

should pay dividends not only in providing conditions for more dynamic, internally coherent, self-sustaining growth, but also in generating broadly based consensual support for a national development strategy. Unfortunately, SAPs seem to have generated exactly the opposite reaction in many Third World countries. Increasing societal polarization has generated a widespread perception that an elite minority has monopolized the benefits of development under SAPs, while the popular majority has been forced to endure a disproportionate share of the costs.

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The South (2): The Neglect of Politics and People

This chapter continues analysis of the neoliberal development experience in the South. Many of the specific shortcomings of neoliberal policies uncovered in the previous chapter are linked to the neglect of sociopolitical considerations. In particular, insufficient attention has been paid to factors which may affect the political feasibility of neoliberal measures. As a result, inappropriate policies have often undermined state legitimacy and fueled instability. Elements of an alternative approach to structural change include an emphasis on democratic participation and a more equitable sharing of development costs and benefits. This requires a move away from ready-made strategies and top-down planning methods. Instead, closer attention should be paid to the specific development conditions and special needs of various countries and peoples. Such concerns have an especially profound impact on the social and environmental sustainability of development initiatives.

The Neglect of the State and Political Considerations

Many analysts emphasize that political factors matter enormously to the outcome of SAPs in individual countries, but have been largely ignored by neoliberal policy-makers (see, e.g., Bernstein 1990; Biersteker 1990; Colclough and Green 1988; Greenaway and Morrissey 1993; Herbst 1990; Killick and Stevens 1991; Nelson 1989; Onis 1991; Stein 1992). Political considerations particularly affect outcomes with regard to: (1) who participates in the bargaining process over SAPs, (2) how the implementation of SAPs proceeds, and (3) what the objective and subjective impact of SAPs on various groups will be. The character of the state and of state-society relations varies substantially across the South. The existence of powerful

groups, both within and outside the state, that use political action to defend their interests can render many policies unfeasible, ineffective, or undesirable. In many cases, the prospects of successfully carrying out SAPs depend on the kinds of coalitions that form within the state and between the state and non-state actors. It should not be forgotten that the economic variables upon which SAPs are usually focused (e.g., real wages, real exchange rates) also represent underlying socioeconomic interests and institutional arrangements. These cannot be determined by policy alone, but are subject to many other historically constituted intervening factors.

Political and Institutional Considerations

Political and institutional factors act as essential filters through which the concepts and policies of a development strategy impact on and are interpreted by various classes and social groups. This underscores the need to pay attention to such factors, both in the analysis of development problems and in the framing of policies and procedures to address these problems. The selection of policy choices within any development strategy should take into consideration prevailing conditions within a particular country – in terms not only of more conventional indices (e.g., factor endowments, size of the country), but also of the nature of the political and institutional heritage. Even the most well-conceived, internally coherent policies will normally be counterproductive, or at least ineffective, in the absence of an associated set of compatible institutional and political structures. Moreover, if organizational or institutional changes are needed to implement certain policies or programs, these changes can best be made once policymakers have a clear idea of the various structures and interests involved, both within the state itself and in society at large.

The previous chapter stressed the importance of particular institutional arrangements to the successful development performance of the Asian NICs. Important policy changes were quickly and efficiently carried out within a coherent institutional framework that strengthened administrative capacities and created opportunities for cooperation in national development planning. However, underlying this institutional framework were two vital conditions: state relative autonomy and close public-private cooperation. Although states may take actions to increase their relative autonomy or improve public-private cooperation, these conditions are also historically determined by many factors outside of immediate state control. In the case of the NICs, state relative autonomy was strengthened internally by the historical weakness of the capitalist and working classes and externally by the international (especially geopolitical) context of postwar East Asia. Consequently, policies that proved successful in the NICs might be quite unsuitable for states in other Third World countries operating under dif-

ferent historically determined conditions. Throughout Latin America, for example, there are many weak, dependent states that lack autonomy from either international capitals or powerful fractions of the domestic elite. It is not uncommon for powerful interest groups to 'capture' parts of the state apparatus. Typically, the interests of transnational agribusinesses and the landholding elite are expressed through the Ministry of Agriculture, those of monopolistic industrialists through the Ministry of Industry, and those of the large private banks through the Central Bank and the Ministry of Finance (Jenkins 1991). Under such conditions, policies and institutional arrangements which successfully guided growth in the NICs according to broadly based, consensual development objectives could well be manipulated to serve the narrow interests of dominant classes and social groups.

The overly technical, economic focus of SAPs has all but ignored these types of political and institutional concerns. Perhaps this should come as no surprise, given the dominant role that the IMF and World Bank has played in imposing SAPs on Third World countries. Both of these organizations present themselves as neutral, technical agencies that do not take stances with respect to the internal political configurations of the countries they advise. The IMF and World Bank cannot officially be seen as politically involved, even though it is common knowledge that they pay close attention to political factors and that their policy prescriptions favor certain kinds of regimes and disfavor others (Brett 1987). SAPs are therefore worded in a purely technical language and inevitably take a wholly economic direction. Policy alternatives are assessed on abstract, technical grounds as if development takes place in a political vacuum.

If the Third World state is considered at all, it is normally depicted as a major obstacle to more rational, market-led development. Following the precepts of public choice theory, the political arena is portrayed as full of rent-seeking politicians, bureaucrats, and lobbyists whose self-interested behavior is the antithesis of a more rational, objective approach to development. The state is seen to be all pervasive, yet powerless to direct development in a more rational manner. Widespread interventionism has caused state structures to become too large and unwieldy. Government spending to support such interventionism has reached unsustainable levels. All interventionist policies are regarded as similarly distortive, despite any differences which might exist in political and institutional arrangements.

