Third World Quarterly, Vol 16, No 1, 1995

Universalism, Eurocentrism, and ideological bias in development studies: from modernisation to neoliberalism

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In much of the development literature, neoliberalism is portrayed as an innovative new development strategy which was created to address the key contradictions of previously dominant development frameworks, such as the modernisation approach and other Keynesian models. Despite such claims, however, many of the most serious contradictions of modernisation theory seem to be reappearing in the neoliberal development framework. These shortcomings make neoliberalism susceptible to many of the same criticisms that have plagued modernisation theory and, eventually, contributed to its demise. This paper will concentrate on problems stemming from the common shortcomings between these two development frameworks.

Formal models and neglect of the contextuality of development

In order to understand and explain processes of development, we need to become more sensitive to the complexities of various development experiences and to forge more appropriate conceptual tools within development theory for interpreting such experiences. From the more traditional modernisation paradigm to the newer neoliberal framework, mainstream development theory has been almost entirely rooted in the historical and social experiences of a few Western industrialised societies. However, as Bruton notes: 'Knowledge about the development process in a particular environment at a particular time does not exist in transferable form, rather it is the product of the development process itself.'[1]

An ongoing tension exists within development theory between the desire to formulate universally valid principles and formal models (based on a stylised version of the development history of the West) and the need to understand the great variety of actual experiences and potential alternatives for development in different societies. Given their Western social science background, many development theorists across a range of disciplines have been preconditioned to look for parallels between the development history of the West and contemporary development in non-Western societies; as a result, the actual development experiences of different societies have been simplified and distorted.[2] Because of this, many analyses have been conceptually incapable of addressing the root causes of critical development problems in these societies.

No formalistic development orthodoxy, whether that of economic

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0143-6597/95/010121–20 Ó 1995 Third World Quarterly

liberalisation or state interventionism, can provide universal solutions to the problems of all societies at all times. Solutions to development problems must be found in the 'contextuality' of development as a product of particular historical processes.[3] The context of development is constantly changing at a variety of scales over time and among societies, creating both new obstacles and new opportunities for variations in development. Because of this, it is difficult to draw conclusions from the development experiences of particular societies during particular periods and expect these findings to be valid for other cases. Strategies and theories of development must come to grips with the basic pluralisms of development (ie based in the dynamics of concrete social formations structured by class, ethnicity, gender, religion, language, etc) that produce important differences among societies across both time and space. Geographical and historical diversity at the global, national and local/regional scales needs to be recognised within development frameworks, especially those designed to contribute towards policy making. Such diversity is responsible for the tendency of particular development problems to concentrate in specific places at specific times. At the global scale, for example, particularities of development within each of the South's major regions have caused important variations in development problems (eg food shortages in Africa as a result of peasant exploitation and rural impoverishment, external indebtedness in Latin America because of excessive foreign dependency and exorbitant state spending).

The need to 'unlearn' our grand theories of development

In recent years analysts in a variety of disciplines have depicted both neoclassical theory[4] and mainstream development studies[5] as 'grand theories' characteristic of the Age of Enlightenment and 19th-century thought. Grand theories—whether neoclassical economics, orthodox Marxism, or Keynesianism—construct a totalising vision of society which attempts to provide a rational basis for understanding all aspects of development. Such theories, however, neglect much of the richness and diversity of development by reducing it to some fundamental essence. Postwar development studies, for example, have been largely dominated by the concept of modernisation—the equation of development with modernisation and the construction of a single model of modernity based on the experience of a few (industrialised) countries. If this model is followed, it is assumed that all countries may reach the goal of a similar type of 'modern society'. This type of grand theorisation is prone to problems of reductionist bias, whereby simplistic monocausal explanations are sought for complex development realities. Within such explanations there is little room for plurality; much of the richness and diversity of societies that produces different trajectories of development is excluded from analysis. By contrast, a relativist approach recognises social diversity and the particularities of place within the theorisation process. Relativism insists that human behaviour and development can only be understood within its proper context—there are no models or theoretical constructs that are universally applicable. A growing number of social theorists have recently adopted this position, rejecting tendencies towards grand theorisation which are regarded as outdated and inapplicable to contemporary global conditions.

At a methodological level, a theory is largely determined by its underlying framework or presuppositions, and thus there exists a close connection between the framework, the theory and the subject and methods of research. It is a common observation of the post-Kuhnian philosophy of science that a theory allows researchers to study only the subject matter to which the theory directs them. A theory is determined by its own framework and, in turn, the theory interprets its subjects in accordance with its own logic. Alternatively, a different underlying framework will yield a different theory that will address different subjects using different methods. Accordingly, if the frameworks and theories that are commonly employed in development studies omit important elements of Third World development, we need to rethink our key concepts and theoretical discourses and engage in a process of theoretical renewal. In a recent review of contending theories of development,[6] Davis asserts that the development field currently faces three broad challenges: first, to identify untenable concepts, categories, and theoretical propositions about Third World development; second, to trace the historical and ideological origins of these concepts and theoretical propositions; and, third, to 'unlearn' our preconceived notions and prevailing discourses that prevent us from understanding the complexities of development in various Third World areas. Our approach to development needs to foster a sensitivity to the local context rather than indiscriminately replicating ideas and models generated out of context. Development principles should not be formed via the direct transplanting of preconceived approaches; instead, they should be reconsidered in terms of particular sociocultural, political, economic and environmental conditions.

The importance of history and culture to economic growth

Given the prominance of economics within mainstream development theory, the generation of economic growth has usually been afforded a central place in development studies. For most neoclassical economists and related development theorists, the concept of economic growth is neither culture-specific nor is it based on historically changing conditions. Instead, economic growth is subject to its own universal laws irrespective of the sociocultural or historical contexts within which it occurs.[7]

Prescriptions for economic growth are derived from generalised hypotheses and are presumed to have universal applicability. Variations in historical or sociocultural circumstances are treated as 'noise' that should be filtered out to increase the parsimony of the development models. Culture and history, when they have been considered at all, have been regarded as barriers on the road that neoclassical development theorists sought to travel. Perhaps, as Somjee notes, a complex factor such as culture could have no place in the neoclassical 'search for order' in development because it would make accepted modelling techniques impossibly difficult.[8] Or perhaps it would expose the irrelevance of such modelling techniques to many pressing development problems that are rooted in social and cultural variations. At any rate, economic growth and development have been transformed in the neoclassical literature into 'scientific' concepts that are products of 'rational discourse' and are thus universal in scope and not bound by particular historical or cultural conditions.

However, no universally valid strategies for generating either economic growth or development have yet been found. The variety of development experiences in different regions and countries cannot be understood via the neoclassical paradigm or, for that matter, any other simple mechanistic framework. Different strategies need to be conceived for different countries and different time periods. To a large extent, development is contextually defined; it is an open-ended concept that should be constantly redefined as our knowledge of the development process deepens and as new problems of development appear. At its best, development theory has been interdisciplinary and has moved away from dependence on any of the excessively specialised and static social sciences to examine interelationships among sociocultural, political, economic and environmental factors within particular geographical and historical contexts. In order to address this complex subject matter, a range of theoretical constructs and methodological techniques from the social sciences and humanities needs to be employed and, if necessary, transformed to make them more appropriate to diverse Third World settings.

The importance of studying processes of development within their social and cultural contexts has been ignored by most development theories. Hettne observes that development theorists have often stressed the importance of 'non-economic' factors such as culture, only to forget about them after having made the obligatory reference.[9] Within modernisation theory, cultural factors such as ethnicity typically represented obstacles to development that were rooted in traditional societies and that were destined to disappear in the course of development. The neglect of culture and 'ethnodevelopment' is not merely an oversight of mainstream theories, but should be seen as a paradigmatic blind spot.[10] First, the sociocultural context within which economic processes are shaped has been virtually ignored in the universalist concepts developed by neoclassical theory and related frameworks. Second, development theory has focused almost exclusively on 'states' and 'national economies' as its basic units of analysis, precluding any serious treatment of local cultures and ethnic identities. In most countries, the 'national' culture is a relatively recent and rather artificial construct that is often associated with elitist and centralised (neo)colonial interests rather than traditional sources of identity based along regional and ethnic lines. Indeed, the rise of cultural pluralism and ethnodevelopment represents a challenge to the top-down, integrationist and outward-oriented development projects of transnational capitals, international financial institutions, core capitalist countries and most Third World governments.

Universalism in Mainstream Development Strategies from Modernisation to Neoliberalism

A couple of decades ago Joan Robinson remarked: 'Economic theory … has nothing to say on the questions that, to everyone except [mainstream] economists, appear to be most in need of an answer.'[11] The same might also be said of mainstream development theories, including both the more traditional modernisation approach and the newer neoliberal framework, for many of the same reasons (eg use of universal concepts that exclude the contextuality of social reality, reliance on unrealistic assumptions, neglect of social relations and structures, failure to consider meanings and values). Modernisation theory can be regarded, at best, as a heuristic device; it was too simplistic and too vague to be taken seriously as a comprehensive theory of development. In the end, it could not establish its relevance to the developing world because it was really a celebration of the achievements of the advanced industrial countries. The framework lacked both a satisfactory historical input from the South itself and an adequate analysis of social relations and structures in specific countries. In particular, patterns of discrimination and inequalities based on social class, ethnicity, gender and other social relations were virtually ignored.

Moreover, little attention was given to the views, wishes and values of the people that were supposedly being developed. Values that differed from those that were thought to characterise the industrialised North (however far this was from reality) were invariably portrayed as obstacles to development that should be eradicated as modernisation proceeds. In a highly normative and ethnocentric manner, Western values were universalised and linked with progress, while the values of traditional Third World societies were denigrated and tied to stagnation and underdevelopment. Modernisation theorists tended to rely on a tautological or circular logic in their treatment of values and culture. Societies that were able to modernise through industrialisation were believed to possess the appropriate values; those which failed to industrialise along Western lines lacked those values. The presence or absence of the requisite value structure was determined *a priori* by the degree of industrial and economic growth—the effect created the cause.[12] Although, in reality, the relationship between values and development processes is complex and dynamic, it is not well conceived by simplistic dichotomies between traditional values/economies and modern values/economies.

Even as heuristic devices, the categories of 'modern' and 'traditional' employed by modernisation theory are low grade because of their imprecision, narrowness and distance from reality. Because it neglects social relations and structures, the traditional–modern dichotomy fails to account for many of the important socioeconomic forces responsible for development in particular societies. In fact, both the basic societies described by modernisation theory are largely fictional: many of the supposedly beneficial traits of modern society are only rarely found in real-world industrial countries, while the detrimental traits of traditional societies are equally difficult to find in developing countries. Moreover, most societies contain some combination of both traditional and modern traits, a fact that is obscured by the mutual exclusivity of the ideal types in the modernisation model. Blanket terms like 'traditional' and 'modern' do not do justice to the variability of societies either in the North or South, neither of which are homogeneous but are invariably fissured by factors such as class, gender, ethnicity and religion. In addition, in real-world situations most elements of traditional and modern societies are not mutually exclusive; constant interaction normally takes place between the traditional and modern sectors of most developing countries, a fact that is well illustrated by de Janvry's account of 'functional dualism' between the peasantry and capitalist agro-export sectors in Latin America.[13]

Like the older modernisation approach, the newer neoliberal framework also employs universalistic (ideal) theoretical constructs that are based on unrealistic assumptions and exclude much of the variability of Third World social formations. Neoliberalism is rooted in what Hirschman calls the 'monoeconomics' of orthodox neoclassical theory—the notion that there is only one body of economic theory with universally applicable concepts, just as there is only one physics or chemistry.[14] This approach is a product of the rational–deductive method of positivist science; the behaviour of individuals is predetermined by a set of universal rational rules that are deductively posited.[15] Private producers and consumers are presupposed to be utility and profit maximisers who respond rationally and efficiently to correct market signals. As in neoclassical theory in general, neoliberals contend that unfettered markets will produce rational behaviour that efficiently reflects market signals based on principles of scarcity and choice.

However, while neoliberals examine markets using ideal theoretical constructs, governments and states are treated as they exist in practice—with all their various imperfections highlighted. The idealised neoliberal concept of the market neither reflects the diverse realities of Third World markets nor does it form a logical basis from which to compare Third World states as they exist in practice.[16] Highly skewed power relations and structural inequalities within many societies produce real-world markets that are far removed from the ideal types of neoliberal theory. Given such complexity, development policies may work in different ways in different places at different times. Universal answers cannot be found to the development problems of particular countries and regions and, because of this, the simple market-based solutions of the neoliberals are unlikely to succeed in most places.

Modelling techniques and the gap between theory and reality

Within many neoliberal development studies, as well as in neoclassical theory in general, increasing attention has been devoted to the sophistication of modelling procedures and quantitative techniques at the expense of a number of concerns. These include concerns over: the neglect of social complexity and diversity, the omission of non-quantifiable aspects of development, the use of methods and concepts inappropriate for non-Western societies and dependence on unreliable and unsuitable statistics. In order to accommodate its positivistic methodological imperatives, neoclassical research has become narrowly focused on only those variables that can be empirically observed, reduced to quantitative measurements and generalised across all instances. Broader social, human, and moral issues that are not amenable to quantification and modelling techniques are excluded from analysis. In effect, this removes much of the human factor (at the individual level) as well as social relations (at the societal level) from the development paradigm.

