

# Revision Module

## State in Comparative Perspective

### State in Capitalist and Socialist Economies, and Advanced Industrial and Developing Societies

#### 1. Meaning of the State

The **state** is the highest political authority within a defined territory that **makes laws, enforces obedience, and regulates social and economic life**. It differs from government (temporary) and society (broader social relations).

The State is the **permanent, sovereign political entity** (people, territory, government, sovereignty), while the Government is the temporary group of people who manage and run the State's administration at a given time. Think of the **State as the whole organized community** and territory, and the **Government as its temporary agent or machinery** that makes and enforces laws; the Government can change (elections, new parties), but the State endures.

Max Weber famously defined the state as the institution that **successfully claims the monopoly of the legitimate use of physical force**.

This highlights:

- **Legitimacy** (authority accepted by citizens)
- **Coercion** (police, army, courts)
- **Territoriality** (fixed boundaries)

Modern states also rely on **consent, welfare delivery, and institutional capacity**, not only force.

## 2. Evolution of the Modern State

Early states emerged to **maintain order, collect taxes, and provide security**.

Medieval Europe was dominated by **feudal lords and monarchies**, where authority was fragmented.

A major turning point came with:

Treaty of Westphalia (1648), which:

- Established **sovereignty**
- Recognized **territorial integrity**
- Laid the foundation of the **modern international state system**

*Milestones:*

- Rise of **capitalism and industrialization**
- Expansion of **bureaucracy and standing armies**
- Growth of **citizenship and constitutionalism**

## 3. The State in Capitalist Economies

### Core Features

- **Private ownership** of means of production
- **Market competition** as the main economic mechanism
- State acts as a **rule-maker and referee**, not primary producer

However, capitalist states have **never been purely laissez-faire**.

## Expansion of the State's Role

- **Great Depression (1929)** exposed market failures
- Keynesian policies legitimized **state spending, welfare, and regulation**
- Post-WWII period saw the rise of **welfare capitalism**

From the 1980s:

- **Neoliberal turn** under Reagan (USA) and Thatcher (UK)
- Emphasis on **privatization, deregulation, and reduced welfare**

Capitalist states oscillate between **intervention and withdrawal**, depending on crises and political ideology.

## A. Regulatory State

### Meaning

A regulatory state allows markets to operate freely but **intervenes through laws and independent agencies** to correct failures.

**Examples:** USA, UK, Canada, EU states

### Key Functions

- **Competition policy:** Anti-monopoly laws (e.g., Sherman Act in the USA)
- **Consumer protection:** Food, drug, and product safety standards
- **Financial regulation:** Banking oversight after 1929 and 2008 crises
- **Environmental regulation:** Pollution control and climate norms
- **Labour protection:** Minimum wages, workplace safety

### Why it emerged

- Industrial capitalism created **monopolies, unsafe products, labour exploitation**

## **Criticism**

- Over-regulation can slow growth
- **Regulatory capture** by big corporations through lobbying
- Tension between **efficiency and public interest**

## **B. Developmental State**

### **Meaning**

A capitalist state that **actively guides economic development**, rather than merely regulating markets.

**Examples:** Japan, South Korea, Taiwan, Singapore

### **Historical Context**

- Adopted after **World War II** to rebuild economies and catch up with the West

### **Key Features**

- **Strategic planning** (targeting steel, electronics, automobiles)
- **State–industry coordination**
- **Export-led growth**
- **Temporary protectionism** for infant industries

### **Criticism**

- Risk of corruption and favoritism
- State failure if wrong sectors are promoted

- Difficult to sustain under globalization

## Regulatory vs Developmental State

Aspect	Regulatory State	Developmental State
State Role	Corrects market failures	Directs growth
Industry	Independent	State-supported
Growth Pattern	Gradual	Rapid
Risks	Inequality	Cronyism

## 4. The State in Socialist Economies

### Core Idea

Socialism emphasizes **collective ownership, economic planning, and social equality**.

The state is not neutral—it is an **instrument of class power**.

Rooted in Marxist thought, where capitalism is seen as exploitative.

### Key Features of Socialist States

- **State ownership** of industries and land
- **Central planning** (Five-Year Plans)
- Redistribution through welfare
- Universal education, healthcare, housing

- Limited or banned private enterprise
- One-party political systems

## **Models of Socialist States**

### **A. Soviet Model (1917–1991)**

- Complete state control after the Bolshevik Revolution
- **Collectivization of agriculture**
- Rapid industrialization under Five-Year Plans
- Achieved military and industrial power
- High human costs: famines, forced labour

### **B. Chinese Model**

- **Maoist phase (1949–1978):** Total state ownership, Great Leap Forward, Cultural Revolution
- **Post-1978 reforms** under Deng Xiaoping:
  - Market mechanisms introduced
  - State retained control over strategic sectors

## **State Capitalism (Hybrid Model)**

Markets are used for growth, but **key sectors remain state-controlled.**

### **Examples**

- China: Energy, banking, technology
- Vietnam: “Socialist-oriented market economy”

## **Problems of Socialist States**

- Inefficiency and lack of incentives
- Shortages and black markets
- Bureaucratic corruption
- Restricted political freedoms

## 5. Capitalist vs Socialist State

Feature	Capitalist State	Socialist State
Ownership	Private	State
Allocation	Market	Plan
Inequality	High	Reduced (goal)
Politics	Competitive	One-party

## 6. The State in Advanced Industrial Societies

### Key Characteristics

- High productivity and technology
- Strong institutions and rule of law
- Mixed economy (market + welfare)

### Welfare State

The state guarantees **social security, healthcare, education, and unemployment support.**

## **Historical Roots**

- Emerged after the Great Depression and WWII
- Institutionalized to prevent economic instability

## **Example**

- Scandinavian countries: High taxes + high welfare = social stability

## **Core Functions**

- **Regulation** of markets and finance
- **Innovation support** (R&D, infrastructure)
- **Crisis management** (2008 crisis, COVID-19 stimulus)
- **Environmental governance**

## **Models**

- **Liberal Market Economies:** USA, UK
- **Social Market Economies:** Germany, France
- **Developmental Advanced States:** Japan, South Korea

## **Challenges**

- Rising inequality
- Aging populations
- Automation and job displacement
- Climate change transition costs

## **7. The State in Developing Societies**

## Context

- Colonial legacy of weak institutions
- Limited industrial base
- High poverty and inequality

## Key Features

- **State-led development** common after independence
- Large informal sector
- Urban–rural divide
- Dependence on foreign capital and exports

## Examples

- India’s Five-Year Plans (1951–1991)
- Brazil’s Import Substitution Industrialization

## Models of Developing States

Model	Characteristics	Examples
Developmental	Strong planning	South Korea
Neoliberal	Market reforms	Chile
Weak/Failed	Poor governance	Somalia

**The role of the state is historically contingent—shaped by economic systems, levels of development, and crises—ranging from regulator and welfare provider to planner, owner, or developmental agent.**