At the same time, Third World markets are idealistically depicted as purely competitive and necessarily benign to overall development interests. Widely acknowledged causes of market failure (e.g., barriers to entry, tendencies toward monopolization) are brushed aside as insignificant, while 'government failure' is made the centerpiece of analyses of development problems. In the current ideological climate, the contention that market fail-

ures are trivial, but government failures are enormous, becomes a powerful slogan. But as a focus for serious economic and political analysis, it is wholly inadequate to understanding the many interrelationships between market and government failures that underlie most Third World development problems. Moreover, it exonerates other major actors (e.g., transnational corporations, oligarchic Third World elites, large private banks, the IMF and World Bank themselves) from any responsibility for the development failures of the South. While this position may serve certain ideological interests, it offers only a simplistic, naive conceptual foundation for setting policies designed to address many quite intractable real-world development dilemmas. As Toye (1987: 67) notes: 'Over-simplified "solutions," resting on little more than the political preconceptions of a distant ideologue, are incapable of resolving the real dilemmas of development satisfactorily.'

Inattention to the Political Feasibility of SAPs

The simplistic 'state versus market' dichotomy of the neoliberals fails to address many critical issues and questions concerning the political feasibility of SAPs.

For purposes of analysis, the political feasibility of SAPs may be divided into two parts: (1) the compatibility of policies with the interests of important classes and social groups; and (2) the compatibility of policies with the institutional and organizational framework of the state and state-society relations. The former is crucial to the maintenance of political stability necessary to sustain policies over the long term, while the latter is vital to the efficiency with which policies can be implemented.

SAPs, or any other development program, require a sound political basis. They must be carefully crafted to fit the circumstances of a country, taking into account both the political and economic environments. According to Bourguignon et al. (1991: 1485), it is particularly important that 'adjustment programs . . . recognize the interdependence of the three criteria of efficiency, welfare, and political feasibility.' It does little good to design the 'right' development strategy, if it proves impossible to implement or sustain. One of the important functions of a development strategy is to bring rationality and consistency to economic policies. But another is to cultivate the political support necessary to carry out such policies. As Fishlow (1984: 982) notes: 'Potentially superior economic outcomes are relevant, but by no means the whole story. If they were, developing countries would face much easier choices than they actually do.'

Complex interrelationships among many development problems mean that clear distinctions can seldom if ever be drawn between 'economic' and 'political' considerations in the framing of development policies. Policy-makers must recognize the legitimate role that politics should play in the

choice and implementation of economic policies. Effective policies can only be designed by working within the parameters of political feasibility. The failure of SAPs to address the political consequences of economic reforms is particularly surprising, given that the major instruments of structural adjustment (e.g., privatization and public-sector reform, currency devaluation, price liberalization and the elimination of state marketing boards, the removal of labor regulations) have a profound effect on state-society relations and the constituencies upon which governments depend for political support. In most cases, the economic reforms entailed in SAPs involve not only changing constituencies, but also altering the mechanisms by which governments relate to their clients and supporters (Herbst 1990). Structural adjustment almost always makes the political climate much riskier for governing parties and leaders, through weakening state structures and changing the state-society relations upon which governments have traditionally relied to stay in power.

Nelson (1989) contends that, given the momentous changes brought about by SAPs, the politics of adjustment must necessarily be seen as the 'politics of the long haul.' Governments must, therefore, search for and hold together reform-oriented coalitions under difficult circumstances in which they may have little to offer their supporters in terms of immediate benefits. Consequently, governments need to be acutely aware of the political as well as economic changes that reforms will bring to various classes and social groups. Following a balanced assessment of the likely consequences of reforms for different groups, governments must be willing to modify policies to maximize the benefits and minimize the economic and political damage caused by structural adjustment (Hawkins 1991). Moreover, an informed assessment of various alternatives for reform may provide a useful framework for dialogue and discussion between representatives of the state and different social sectors (White 1990). If it is designed to foster genuine, broadly based participation in decision-making, such discussion can present opportunities for creating politically important compromises and modifications to policies, as well as devising appropriate compensations to certain groups that may be particularly disadvantaged by the thrust of reforms.

The Need for Political Stability and Policy Continuity

In most countries undergoing SAPs, it appears that economic reforms have caused significant hardship to a broad range of classes and social groups which collectively have the ability to undermine political stability. As we saw earlier, the lower classes (e.g., working class, peasantry, informal sector) and especially the traditionally disadvantaged groups (e.g., poor women and children, the elderly, ethnic minorities) have borne the brunt of the social

costs of SAPs. In addition, SAPs have also harmed much of the middle class (e.g., public-sector employees, artisans and other small/medium producers) as well as some upper-class elements (e.g., bourgeois producers oriented toward the domestic market). Following decades of steadily increasing state intervention in most countries, many of these groups had become dependent on various state policies and programs for their advancement and survival. In the process, a complex structure of ideological mechanisms (e.g., nationalism, statism) had been created to legitimize the continuation of particular forms of state intervention.

Under SAPs, much of this postwar continuity in state-society relations has been dramatically broken. Many classes and social groups feel suddenly alienated and under attack, as their hard-fought social gains achieved through previous struggles have been stripped away with little or no consultation. Moreover, many of these social sectors still retain relatively high levels of mobilization and political influence, accumulated through previous struggles. As a consequence, the political costs of SAPs have been unusually high for many governments. Spontaneous rioting and demonstrations have frequently broken out, highly mobilized groups have used their influence to spread political instability and sabotage the reform effort, and an increasing number of governments have been removed via coups or elections. It appears that this will be the principal legacy of SAPs in the South if the economic dictates of outside organizations such as the IMF and World Bank keep governments locked into politically unfeasible positions. In particular, governments must be permitted to find locally appropriate methods to allow the diverse organizations representing the popular majority to cooperate and participate in the framing and implementation of policies.

Much of the neoliberal agenda contained within SAPs has proved incompatible, not only with major political interests but also with the institutional and organizational framework of Third World polities. Many authors contend that inadequate consideration has been given to the lack of administrative capacity to implement and manage the reforms that outside agencies are prescribing (see, e.g., Greenaway and Morrissey 1993; Helleiner 1992; Nelson 1989; Rondinelli and Montgomery 1990; Schoenholtz 1987; White 1990). In many cases, it appears that the simultaneous imposition of a broad range of reform measures overwhelmed the capacity of the state to carry them out coherently and efficiently. Poorly coordinated and haphazardly implemented policies often seemed to be working at cross-purposes. Contradictions, delays, and policy reversals destroyed confidence in the predictability and sustainability of the reforms. As a result, the credibility of the overall adjustment process was often undermined, leading to rising political instability and a withdrawal of investment capital needed to generate future growth.