Neoclassical researchers who commonly use aggregate socioeconomic statistics in their empirical models normally pay little attention to the quality of their primary data sources.[17] Widely acknowledged problems basic to Third World data are ignored, including: the poor quality of many statistical series, the inadequate training and other deficiencies of primary researchers and the notoriously inaccurate information offered by some groups of informants. Moreover, in order to make Third World complexities conform to preconceived Western categories and concepts, misplaced aggregations are often employed that inappropriately combine conceptually discrete social forms (eg different types of peasants and other farmers, various informal sector activities, diverse household types). In Third World settings marked by extreme inequalities, aggregate statistics (eg GDP growth rates, per capita income) may also conceal more than they reveal. In general, many of the universal concepts of neoliberal, and by extension, neoclassical theory are tinged with ethnocentrism, while the methods that are commonly employed yield inaccurate results and are inappropriate to most Third World settings. As Miller notes: '[R]eality is trimmed to fit the theory … Irrespective of the poor fit between the facts and the theory, neither the theorists not the theory is "in difficulty". The facts are simply assumed away.'[18]

Many of these conceptual and methodological shortcomings contribute to a yawning gap between the theory and practice of Third World development. As a result, a large amount of theoretical research is of little significance to the actual practitioners of development in the field, while many development projects and other practical development efforts lack direction or repeat past mistakes for want of a firmer theoretical grounding. All too frequently, the theoreticians and practitioners of development seem to occupy different worlds and speak different languages. For the most part, our theoretical approaches are too formalistic and abstract, too dependent on aggregate data, and too universal and general to be relevant to the everyday world of their would-be beneficiaries. At the same time, there is an accumulated wealth of practical knowledge derived from actual development experiences and on-the-job training that has yet to inform the theoretical literature. One of our most valuable resources for theory construction ought to be the development experience itself in particular regions and countries. This has led some analysts to call on development theorists to adopt a more practical and applied stance in order to become more involved in policy-making, planning and other direct development efforts. For example, Hulme and Turner contend that development theorists ought to abandon their 'conceptual and theoretical straight-jackets'[19] in favour of approaches that reflect the diverse realities of Third World societies and that are focused on the practical problems of development.

Eurocentrism in development studies

Ethnocentrism, of which Eurocentrism is a special case, has been defined as 'the tendency to view one's own ethnic group and its social standards as the basis for evaluative judgments concerning the practices of others … with the implication that one views one's own standards as superior'.[20] To varying degrees Eurocentrism has permeated all our major frameworks of development studies as well as their component parts within individual academic disciplines.[21] Within development studies, it has been associated with the neglect of geographical diversity and the misreading of the social and historical experiences of individual countries and regions. Western-based concepts and research methods are infused with a false universalism that serves to legitimate their application as is—without basic refinements or reconstruction—in diverse Third World societies.[22]

Characteristically, parallels are sought in non-Western societies that can be related to the historical experience of the West. Research addresses only those phenomena and events that can be conceptually compartmentalised and take on theoretical significance within the accepted (ideological) version of the West's development experience. Other subjects are typically ignored, including those that might prove theoretically challenging or offer unconventional solutions to practical development problems. In addition, little attention is afforded to the views, desires and ambitions of Third World peoples themselves, particularly if they are from traditionally disadvantaged and marginalised social groups (eg the lower classes, the peasantry, women, ethnic minorities).

Eurocentrism has impeded progress in development studies in both the North and South. In the North, it has impoverished development studies and related disciplines by blocking access to alternative concepts and indigenous sources of knowledge from the developing countries themselves. In the South, it has perpetuated intellectual dependence on a restricted group of prestigious Western academic institutions that determine the subject matter and methods of research. Categories and concepts are borrowed which may have been useful and meaningful within their original Western contexts, but which lose much of their meaning and utility in the process of being transposed into Third World contexts. Commonly, the Third World is relegated to the status of a residual category—a type of conceptual 'grab bag' for whatever happens to remain after the important elements of development (characteristic of modern First World societies) have been accounted for.[23] This both obscures the real significance of developments in the South and conditions its inhabitants to accept the 'inevitability' of their inferior position, given the clear superiority of everything Western.

An important part of this process also involves distorting the real impact of (neo)colonialism and its discourses on Third World countries. As Nederveen Pieterse notes, the 'Eurocentric perspective ... [has] served as a manual for imperial management of [Third World] societies'.[24] Accordingly, mainstream development frameworks can be seen as a form of neocolonial discourse. The universalism of the concepts of the modernisation approach or, more recently, of neoliberal theory is an adjunct of the hegemonic power of the advanced industrial countries. As Western hegemony has expanded, so has the power of the universal concepts of the West's main intellectual frameworks—invariably at the expense of alternative frameworks that do not accord with Western interests.[25]

Inappropriateness of Eurocentric concepts to Third World conditions

One of the main reasons why postwar development has so often produced disappointing results in developing countries is that it has attempted, for the most part, to replicate the West, rather than promote processes of indigenous change within the Third World itself. Inevitably, efforts to replace the traditional values, relationships and institutions of Third World societies with alien Western ones have created rising tensions, uncertainties and feelings of anomie. Typically, Eurocentric development models pay little attention to the historical legacy that created Third World societies, to sociolcultural factors and other particularities of those societies, or to national or global structural constraints that may make development along classical Western lines highly unlikely. Universal concepts and theories based on an idealised image of the West may have quite limited relevance to societies with different histories, sociocultural traditions, political institutions and economic structures.

The global conditions currently faced by Third World countries often differ dramatically from those which propelled the initial stages of industrial growth in the core capitalist countries during the last century. Social relations and structures within Third World societies may also depart radically from those found in the West (eg the prolonged presence of the peasantry and other non-capitalist social forms, the rapid growth of the informal sector). Rather than disappearing under the force of modernisation, traditional Third World social structures (eg tribes, castes, kinship groups) have often proven remarkably flexible and resilient. In many cases, they have acted as ‘filters’ for the spread of modernisation and capitalist relations, causing important variations in patterns of development. Many Third World institutions bear little resemblance to and function quite differently from their First World counterparts. For example, the land, labour, credit and product markets of most developing countries normally do not obey the universal assumptions or formalised economic principles of neoclassical theory.[26] Such differences render many of the universal concepts and ready-made strategies of the mainstream development models inoperative. In most cases, if Western-style structures and institutions are to exist in Third World societies, they have to be artificially created and sustained.

The domination of developing countries by Eurocentric theories and strategies of development has had far-reaching consequences. In broad terms, it has arrested processes of indigenous development and preempted possibilities for alternative development projects based on principles of greater self-reliance, more balanced development, and broader popular participation. Inappropriate policies resulting from basic misapprehensions of Third World realities have exacted heavy social, economic, and psychological costs, particularly for the poor majority in most developing societies. Indigenous social structures that have traditionally supported majority interests and have served as sources of identity and popular participation have been undermined without being replaced by viable functioning alternatives. A growing number of analysts now contend that much of the discontent with development in the Third World can be traced to the displacement of traditional values, institutions, and relationships by alien Western counterparts. Bruton, for example, states:

> … the basic difficulty [with development] arises from the imposition of Western mechanics and Western artifacts on a society whose traditions and values, whose routines and mores, whose cultural and social arrangements, whose concepts of

> economic activity are such that the absorption of such mechanics and artifacts is neither possible nor desired.[27]

In large part, the new institutions created by modernisation have failed to find roots in the indigenous social and cultural traditions of Third World societies and have therefore remained tenuous. In many countries, imported institutions have created an artificial form of development that has heightened feelings of anomie and disillusionment and fuelled ethnically based social conflict. Contrary to the precepts of modernisation theory, the internalisation of Western ideas and values that has accompanied the spread of these institutions has often proven to be more of an obstacle than a vehicle of development. Commonly, it has been powerful Third World elites who have internalised Western concepts and have used this specialised knowledge to defend their privileged position within the existing social order from alternative ideas about development arising from indigenous sources of popular knowledge. Typically, Western concepts have paid little attention either to the views and wishes of the popular majority or to the types of structural constraints (eg based in relations of class, gender and ethnicity) within which Third World inequalities are so frequently rooted.

Disregard for indigenous knowledge and popular participation

Power has always been a central component of development; without it there is little that the popular majority can do to change their situation. Within Third World societies, the 'professionalisation' of development studies under exclusionary Eurocentric frameworks, the control of this knowledge by elites in their own interests, and the devaluation of alternative sources of popular knowledge have all prevented the majority from participating in centres of decision-making power. Local self-confidence has been undermined and most grassroots social groups and popular organisations have been blocked from acquiring the knowledge and skills that they need to analyse and solve problems for themselves. The transformation of people into agents of their own development, which ought to be the focal point of any broadly based democratic development strategy, has been retarded by exclusionary theories and elitist practices that block the sharing of knowledge and information. At the same time, development theorists and strategists are prevented from understanding much about the real world of the popular majority to which development is ostensibly directed because these 'experts' are so far removed from that world.

Because they are products of an arrogant and ethnocentric era in development thinking dominated by Western experts and modern scientific techniques, the mainstream development frameworks are designed on the assumptions that the development process is undirectional. Knowledge filters down from a select group of First World academic institutions to the intellectual elite of developing countries (many of whom have been trained at those institutions) and is then dispersed to those (generally upper-middle class) elements with the capacities to absorb it. Progress is envisioned as a universal, undirectional process, always to be led by elite groups and the richest countries. A highly exclusionary, technical view of development becomes the norm, in which 'the "transmitter" and "receiver" of information are distanced from each other by a basic inequality in the amount of technical knowledge they each possess'.[28] Knowledge, as well as the power to control it, becomes concentrated among the educated elites that possess the skills necessary to understand the technical language and methods being employed. Development professionals and other experts become the only people capable of mediating the transfer of knowledge and skills from one society or group of people to another. Because knowledge is associated with formal Western education and technical training, indigenous concepts and methods are ignored or relegated to a strictly subordinate position. Development studies from the Third World itself that do not conform to accepted Western theories and methods are neglected, as are other potential sources of new insight, understanding and creative solutions to development problems originating from the popular sectors themselves.

The search for indigenous development alternatives

The realisation that external theories and models have blocked out alternative sources of indigenous knowledge has not come easily to the South. There are strong intellectual and material reasons for this delay. Intellectually, much of the development community (including many leading Western-educated professionals from the Third World itself) have maintained that the concepts and methods of the mainstream development models are universally applicable. Materially, these development models have been closely aligned to the interests of the most powerful fractions of capital and their political allies, at both the global and national scales. In recent years, however, rising interest has been shown by some Third World social groups and organisations (particularly those linked to the popular sectors) in the formulation of alternative indigenous concepts and methods of development. Demands for the indigenisation of theories and strategies of development flow from two interrelated concerns: first, that the Western models contain too many false universals and Eurocentric biases to comprehend many crucial issues and problems of Third World development; and, second, that development programmes and policies based on the Western models have brought devastating results to most developing countries, particularly to their poorest, most vulnerable and disadvantaged classes and social groups.

The search for relevant indigenous models and paradigms has taken many directions based on the different development experiences and intellectual traditions of particular Third World areas. Examples include: the rise in the Middle East of a distinctively Islamic model of development based on the ethical principles of the Quran, the development in India of an alternative economics grounded in Gandhian philosophy, the appearance in countries such as Burma and Sri Lanka of a Buddhist economics stressing cooperation and self-sufficiency, the formulation in Africa of rural development strategies based on the traditional egalitarian values of African communalistic societies, and the creation in Nicaragua of a Sandinista model of popular development that rejects the ready-made frameworks of the West and the East in favour of a more flexible alternative more appropriate to Latin American particularities.

Commonly, the search for indigenous models has also led to a reexamination of basic notions about the role of Third World social relations, values and structures in development (eg African tribalism as an important vehicle for constructing new, more egalitarian societies rather than as a dysfunctional or obsolete social form; traditional Confucian values concerning interpersonal relations and social obligations as a key component of East Asian state-led development rather than as a barrier to capitalist modernisation). Following a careful and sensitive reassessment, many of the relations, values and structures that characterise traditional societies may prove surprisingly conducive to development—particularly of alternative forms of development that seek to maximise popular participation. In many cases, traditional societies have mutual support systems that, because of their flexibility and efficiency, may be adapted for use in development projects. For example, Ingham reports that in many Third World rural areas, traditional savings institutions can be adapted to mobilise hitherto unutilised resources for development.[29]

The trend towards the indigenisation of development theory, which has also often included a strong element of Third World nationalism, has gained momentum in recent years.[30] For many in the South, it has become increasingly evident that development may follow many diverse paths that lie beyond the experience of the advanced industrial countries. Because of this, many of the core concepts and theories of the mainstream development frameworks are seen to be, at best, of only limited relevance to Third World societies. Accordingly, a growing number of development analysts are calling for a deconstruction/reconstruction process to commence in development theory. First, to deconstruct our present universalistic development paradigms to sort out what, if anything, remains relevant to the South and what should be discarded. Second, to reconstruct our development frameworks so that they might better serve the diverse interests and needs of the popular majority in various countries and regions. This process will not entail a single reconstruction, but will undoubtedly involve 'polycentric' reconstructions based on the varying itineraries and circumstances of different countries.[31]

At the same time, questions over what, if anything, may be universal in processes of development need to be posed in new ways that will avoid Eurocentrism and permit the use of polycentric concepts based on the distinct experiences of various countries and regions. Concepts and categories may be employed that address general aspects of development characteristic of most Third World areas (eg the popular sectors, the peasantry and semiproletariat, the informal sector), but which can also be modified to incorporate local particularities in social relations and forms. This type of conceptual reconstruction should obviously be closely linked with increases in primary local/regional research and comparative studies within the Third World itself. Such links underscore the need to devote more resources to improving the research capabilities of developing countries. In addition, these countries need to discern better ways of pooling their research competence and resources to find solutions to their own problems. Networks of cooperation and interdependence can be envisioned at several scales, including sub-regional and regional groupings as well as those encompassing the entire South. At the same time, new methods of global cooperation and interdependence must be worked out so that interested groups in the North may assist efforts in the South to create more appropriate and relevant development frameworks.

