State-led developmentalism and the dismal future of resource-based industrialisation

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Résumé

This paper examines two contemporary features of capitalist development in resource-based developing economies over the past 30 years. It explores the question: to what extent is socially inclusive industrialization feasible in contemporary resource-producing countries? First, it explores the viability of an industrial developmental transition in resource-exporting developing countries given the domestic and external forces impinging upon the state apparatus. With the 'disembedding' of financial markets and voluminous flows of risk-bearing global capital in resource exporters, known as financialization, in close association with broader socio-institutional reconfigurations under neoliberalism, the viability of broad-based industrialization has been called into question. Second, it considers whether this occurrence has been accompanied by a decoupling of socially inclusive development from resource-driven competitiveness over the last few decades, as full-scale industrialization appears less likely in these contexts. Compared to the two previous episodes of development transitions, in East Asia and before that the Industrial Revolution, where natural resources were integral, the current resource-based development paradigm that brings about social transformation seems unviable following the commodity boom of the 2000s. Unless international conditions change and countries are able to recreate transformational institutions like during the import-substituting era, countries that rely on natural resource rents will continue to experience signs of *reverse industrialization* or 'reprimarisation' of their economies. Their economies are more integrated into international financial markets than ever before because of which a new and more severe debt crisis looms large. It is becoming clearer that this fragmented model of development is not due to the material nature of hydrocarbon resources, in particular such as oil and gas, as mainstream economists and political scientists proffer within such as 'resource curse', new institutional economics or de-industrialization schools of thought. More convincingly, evinced by the cases of Bolivia, Ghana and Trinidad and Tobago, the unfettering of capital, increased dependence on international credit markets, the intrusive role of international financial institutions and credit rating agencies offer a proximate explanation. In addition, the immobilization / 'crowding out' of domestic resources and splintering of coalitions led by trade unions and developmentally-oriented state leaders, all associated with the rise of neoliberal capitalism better explain these causal mechanisms. The paper argues by marshalling data from reports on the oil and gas sectors in these countries, and from in-depth comparative historical analysis how the movements of location-specific resources resulted in shifts in political strategies of governments towards market-oriented policies, which spurred these outcomes. The neoliberal turn thus transformed institutional capacities, by reregulating the state to become facilitator of capital and harbinger of newly empowered domestic elites in low-productivity sectors, as opposed to driver of technological deepening and employment-driven growth associated with earlier models of industrialization.

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