the full range of political authorities that enjoy responsibility for charting ‘development’ strategies of some sort: regions, such as the European Union, the Association of Southeast Asian Nations or the Caribbean Community, as well as sub-national jurisdictions like Hong Kong or Jersey, or, indeed, cities and city-states. We can also learn much from looking at very different kinds of states: some of the most striking patterns of growth today can be found in resource-producing countries as diverse as Mozambique, Ecuador or Angola, and, indeed, very wealthy small countries like Malta, Singapore or Qatar. There is also much to be understood about the political economy of development in those larger middle-income countries that are not part of the BRICS: Indonesia, Turkey, Thailand, Argentina and so on. Such

a wide-ranging approach to development would also be sensitive to the distinctive outcomes of not just growth, but shrinkage, too. So, to give one example, a contemporary study of development might compare, say, London and Detroit as cases of very different cities with distinct approaches to managing either growth or decline. The same could be said of a comparison of, say, Silicone Valley or Bangalore with the regions of north-eastern France that have suffered industrial decay or, indeed, the Zambian copper-belt.

It barely needs saying that the approach advocated here does not pay heed to pre-existing divisions between those places considered to be ‘developed’ or ‘developing’, since we can identify these processes occurring across the world at all levels. It is consequently fairly obvious that some societies – whether local, sub-national, national or regional – are doing ‘better’, however that may be defined, than others, and it is worth us pausing to pose interesting comparative questions of them. Why, for example, has London boomed and Detroit shrunk? What is it about Puerto Rico’s relationship as a non-independent appendage of the US that has presented the island with a disastrous economic collapse, while Hong Kong has had a completely different experience with its own metropolis? Why do some regions within states decline and fail to rise again, while others keep on rising, and how does this impact on wider processes of national development? What explains the large differences between the development experiences of the mass of large middle-income countries, and what are the relative merits and demerits of each? Why do some regions and countries appear to do better with resources than others, and how do they manage increasingly violent fluctuations in global commodity prices? Why are some multi-state regional projects stagnating while others are moving forward and deepening? There are, of course, many more questions to be posed going forward, and other alternative ways such a study could be operationalised.

As we move forward, we need projects to be undertaken and books to be written that leave behind the excess baggage of old ways of thinking – about the rich and poor, about states, and about what it might mean to be ‘developed’ and ‘developing’ – and, in so doing, shine a development lens on a much wider range of cases than has traditionally been the case in the past. I began the paper by discussing Jim O’Neill’s analysis of China, and how the country has outstripped any prediction that anybody could have had little more than a decade and a half ago. This necessarily challenges prevailing ways of thinking about development. Indeed, what is happening in China is development. In a very short space of time, GDP per capita has increased *tenfold* and, by 2020, China’s overall GDP will be ten times what it was when O’Neill started writing about the BRICs twenty years previously. China’s rise is today not a new story; however, we should be considerably more amazed by what it has achieved in this short space of time than we often appear to be. While others cannot follow its approach prescriptively, it holds many lessons that are yet to be fully grasped and forces us to rethink what the political economy of development is and how we might study it in future.

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