Ideological biases in early postwar development frameworks

In addition to their Eurocentric tendencies, mainstream development frameworks in the postwar era have also provided broad ideological supports for the expansion of global capitalism. From growth theory and the modernisation approach in the early postwar era to neoliberalism more recently, the dominant postwar development theories have been ideologically linked to generalised capitalist interests in opening up the South to transnational capital, as well as to more particular US interests in maintaining its hegemonic global position in economic, political and military terms.

The presence of a direct relationship between the rise of modernisation theory and that of US national interests in the expansion of global capitalism has been the subject of much conjecture over the years. For example, Klaren remarks that it can hardly be coincidental that the rise of modernisation theory, with its intellectual roots in the 'liberal developmental thought' of American social sciences, coincided so closely with the global expansion of US economic, political and military power.[32] Likewise, Hulme and Turner note that it is not surprising that modernisation theory maintained a 'conservative, pro-capitalist ideological framework', given the Cold War environment and the establishment of close links between the postwar American academic community and 'the political, military, administrative, and business elites in the US'.[33] These and other development theorists argue that the modernisation approach, as a Cold War product of Western, liberal, capitalist values, was inexorably put into service supporting the expansion of global capitalism under American leadership. Modernisation theory is seen as 'still another imperialist Cold War strategy' aimed at tying the Third World into a Western, liberal development pattern within the sphere of influence of the USA and other Western powers.[34] At the same time, adherence to the basic principles of modernisation denied possibilities for the rise of alternative development strategies (eg indigenous frameworks, socialist models) that might extricate Third World countries from the Western orbit.

Linkage of modernisation to US and global capitalist interests also helps to explain the strongly ethnocentric and self-serving world view that many analysts attribute to modernisation theory. This suggests that the rise of modernisation theory (as well as other US social science frameworks) should be understood within the context of the US as a growing postwar superpower.[35] The increasing popularity of the modernisation approach both reflected and duplicated the expansion of US global power, as well as serving to justify it. Moreover, this also suggests that the domination of development theory by American paradigms in the postwar era may be less a result of the intrinsic merits of these frameworks than of their association with US power. Kolko, for example, finds that much of the intellectual rationale for US interventionism (eg USAID programmes of rural development and 'state-building', CIA security assistance) was supplied by a generation of American modernisation scholars.[36] By the late 1960s many of these scholars had become disillusioned and embarrassed by the realisation that US foreign policy had dominated development in many Third World countries under the guise of modernisation. However, other prominent US development theorists (eg Rostow, Huntington) never believed that this was a problem and, in fact, quite openly used their work as an instrument of American foreign policy.[37]

The ideological agenda of neoliberal development strategy

Like modernisation theory, neoliberalism has also been ideologically linked to the interests of the USA and other advanced industrial countries in the expansion of global capitalism into Third World areas. The recent rise of neoliberalism has accompanied the increasing power of transnational capital based largely in the core capitalist countries of the North. In addition, neoliberalism was first championed in the 1980s by the conservative administrations of many Organization for Economic Cooperation and Development (OECD) countries (eg Reagan in the USA, Thatcher in the UK, Kohl in Germany) and by powerful international organisations (especially multilateral financial institutions such as the IMF and World Bank) that have historically been linked to the expansion of global capitalism under the direction of the transnationals. At the same time, neoliberalism's theoretical agenda, based on neoclassical principles of economic liberalisation, free trade and open markets, has provided intellectual support for the integration of international markets in the interests of these transnational corporations (TNCs).

The emergence of the neoliberal 'counterrevolution' in development theory during the early 1980s should be understood in the context of the general anti-Keynesian ideological wave that swept through the West at the same time. As part of the global ideological agenda of the 'New Right', neoliberalism also turned attention away from basic inequalities in international economic and geopolitical structures by placing the onus for Third World underdevelopment firmly on the South itself (especially on ill-conceived policies such as excessive state spending, the erection of trade barriers and the failure to liberalise markets). This position reacted against and rejected the Western 'guilt-complex' that some analysts have linked to the emergence of 'Third Worldist' postures in the alternative development frameworks (eg dependency and world systems theory) of the 1960s and 1970s.[38]

In the early 1980s, as the USA under Reagan struggled to shake off the 'Vietnam syndrome' and reassert its position of global capitalist leadership, neoliberalism began to dominate the macroeconomic thinking of the American (transnational) elite and their allies in the Reagan Administration. They stood for a positive approach to development promotion and the expansion of US global influence rather than a retreat into American isolationism and self-doubt. In fact, it was the 1981 global economic summit in Cancún, Mexico—at which Reagan himself gave a major address extolling the benefits of economic liberalisation and reduced state intervention—which best marks the ascendency of neoliberalism within mainstream development strategy. It also marked a new readiness by the USA and other OECD countries to assert their global power, after a period of introspection during the 1970s. This was accomplished via the imposition of a neoliberal agenda on a recalcitrant Third World that had run out of other development options in the face of a devastating economic collapse. The last time that the Western powers, and particularly the USA, had moved so confidently to set the world's development agenda had been in the early 1960s, as modernisation theory reached its zenith.

In addition to its links with the TNCs and core capitalist countries, the neoliberal development agenda has also been promoted by multilateral financial institutions such as the World Bank and the IMF, especially through the imposition of structural adjustment programmes (SAPs) on Third World countries. For much of the South, submission to a structural adjustment package has become a condition for receiving external loans or other financial assistance—not only from these multilateral institutions, but also from most other sources of private or bilateral lending. Despite their global scope and formally independent structure, these institutions remain closely associated with the interests of the Western powers (particularly the USA) and transnational (especially financial) capital. Analysts have noted that both the IMF and the World Bank have been subjected to regular interference from the USA and other major Western contributors according to ideological and geopolitical considerations.[39] Inconsistencies in the dealings of these institutions with many Third World countries seem comprehensible only in terms of ideological differences and the play of major power interests. For example, in the 1980s Fund/Bank lending programmes were either drastically reduced or denied altogether to a series of countries at odds with US foreign policy (eg Cuba, Mozambique, Nicaragua, Vietnam), while lending was maintained or increased to many countries aligned with US interests (eg Chile, El Salvador, Guatemala, Cote d'Ivoire, Zaire) despite charges of pervasive human rights abuses, corruption and other questionable practices by the governments of these latter countries. These types of inconsistencies in the lending record of the World Bank during the 1980s led one analyst to charge that its policies have been 'highly conditioned by the dominant political agenda of the US administration, and that this has co-opted the scientific agenda and transformed it into a manipulative exercise'.[40]

Other commentators have suggested that informal alliances supporting the neoliberal development agenda have been created not only at the global scale between the IMF/World Bank and the major OECD countries, but also at the national scale in much of the South between these multilateral institutions and dominant fractions of the local elite linked with transnational capital.[41] It has not escaped notice that, especially in many severely polarised societies, the interests of the popular majority may not be well served by such elitist arrangements. Moreover, the imposition of Fund/Bank conditionalities often entails a substantial reduction in sovereignty that restricts the ability of governments in the South to determine policies and shape development in their societies according to local values, aspirations and traditions.

A number of central elements of the neoliberal policy programme itself have also been clearly linked to a specific ideological agenda. Indeed, the theory of neoliberalism as a whole has from the start been openly associated with the New

Right ideology of political conservatism. This was made clear by one of the intellectual founders of neoliberalism, Milton Friedman, in his arguments that laissez-faire capitalism is a necessary condition for broader social and political freedoms.[42] In subsequent neoliberal development studies, an overarching ideological conception of the market and political systems has characteristically been substituted for careful analytical and empirical investigations of socioeconomic and political relations in different Third World societies.[43] Typically, the neoliberal obsession with 'getting the prices right' has led to the abstraction of one sphere of economic activity, that of exchange, from the totality of relations of production and power. This inevitably produces distorted results and a narrow, rather superficial analysis that misses the roots of many development problems within particular socioeconomic structures.

Neoliberal political analysis, especially that framed by public choice theory, combines a more traditional element of economic liberalism with a more modern component of political conservatism that provides an ideological defence for systems of market power versus state intervention. The pro-market and anti-state ideological biases of neoliberalism prevent it from addressing many crucial structural aspects of economic and political relations in the South. Rival traditions of development scholarship that might deepen understanding of development processes are either ignored or caricatured if they do not accord with neoliberal values. This has led many development theorists to decry the domination of much of neoliberalism by ideologues.[44] It is suggested that the 'analytic dice [of neoliberal development strategy] are value-loaded from the very start to reach predetermined policy positions that are then fed into the political debate as privileged "scientific" conclusions supposedly devoid of any ideological bias …'[45] The strength of this ideological commitment has meant that neoliberal policy prescriptions have often been based on value judgments and questionable assumptions rather than solid empirical evidence and logically coherent analysis.

Ideological bias often manifests itself in the processes by which scholars and other development professionals become 'socialised' to the world views, theoretical concepts and models, and analytical techniques of the mainstream development paradigm. This socialisation process often takes place quite gradually and usually proceeds through years of intensive training at one of a limited number of internationally recognised development institutes in leading First World universities. Normally, any connections between the models and techniques of the mainstream development paradigm and particular ideological interests are well obscured. Those who have become socialised through years of painstaking study into the elite of the international development community tend to regard their views and methods as scientifically objective, theoretically sound and analytically superior. Opposing concepts or techniques that do not neatly fit into the well-defined scientific parameters of the set body of (Western) knowledge that they have been taught seem abnormal and unscientific.

The ethnocentric and ideological biases of the mainstream development framework (ie previously modernisation theory, presently neoliberalism) towards the interests of the Western powers and global capital are thus obscured under layers of seemingly objective scientific discourse. Such bias has become a serious problem not only for Northern development scholars, but also for many development professionals from the South itself. This seems to be particularly the case among Third World professionals within multilateral institutions such as the IMF and the World Bank and other elitist organisations of the global development community. These professionals tend to see their role as one of using their specialised knowledge in the concepts and methods of (Western-style) development to instruct and guide Third World countries that are incapable of generating their own knowledge. The firm belief in the need to instruct and guide the 'Third World other' may be regarded as 'one more reflection of a much broader ethos of Occidental supremacy'.[46]

A large step towards overcoming these biases might be taken by the establishment of independent development institutes or learning centres, perhaps under the auspices of the United Nations or some other equivalent international organisation, to promote more meaningful North–South and South–South dialogue. In contrast to the one-way, top-down flow of knowledge that presently characterises neoliberal development planning, especially under the tutelage of the IMF/World Bank, these centres might create a more cooperative atmosphere and 'level playing field' for the exchange of development methods and ideas. Towards this end, emphasis should also be placed on building up the indigenous capabilities of development institutes and learning centres in the South itself. This would overcome the South's absolute dependency on Northern-based development frameworks and would help to instill a sense of confidence among Third World peoples that they can use their indigenous knowledge and practices to define distinct paths of development appropriate to their individual needs and interests.

Conclusion

Neoliberalism is often depicted in the development literature as a new innovative strategy which should be contrasted with the discredited frameworks, such as modernisation theory and other Keynesian approaches, that dominated mainstream development studies during the early postwar period. However, an analysis of the modernisation and neoliberal development frameworks reveals a number of common problems, including those associated with universalistic models, Eurocentrism and ideological biases. In the end, these shortcomings leave neoliberalism prone to many of the same criticisms that have plagued modernisation theory for the past two decades.

From the older modernisation approach to the more recent neoliberal framework, an ongoing tension has existed in mainstream development studies between the wish to formulate universally valid principles and formal models, on the one hand, and the need to understand the diversity of actual development experiences among different countries, on the other. The grand theories of mainstream development studies seek universal solutions to development problems which neglect the contextuality of development as a product of particular historical processes. Development approaches that are sensitive to the varying needs and interests of different peoples cannot be generated via the direct transplanting of preconceived Northern models into distinct Southern societies.