It is now widely acknowledged that inadequate policy coordination and

institutional failure have had a major, perhaps decisive, impact on the poor performance of SAPs in many countries. Consequently, one of the most important recent thrusts in development and adjustment thinking is the increasing emphasis placed on policy coordination, institutional coherence, political stability, maintenance of credibility, and sustaining government initiative over the long term. Helleiner (1992: 785) asserts:

More important than achieving policy 'perfection' at each point in time, whatever that might mean, is the creation and maintenance of a stable overall policy environment, and the creation and preservation of credibility for and confidence in an announced adjustment and development program.

SAPs require states to have an especially efficient bureaucratic and technical apparatus, as well as the political capacity to design and carry out effective policies. Therefore, neoliberals who anticipate a 'withering away of the state' via economic reforms are mistaken; in fact, reform initiatives need to promote stronger, more capable states that can understand and react effectively to changing conditions. It often takes greater discipline and self-confidence for states to liberalize previously controlled markets than to extend interventionist policies that have favored politically important groups (Lewis 1989; Nelson 1989). Given the enormous difficulties of sustaining structural adjustments, the modern, reformist state has to be more stable, efficient, and effective at communicating and governing. It is not simply the minimalist state envisioned by the neoliberals.

Thus, the state must continue to play a key role in SAPs, or any other development program, whatever the currently dominant ideology proclaims. There should be no question as to whether the state has a legitimate and central role to play in development. Instead, questions should address the nature, extent, and frequency of state interventions needed to accelerate development under different conditions in individual countries. In much of the South, there is a problem not so much with the size of the state (in fact, it is relatively small in most countries), but with the inefficiency and unproductiveness of state interventions. This renders the state incapable of fulfilling many diverse functions necessary for sustained, broadly based development. The more successful cases of structural adjustment are due neither to *laissez faire*, nor to centralized bureaucratic control, but to governments that understood which areas to intervene in and which to leave alone, and how to conduct interventions efficiently (Streeten 1987: 1478). At the same time, the frequent failures of SAPs illustrate not only excessive state intervention, but also unwise and inefficient intervention in some areas, and inadequate intervention in others (*ibid.*).

Not only these, but many other recent development experiences, particularly in the Asian NICs, show that the efficient use of market forces

does not necessarily preclude state development planning, especially if it is indicative, decentralized, and focused on limited problem areas (Dietz and James 1990). The potential for beneficial externalities resulting from state intervention has been ignored in SAPs and other neoliberal programs. Despite compelling evidence from East Asia and other areas, the fact that state intervention may accelerate structural change, create dynamic comparative advantages, and broaden patterns of growth seems not to have found a place in neoliberal theory.

In fact, there are many ways in which selective and carefully coordinated state intervention can alter Third World markets so that they function more efficiently to serve broad development interests (see Streeten 1993: 1283-4). The state can provide a legal framework and maintain law and order, including the enforcement of contracts and property rights. It can pursue correct macroeconomic policies (e.g., with respect to exchange rates, interest rates, wage rates, trade policy) to promote high levels of employment and growth without inflation. It can safeguard competition (e.g., through anti-monopoly and anti-restrictive practices legislation) and intervene in processes of price formation, production, and finance to improve both the efficiency and distributive aspects of markets. It can tax activities that it wishes to discourage (e.g., short-term speculation in real estate, consumption of tobacco or gasoline, highly polluting industries) and subsidize activities it wishes to encourage (e.g., use of public transport, education, health care services). It can invest in physical infrastructure and human-resource development to improve profitability rates and 'crowd in' private investment to activities that further national development objectives (e.g., structural change, poverty alleviation). It can contribute to the effectiveness of price incentives (e.g., devaluations, market liberalization) by assisting in the design and strengthening of complementary institutions (such as for land reform, information, credit, marketing). It can implement urban/regional planning programs and other measures designed to promote selective growth and counteract tendencies toward socioeconomic and spatial inequalities.

The Need to Transcend the State-Versus-Market Dichotomy

However, to enable the Third World state to carry out these important functions, development strategies must transcend the sterile state-versus-market dichotomy of neoliberalism. The problem is finding the correct mixture of market orientation and state intervention, given divergent development conditions in individual countries, and then devising a set of institutional and organizational arrangements that are compatible with this particular mixture. The choice between free market and state intervention largely depends on timing and circumstances. Helleiner (1990: 145) states: 'The political and economic efficacy of markets and governments varies across

countries and in individual countries over time.' Abstract, universalistic economic models cannot, therefore, provide an invariable set of development policies which will be appropriate to the varying conditions and needs of individual countries at particular times. Instead, development strategies need to pay close attention to the historical context within which development is unfolding, including elements such as state structures, state-society relations, markets and ownership patterns, class and other social relations, and ideological concerns. Neither the state nor markets are neutral institutions; both can work for good or ill. The question for development strategies should be under what conditions states and markets can work to serve broad development objectives and how to bring about these conditions. Solutions will necessarily be particular to individual countries and will involve more than just economic considerations. As Toye (1987: 57) notes: 'The plain fact of the matter is that no one has yet succeeded in devising a division of functions between the public and private sectors which is both universally applicable and defensible on economic, rather than political grounds.'

It has become apparent that wholesale liberalization is neither economically desirable nor politically feasible for many countries. There are many reasons why interventionist policies may have been pursued by Third World states, including: equity objectives (e.g., income redistribution, job creation, regional development); infrastructure development and other 'lumpy' investments (e.g., steel, petrochemicals); collection of monopoly rents (e.g., on minerals); filling in for a deficient or absent private sector; countering capitalist monopolies; and strengthening economic sovereignty, especially *vis-à-vis* transnational corporations (Bienen and Waterbury 1989: 618). These are real concerns in most developing countries, which governments cannot neglect without paying a high price in terms of economic polarization, social unrest, political instability, and loss of national unity. As a consequence, liberalization measures designed to reduce allocative inefficiencies must always be shaped to fit the historically constituted conditions and special needs of individual countries.

