

**PS 140 Intro to Comparative Politics
Getting Through Gerschenkron**

I. The Contribution of _____ to economic policy problems

A.

II. _____

A. _____ countries serve as models for all to follow, especially in _____ theory.

B. Gerschenkron predicts several things will be different between early and later industrializers:

1.

2.

3. These result mainly from differences in

a.

b. ideology, etc.

C. Attributes of these things across cases of modernization will vary with

1.

2.

D. Prior to modernization, countries experience tension between ...

. As the amount of _____

increases, industrialization looks more promising. So (complete the quote), “to the extent that industrialization took place, ...

III. _____ (examples: _____)

A. French industry gets a boost under Napoleon III, who reduces barriers to trade inside and outside the country. During this period France also establishes _____

B. The _____ and similar institutions were founded by rich capitalists as loan sources for industry, since currently existing ‘banks’ focused on being a source of capital and loans for the government. Crédit Mobilère devoted most of its activities to _____ and _____.

C. Countries and Banks

1. British banks existed first; they served as a source of _____.

The gradual accumulation of _____ over time from _____ and _____ provided a capital source for the gradual building of factories and railroads.

2. French banks came second; they served as a source of capital for medium and short-term industrial needs and were supplemented by the stock market. Since the goal was rapid industrialization on an existing (though small) base, France could focus its spending on things like railroads, ports, and urban modernization – public goods that make businesses more competitive by decreasing production and transportation costs. They also built more factories.

3. German banks came third; they serve as a source of capital for _____-term investment needs. Since Germany had little or no industry, it needed banks to fund the initial start-up of companies, particularly in the fields of _____, which are also known collectively in modern terms as _____. Factories aren't profitable right away, because they take time to build and start production before they receive any revenue. So banks have to be willing to lend for a long time.

4. "Continental practices in the field of ...

.... [U]se of such instruments must be regarded as specific ... to countries whose backwardness does not exceed certain limits." (pp 14-15)

IV. Development When Insufficient Private Capital Exists

A. Pattern in II doesn't hold for all types of cases.

1. Denmark didn't industrialize in that manner because

2. Russia didn't industrialize in that manner because

B. Russian industrialization has 5 characteristics:

1.

2.

i. Leads to focus on _____ industry as well

3.

4.

5.

C. "The crucial point is that

D. _____ as single largest factor in explaining the form of Russian industry.

1. Building _____ as catalyst for industrial development generally

2. _____ was so scarce that

3. Scarcity means that the government must supply capital by

4.

E. (new section) Eventually, after about 40-50 years, industry becomes self-sustaining. German industry liberates itself from the control of its initial supporting bank, and Russian industry becomes reasonably productive so the government reduces its support.

V. Ideologies of Industrialization

- A. The ideology of an 'industrial revolution' or of the development of capitalism so it can give way to the development of socialism (or other similar kinds of ideologies) are often needed to inspire the population. Industrial transformation displaces large segments of society and transforms others; having a 'cause' helps the political system remain stable during the upheaval.

VI. Conclusions

- A. Countries that are behind feel pressure to _____.
- B. Industrializing countries' focus on the most modern and current technology, large factories, and heavy industry (capital-producing machinery, concrete, etc.) is logical.
- C. "The Soviet government can be properly described as _____ It is one thing for [a totalitarian government] to gain power in a moment of great crisis; it is another to maintain this power for a long period. . . . Such a government can maintain itself in power only if _____ .” The Soviets do this by _____, promising happiness and material success in the future while defending against 'imperialism' at home.