



The Role of Elites in Economic Development

Edited by Alice H. Amsden, Alisa DiCaprio, and James A. Robinson

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Why do some countries succeed in raising employment and income more than others? Why do regions with temperate climates and access to shipping routes possess better governments than those that are landlocked and dry? There are myriad theories as to what mechanisms translate a nation's structural elements into development outcomes, but the focus of today's literature is placed on two factors – political economy and social context of transitions.

While a country can have endowments that determine growth, the trajectory it follows to get there is shaped by the actions of elites. Elites have a huge impact on the outcomes of development, and their behavior is a decisive mechanism that explains how societies use their endowments and design their institutions. Currently, however, there has yet to be a systematic exploration of how and why elites

make the choices they do. Literature on elites is fragmented within disciplines, and complicated by the fact that economic development is both a product and a generator of elites. *The Role of Elites in Economic Development* aims to produce a unified body of work that fuels future research, and it begins with a single definition of “elites”: those who enjoy privilege status and exercise decisive control over social organization.

Contributions by different authors in this volume serve to either support or debunk this definition of elites. In *New Light on China's Rural Elites*, for example, Bjorn Gustafsson and Sai Ding debunk the notion that all elites are economically privileged. Looking at China's rural households over a seven-year period, they found that the geographical location where one lives is a stronger indicator of wealth than whether one is labeled as an “elite.” In China, elites are classified into cadre elites, entrepreneurial elites, and hybrid elites – but this classification system is biased by many circumstantial factors specific to the head of the household, i.e. education, age, military association, and party membership. Instead, the authors found that pay-offs of being in each elite category vary across locations. Cadre households in rural China, for example, generally have a living standard relatively similar to non-elites in other regions.

Meanwhile, elites in the richest counties perform more demanding tasks than counterparts in other parts of China, and the local government needs to offer more competitive wages to recruit persons willing to take on more demanding tasks. Thus, the authors conclude that the spatial dimension is more important than a conventional definition of “elite” for income and wealth inequality.

In the same vein, Andrés Solimano and Diego Avanzini’s chapter, *The International Circulation of Elites*, breaks elites into three subcategories. But in defining knowledge, entrepreneurial, and political elites, the authors put forth a modified interpretation: instead of enjoying privilege and exercising decisive control over society, elites must be those with a capacity to save, invest, and generate knowledge, technology and creativity well *above the average* of the population. The authors argue that talent and knowledge are often concentrated geographically in wealthy nations. And when emigration of talented people increases through “brain drain,” public spending in R&D and infrastructure investment in the sending nations is reduced. This creates a vicious cycle that drives entrepreneurs to move across national boundaries in search of more attractive business opportunities, less bureaucratic red tape, and more business credit. Here, the authors spent a substantial part of the chapter describing how brain drains hurt developing countries.

However, this pessimistic brain-drain story did not take into account the fact that countries with bad institutions may in fact benefit from sending workers abroad. For instance, Saudi Arabia pays wages up to 14 times that of

Sudan¹, so Sudan in fact gains from pumping people into the Saudi Arabian workforce. In addition, it would also be interesting had the authors elaborated on how developing countries could implement policies that increase return migration and act to build linkages between diaspora and local communities, as well as how the current sluggish growth in developed countries (due to debt and fiscal crises) may alter brain drain patterns.

Another chapter that focuses on a subset of the elite group is *The Contribution to Development of the New Female Elites*, where Alison Wolf analyzes elites’ decisive societal control from a female perspective. Her research shows that female elites in developing nations have better benefits than those in first-phase developers decades back when those countries had comparable income levels. Wolf points out that it was difficult for women to receive education and penetrate elite sectors in the development history of currently developed nations, but they now occupy elite positions in large numbers in today’s developing nations. She concludes this to indicate that female elites fare better today than they did a century ago. While these are valid statistics, however, I believe Wolf’s restricting methodology provides a false sense of female elites’ privilege in developing countries. Firstly, she left men and their statuses out of the comparison. For instance, while it is commendable that China beats the world record by having women hold 31% of senior management positions in large private businesses, 69% of these positions are still left