Instead, we need to 'unlearn' our preconceived notions and reconsider development in terms of particular sociocultural, political, economic and environmental conditions. However, in order to accommodate the positivistic imperatives of its modelling procedures, neoliberalism has increasingly stressed abstract economic modelling. This leaves its models too formalistic and abstract, too dependent on aggregate data, too narrowly focused on economic factors, and too universal and general to be relevant to the everyday world of actual development practices in Third World countries.

Accompanying the universalism of its formal models, the neoliberal framework also exhibits a strong tendency towards Eurocentrism. As with the earlier modernisation approach, this makes many of its concepts and models inappropriate to the conditions prevailing in particular Third World countries. Typically, parallels are sought in non-Western societies for the historical experience of the West. Research addresses only those subjects that can be compartmentalised and take on theoretical significance within the accepted version of the West's development experience. Other subjects which could prove theoretically challenging or might offer unconventional development solutions are commonly ignored, as are indigenous sources of development knowledge from the South itself. This has blocked access to alternative concepts and indigenous knowledge and has fostered an intellectual dependence on Northern concepts and models which have lost much of their meaning and utility in the process of transposing them into Third World contexts. Nevertheless, the search for indigenous development alternatives has picked up momentum in recent years in some parts of the South, encouraged especially by popular social movements.

Finally, neoliberalism displays similar ideological biases to those that have long marked the modernisation approach. Neoliberal development strategies serve the interests of TNCs, based largely in the Northern core capitalist countries, in expanding and deepening global capitalism in the South. The recent rise of the neoliberal counterrevolution should also be understood in the context of the general anti-state, anti-Keynesian ideological wave that swept through the West at the same time. Neoliberalism has especially been promoted by transnational financial capital and associated financial institutions, such as the World Bank and the IMF, which have succeeded in imposing a new development agenda on much of the South via SAPs and other forms of conditional lending. In spite of their global scope and formally independent structures, these institutions are closely associated with the ideological and geopolitical interests of the Western powers, especially of the USA. In addition, many elements of the neoliberal policy programme itself have, from the start, been openly associated with the New Right ideology of political conservatism. This is particularly true of neoliberal political analysis, which has long been accused of ignoring real-world evidence to reach predetermined conclusions in support of its pro-market and anti-state ideological biases.

Notes

[1] H Bruton, 'The search for a development economics', *World Development*, 13, 1985, p 1109.
[2] For example, A H Somjee, *Development Theory: Critiques and Explorations*, Basingstoke: Macmillan, 1991.

[3] For example, T Banuri, *Economic Liberalization: No Panacea: The Experiences of Latin America and Asia*, New York: Oxford University Press, 1991.
[4] For example, T J Barnes, 'Rationality and relativism in economic geography: an interpretive review of the homo economicus assumption', *Progress in Human Geography*, 12, 1988, pp 473–496.
[5] For example, A Touraine, 'Modernity and cultural specificities', *International Social Science Journal*, 40, 1988, pp 443–457.
[6] D Davis, 'Unlearning languages of development: from rhetoric to realism in recent studies of Latin America', *Latin American Research Review*, 27, 1992, pp 152–153.
[7] For example, J Larrain, *Theories of Development: Capitalism, Colonialism and Dependency*, Cambridge, MA: Basil Blackwell, 1992.
[8] Somjee, *Development Theory*, p 81.
[9] B Hettne, *Development Theory and the Three Worlds*, Harlow, UK: Longman, 1990, p 193.
[10] Ethnodevelopment is a term coined by Stavenhagen for development processes that are not universal but are appropriate for particular ethnic groups. Stavenhagen finds that culture and ethnicity have been neglected not only by modernisation theory and other mainstream development paradigms, but also by many alternative frameworks, including dependency theory and much of the Marxist tradition. Because they focused on external factors, dependency theorists typically paid little attention to cultural issues. For most Marxists, culture has normally been discussed in the context of the 'national question', which lies outside and beyond orthodox Marxist theorising (R Stavenhagen, 'Ethnodevelopment: a neglected dimension in development thinking', in R Apthorpe & A Krahl (eds), *Development Studies: Critique and Renewal*, Leiden: E J Brill, 1986, pp 71–94).
[11] J Robinson, 'The second crisis of economic theory', *American Economic Review*, 62, 1972, p 10.
[12] D Jaffee, *Levels of Socio-Economic Development Theory*, New York: Praeger, 1990, p 36.
[13] Within many Latin American countries, de Janvry finds that the rise of a 'modern' capitalist agro-export sector has been accompanied by land concentrations that have squeezed much of the 'traditional' peasant sector into micro-farms that are insufficient to meet subsistence needs. In order to survive, these peasants are forced to seek seasonal wage labour during the agro-export harvests. Rather than developing separately, as is posited by modernisation theory, important links exist between the traditional and modern sectors that are responsible for supplying agro-export capital with much of its 'comparative advantage' (based on cheap land and labour) in international commodity markets. Dualistic (but closely linked) structures in Latin America's rural areas have thus been functional to the requirements of capitalist growth based on the agro-export model (A de Janvry, *The Agrarian Question and Reformism in Latin America*, Baltimore, MD: John Hopkins University Press, 1981).
[14] A O Hirschman, 'The rise and decline of development economics', in Hirschman *Essays in Trespassing: Economics to Politics and Beyond*, Cambridge: Cambridge University Press, 1981, p 4.
[15] E Miller, 'Of economic paradigms, puzzles, and policies—or, is the economy too important to be trusted to the economists?', *Journal of Economic Issues*, 25, 1991, pp 993–1004.
[16] For example, B Lesser, 'When government fails, will the market do better? The privatization/market liberalization movement in developing countries', *Canadian Journal of Development Studies*, 12, 1991, pp 159–172.
[17] For example, P Hill, *Development Economics on Trial: The Anthropological Case for a Prosecution*, Cambridge: Cambridge University Press, 1986.
[18] Miller, 'Of economic paradigms, puzzles, and policies', p 1001.
[19] D Hulme and M Turner, *Sociology and Development: Theories, Policies and Practices*, New York: Harvester Wheatsheaf, 1990, pp 216–217.
[20] G G Joseph, V Reddy & M Searle-Chatterjee, 'Eurocentrism in the social sciences', *Race and Class*, 31, 1990, p 1.
[21] For example, Eurocentric biases have been uncovered in economics, geography, history, mathematics, psychology and social anthropology (eg Joseph *et al*, 'Eurocentrism as in the social sciences', and R Peet, 'The social origins of environmental determinism', *Annals, Association of American Geographers*, 75, 1985, pp 309–333).
[22] For example, Larrain, *Theories of Development.*
[23] L Bown, 'The nature and role of development studies in present-day Britain', *World Development*, 16, 1988, pp 633–634.
[24] J Nederveen Pieterse, 'Dilemmas of development discourse: the crisis of developmentalism and the comparative method', *Development and Change*, 22, 1991, p 8.
[25] For example, C Kay, 'For a renewal of development studies: Latin American theories and neoliberalism in the era of structural adjustment', *Third World Quarterly*, 14, 1993, pp 691–702; and D Slater, 'The geopolitical imagination and the enframing of development theory', *Transactions of the Institute of British Geographers*, 18, 1993, pp 419–437.
[26] Many commentators would argue that these markets do not function according to neoclassical principles in the advanced industrial countries either.

[27] Bruton, 1985, 'The search for a development economies', p 1104.
[28] M Edwards, 'The irrelevance of development studies', *Third World Quarterly*, 11, 1989, p 118.
[29] B Ingham, 'The meaning of development: interactions between "new" and "old" ideas', *World Development*, 21, 1993, p 1814.
[30] However, the rise of neoliberalism and structural adjustment programmes (SAPS) also represents a powerful counter-tendency towards the reassertion of a Eurocentric development model that supports Western interests and employs universal concepts based on Western history.
[31] Nederveen Pieterse, 'Dilemmas of development discourse', p 26.
[32] P Klaren, 'Lost promise: explaining Latin American underdevelopment', in Klaren & T Bossert (Eds), *Promise of Development: Theories of Change in Latin America*, Boulder, CO: Westview Press, 1986, pp 8–9.
[33] Hulme & Turner, *Sociology and Development*, p 34.
[34] H J Wiarda, 'Toward a non-ethnocentric theory of development: alternative conceptions from the third world', *Journal of Developing Areas*, 17, 1983, p 438.
[35] For example, F Gareau, 'The political economy of social science: where the trail leads', *International Journal of Comparative Sociology*, 31, 1990, pp 49–66; and G A Huaco, 'Ideology and General Theory: the case of sociological functionism', *Comparative Studies in Society and History*, 28, 1986, pp 34–54.
[36] G Kolko, *Confronting the Third World: United States Foreign Policy 1945–1980*, New York: Pantheon, 1988, pp 131–134.
[37] T Smith, 'Requiem or new agenda for third world studies?', *World Politics*, 37, 1985, pp 532–561.
[38] Hettne, *Development Theory and the Three Worlds*, p 58.
[39] Other empirical studies have shown that the major Western powers absolutely dominate decision making within these institutions. In the IMF, for example, J Gold (*Voting and Decisions in the International Monetary Fund*, Washington, DC: International Monetary Fund, 1972, p 68) found that the USA, Japan and Western Europe controlled 88.94% of the votes among the Executive Directors. For other examples of IMF and World Bank interference, see G Biggs, *La crisis de la deuda latinoamericano frente a los percedentes historicos*, Buenos Aires: Grupo Editor Latinoamericano, 1987; and J Petras & M Morley, *Latin America in the Time of Cholera: Electoral Politics, Market Economics, and Permanent Crisis*, New York: Routledge, 1992.
[40] S Cole, 'World Bank forecasts and planning in the third world', *Environment and Planning*, 21, 1989, p 177.
[41] For example, R Broad, *Unequal Alliance—The World Bank, the International Monetary Fund and the Philippines*, Berkeley, CA: University of California Press, 1988; S George, *A Fate Worse than Debt: The Financial Crisis and the Poor*, New York: Grove Press, 1988; and P Ruccio, 'When failure becomes success: class and the debate over stabilization and adjustment', *World Development*, 19, 1991, pp 1315–1334.
[42] For example, M Friedman, *Capitalism and Freedom*, Chicago, IL: University of Chicago Press, 1962, chs 1, 2.
[43] For example, J Dietz & D James, 'Trends in development theory in Latin America: from Prebisch to the present', in Dietz & James (eds), *Progress Toward Development in Latin America: From Prebisch to Technological Autonomy*, Boulder, CO: Lynne Reinner, 1990, pp 1–11; and G White, 'Towards a political analysis of markets', *IDS Bulletin*, 24, 1993, pp 4–11.
[44] For example, M Bienefeld, 'The lessons of history and the developing world', *Monthly Review*, 41, 1989, pp 9–41; J Dearlove, 'Economists on the state', *IDS Bulletin*, 18, 1987, pp 5–12; and G K Helleiner, *The New Global Economy and the Developing Countries: Essays in International Economics and Development*, Brookfield, VT: Grower, 1990.
[45] Dearlove, 'Economists on the state', p 10.
[46] Slater, 'The geopolitical imagination and the enframing of development theory', p 427.

FEATURE REVIEW

Dependency and world systems

Barry Gills

Capitalism and the Third World: Development, Dependence and the World System

Wil Hout, 1993
Aldershot, UK: Edward Elgar
pp 227

This is an important volume worthy of careful examination. Wil Hout's study of dependence has the rather rare quality of being a text essentially about development theory which, however, purports to address an International Relations audience. Hout sets out to assess dependency on its scientific merits, but the novelty of the book rests in its rejection of the Popperian methodological principle of falsification. Hout does not seek to arrive at either an unconditional acceptance or a rejection of dependency theory. Rather, following the philosophy of science espoused by Laudan, he seeks to establish, through what can rightly be called very rigorous empirical method, whether dependency theory can be considered scientifically 'progressive', ie 'does it solve problems better than its predecessors and competitors' and, is it 'an acceptable statement of the problem'? So, while not seeking a typical 'empirical testing' of dependency theory, Hout seeks to provide 'a meta-theoretical evaluation of dependency theory as one of the approaches in the discipline of international relations'.

Wil Hout's book consists of, in his own words, 'a confrontation of dependency theory with empirical data', though of course his is not the first exercise in empirical testing of dependency hypotheses. Curiously, however, despite its initial terms of reference, the book seldom speaks directly to International Relations theory or theorists, not even in the conclusion, which is mainly devoted to assessing the results of the empirical examination. Nevertheless, the text does point out the challenges that dependency theory continues to pose to the dominant International Relations tradition regarding the central problems (subordination and exploitation vs diplomacy and war); the unit(s) of analysis (the capitalist world system vs sovereign nation-states); and the image of order in the international system (hierarchy vs anarchy). This is all to the good.

The strongest direct critiques in the book, however, are those of the Marxist and neo-Marxist theories of imperialism, the liberal theory of international trade, the ECLA perspective on import substitution industrialisation, and modernisation theory. In all these cases Hout adroitly identifies key problems left unsolved by these predecessors and competitor theories that dependency theory seems to have addressed in a more 'progressive' manner, in a scientific sense. Indeed, this section of the book has outstanding merit as a pedagogic tool for undergraduate and postgraduate courses requiring a concise review of such theoretical controversies. It may be particularly helpful that Hout strives to clarify the important differences first between traditional theories of imperialism and dependency theory, and then between neo-Marxist theories and dependency, despite the resemblance in terminology they share. Hout does in fact defend the verdict that dependency constitutes a significant progressive 'problem shift'. In this respect, the critical problem addressed anew by dependency theory is of course the explanation of 'the lack of development in the Third World despite the supposedly progressive nature of capitalism'.