Particularly in severely polarized and underdeveloped countries, large parts of the private sector are typically undynamic or have been incapacitated by decades of infrastructural neglect. This is especially the case for many internally oriented sectors, such as domestic food production. Under these circumstances, liberalization may result in a precarious vacuum inviting anticompetitive behavior by the few who have the means to step in' (Reusse 1987: 299). In most highly dependent economies, this has caused widespread displacements of small/medium producers by transnational corporations and other large-scale capitals with extensive foreign connections. As a consequence, liberalization measures have worsened already severe problems of polarization and impoverishment, especially in many rural areas, despite generally offering producers higher prices. However, as

Reusse (1987: 316-17) points out, this pattern may be avoided if the state complements liberalization measures with 'bridging interventions' targeted to assist traditionally disadvantaged producers, such as small/medium peasants. Such interventions might provide assistance in areas such as credit and financing, technological and structural improvement, access to production inputs and basic consumption goods, and transportation and marketing.

Rising concerns over anti-competitive behavior and tendencies toward monopolization in many sectors stress the need to take a more balanced approach to questions of liberalization and relations between the state and markets. The main questions for development strategies seem no longer to concern the extent of state intervention and/or the size of the public sector. Instead, the questions now being raised concern the comparative advantages of the public and private sectors, how these sectors may complement each other, and how their performance may best be improved (van Ginneken 1990: 443). The state should be asked only to do what it can do best and should stay out of other areas. Nevertheless, it can take many important measures to promote development of both the private sector and society at large according to broadly based objectives. While there are often costs involved in state interventions, unfettered markets normally exact even higher costs, especially among the most vulnerable and disadvantaged groups of Third World societies.

The Subversion of Sovereignty and State Legitimacy

One of the central paradoxes of SAPs is that they require a strong state and political stability in order to be successfully sustained, but they systematically weaken the governments that must carry them out through the imposition of inappropriate policies. In a study of IMF/World Bank programs in Africa, Havnevik (1987: 423-4) arrives at three conclusions concerning SAPs: they subvert national sovereignty; they portray no understanding that policies must be based on political consensus; and they are imposed by international agencies that have neither global nor local legitimacy. SAPs focus on a ready-made set of policies designed to meet abstract 'textbook' criteria of economic allocative efficiency. Consequently, they restrict the ability of national governments to determine their own policies and shape their societies according to local conditions and needs. According to Ghai and Hewitt de Alcántara (1990: 422), this generates a 'conundrum of governability,' which begs the following questions:

How are the wide range of conflicting interests associated with crisis and adjustment to be channelled and expressed within a stable political environment at a time when the legitimacy and efficacy of many states are being so

thoroughly undermined? How can a sufficient sense of cooperation and purpose be developed to permit an adequate collective response to the crisis?

As the focus of development has shifted toward promoting macroeconomic growth away from other, more traditional concerns (e.g., income distribution, basic needs provisions, poverty alleviation), development strategies have also adopted a more 'top-down' rather than 'bottom-up' approach (Rondinelli and Montgomery 1990: 74). SAPs have been imposed on the people of the South in a top-down manner in terms of both relations between the international financial institutions and Third World governments and relations between these governments and their people. While the rhetoric of the IMF and the World Bank clearly recognizes the need for local participation in programs and policies, structural adjustment packages, in practice, are presented to governments on a take-it-or-leave-it basis. Negotiations between the large, highly sophisticated international institutions and governments from small, underdeveloped countries are unequal and often confrontational. For the IMF and World Bank, little is lost if a small country rejects an agreement, while the costs to the country can be enormous.

Both the Fund and Bank have a wealth of skilled and well-educated personnel to argue their case. Government officials may intuitively reject some aspects, but usually can neither present their case with sufficient rigor nor provide the intellectual rationale and political bargaining power necessary to win the argument (Stewart 1987: 42). They lack the resources to present their case properly, and the macroeconomic models of the international institutions leave little room for policy alternatives that recognize the varying conditions and needs of Third World countries. The institutional structure and macroeconomic focus of the international institutions generate considerable 'inbreeding' and 'herd behavior' in the policy community that oversees SAPs from Washington, thereby limiting the variety of sources from which consensus views are developed. While it is widely acknowledged that Fund/Bank personnel are highly skilled, professional training cannot completely substitute for local knowledge in the formulation of appropriate policies for Third World countries. Even if it could, SAPs and other policies can seldom be successful if those who implement them do not believe in them or do not regard them as their own (Helleiner 1992: 787).

This conclusion applies to the top-down manner in which SAPs have been imposed not only at the global level, between international institutions and Third World governments, but also at the local level, between these governments and their people. Key macroeconomic and other policy decisions are usually made in great secrecy by a handful of actors - normally the president, finance minister, head of the central bank, and their top advisors, along with representatives of the international institutions (Ghosh 1991; Kaufman 1989; Kraus 1991; Stewart 1987). These decisions are then

normally pushed through at breath-taking speed with minimal or no consultation from other members of government, opposition parties, associational groups, or popular organizations. Likewise, resultant policies and programs are implemented from the top down with little meaningful participation by various organizations whose members are often dramatically affected by the reforms. Little room is afforded for negotiations between different classes and social groups designed to create a consensus or 'social contract' behind the reform effort. Dialogue is acceptable as a means to explain policy, but ultimately major development factors (e.g., prices, incomes, the distribution of public benefits) should be set by the marketplace or by technocrats, not through negotiations between different interest groups. In fact, within this top-down approach to development, popular participation and organization are commonly perceived as a hindrance to rational development, rather than as a precondition for its success.