¹ Ed Tower’s conversation with bulldozer operator at Khartoum Airport on his way to Saudi Arabia

in the hands of men. Secondly, it is unfair to compare statuses of female elites across countries with different development timelines, since such methodology ignores the fact that in spite of similar GDP levels, the skill mix in modern day China is drastically different from that in 1810 Britain. The world today is more educated, and the universal suffrage movement has alleviated most gender bigotry. While changes in social ideas and values allowed higher female participation in education and work, gender bigotry is still prevalent even among elites, as observed in the gender wage gap. Put simply, while the book nobly attempts to offer an agreed-upon, uniform definition of elites, the specific subcategories each contributor derives reduces the potential for parallel comparison of how elites behave across geographical districts.

The volume redeems itself in *Part III: The Preferences of Elites* when it presents three case studies that summarize how elites – by the definition of privileged individuals with decisive control – across Brazil, Malawi and China – as a whole become motivated to tackle poverty. The authors propose that for elites to act, they have to 1. See poverty as a problem that affects them, 2. Feel that they have the power to do something, and 3. See poverty as their responsibility. In Brazil, elites fail to eliminate poverty because while they understand the importance of poverty reduction, they do not see it as their responsibility to act upon it. In Malawi, elites are simply unfazed by the negative effects of poverty, and instead attribute it to the poor's laziness. In comparison, the authors note that elites in an autocratic China are motivated and

able to promote growth, despite popular belief that democracy is a determinant for development. Because they are incentivized by rewards of personal promotions to stimulate growth, Chinese elites take it upon themselves to coordinate efforts with business leaders and local cadres to eliminate poverty and stimulate development – something elites in democracies cannot achieve. The authors point out that investigating historical experience and political institutions is more effective for understanding elite behavior than conventional methodologies of focusing on difference between autocracies and democracies in terms of interests, time horizons, tax rates etc.

The book ends with *Understanding the Dynamics of Elite Behavior in a Development Context*, which brings together lessons from all previous chapters to discuss implications for drawing a connection between elite behavior and development. It teases out two important features: 1. Regardless of specific distinctions each contributor draws on, there are characteristics that all elites share across the globe and 2. Despite these commonalities, much of elite influence remains nationally rooted. While international mobility changed the bundle of goods available to elites, this book argues that it is the regional spillovers that have developmental impacts that are felt most directly. In this sense, the book debunks the view that globalization drives a generation of “new” elites. In light of this chapter's overarching summary, I believe it should not belong to *Part V: Grass-Roots Responses to Elites*, and should instead be a stand-alone conclusion with the ten major lessons derived from previous chapters. In addition, my major

complaint is that the work lacks concrete policy recommendations that could steer elites toward shaping good institutions and boosting development.

Reviewed by Rita Lo, BA student in Public Policy, Duke University.

To conclude, this book leans toward the denser side of the spectrum, but it is all in all a good read. Debunking the myth that elitism exists in solely regional contexts, the editors hypothesize that elitism is generalizable in today's globalized context – albeit with unique local favors. The major takeaway is that although fragmented regional elite literature abound, the basis for a global body of elite literature is still in a fledgling, developmental stage. The establishment and expansion of this scholarship depend on the refinement of a consensual definition of “elites.” Thus, much work is needed to synthesize independent categorization of “elites” to arrive at a globally-accepted definition. This book makes a bold effort to summarize “elites” as those with “privilege status and exercise decisive control over social organization,” but even the editors acknowledge that this is by no means comprehensive or exhaustive – since many contributors fail to strictly follow such definition in their regional analyses. Nonetheless, the volume as a whole is a bold attempt at offering a common conceptual framework, terminology, assumptions and samples that consolidate a series of existing developmental literature for cross disciplinary reference. In that sense, the *Role of Elites in Economic Development* is a successful pioneer and a rewarding piece, for curious academics in general but in particular, social scientists looking to conduct further research in this field.