Review of International Studies (2002), 28, 437–439 Copyright © British International Studies Association

Aid and sovereignty: a reply to Ralf Leiteritz

DAVID WILLIAMS

In *Sovereignty, Developing Countries and International Financial Institutions: A Reply to David Williams*, Ralf Leiteritz takes issue with some of my arguments in *Aid and Sovereignty: Quasi-States and the International Financial Institutions*.[1] I want to answer some of Leiteritz's charges.

First, the original article did not 'locate the primary causes for the changing concept of sovereignty in developing countries largely or only in their interactions with the IFIs [international financial institutions]', and nor did it argue that the IFIs were the 'sole cause' of compromized state sovereignty for these countries' as Leiteritz seems to think (p. 440). Leiteritz argues that 'the relationship between private investors and developing countries plays a more important role than outcomes of interactions with the IFIs' (p. 440). My article was not intended as a comparative study of the various international pressures facing developing countries. I am sure Leiteritz is right that for some of these countries interaction with private capital markets is more important than interactions with the IFIs. It is important to note (which Leiteritz does not) that the balance between the two can change over time, and as the recent experience of East Asia illustrates, even relatively wealthy developing countries can be subject to rigorous attempts on the part of the IFIs to take charge of what I called 'the national economic project'. However, the primary focus of my article was 'the world's poorest countries', and Leiteritz seems to agree that for these countries relations with the IFIs are more important (p. 437). I have very little to say here about Leiteritz's account of the impact of private capital markets on developing countries, except to say that he perhaps overestimates the extent to which private lenders engage in a rational assessment of the 'country risk premium', and underestimates the extent to which these private lenders are or feel themselves to be underwritten by the IFIs, particularly the IMF.

Second, Leiteritz accuses me of exaggerating the leverage and capabilities of the IFIs over developing country governments (p. 435). In fact I suggested that many developing country governments were able to resist implementing the policy reforms pursued through structural adjustment lending.[2] What I did argue was that since the emergence of structural adjustment, the World Bank's involvement with many

[1] Ralf Leiteritz. 'Sovereignty, Developing Countries and International Financial Institutions: A Reply to David Williams', *Review of International Studies,* 27: 3 (2001), pp. 435–440. David Williams, 'Aid and Sovereignty: Quasi-States and the International Financial Institutions', *Review of International Studies,* 26: 4 (2000), pp. 557–73.

[2] Williams, 'Aid and Sovereignty', p. 571.

developing countries has become both wider and deeper. It includes almost all areas of economic, political, and social life, and this involvement is characterized by attempts to control in extraordinary detail the exact nature and content of development projects and programmes. The question of the impact of these interventions can be understood in a number of ways. They can, of course, be assessed in terms of their actual impact on development objectives. Here the results turn out to be mixed to say the least.[3] But this does not thereby mean that they have no impact on the sovereignty of the world's poorest countries. All it means is they do not work very well.

Third, Leiteritz says that the article neglected the extent to which the bank engages in a dialogue with governments and 'civil society actors'. I think this is an understudied area, and it seems to me that the extent to which this does occur depends on the particular country and the particular bank staff involved. As I am sure Leiteritz is aware, it has always been the case that some World Bank staff members have been more committed to pursuing 'ownership' and 'participation' than others. However, there are enough examples to at least raise questions about the extent to which it is pursued in practice, whatever the official bank policy line is.[4] In general I think that the World Bank has become more concerned with 'country ownership' and 'participation', as Leiteritz suggests. I would understand it rather differently from the way Leiteritz presents it, however. Given the limited success of conditional lending, the focus has shifted to ways of making governments and societal groups agree with the bank's objectives. As Joseph Stiglitz, the ex-Chief economist of the World Bank, put it, 'participation … becomes part of the transformation process'.[5] That is, 'participation' and activities designed to increase 'ownership' of projects and programmes are designed to change opinions and behaviour in line with what the World Bank thinks are a particular country's 'needs'. That the World Bank feels it is legitimate to engage in these activities is an example of precisely the kinds of changes I was trying to trace.