The top-down manner by which SAPs have been imposed has significantly undermined the legitimacy of many Third World governments in the eyes of their people. Neither the IMF nor the World Bank are in any way accountable to the people of Third World countries, whose lives are often being turned upside down by the effects of SAPs (Bernstein 1990). It is widely perceived that Fund/Bank policies place the interests of the big banks and rich Northern countries before the needs of the popular majority in the poor Southern countries. Feelings of animosity toward these international institutions inevitably spill over onto governments which are given the task of carrying out the austerity measures mandated by SAPs. The result has been rising social unrest and political instability in many countries. Massive protest demonstrations, spontaneous strikes, food riots, and other sharp outbreaks of violence have generated high political and economic costs for many countries undergoing SAPs, including Argentina, Bolivia, Brazil, Chile, the Dominican Republic, Egypt, Ghana, Mexico, Morocco, Nicaragua, Nigeria, Peru, Senegal, Sudan, Tunisia, Venezuela, and Zambia (Bienen and Gersovitz 1985; Kreye and Schubert 1988; Maralidharan 1991; Mengstieab and Logan 1990; Pastor 1987; Streeten 1987; Weissman 1990). Paradoxically, then, SAPs seem to have heightened social unrest and political instability, thereby undermining capital's confidence that the reforms can produce a stable, predictable environment for investment and accumulation. Without such confidence, investment dries up, capital flees, growth stagnates, and 'trickle-down' effects do not occur – thus negating the central neoliberal elements of SAPs.

Tendencies toward Authoritarianism and Repression

One of the most important tasks of governance is to create stability and national unity by accommodating and reconciling the divergent interests of

various classes and social groups within a society. Indeed, economic growth itself should be seen as a means to create and maintain a harmonious society rather than as simply an end in itself. In the previous chapter, we saw that the development strategies of the Asian NICs recognized this. However, within SAPs and other neoliberal development programs, it has remained largely unrecognized. Rising social unrest generated by widening polarization, coupled with the lack of any consensus over the basic elements of the 'social contract,' has made the task of democratic governments virtually impossible (Ocampo 1990). Faced with urgent and conflicting demands, and with a fundamentally weakened capacity to meet these demands, governments have opted for an authoritarian and repressive solution to avoid the total collapse of public authority (Black 1991; Ghai and Hewitt de Alcántara 1990; Herbst 1990; Killick and Stevens 1991; Rausser and Thomas 1990). This has commonly deepened and extended the use of coercive measures, sometimes within a democratic façade, beyond those that took place prior to the adjustment process. In particular, it appears that the working class, peasantry, and other major elements of the popular sectors have often been forcefully expelled from the political arena through the use of systematic repression and other forms of pressure against community groups, unions, peasant organizations, parties, associational groups, and other popular organizations.

Given the close association of authoritarian regimes with SAPs and other neoliberal programs, many analysts have suggested that authoritarianism may well be necessary to the sustainability of market-led development strategies in general (see Handelman and Baer 1989; Killick and Stevens 1991; Kohli 1989). Indeed, a senior official of the World Bank (Lal 1983) has openly stated that SAPs may have to be implemented by 'courageous, ruthless, and possibly undemocratic governments' (in Bienenfeld 1989: 37). The logic of this proposition rests both on the need to contain political pressures generated by the rising social costs of SAPs and on the need to provide a stable, predictable environment to attract investment. It has been noted that the success of SAPs, in the politically volatile countries of the South, has been 'inversely related to working class resistance' and has 'depend[ed], in the last instance, on the capacity to control the class struggle' (Pastor 1989: 104). Democratic regimes find it difficult, if not impossible, to sustain structural adjustment because, under pluralist forms of government, the working class and other popular sectors have a greater capacity to disrupt and defeat neoliberal policies. By contrast, authoritarianism facilitates effective management of SAPs because of the ability it gives the state to repress popular dissent and provide technocrats with the autonomy they need to carry out unpopular policies. Instead of reducing its role in development, as envisioned by neoliberal theorists, the authoritarian state under SAPs seems to have turned into a modern Leviathan, extending

its domination into every sphere of society in order to stamp out dissent and increase economic efficiency.

Elements of an Alternative Approach to Development

Given tendencies toward polarization, social unrest, and authoritarianism under SAPs, it is clear that an alternative approach to development must be found if equity, social stability, and democratization are to remain serious objectives of development strategies. The first major task will be to create conditions in which strong social partners can participate in decision-making at the local, regional, and national levels to enable a consensus or 'social contract' to be constructed over how development should proceed. This means strengthening community groups, popular organizations, and other associational groups to enable them to take an active and responsible part in the decision-making process. A widely acknowledged and respected social contract cannot be achieved, in most highly politicized societies of the South, if important social groups are unable to exercise a decisive influence on governments to ensure that their concerns are taken into account by the political system. Since SAPs, or any other development program, necessarily involve difficult choices over how the costs and benefits of development are to be distributed, any meaningful development strategy must obviously be based on a fair degree of social consensus if it is to be successfully sustained without resort to authoritarianism. As Levitt (1990: 1594) remarks, 'development cannot be imposed from without' in a top-down manner, and 'is not [simply] about financial flows' and other macroeconomic considerations, but fundamentally 'concerns the capacity of a society to tap the root of popular creativity, to free up and empower people to exercise their intelligence and collective wisdom.'

The economic focus of SAPs has largely brushed political considerations aside. However, these must be dealt with seriously if difficult, but necessary, structural transformations are to be sustained under demo-

¹ *Concertation*, or *concertación*, is a concept that has been largely developed in some Latin American countries. It focuses on processes of communication, dialogue, and accommodation between the state and various popular organizations and other associational groups from the broader society. It offers opportunities for different social groups to actively participate in the framing and implementation of policies, thereby creating a more cooperative, rather than confrontational, atmosphere to provide political stability and consensual support for development strategies. The idea is that processes of concertation will, on the one hand, generate a better understanding of policies among important social groups and, on the other hand, produce policies which are more appropriate to the different needs and interests of such groups. While concertation cannot, of course, completely eliminate divergent interests, the alternative is thought to be increasing social unrest, political instability, and a drift toward authoritarianism.

cratic rather than authoritarian conditions. The political requirements for sustaining needed reforms are satisfied better in democracies where there is 'concertation' and broad participation (Bitar 1988).¹ At the same time, however, these same requirements dictate that economic policies be adopted that are acceptable to the popular majority. Within highly polarized Third World societies, the effect that such policies have on equity is of particular importance if social stability and democracy are to remain key objectives of development.