Hout is generous in his criticism, in that he likewise subjects dependency theory itself to a systematic rigorous inspection, seeking out the 'anomalies of dependency' with

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0143-6597/95/010141–06 Ó 1995 Third World Quarterly

considerable vigour and precision. The litany of sins here recanted by Hout are familiar by now, for instance 'too much emphasis upon the identical influence of the international capitalist system on Third World countries'; and 'overemphasis on the economic world order and its consequent neglect of political factors'; and a failure to recognise that 'policies pursued by individual countries may cause important differences in the situation in those countries'. Hout returns to these themes of criticism in his conclusions.

While this book provides a very concise and useful summary of the dependency theory of André Gunder Frank, Samir Amin and Johan Galtung (again to be highly recommended to students), its treatment of Immanuel Wallerstein's world-system approach is something of an anomaly in itself. On the one hand, Wil Hout rightly identifies Wallerstein's work as a *variant of dependency theory*. He thus rectifies the too often held notion that world-system theory supercedes dependency theory, and places Wallerstein's opus in its proper context in intellectual history. On the other hand, Hout's general treatment of the world-system approach is otherwise somewhat odd, since he does not subject it to the same empirical examination as dependency. Hout explains this by arguing that Wallerstein's work is in fact 'less a dependency *theory* than a description and analysis of the development of the "capitalist world economy" '; that Wallerstein's *magnum opus*, being mainly historical, has so far not reached the current period; and that his various essays on postwar affairs are 'either too schematic or too detailed to be the source of an empirical model of international relations'. While all of the above may be accurate statements, it is nevertheless odd that Hout omits Wallerstein from the empirical testing (given he decided to include him at all), since this book purports to speak to the International Relations community and Wallerstein's approach seems to embody something most like a comprehensive alternative conception of International Relations in comparison with other dependency theories.

Though much of this book is occupied by a useful summary and critique of key theories, as already mentioned, the real thrust of Hout's work is his empirical 'testing' of various dependency theory hypotheses. His attempt to model the various theories and to operationalise the key concepts is fairly successful, with a few *caveats* to be noted. However, the composition of his sample cases has some rather serious deficiencies. His selection of countries is limited only to those developing countries with a population of at least one million in 1967 and below a certain GNP per capita. These criteria result in the complete elimination of micro-states and many important small states. For example, in Asia and the Pacific, such states as Brunei, Fiji and Bhutan are eliminated. In the Caribbean, countries such as the Bahamas, Barbados, Grenada, Guyana, and Belize are omitted. Curiously, and almost certainly with important consequences for the results of the analysis, virtually all the Arab Gulf states are left out, including Bahrain, the United Arab Emirates, Oman, Qatar, Kuwait, and even Saudi Arabia. While including Singapore, Hong Kong, and South Korea, the fourth 'tiger'—Taiwan—is strangely excluded. In addition, odd cases are included, such as South Vietnam, with real data for only one 'country time' (1965), Laos at only 1985, Cambodia at only 1965, and Yugoslavia, and Cuba, though Mongolia, North Korea, North Vietnam and China are omitted altogether, as well as less developed socialist states in Eastern Europe or the Balkans. In Africa, Hout's criteria have eliminated Botswana, Cape Verde, Congo (Brazzaville), Equatorial Guinea, Gabon, the Gambia, Guinea-Bissau, Guinea, Namibia, São Tomé and Principe, and in the Indian Ocean, both Mauritius and the Seychelles are left out. In some cases countries were eliminated because over 40% of the values were missing in the available data. Where data for only some country times was missing, Hout used SPSS-X option mean-substitution.

He thus arrived at a truncated sample of Third World countries, containing only 84 countries, with a total of 242 country times (1965, 1975, 1985). To be precise therefore, his findings relate specifically to *this* sample of the chosen 84 countries. Generalisation of the results from this sample should therefore be undertaken with some caution. Eschewing multiple regression analysis, the technique often used in other empirical studies of this kind, Hout opts for a pooled cross-sectional analysis. The greatest strength of his approach is the elegance of his modelling and the precision of his operationalisation of concepts, as previously noted. Here it must be pointed out, however, that his operationalisation of the critical concept, ie dependency, has tended towards quite a broad definition, based on seven variables (four trade-related and three financial and technological). Through factor analysis he arrives at a 'cluster' of variables that account for the greater part of the variance in all variables. Three factors are thereby extracted: trade dependence, trade partner dependence, and financial dependence. The strength of this device is that it does yield more differentiated results, thus revealing more complexity in dependency relationships than might otherwise have been the case. I will return to this below. However, this approach, in my view, tends to stray away from the strict notion of dependence defined as the process of the transfer of surplus that results in underdevelopment rather than development. Indeed, Hout has taken the concept of 'exploitation' and operationalised it in a manner that resembles the strict notion of dependence defined as the transfer of surplus.

There are several other problems that must be addressed in Hout's operationalisation that may have an important bearing on our interpretation of his results. First, data on the export value of fuels is excluded from his calculation of the export value of primary commodities as a percentage of total exports (used to approximate 'primary commodity orientation'). Second, and even more surprisingly, data on the stock of MNC investment are not included in his data for the 'degree of dependence'. Furthermore, when assigning value signs to the A/B (expansion/contraction) phases of the world economy since 1965, he assigns +1 to 1965 (expansion), −1 to 1975 (recession), and a curious neutral 0 to 1985, designated as a period of global economic 'recovery'. This assignment of the neutral value 0 to 1985 raises the problem of how the debt crisis is analysed in this study. The debt crisis is initially swept under the carpet in the formal empirical analysis, but inexorably raises its ugly head again in the interpretation of the results in the conclusion. It would have perhaps been more appropriate to have designated 1985 with a −1 value, following the sense of the position taken by Frank and others that the B phase that began circa 1968 continued throughout the 1980s, and indeed the Debt Crisis of the Third World and the subsequent structural adjustment programmes attest to the severity of the dislocations this continuing global crisis imposed on Third World societies.

Perhaps the most crucial problem in Hout's operationalisation, however, is his controversial decision to reject the terms of trade in his operationalisation of 'exploitation' which, as I have already noted, he tends to substitute for the classic notion of dependence defined as surplus transfer from underdeveloped countries to developed countries. His alternative choice in favour of investment debits and interest payments as a percentage of merchandise exports may account for the nature of some of his findings and the logical prescriptions that flow from them, discussed further below. In short, this choice may have led the results towards affirmation of the positive benefits of international trade and particularly of the export orientation pursued by the East Asian Newly Industrialised Countries (NICs). Finally, his choice of 'spin-off' indicators of development seem not to be the best, where such indicators as the number of scientists, universities, research institutions, and possession of advanced technologies would have been more meaningful. To most of these charges, Hout pleads lack of data as the reason for his alternative choice. Scientific rigour surely has its vicissitudes for the researcher, but it may also produce its own peculiar dissatisfaction for the reader and the general interests of the scientific community. Multiple omissions, less preferable operationalisations, and even arguably 'necessary' massaging of the data may inadvertently skew 'empirical' findings towards a particular outcome, whether intended or unintended. This is always a problem with studies of this magnitude and complexity.

The above serves as a necessary preface to the following final comments on the meaningful conclusions of Hout's impressive study of dependency. As opposed to Hout's affirmation of the scientific value of the general propositions of dependency theory, his conclusions focus heavily upon the elements of the theory he finds weakest or unsupported by the data. Let us note in passing that he does not in the end sufficiently return to the supposedly central concern of the study, ie relating dependency theory to general International Relations theory. Be that as it may, his findings on dependency theory itself are somewhat controversial—not least to dependency theorists—while also somewhat compelling in a number of areas. As expected, the results are not conclusive; some elements of theory are upheld while others are found to lack support. What is most striking, however, is the degree to which Hout's findings are sometimes contradictory, as the following comments reveal.

On the whole, Hout finds that the explanatory value of all three dependency theories he reviews (Frank, Amin, Galtung) is moderately high, though not exceptionally high. The proportion of variance explained by Frank's model is an overall 0.53, for Amin 0.55, and for Galtung 0.56. Interestingly, in all three cases, the dependency theory accounts for the highest proportion of the variance for the 1985 country times, respectively: 0.62 (Frank), 0.77 (Amin) and 0.70 (Galtung). Conversely, they tend to account for a much lesser proportion of the variance for the 1965 country time, respectively: 0.43 (Frank), 0.62 (Amin) and 0.53 (Galtung). This might be interpreted as being consistent with the conditions in the world economy, ie that 1965 was a peak in the post war A/expansionary phase, while 1985 was actually a point of *deepening* dependency patterns, accentuated by the debt crisis, rather than the 'recovery' Hout designates it to be.

Following this last observation more closely, Hout contends, in his assessment of Frank's model, that the 'state of the world system', ie the A/B phases, has a *negative* (as opposed to the predicted *positive*) impact on 'trade dependence', and has *no* influence on 'financial dependence'. However, he provides only a single overall result for the entire period 1965–1985, and no computation for the specific periods 1965, 1975 and 1985 considered separately. This may be compounded by the already mentioned mis-designation of 1985 as a 0 value 'recovery' and the subsumption of the debt crisis within this putative recovery. On the whole, however, Hout finds support for the central dependency thesis that 'periods of recession and crisis offer more opportunities for the developing countries to loosen ties with the centre'.

Hout's path analysis approach produced a positive and significant coefficient for the relationship between the 'state of the world system' and 'trade partner dependence'. The relationship between 'financial dependence' and the concentration of production resulted in a coefficient which is negative and significant for 1985 (ie in the wake of or during the debt crisis), whereby 'more dependent countries appear to have been less focused on primary products than other countries', suggesting that attempts at diversification were actually rather more successful in comparison to the IMF/IBRD campaigns for structural adjustment! This finding that those countries deemed most 'dependent' were actually less reliant on a few primary commodity exports, seems to turn the sense of dependency theory virtually upside down. Furthermore, when assessing Amin's model, Hout claims that 'the general influence of primary commodity concentration on exploitation is negative: countries that are specialized in the production of agricultural products and raw materials generally experience less exploitation than non-specialized countries'. The notable exception to this is 1985, admittedly 'under the influence of the international debt crisis', wherein more specialised primary product producers 'become more vulnerable to exploitation than others'. Nevertheless, in general Hout concludes that dependency's prediction of a negative relationship between primary commodity concentration and development is indeed supported by the data.

In terms of the general relationship between 'dependency' and development, the crux of all dependency theory, Hout derives a result from his test of Galtung's model that basically confirms the classic hypothesis: 'dependence is negatively related to development'. Curiously, however, Hout here again throws a curve ball at all 'conventional' dependency wisdom, by claiming that 'The period of the debt crisis is an exception to the general trend: during this period, countries that were more dependent on a small number of trade partners and/or on foreign finance tended to be relatively more developed than others'. Yet, again upon assessing Galtung, Hout says that 'In periods of relative economic decline, countries specializing in primary commodities appear to suffer from more exploitation than other countries, while these countries tend to be less exploited during economic upswings'. If, as I have argued above, exploitation can here actually be taken to be the operationalised form of the strict classic notion of dependency itself (surplus transfer/underdevelopment), then Hout is really saying that the 'state of the world system' does indeed seem to influence deeper 'dependence' for those countries 'dependent' on primary product exports during periods of global contraction/recession/B phases.

Perhaps most provocative of all the findings is Hout's contention that, in both the Frank and Amin models, the relationship between 'exploitation' and development is not negative as predicted, but actually *positive*. He therefore contradicts the central tenet of classic dependency theory, 'that countries that are subject to exploitation lose an important part of their resources to the countries of the centre'. The conclusion he derives from this finding is even more controversial. Hout's empirical findings seem to bring us inexorably back full circle to conventional (even Ricardian) international trade theory and the logical prescriptions of the Heckscher-Ohlin model. He argues that in fact 'the integration of developing countries in the international trade system does not hamper, but, on the contrary, stimulates their development'. Going even further, Hout concludes that 'On the whole, dependence has a positive influence on the level of exploitation, while exploitation positively influences development'. Hout admits that 'This result is clearly irreconcilable with dependency theory's thesis that dependence makes developing countries more vulnerable to exploitation and that this situation leads to underdevelopment'. One is therefore in something of a quandary to decide whether Hout has done dependency theory a service by defending its scientific value on the one hand, or apparently demolished its central tenets on the other!

