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. 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 Mobilière 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 indus.
      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.