Given the varying conditions and needs of Third World countries, there can be no single model for carrying out needed structural change. It is therefore necessary to learn from experience, reject the universalistic model of SAPs, and act pragmatically to meet majority interests. While the specific measures adopted will vary among countries, the active participation of diverse social groups representing the popular majority is essential to ensure that structural transformations can proceed without sacrificing equity, stability, and democracy.

On the one hand, this requires conditions which allow people to identify the causes and find solutions to their own problems. Broad education and 'conscientization' are especially important to this process, both for mobilizing human resources and increasing participation in decision-making.² As Collier (1991: 117) notes: 'No international agency, however well-informed and well-intentioned, can substitute for a well-informed society: the time for secular gods is gone.' On the other hand, increased popular participation also requires institutional reform to provide opportunities for various groups to organize, represent themselves, and exert influence over decision-making at the local, regional, and national levels. Hierarchical institutional structures and elite-imposed development policies should be replaced by more democratic, two-way planning processes that empower people to design policies in their own interests and build on their own resources to overcome the problems that they will inevitably confront.

Inattention to the Particularities and Sustainability of Development

In the preface to his book on the neoliberal counterrevolution in development studies, Toye (1987: viii) notes that 'when economic thinking is connected up with political movements of the right or the left, it seems almost

² *Conscientization*, or *conscientización*, is another concept that has been largely developed in Latin America, especially through the work of Paulo Freire and other activists devoted to improving methods of popular education. It involves helping people to become more conscious both of the root causes of their problems and of devising their own solutions to these problems by using their indigenous capabilities and resources.

impossible to avoid the ill consequences of over-simplification.' Within the rightist strategy of neoliberalism, the problem of over-simplification appears most prominently in the narrow focus of SAPs on liberalization measures and short-term macroeconomic indicators. Liberalization is offered as a panacea for the macroeconomic ills of Third World countries, regardless of their particular historical backgrounds or institutional arrangements, and regardless even of the costs involved in the cure (Banuri 1991: 1-2).

The broad agenda for policy debate on development has given way to a narrow, technical focus on the means and the speed with which liberalization measures ought to be implemented. Little attention has been given to issues such as the environmental and political sustainability of the reforms, the nature and quality of popular participation in the decision-making process, and the appropriateness of policies to the special needs and interests of individual countries. Attempts to treat the diverse and multifaceted development problems of Third World countries with a one-dimensional, universalist solution have proven costly and ineffective, resulting in what Iglesias (1985) has termed 'the crisis of ideologized macroeconomics' (in Tokman 1986). Rather than remaining obsessed with the short-term mechanics of liberalization, development strategists ought to broaden their focus to the particular historical features and long-term development needs of different societies. Fixed, ideological conceptions and ready-made 'single objective' approaches to development are incapable of understanding the complexities of Third World countries, the range of their development prospects, and the feasibility and desirability of various policies and institutional changes.

The Neglect of Long-term Development Needs

The narrow, economic focus of SAPs has resulted in what many Latin Americans now refer to as *cortoplazismo*, meaning 'short-termism' or 'that pervasive mix of chronic anxiety and skepticism that leads to an inability to plan beyond the next week' (Rodrik 1990: 936). The macroeconomic calculations according to which SAPs are typically evaluated neglect many development issues (e.g., technological change, human-resource development, structural transformation of agriculture and industry, equity and social justice, democratization, sustainability) that are of longer-term importance to developing countries. Indeed, many analysts contend that the short-term macroeconomic considerations that drive SAPs often not only neglect, but are fundamentally incompatible with, the longer-term development needs of Third World countries (see, e.g., Cheru 1992; Ocampo 1990; Rodrik 1990; Seidman 1989). As Helleiner (1992: 779) notes: 'If a long time horizon is generally regarded as appropriate [for development strategies], it is not helpful to undertake repeated evaluations of the adjusting countries' progress according to short-term monetary/credit targets, balance-of-payments

performance, conventional growth measures, or social indicators, still less by one agency after another.'

A consensus seems to be emerging among development theorists that processes of structural adjustment normally take much longer than was originally envisioned. Therefore, issues of a long-term nature ought to be addressed in the design of SAPs, or any other development program, instead of being ignored or treated peripherally through add-on measures. The attainment of long-term development goals will require a rather different set of priorities and objectives from those of merely 'getting the prices right.' Policies ought to address the structural realities of development in various countries that underlie and shape surface features such as prices.

Ultimately, there is a need to reconsider what development is all about. The approach that the international financial institutions have taken with the implementation of SAPs views development simply in terms of financial flows and of other macroeconomic indicators to be programmed and targeted. However, development is fundamentally about people and societies. The exclusive macroeconomic focus and top-down implementation of SAPs have prevented them from satisfactorily addressing many issues around which a more people-oriented and sustainable approach to development would be constructed. These include equitable income distribution, basic-needs provisions, societal cohesion and national unity, popular participation and democratization, human-resource development, structural transformation of industry and agriculture, socially and spatially balanced growth, and the cultural and environmental sustainability of development.

Inattention to Local Conditions and Social Relations

Given the tremendous diversity within and among Third World countries, these types of issues cannot be addressed through universalistic, *passé partout* development programs such as SAPs. Most important elements of development strategies are not directly transferable; their design must be country specific. Strategies should be tailored to take into account the prevailing sociocultural, political, economic, and environmental conditions found within different countries. As Kearney (1990: 200) reminds us, 'The cards dealt by history [to particular countries] cannot be turned in for a new hand; however poor the deal, it must be played as well as possible.' This means that attention should be paid to the positive foundations of development, as well as the shortcomings and lacunae that have been generated in individual countries by varying historical and geographical circumstances. Through careful analysis of local conditions, strategies may be constructed to preserve and build on the positive foundations of development in each country, while seeking to overcome

certain shortcomings or contradictions without causing undue disruption and hardship.