His final prescriptions come uncomfortably close to affirming the 'conventional economic wisdom' of the recent and ongoing period of liberalisation and so-called 'globalisation'. This is nowhere more obvious than in his conviction that 'policies do matter' and particularly those that were pursued by the NICs, especially the East Asian tigers. Hout's study, by his own admission, adds weight to others that have 'cast heavy doubt' upon the validity of the assumption that trade, aid, foreign investment and lending are truly mechanisms of 'exploitation'. Nevertheless, it is not entirely novel nor even apostate for Hout to say that centre–periphery relations, though always existing or 'threatening', are not immutable, and are therefore subject to change, thus affirming the possibility of 'upward' mobility towards the core as well as 'downward mobility' towards the periphery. It is also possible to accept that for some countries, under certain conditions, participation in international trade is a route to wealth creation and even to 'development'.

More to the point, it is Hout's general enthusiasm for East Asian NIC experience with export orientation that may be a bit misleading and perhaps somewhat mis-informed. He advocates the idea that inviting foreign direct investment probably had more positive benefits than negative consequences, and cautions that borrowing on the international capital market is probably the more dangerous road. But we should pause and note that South Korea's previous success, on the contrary, has often been explained in terms of the reversal of Hout's prescription, ie South Korea long succeeded in limiting its penetration by foreign MNCs and financed its aggressive industrial expansion and export orientation via heavy foreign borrowing. Hout rightly notes that Robert Wade, for one, has cast doubt on the notion that other Third World states could replicate the very specific mix of characteristics that have accounted for East Asian NIC success, particularly the political aspects.

What Hout does confirm, and a point that in my mind has wider validity, is that the real aim of developing countries should be to create a 'more differentiated industrial production structure', since reliance on a few primary commodities 'has proven to be detrimental to their development'. Deciding the best means of achieving this goal remains an open empirical question. It is perhaps going too far to accept, as Hout contends, that 'trade dependence can be concluded to have almost no influence on the level of exploitation and development of Third World countries', a position which, as Hout confirms, tends to lead us straight back to the neo-classical conventional wisdom on the 'positive contribution of trade', ie that 'trade involves transactions that are potentially beneficial to all trading partners, and enhance the welfare of all partners'. This 'insight', according to Hout, 'has been discarded too quickly by the dependency theorists'. This really is back to square one! The progressive problem shift that dependency undertook was precisely to examine why, despite supposedly benign or positive international economic conditions and the 'progressive' nature of capitalism, many Third World countries had not benefited or had failed to develop. No wonder then, that Hout's ultimate punchline is that 'The identification of imperialism with capitalism is not only wrong, but also unnecessary'. In fact, 'countries experiencing a higher level of exploitation are more developed than countries that are exploited less'. There could hardly be a more appropriate doctrine to accompany the rosy fingered dawn of the new age of 'globalised' free trade!

BOOK REVIEWS

Global dreams: Imperial Corporations and the New World Order
RICHARD J BARNET & JOHN CAVANAGH, 1994
New York: Simon and Schuster
480 pp, $25.00hb

There is an interesting argument in this book, another in the long series of popularising books by Richard Barnet and his co-authors. It is that national governments are being held responsible for outcomes over which they may be losing control. The reason for this is the growing 'globalisation' of the world economy. As in many other recent works on globalisation, the term is not carefully defined here. The authors suggest that it means the creation of 'global webs' or that it is the process of 'global economic integration', but do not attempt to be more precise (pp 13–14).

They argue that globalisation 'is not really global' (p 427) because most of the world's population are not participants in the so-called 'global economy', being too poor to be significant producers or consumers of global goods and services, with the possible exception of global cultural goods (radio, television, movies, etc). There is, in other words, a Global North and a Global South (p 428). Furthermore, globalisation has the effect of eroding local cultures, even beyond the real boundaries of the global economy, without replacing them with something equally satisfying. There needs, as a result, to be a global civil society to counteract the evil effects of the global economy ruled by global corporations. This can happen only if 'people, acting with the spirit, energy, and urgency our collective crisis requires, can develop a democratic global consciousness rooted in authentic local communities' (p 430).

The global economy is defined by global corporations which are 'the first secular institutions run by men (and a handful of women) who think and plan on a global scale (p 15)'. Globalisation therefore means that power has shifted in the direction of these globally organised multinational corporations (MNCs). As a result, there is a problem of authority at the international level. The actors with power, the MNCs, are not accountable to the people who live in nation-states, while the governments of nation-states, which are more likely to be accountable, have no power, or at least less power than they used to have.

This is the basic argument of the book, but unfortunately it is not well defended.

The method employed here is to divide the world economy into four global subdivisions: the cultural bazaar, the shopping mall, the workplace and the financial network. The authors selected for examination a small number of global firms that operate in one or more of these subdivisions: Sony, Bertelsmann, Philip Morris, Ford Motor Corporation and Citibank. They provide many interesting tidbits of history on these firms (based mainly on interviews and a somewhat shallow review of secondary sources) in order to buttress their overall thesis. However, some of the bits do not fit their argument very well.

For example, their informants at Bertelsmann tell them that many of their products (eg books and magazines) are not global in nature and that their organisation has to be very decentralised to reflect this fact. Similarly, they learn that Bertelsmann management remains predominantly German in nationality, while Sony uses Americans only in acquired businesses like records and films that have been traditionally based in the USA. The top management of Sony is Japanese. The same system applies in most US companies.

Also, they learn that MNCs are trying to become 'stateless' rather than global (pp 280–281). By this, they mean that the firms are trying to be good citizens of whatever country they operate in, and do not insist upon forcing a global identity on their foreign subsidiaries. Why should they bother to do this if the various governments where they do business do not retain important power over them? Why would governments worry about this if their constituents did not think it was important?

Indeed, the authors acknowledge the residual power of national governments in the following passage:

> Corporations dream of escaping the laws of any nations that restrict the free movements of goods, information, and profits.
>
> But at the same time global companies everywhere look to their home governments to protect their existing markets and to provide muscle for penetrating new markets, to keep labor and environmental costs down, and to subsidize their operations in various ways. (p 281)

In short, the world economy is really not as global as the authors of this book say it is. Not yet. The extent of globalisation may be greater than in previous eras, particularly in universal cultural goods and in financial transactions. Also, there is clearly a much greater willingness in the current system to look for highly productive low-wage labour outside the home country or region. People in the poorest regions of the world appear to be more willing and able to move to places that offer greater economic opportunities.

Only parts of the Third World have benefited from these changes, but the authors of this book are too quick to say that there is a crisis looming. They are correct in saying that most people in the Third World are now limited to the role of 'window-shopping' at the global shopping mall even as they become workers in the global workplace. These people want to become full participants in the global economy while retaining their sense of local identity and authenticity. That is probably what we all want. But, for the moment, nobody is defining the status quo as requiring a revolution. I suspect that the underpaid workers of the Third World will form labour unions and lobby their national governments for better labour laws before they turn their attention to the organisation of the global economy. Thus, while there is much useful and entertaining information in this book, the authors' call to global consciousness is still premature.

JEFFREY A HART
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International Economic Organisations and the Third World
MARC WILLIAMS, 1994
Hemel Hempstead: Harvester Wheatsheaf

This book examines the relationship between the Third World and four main international economic organisations (IEOs) the IMF, the World Bank, GATT and UNCTAD. It critically analyses the demands of the Third World and the responses of the IEOs, as well as competing interpretations of the relationship.

Williams begins with a timely discussion of the continued utility of the term 'Third World'. He argues that the term is less valid as an economic expression than as a political and ideological concept; 'an expression of the perception and consciousness of a certain degree of powerlessness in world politics'. (p 4)

The link between the Third World and IEOs is seen as a cooperative one whereby the Third World negotiates with IEOs in order to pursue Third World interests. One important contribution made by the book is to look at organisational processes and how these determine the nature of Third World participation in the global political economy. The conclusion is that few generalisations are possible.

The book adopts a structural–functionalist approach to IEOs. The style is easily accessible, demonstrating the author's knowledge of the workings of these omnicompetent organisations. The chapters wade their way through various and competing critiques of IEOs and their developmental role and at times the book can appear disjointed. Yet the plethora of references at the end of each chapter gives the reader ample access to pursue further the issues raised therein.

When discussing IMF conditionality, Williams points out that 'it is futile to wish for a world in which bankers did not attach conditions to loans' (p 83). Furthermore the impact of IMF conditionality on the Third World is inconclusive and disputed; thus 'there is no correlation between Fund programmes and political instability' (p 92).

The chapter on the World Bank includes a timely analysis of the Bank's Environmental Facility. The Bank has, it claims, been in the forefront of the 'intellectual challenge to investigate the links between the environment and development' (p 132). Nevertheless, Williams argues that it may be that the Bank's capitalist ideology is incompatible with an environmentally sound approach.

The analysis of GATT is up to date and includes a browse through the recent Uruguay round. Importantly, in an era when most states have moved towards liberal trade policies, Third World objectives have increasingly coincided with those of the GATT, in particular on the issue of agricultural trade.

One of the most interesting chapters, for comparative purposes, is that on UNCTAD. As is pointed out, UNCTAD represents the only IEO which was created by the Third World to serve their interests and purposes. It thereby represents the antithesis of the other IEOs. Unfortunately it has largely failed in its legitimate objective of obtaining a more just world order. This in effect illustrates Williams' argument that the Third World collectively cannot put issues of distributive justice on the agenda because it lacks the political and economic power to do so. Increased Third World participation in decision making procedures of IEOs would not necessarily alter outcomes, because the economic strength of the industrialised countries affords them a greater say in organisational outcomes.

Overall the book presents a less than critical review of the IEOs, which leads to the obvious and frequently asked question of where the real obstacles to development lie. However, it makes a useful contribution to the literature on international organisations, in particular from the perspective of how Third World concerns are (not) dealt with.

ANNA K DICKSON
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The Transition to Independence in Namibia
LIONEL CLIFFE with RAY BUSH, JENNY LINDSAY, BRIAN MOKOPAKGOSI, DONNA PANKHURST & BALEFI TSIE, 1994
Boulder, CO: Lynne Rienner,
294 pp

This welcome addition to the literature on Namibia is one of several new books addressing the transition to statehood by South Africa's former colony, and its immediate aftermath. Lionel Cliffe's team originally set out to document the UN-supervised election process in 1989, but what has finally emerged is a far more in-depth and considered study of the transition period as a whole, itself well contextualised in recent Namibian history. My principal regret is that publication took over four years from the time of those elections, thus losing some of the immediacy. There are compensations, however, in terms of the enhanced scope and greater ability to reflect with hindsight than would otherwise have been possible. Paradoxically also, publication just ahead of the forthcoming parliamentary elections in December 1994, Namibia's first since independence, lends the book another form of topicality.

Rather than opt for the conventional edited format, the authors drafted different parts of the text for discussion and revision by others in the team, with the task of producing the final manuscript falling to Cliffe as principal author. Happily, the result is a generally readable text, which develops in a clear and remarkably seamless manner. The Introduction sets the scene well, sketching the terrain to be covered in an analytical rather than simply documentary fashion. In seeking to understand why Namibia's transition occurred, and in the particular form and at the time that it did, comparative reference to transitions of decolonisation elsewhere in Africa is rightly regarded as important.

The second chapter provides the historical background to the process, sketching some of Namibia's basic features and outlining the origins of the conflict and the positions of the contending forces. While it is clearly impossible to pack a comprehensive history of twentieth century Namibia into 30-odd pages, this chapter distils a great deal of pertinent material and insights that will be of great assistance to readers less familiar with Namibia. Inevitably, though, one could take issue on several points. Notwithstanding the availability since late 1992 of provisional results of the 1991 census, giving a total population of 1.4 million, the authors continue to rely on outdated secondary sources or inflated estimates, eg a 1990 national population of 1.7 million (p 13). The map of population distribution is undated but I am sure that it is from the problematic 1981 census. Later on (p 39), the white population is put at 10% of the total, implying 170 000 people, yet there have been no more than 70 000–75 000 since the early 1980s. The skewed distribution of opportunities and resources is therefore even more pronounced.

Several misrepresentations and omissions have crept in, for example the suggestion that the arrest of alleged SWAPO spies by the movement in exile took place only in 1984, when detentions continued until the peace process was underway in 1988. Discussion of the changing balance of power in the conflict between Angolan government forces and those of South Africa and UNITA (p 29) omits reference to the large Cuban presence which was vital to the former, although this issue is developed fully in a later chapter. The extent and significance of change outside the military–security sphere effected by the internal administrations under South African patronage in the late 1970s and 1980s also warranted somewhat greater coverage.

In discussing the constraints on SWAPO's ability to politicise the population at large in comparison to the Mau Mau in Kenya and ZANU in Zimbabwe (p 30), the authors make several valuable points about the lack of appeal to the supernatural or to spirit media in seeking to mobilise support; the great importance of the churches in the liberation struggle; and the inability to use land dispossession as a rallying point in northern Namibia because this had not really occurred there, unlike in the rest of the country. Perhaps surprisingly, in view of the heated recent debates about such issues in the literature on Mozambique, the authors do not, however, at any stage raise the crucial question of the extent to which the avowedly Marxist—as distinct from more general anticolonial—rhetoric and programme of SWAPO in exile before 1988/9 found resonance among different segments of the predominantly rural and conservative population.