Fourth, it seems that Leiteritz has ignored what I took to be the main thrust of the argument in that article. He cites Stephen Krasner's book *Organized Hypocrisy* with approval to show that 'the violation, compromise and truncation of sovereignty has been a central feature of international relations since the very inception of the 'Westphalian system'' ' (p. 435, fn. 3, see also p. 436, fn. 7). I do not want to get into a debate about that particular book, but it seems to me that Krasner's approach runs counter to the one I advocated. What I wanted to argue was that there is no timeless concept of sovereignty. As a result of the historical developments that I tried to sketch, sovereignty has become intimately related to the achievement of domestic objectives within states, and this norm has become institutionalized in the organi-

[3] As the World Bank's own research has shown. See *http://www.worldbank.org/research/aid/index.htm*. For a discussion of why this might be the case, see Charles Kenny and David Williams, 'What Do We Know About Economic Growth? Or, Why Don't We Know Very Much?', *World Development,* 29:1 (2001), pp. 1–22.

[4] For some examples, see Carol Lancaster, *Aid to Africa: So Much to Do, So Little Done* (Chicago, IL: University of Chicago Press, 1999), Kerker Carlsson, Gloria Somolekae, and Nicholas van de Walle (eds.), *Foreign Aid in Africa: Learning from Country Experiences* (Uppsala: Nordiska Africainstitutet, 1997). For a good case study, see Oliver Saasa and Jerker Carlsson, *The Aid Relationship in Zambia: A Conflict Scenario* (Uppsala: Nordiska Africainstitutet, 1996).

[5] Joseph Stiglitz, 'Towards a New Paradigm for Development: Strategies, Policies and Processes', 1998 Prebisch Lecture, UNCTAD (Geneva, October 1998), p. 26.

zations and practices of international politics. Where governments have been unable or unwilling (or are seen as unable and unwilling) to successfully pursue these objectives, the IFIs feel justified in undermining their sovereignty, as illustrated by the activities of the World Bank. The idea that there is some timelessly applicable definition of sovereignty that applies from 1648 to today seems to me mistaken. In addition to being analytically suspect it has the result of intimating that nothing has really changed in international politics, and that what the World Bank is doing is nothing really new. For Krasner this might be an appealing thought, but it sits ill with the historical record as illustrated by the very existence of the World Bank and the changes in development strategies it has pursued over time. The World Bank exists partly because of the way in which the idea that states should pursue certain domestic objectives was institutionalized in international politics after the Second World War. As I tried to argue, this sat uneasily with the 'negative sovereignty' accorded to many newly-independent countries. Over time, and as a result of a number of developments, the achievement of domestic objectives came to be accorded a higher priority than respect for sovereignty.

Finally, Leiteritz throws down a challenge. He wonders how I would explain why it is 'that the worst and most efficient regimes, particularly in Africa, have remained in power and continued to impede the development of their countries for such a long period of time, given their alleged "loss of the effective control over the national economic project" '(p. 440).[6] I am not sure which countries Leiteritz has in mind here. Many African countries have been characterized precisely by the *inability* of governments to stay in power for any period of time. Others remained in power through a combination of internal repression, patrimonial rule and the supply of external funds from Western states. In any case I am not sure why the existence of long-lasting regimes in African countries is evidence for their control over the national economic project. All governments stand at the intersection between domestic and international politics. African governments have historically been very adept at managing these two sets of relations, and it is no surprise to me that some of them have remained in power for extended periods of time. What is nonetheless the case is that the external environment has become more hostile for African governments, as I tried to argue, and that when it comes to designing development programmes and projects, as well as determining spending priorities, it is external agents, particularly the IFIs, which play the most important role. And they feel increasingly justified in doing so because of the change in the way the conditions of state sovereignty have been understood.

[6] Quoting from Williams, 'Aid and Sovereignty', p. 573. Actually I only argued that 'many governments' are no longer in control of their national economic projects, not that all were not.