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# Challenges for the Stability of State-Permeated Capitalism in Large Emerging Countries: The Cases of Brazil and India

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## Résumé

Has the rise of large emerging economies come to an end? Considering crumbling growth rates and political turbulences, wide parts of the academic and public discourse tend to embrace this conclusion. The present paper takes up this debate and examines the stability of these countries' economic model from a Comparative Capitalism research perspective. It builds on the formation of a specific model of state-permeated market economy (SME) in these countries (Nölke et al. 2015). This type of capitalism draws its economic dynamic from a particular interplay of several institutional spheres whose developments are moving center stage in the paper. Specifically, we apply a comparative case study approach to Brazil and India to investigate whether the institutional pillars of the economic model have changed in a way that questions the continued existence of the SME variety of capitalism. We highlight a number of challenges that might have destabilized state-permeated capitalism in Brazil, but not in India. These challenges relate to financial openness (I), technology level (II), limits for the support of domestic manufacturing (III) and the war against corruption (IV). In contrast to most existing research on institutional change in Comparative Capitalism our study does not highlight the incremental change of individual institutions within one model of capitalism, but rather the potential for a systematic destabilization of the model as a whole.

**Mots-Clés:** Political Economy, State Capitalism, Brazil, India, BRICS

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