The search for an internationally acceptable transition to independence forms the subject of Chapter 3. This is a clear and well-read account which suggests, for example, that available evidence points clearly to Cuban involvement in Angola having been motivated by 'socialist internationalism' rather than mere Soviet surrogacy. The importance of Ronald Reagan's November 1980 election victory, in terms of US attitudes to South Africa and the 'linkage' question, which became central to the interminable delays in implementing the agreed peace plan embodied in UN Security Council Resolution 435 of 1978 (itself the subject of Chapter 4), is also emphasised. I can attest to this as I was engaged in politically quite sensitive doctoral research in Namibia at the time. Under Jimmy Carter's presidency, there had still been a chance that the UN plan would be activated, bringing white supremacy and South African rule to an end. The uncertainty in Namibia was palpable. However, the total change in mood and atmosphere (black gloom, white jubilation) on the streets of Windhoek the morning after Reagan's victory became known is one of my most vivid and depressing memories of that period. It instantly became clear that Namibian independence would be set back considerably.

Part 2 of the book, comprising three chapters, focuses on the actual transition period culminating in the elections of November 1989. The political climate was complex and difficult, particularly as the bloodbath between SADF and SWAPO fighters at the start of the formal ceasefire on 1 April 1989 so nearly aborted the whole process. This vexed episode is analysed sensitively and dispassionately, both in its own right and in terms of its subsequent ramifications. Useful comparisons are again drawn with Zimbabwe, where, unlike Namibia (despite periodic claims by SWAPO), the guerrillas had created significant 'liberated zones'. Problems of violence and intimidation during the pre-election and election periods are well covered, together with more detailed examinations of the situation in different regions of the country and the role of the UN Transition Assistance Group (UNTAG). The authors accept that the actual voting was free and fair, and that the specific problems encountered did not have a significant bearing on the outcome. However, they draw attention to wider issues of intimidation, prior registration of dubious or ineligible voters, and the now well-documented disinformation campaign orchestrated by South African agents, which may have contributed to SWAPO not gaining the anticipated two-thirds majority. The nature and election campaigns of the various political parties are also well covered in Chapter 6.

This provides a good bridge into the final part of the book, which analyses the election results and their implications. Discussion focuses on party performances in different election districts, seeking to discern the respective parties' social bases and to answer many of the broader questions about the political views of Namibians and the effects of war, intimidation and repressive South African rule that had been raised in earlier chapters. Although there was certainly a considerably degree of ethnic voting, especially for some of the smaller, regionally based parties, this clearly did not explain the overall picture and would be a misleading oversimplification. As the authors conclude (p 195):

> One lesson that can be taken from an analysis of the election successes and failures is that in future Namibian elections any party that simply seeks to build support by appeals through community leaders or appeals to ethnic labels is unlikely to be sufficiently successful. The electorate in 1989 demonstrated a greater degree of political sophistication in using democratic procedures.

The concluding chapter offers a substantive look at the immediate post-election period, highlighting the work of the Constituent Assembly and its Standing Committee on Rules and Orders, which negotiated the independence Constitution in camera. This fascinating discussion, based largely on the confidential minutes of the Committee's meetings, devotes attention to the mechanisms and procedures, but also highlights the remarkably conciliatory manner in which sensitive or contested issues were addressed. This achieved a high degree of consensus among the parties represented, enabling formal adoption by the Assembly and the attainment of independence as scheduled on 21 March 1990. The sceptical reader might be tempted to look for rose-tinted spectacles here. However, my own experience, discussions with people involved and readings of some of the Committee's minutes confirms the accuracy of this account.

The final few pages of the text seek to summarise early post-independence policy initiatives. This is too brief and reads rather like an afterthought felt necessary by the march of time. The idea is good, but it is not altogether convincing. There are several minor inaccuracies, the most significant of which is the claim (p 234) that SWAPO was constrained after independence by factors including '… an economic stranglehold and occupation of Walvis Bay'. In fact, one of the unexpected surprises of the changing geopolitical situation in southern Africa was that South Africa did not use its presence in Walvis Bay as a thumb on Namibia's jugular vein, as had been widely anticipated, not least by myself. Instead, bilateral negotiations over the port enclave's future proceeded quietly, albeit with some South African obfuscation and delay, with no restriction on Namibian access to and use of the port. On 1 March 1994, Walvis Bay was reintegrated into Namibia.

Such details aside, this valuable addition to the literature on Namibia is completed by several appendices containing UN documents relevant to the transition, and details of the election results and associated analyses. Production of the book is marred only by the rather frequent misspelling of the names of Namibian people and places. Finally, it has to be said that, since the book is published in hardback only, extremely few Namibians will be able to afford it and thus benefit from these insights into a crucial stage in their country's history.

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Guatemalan Politics: the Popular Struggle for Democracy
ROBERT H TRUDEAU, 1993
Boulder, CO: Lynne Rienner

In 1985, after massive levels of state violence against the civilian population, the Guatemalan army allowed the first civilian elections in 20 years. *Guatemalan Politics* evaluates the possibilities for democracy during the civilian presidencies of Christian Democrat Vinicio Cerezo (1986–1991) and neo-liberal independent Jorge Serrano Elias (1991–1993).

When one civilian presidency succeeds another, it might be assumed that democracy and peace have returned to a country. Yet Trudeau notes that, while democratic institutions and formal constitutional procedures are mostly in place in Guatemala, democracy does not exist merely by the fact of civilian elections. Instead, it depends upon the creation of a democratic political culture through the cessation of political violence and a definable movement towards social justice.

Guatemalan Politics offers a thorough review of the candidates and electoral processes of the two civilian elections of the late 1980s. Though these elections were procedurally correct, they took place in an atmosphere of military and paramilitary intimidation. No single candidate was willing to challenge either the social inequalities based upon the most skewed land tenure system in Latin America, or the continued militarisation of society.

One of the book's more original contributions is its assessment of the two civilian regimes' fiscal and economic growth policies in the context of neo-liberalism and IMF strictures. Although the late 1980s saw some growth in non-traditional exports and pre-fabricated *maquiladora* industries, poverty increased to a point where 87% of Guatemalans now cannot meet basic needs.

Trudeau gives great importance to public policy and the degree of popular participation in his assessment of Guatemalan democracy. After the election of Vinicio Cerezo, popular organisations used the 'democratic opening' to mobilise direct pressure on civilian regimes for economic and political demands, such as a negotiated settlement to the ongoing 30-year war. Yet human rights abuses began to escalate once again in the first part of the Cerezo administration because of persistent military dominance and continued political violence against the unarmed opposition.

Trudeau emphasises that civilian governments have benefited Guatemalan democracy by allowing greater opportunity for the development of civil society. He accepts the possibility 'that though elections themselves do not signify democracy, they occasion the opportunity for democracy to be created' (p 187). Although elites may have intended for civilian democracy to be a facade, new institutional structures gave more room for the popular sector to re-organise itself and gain international recognition after the violence of the early 1980s.

Guatemalan Politics ends with a realist assessment of the political future of Guatemala, but indicates that the popular movement—women's groups and Maya cultural organisations—is the only sector seeking to widen the aperture for the political participation of the majority of Guatemalans.

My only major criticism is that the book does not give enough emphasis to the way in which civilian regimes were originally planned as part of an overall army counter-insurgency programme. This strategy granted formal responsibility to civilians, while leaving the military in ultimate control of many important dimensions of state power, including the counter-insurgency war, a number of government development initiatives, the judiciary and the prosecution of human rights violaters.

This book will serve as a good resource for all, since it provides a comprehensive, thorough, and meticulously referenced review of the period. It would also be a good introduction for those approaching Guatemalan politics for the first time. The style is solid and straightforward, but also rather dry at times, and the author could have afforded to include more first-hand interviews and observational descriptions to bring the material alive.

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The Long Peace: Ottoman Lebanon, 1861–1920
ENGIN DENIZ AKARLI, 1993
London: IB Taurus Centre for Lebanese Studies
pp 276

Systematic research into the central Ottoman archives located in Istanbul is continually providing the basis for new interpretations of Ottoman history. In this pioneering work, Engin Akarli utilises the voluminous records on Ottoman Lebanon to shed new light on the comparatively long peace maintained there between the civil war of 1860 and the establishment of the French Mandate in 1920.

The book is divided into two sections; the first treats the political history of the special administrative regime (or mutasarrifate) established in Mount Lebanon in 1861, while the second considers the development of its institutions and their contribution to the creation of modern Lebanon.

As Akarli demonstrates, the success of the mutasarrifate is attributable not to the limitations which were placed upon Ottoman sovereignty by the European powers, but rather to the integrative policies pursued by Istanbul and its local governors in order to remove the basis for further foreign intervention. He persuasively argues that the mutasarrifate fostered autonomous institutions and inter-confessional relationships which collectively evolved into a viable alternative to the sectarian forces permeating Lebanese society. It was, additionally, in this laboratory of secular self-government that the liberal vision of Lebanese identity and politics which triumphed during the French Mandate was first practised.

The key institution of the mutasarrifate was the Administrative Council, which derived its power from its control of taxation and budgetary expenditures. Akarli shows that while this body was confessional in composition, it was not sectarian in operation. Elections in which village headmen representing various sects were obliged to select minority councillors, for example, necessitated inter-confessional alliances and thus created common interests. Such relationships, in turn, eventually penetrated the workings of the Council itself. The two occasions on which the Council had to act as a caretaker administration pending the arrival of a new governor provide an instructive contrast; in 1892 it quickly degenerated into 'petty squabbles', whereas in 1912 'the Council ran the Mountain—and smoothly too' for a period of six months. Similarly, reforms of the court system gradually displaced the practice of sectarian favouritism with a system of inter-confessional concensus based on a single rule of law.

During the mutasarrifate, furthermore, three distinct political forces came into being: 'conservatives', who continued to pursue their interests through sectarian politics; the 'government party', whose power derived from the patronage of Istanbul and its local representatives; and the 'liberal party', which like the conservatives was formed by service in the mutasarrifate's institutions but sought to exercise unimpeded control over them.

Although the Maronite establishment was the most visible conservative force, Akarli suggests that its influence would have been significantly less were it not for determined French patronage. And while the ideals of the liberals were to a significant extent borrowed from the French Revolution ('justice, equality and freedom of commerce') and generally anathema to the Ottomans, it was the latter who provided them with their institutional base, whereas the French sought to curtail them in order to preserve the authority of the Maronite clergy over its peasantry.

Once Istanbul had managed to convert the mutasarrifate from a humiliating concession to foreign interests to a local manifestation of its own sovereignty, it increasingly gave way to the autonomous institutions it had initially encouraged to bolster its own position. This was not the result of a conscious policy, and in many ways an involuntary process. Rather, it demonstrated that a specifically Lebanese political community—led by the liberal faction—had emerged.

Thus it was that a regime established to limit Ottoman sovereignty and enhance foreign influence provided the Ottoman state with the means to extend its authority over Mount Lebanon for perhaps the first time. That this process was marked by stability rather than strife demonstrates the efficacy of the policies pursued by the Sublime Porte. Indeed, the ultimate demise of the mutasarrifate occured not as a result of any irresolvable internal contradictions of the regime but rather on account of easily identifiable external factors. Akarli concludes that by providing Lebanon with the experience of organising and conducting 'governmental activity within a constitutional framework' and 'a common, and democratically oriented, political consciousness', the idea of Lebanon, unlike many other postcolonial nationalisms 'was not an intellectual construct alone, but was rooted in fifty-odd years of political experience in building and actual territorial government'. Akarli, who challenges a number of conventional assumptions about Ottoman history, has written an important book and written it well.

MOUIN RABBANI
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A History of Indian Economic Thought
AJIT DASGUPTA, 1993
London: Routledge
206 pp

India is often described as a country of great diversity. As this book brings out, diversity is certainly a striking characteristic of Indian economic thought. The controversies of classical economists about the Corn Laws, or contemporary debates between Keynesians and monetarists, seem relatively trivial in comparison with the gulf that separates, say, Gandhi from Mahalanobis. This book presents a helpful and enjoyable introduction to the remarkably diverse contributions of Indian thinkers to the discipline of economics.

The focus of most of the book is perhaps more accurately described as 'Indian thoughts on the Indian economy' rather than as Indian economic thought *tout court.* In particular, the reader will not find any discussion of the formidable contribution of modern Indian economists to general economic theory. Even with this explicitly restricted focus, the author has had to be selective. Aside from the introduction, the book consists of nine chapters, covering nine distinct themes in chronological order: Buddhism and economics; Kautilya's economics; economic thought in the Muslim period; famine analyses in the 19th century; the drain theory; Ranade's contribution to development economics; economic issues of the independence movement; Gandhian economics; and post-independence debates. This thematic selection obviously leaves large gaps as far as a comprehensive history of

Indian economic thought is concerned, but it provides an insightful sample of landmark issues and influential authors. And while the coverage of different themes is highly selective, their treatment is based on a broad view of what economics is about. The author—following Buddha, Kautilya and Gandhi—has refrained from the temptation of isolating economics from politics, law or ethics.

On each of the selected themes, the author provides a lucid exposition of the issues and arguments. The Buddhist attitude to economic enterprise, Kautilya's view of the economic functions of the state, the foundations of the drain theory, the Mahalanobis model of economic growth and other topics are discussed with equal clarity and concision. The presentation of a particular argument is often accompanied by a helpful critique. It is only in the chapter on Gandhi that critical evaluation is conspicuous by its absence.