Within IMF/World Bank SAPs, Sarkar (1991: 2309) reports that the policies recommended to various countries 'show a 70-80% overlap of identity.' Such policy homogeneity, irrespective of the individual circumstances of the countries to which SAPs are being applied, has several causes, according to Glover (1991: 179-80). One is the limited knowledge that IMF/World Bank economists typically have of these countries. Albert Hirschman has termed this problem the 'visiting-economist syndrome' or the habit of issuing peremptory advice and prescription by calling on universally valid economic principles and remedies - be they old or brand new - after a strictly minimal acquaintance with the "patient" (in Meier and Seers 1984: 93). A second reason is the ideological bias of the programs toward the interests of the core capitalist countries, international financial capital, and global capitalism in general. A third is the desire to provide a simple recipe of economic reforms that, it is believed, might offer some immunity to political interference or administrative failings. In practice, this means devising a simplified market solution for development problems. A fourth factor is the need to impose a fixed set of policies on all countries to avoid the appearance of unequal treatment or favoritism. A fifth is the lack of coherent country-specific alternatives to the Fund/Bank programs. As Glover (1991: 180) notes: 'If countries cannot provide tailor-made programs, it is difficult to see how external agencies could do better.'

However, given the widely acknowledged failures of SAPs, Third World countries have little choice but to devise development strategies more appropriate to their own needs and interests. A basic problem of SAPs, which is characteristic of mainstream development strategies in general, arises from the imposition of Western models on societies whose cultural values and traditions, social and political arrangements, and methods for carrying out economic activities make the absorption of these models neither possible nor desired. The resulting displacement process inexorably creates uncertainty, anomie, tension, and conflict - thereby undermining efforts to bring about needed socioeconomic change. Indiscriminate modernization, whether via SAPs or some other equally alien model, often fundamentally weakens the social fabric of Third World countries. This greatly adds to the difficulty of designing and implementing a process of cumulative social change and economic transformation that most analysts agree must form the centerpiece of any long-term development strategy to improve Third World standards of living. Broadly based development requires that economic processes be compatible with prevailing social and cultural conditions; but, at the same time, development must generate change in these conditions as part of the overall process of structural trans-

formation needed for developing countries to sustain economic growth in the modern world system. Therefore, Third World strategies ought neither to neglect the real development problems of their own societies nor to seek a remedy to these problems by adopting inappropriate outside models. Chidzero (1987: 140) emphasizes both of these points in an article on African development, which is equally applicable to the rest of the South:

Africa must see itself without the fig-leaf and not copy external models blindly. African countries have no choice but to examine and analyze their respective concrete situations, fashion development plans and programs accordingly, and craft effective policies to that end.

Most recent analysis of SAPs has concentrated on economic criteria and has been largely policy focused and sectorally oriented. At best, such analysis has included some mention of state structures and institutional characteristics. However, it has typically paid little attention to the broader features and particularities of the societies within which SAPs are being carried out. As a result, we know relatively little about how SAPs are affecting the problems, needs, and aspirations of the popular majority in most Third World countries, whose material and spiritual well-being must be a central concern for any broadly based development strategy. Unfortunately, academic research on SAPs seems to be 'reproducing,' in new intellectual forms, the marginalization process to which the popular sectors have been subjected by the development programs themselves.

Much of this research has replicated the obsession of SAPs with macro-economic indicators and 'getting the prices right.' Characteristically, one sphere of economic activity - that of exchange - has been abstracted from the totality of relations of production and power, thereby inevitably generating simplistic, partial analyses and distorted results. Such problems have been further compounded by the substitution of an overarching ideological conception of the market for careful analytical and empirical investigations into different kinds of markets and the mechanisms by which they operate. In particular, much of this research has neglected historical patterns of commoditization in Third World countries, which have been shaped according to the particular evolution of sociocultural, political, and economic relations. It is only through analysis of this complex realm of societal relations that policies can be developed to address many of the structural causes of persistent Third World development problems, (e.g., underdeveloped forces of production, widespread polarization and impoverishment, economic stagnation). The failure to do so represents one of the most serious shortcomings of most current policy-oriented research in the South.

Low levels of technological diffusion, underdeveloped forces of production, and, as a consequence, inferior rates of productivity have traditionally hampered development within many Third World agricultural sectors. The root causes of such problems are often located in a series of structural constraints (e.g., the extreme concentration of land and other means of production; tendencies toward financial and commercial monopolization; the continuing presence of sharecropping, usury, and other precapitalist rent-extracting arrangements) that have distorted rural markets and provided disincentives to productivity-enhancing investments, especially by peasants and other small/medium farmers. In order to understand these structural constraints and develop viable policies to overcome them, studies need to analyze underlying patterns of social relations within several interlocking areas. These include relations of production and social reproduction, both inside and outside of households; relations of commercialization and circulation; and relations of power at various levels.

A study by Koopman (1993) of rural areas in Africa found that small/medium agricultural production takes place in the context of at least two distinct sets of social relations of production: first, simple commodity production constrained by the dominance of monopolistic state policies and/or capitalist market power; and, secondly, simple commodity production and subsistence production structured by patriarchal relations of production among household members. What many conventional neo-classical agricultural models fail to recognize is that access to resources, productive services, and markets varies significantly according to the position that rural producers occupy within these distinctive sets of social relations. It is important to point out that the neglect of social relations has not only hindered academic research, but has also had a powerful practical impact on the design and implementation of rural development projects. Development strategies which conflate, for example, small-scale women producers, who often dominate domestic food production,³ with large export-oriented agribusinesses are conceptually incapable of devising policies appropriate to the divergent needs of these two sectors. The special needs of particular rural sectors cannot be subsumed within some generalized conception of the interests of the agricultural sector as a whole (e.g., liberalization of agricultural prices). Nor can these special needs be addressed by policies which resort to market mechanisms alone. Instead,

³ In African countries, Cheru (1992: 508) reports that women are responsible for 60–90 percent of the production, processing, and marketing of domestic foodstuffs. Yet women have the least access to improved technology, credit, extension services, and land. Thus, rural development programs designed to increase food security have little chance for success if efforts are not made to improve women's access to productive resources and to reorient agricultural training and other supportive services to meet the special needs of women farmers.

they call for broader measures based on careful analyses of historical patterns of social relations. Without such analysis, development strategies can only offer piecemeal and palliative solutions to many deep-seated Third World development problems; policies cannot be effectively designed to address the structural factors that created these problems in the first place.