Many readers will regret the small amount of space given in this book to post-independence Indian economists (not only theorists, whose work is deliberately excluded, but also applied economists). While the chapters on Ranade and Gandhi cover one third of the book, the post-independence period gets less than half of that, and many of the towering figures of post-independence Indian economic thought receive only passing mention, if any. But we should not forget the well-known rule according to which an author should not be blamed for failing to say something which he said he would not say.

JEAN DRÈZE
Delhi School of Economics

Arguing with the Crocodile: Gender and Class in Bangladesh
SARAH C WHITE, 1992
London: Zed Books
186 pp

In presenting a sense of 'the situation of women in Bangladesh', Sarah C White of Bath University, UK exposes the weaknesses noted in the existing methodology, which has presented the women's rights issue from the observers' coloured viewpoints. With adequate data collected from the rural areas of Bangladesh, Dr White offers five case studies in eight chapters to argue that the centrality of the feminist perspectives should be emphasised in order to restore flexibility to studies of women in Bangladesh. Of course, as she admits, such discourse with women to identify women's status may not be detached.

White, who stayed with the Bengalis, describes the composition of the village community; the recent trends toward small businesses and involvement of women in market transactions; marriage practices (Hindu and Muslim) and kin-based linkages; and women's work, rights and responsibilities in the households, the agricultural land and weekly or bi-weekly *hats* (markets).

Essentially, four significant aspects of women's position in Bangladesh have been verified. First, the author submits that modernisation of the rural economy has enhanced women's position since 1972. As the external aid agencies successfully introduced mechanised farming and irrigation, more rice, wheat, mustard seeds, potatoes and onions were grown to the satisfaction of all villagers in Kumirpur in Rajshahi district. There was now a close interrelation between male and female activity in all markets with adequate produce. While Sukhi wanted to buy her neighbour's heifer, her husband Dhiren consented, and the heifer came into their yard next day. Likewise, another woman, Asha—not her old father—hired agricultural labourers to work their shared land. Women thus demonstrated their assumed power. Moreover, as the donors of aid and native social reformers wished, poor women demonstrated business entrepreneurship to alleviate their poverty. Unlike the women in neighboring West Bengal, women in Kumirpur village were relatively more engaged in market transactions.

Second, women expressed their authority in household affairs as well. On their own authority, women could give loans of common household resources. They now could lend money on their own and this helped them to build their own savings of cash. As White testifies, there was a dilemma. Poor women labourers did not always get adequate remuneration from female employers. These unfortunate women occupied the lowest point of the social pyramid. Here, the author argues, 'subordination by class and gender converge' (p 88). Single women were in a far more desperate situation and more helpless condition. Many of them were engaged in domestic service, which produced only inequalities. Third, as before, in the marriage bond the Bengali Muslim women symbolised female subordination. Although early marriage fulfilled their advancement and hope of a better life, new wives were also new workers and as such their labour, sexuality and fertility belonged to their husband and his family, according to tradition and social norms. Dowry (payment by the bride's family) represented a situation in which women did no 'productive' labour, and so represented a future 'cost' for which their husband's household must be compensated. The position was not different from the Hindu practices. In short, through marriage, 'women in Bangladesh come closest to the feminine ideal of subordination and dependence' (p 109). In the 'family household', male activities were regarded as 'primary' and female as only 'secondary'. For instance, one daughter-in-law of Kangali Serkar, a wealthy Hindu, used the family sewing machine to mend clothes of other household members during the day, but she could only use the sewing machine for her own clothes without being rebuked when all the housework was done to the satisfaction of other members. This tendency, the author contends, supported the traditional norms of Bengali society. The income which a woman could generate was eventually used in the service of the household as a whole. Dr White insists that women themselves identified their own interests with the advancement of the household as a whole. They thus remained adult dependents, to the annoyance of social reformers.

Lastly, in the political field, Bengali women were at times involved in resistance during the Tebhaga (share-cropping in three parts) peasant uprising in 1946–47. But typically, women were mainly active in politics behind the scene. The Islamic Fundamentalists supported the veil (purdah) by all means, arguing that women's seclusion and chastity was in the interest of the community, or national integrity. When two women activists were supposed to be officials in the Family Planning network in the north of Kumirpur, the Union Chairman warned that he could not guarantee their safety. Whereas in India men and women were parts of wider ascriptive social and perhaps political units in the 1980s, women in Bangladesh had a long way to go, concludes the author.

The book has some deficiencies. First, some sub-titles are not very clear. For instance, chapter four bears a title 'Scatter with One Hand: Gather with Two', which implies that if one gives away something, or invests, s/he has the moral right to demand some share in the produce. In this chapter, Dr White argues that the male factor dominated the major markets. But the question remains: did the male factor dominate the households because of their market domination? Did the males have a moral right to dictate terms? All through the chapter, Dr White fails to explain the implication of the saying. Likewise, the title in chapter seven, 'You can't Get Ghee Out with a Straight Figure', means in Bengali that one must be courageous enough to demand his or her rights. Here again, there has been no attempt to put forward the women's demands, or explain the sub-heading. This brings us to another adverse observation on the book. We know that a movement interacts with the state and with society. In evaluating the possible outcomes of the Bangladeshi women's movement, one question has to concern what groups oppose its goals, and what are their relative strengths. Similarly, it is necessary to ask two questions about the state and the elders: what incentives and what capacity did they have to respond effectively to the women's demands? In the sub-heading, 'Gender and the Bangladeshi state', Dr White notes that the Bangladeshi state's approach to gender has been opportunistic and contradictory (p 13), but she does not explain the moral assumptions of the state. Nor does she explain who did oppose the women's advances and why.

However, this original piece of work substantiates the line of argument that women, both Hindu and Muslim, in that poor country have made progress in attaining some rights. The text has provided the readers with feminist perspectives, which called for new demands. If the foreign donor agencies have already explained the traditionally accepted norms, the present book has offered more sociological explanations. In this respect the book is a clear contribution to the literature on social stratification by gender and class in a Third World country.

SANTOSH C SAHA
Alliance, Ohio, Mount Union College

Economic Graffiti: Essays for Everyone
Kaushik Basu, 1991
Bombay: Oxford University Press
209 pp, Rs 75

This book is a compilation of short essays originally written for a regular column in the popular Indian daily, the *Indian Express*, between 1982 and 1988. The book contains 60 such pieces, divided into six sections, which 'violates the chronology of their original appearance to form some thematic clusters' (p 3). The emphasis should be on 'cluster' rather than 'theme', however, since each section contains topics that are quite wide ranging. The problems that such a format poses for the reviewer are readily apparent; my solution will be to discuss one or two essays from each section, with the choice being made on the basis of representativeness, policy importance and an element of subjective personal preference.

The first section is almost biographical, and deals with economists and opinions. It consists of 12 essays, ranging from a delightful piece on the many faces of Maynard Keynes and JK Galbraith on power to the contributions of some recent winners of the Nobel Prize in Economics. A number of these essays deal with methodological issues in economics, as do the essays in Section 6. Section 6 contains three essays that are much longer than the others, a feature reflecting the fact that they were originally published as journal articles. The piece on 'Economic theory in development economics' canvasses a number of issues regarding the role that theory should play in this literature.

In discussing methodology and the role of theory in economics, it has become a ritual to disclose one's view with respect to the encroachment of the discipline by the mathematical and statistical sciences. I share Basu's view that the 'intrusion' has yielded more positives than negatives, particularly with respect to re-equipping and improving the economist's tool-kit. In this respect, 'On misunderstanding Debreu' in Section 1 provides a lucid defence of the modelling approach that has come to dominate much of current economic analysis. Debreu's major contributions are in the area of general equilibrium theory, an analytically demanding subject. For this reason, it has not been accessible to many inside the discipline, let alone outside. Unfortunately, ignorance alone has not been a sufficient reason in preventing many insiders and outsiders from misrepresenting his work and its relevance.

This is illustrated by the following quote from the popular magazine, *The Economist* (22–28 October 1983): 'Mr Debreu's great achievement was to work out a set of conditions under which a perfect market would exist. The snag is that these conditions are not matched in reality. No reasonably realistic set has yet been derived'. Fine, but why is this a 'snag'? If you do not define the conditions under which a perfect market could exist, what then does it mean to say that a market is 'imperfect'? Furthermore, as Basu correctly points out, this is precisely the engaging aspect of general equilibrium theory. It demonstrates that the popular view that the free market works efficiently is a fragile theorem, balanced on a number of fairly unrealistic assumptions. The works of both Debreu and Kenneth Arrow provided the basis for the more recent developments in the analysis of economies with sticky prices and markets with oversupply or shortage problems. It also contributed to the development of applied or computable general equilibrium models, which have been used extensively in the analysis of a myriad of policy issues in the developing and developed economies.[1]

Section 2 is entitled 'Indian concerns', although most of the essays deal with problems commonly faced by other developing countries. Basu's piece on 'Should the auto industry be protected?' exemplifies what must be one of the touchstones of professionalism in economics these days: the view that protection simply does not work. The arguments against protection are continued in 'The budget': a critique of its rationale' in Section 3, and I shall discuss these sections jointly.

In terms of all indicators, except perhaps the number of pedestrians killed in road accidents annually, India's motor vehicle industry is a small one. Given its size and small contribution to GDP, the question arises as to whether such an industry should receive preferential treatment, especially when the cost of such protection is borne by consumers and, indirectly, by exporters.[2] Protectionists are keen to taunt 'infant industry' and 'positive spill-over effects' arguments, often ignoring the fact that the grounds for the former have usually been negated by the duration that the protection has been in place, and the latter by the extent of the protection sought and often received. If there is to be an argument on the grounds of national security, then surely 'stock-piling' would be a more efficient means of achieving these ends. The free-trade exponent seems to be equipped with an infinitely elastic supply of arguments to counter those of the protectionist's, and to advance in support of his own case. A favourite is the one that tells of unbridled inefficiencies and lack of quality-control that results from limiting competition. Basu relays a common joke in Hindi about Maruthi's Ambassador car: *Horn chhorkar sab bazta'*—everything, apart from the horn, makes a sound. Protection is not the way forward for the developing world, and particularly not at the levels that currently distort the allocation of productive resources.

Section 5 is entitled 'Beyond the boundaries', and not only exceeds national boundaries, but also the most liberal confines that one could expect to be placed on a 'thematic cluster'. As the most eclectic section of the book, it is impossible to discuss one, two or even five of the 13 essays and feel satisfied in having communicated the 'theme' of this section. For this reason, I will focus on one essay that I think will be of interest to readers of this journal. The 'Lessons from Asia's super exporters' is all about the economic miracles of Taiwan and South Korea, emerging from their overpopulated and underdeveloped status of the 1960s to their current position as economic giants. Here we have a re-statement of the now-familiar 'trade as an engine of growth' argument.[3]

A less familiar tune played out in this piece is the idea that the move into producing and exporting the 'new' labour-intensive manufactures need not, and in fact did not, occur at the expense of agricultural export development in Taiwan and South Korea. In other words, these are not necessarily policy choices, but can play important complementary roles in fuelling economic growth and promoting overall export performance. It is surprising, however, that Basu should confine this phenomenon to the experience of these two countries, as a number of the ASEAN countries, Malaysia and Thailand in particular, are perhaps better examples. Had the experience of these countries been considered, some further insights could have been gleaned. The experience of Malaysia and Thailand suggests that if 'diversification' is contemplated, then it should not be out of agriculture altogether and into manufacturing, but rather manufacturing plus diversification within agriculture. The move into oil palm and high-yielding varieties of rubber in Malaysia, and diversification into new export crops such as maize and sugar in Thailand, are clear-cut examples of the important complementary role that agriculture can play if it is responsive to changing world market conditions.[4]

The experience of these countries also flies in the face of the long-standing primary-export pessimism—the view that export prospects for agricultural products are determined predominantly by the long-term pattern of world demand, leaving little room for supply-side policies to achieve export success. It also rejects the view, particularly influential in the early postwar years, that the primary export sector should be altogether dismissed in favour of manufacturing, because the former would have unfavourable effects on the structure and long-run productive efficiency of the domestic economy.[5]

Basu correctly dismisses the tendency to uphold the Asian experience as proof of the virtues of governmental non-interference. There is an interesting discussion of the influence of government in the Korean banking system, and the complex differential interest rate system used to channel investments into chosen sectors. He is careful, however, not to extend this involvement to include trade protection.

I am not someone who likes using labels, but if pushed, I think Basu would fit into a category best described as 'wet' neoclassicism (or neoclassicism with a conscience?). This book would certainly appeal to the true believers of the neoclassical faith, but there is something in it for the non-believers too. There are occasions when Basu comes across a bit like the proverbial 'believing sceptic', but these are rare. Basu is adventurous, perhaps even courageous, in attempting to argue his case on a myriad of thorny issues currently facing many developing countries. In fact, the book is designed to engage and irritate even the most sombre among us into thinking about the many economic problems currently facing the developing world, as exemplified by the Indian experience.

JAYANT MENON
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