Weak and highly polarized production structures, non-competitive markets, and skewed power relations have rendered the market-based thrust of SAPs and other neoliberal strategies largely irrelevant to many of the most pressing development problems of Third World countries. As Streeven (1993: 1295) notes, such problems may often be rooted not in market failure, but in market success. If the signals propagated by the market are based on an unequal distribution of income, land, and other assets, it may be market success in responding to these signals that causes problems. The analysis of famines by Sen (1981, 1989) demonstrates that total food supply has often been adequate, but that the purchasing power (or, more generally, the entitlements) of the poor and other disadvantaged groups has normally declined and generated widespread starvation. In these cases, the market successfully responded to its signals, incentives, and allocations, while large numbers of people starved. Development policies designed to address such problems obviously cannot simply rely on market forces, but must bring about needed structural changes in underlying social relations, involving a redistribution of both productive assets and access to power.

The Neglect of the Human Dimension of Development

Given the exigencies of growth and development within the contemporary global economy, strategies that disregard the need for macroeconomic balance and allocative efficiency are bound to fail. However, these economic imperatives cannot be allowed to override the broader, long-term requirements of development which, in most countries, are based in fundamental redistributive reforms, human-resource development, and structural change. The primary objectives of long-term development can be summarized in very general terms as sustainable economic growth combined with social justice (Stewart 1991: 415). In most Third World countries, both of these objectives necessitate creating conditions to improve economic opportunities, develop human capabilities, and enhance social cooperation via the structural transformation of the economy and society. SAPs and other liberalization measures pay little attention to issues of social justice, the economic rights of the popular majority, and extending resource access to the currently deprived elements of most Third World societies. In fact, SAPs tend to sacrifice such concerns to the accumulation demands of an

elite minority. In so doing, they often neglect general welfare and social cohesion for short-term profits and unsustainable, imbalanced growth. Furthermore, the macroeconomic focus of SAPs delays the search for and implementation of more sweeping changes needed for sustainable, majority-based development.

In spite of the experience of the Asian NICs, SAPs and other neoliberal strategies seem not yet to have grasped the essence of modern development, which lies not in short-term financial flows and other economic indicators, but in creating conditions for a more people-oriented development founded on social cohesion and the continual advancement of human resources. SAPs may increase the short-run 'efficiency' of some resource allocations, particularly from the point of view of the big banks, TNCs, and other large-scale capitals. However, while they may advance the short-term profitability and accumulation requirements of a minority elite, SAPs also commonly subvert national sovereignty, diminish local control and experience, damage domestic stability, and undermine social and economic infrastructure. In so doing, SAPs may be sacrificing any possibility for achieving a more sustainable and broadly based development trajectory in the South which, recent experience has shown, must be based on social and political stability and the enhancement of human resources needed to create dynamic comparative advantages within globally interconnected markets.

Inattention to the Environment and Issues of Sustainability

Another critical element of sustainable development that has been largely ignored by SAPs is environmental soundness. Many analysts contend that the fixation of SAPs on short-term growth has generated unacceptably high levels of environmental destruction in many Third World countries (see, e.g., Barkin 1990; Cheru 1992; Green 1991; Helleiner 1989; Munasinghe 1993; Riddell 1992). Deregulation, liberalization measures, and outward-oriented policies have accelerated the destruction of non-renewable resources and have created 'pollution havens' in the South for TNCs with production processes too toxic to locate in the North. Moreover, environmental concerns have normally been excluded from the standard accounting techniques (e.g., measurements of GDP growth) used to assess the performance of SAPs. Little or no attention has been given, for example, to the effects of environmental depreciation, which may appear in the form of added costs for the long-term maintenance of both physical and human capital. Irreversible environmental damage may be generating a substantial redistribution of such costs, both over time (i.e., intergenerational transfers) and over space (i.e., transfers from the North to the South).

SAPs and other mainstream development strategies have, until recently,

largely ignored connections between environmental processes and issues of equity and social justice. However, as the long-term consequences of environmental degradation have become better understood, it is now evident that any viable strategy of sustainable development must incorporate a systematic analysis of the environmental impact of social and economic change, particularly for the poor majority of the world's population in the South. Within our increasingly interconnected world, environmental interdependence transcends political borders and divisions between classes and social groups. Environmental sustainability, as a social and political process, is about human beings as well as ecology in the narrower sense. Just as sustained wealth and economic growth are, in the end, incompatible with widespread poverty, no ecological system can be sustainable if the majority of its inhabitants are forced to exist in misery and extreme need.

While some neoliberal policy-makers (e.g., in the World Bank) have begun to pay more attention to the problem of environmental deterioration, they have yet to acknowledge that, without active intervention by the state and popular organizations, market forces are incapable of generating sustainable development. Given imbalances of power within and among societies, the market-led thrust of SAPs has presented opportunities for dominant economic and political groups to put their individual, short-term accumulation interests ahead of the collective, long-term interests of the popular majority in a sustainable social and physical environment. Deregulation, liberalization, and the dismantlement of participatory means of decision-making have rendered the popular majority virtually defenseless against environmental damage by TNCs and other large corporations. In many cases, large-scale resource extraction, industrialization, and agribusiness operations have caused irreversible damage to the environments inhabited by the poor, ethnic minorities, and other disadvantaged groups (see, e.g., Amin 1993; Barkin 1990; Batie 1989; Broad and Cavanaugh 1989; Dietz and van der Straten 1992). In other cases, the special development needs of such groups have been ignored, leading to widespread 'need-driven' environmental destruction, such as the overcollection of brush and overcutting of trees, overgrazing, and overly intensive crop cultivation (see, e.g., Barham et al. 1992; Cheru 1992; Green 1991; Shaw 1991). The human environment in many underdeveloped countries is characterized by overcrowding, poverty, and the desperate search for dwindling resources to meet basic needs. Problems of unequal access to resources, diminishing shared resources, and environmental degradation are often important root causes of the poverty complex and are increasingly linked to violent conflict. Development strategies that neglect such problems stand little chance of being sustainable, in either social or ecological terms.

The Need to Transcend Development Orthodoxies

Pervasive environmental degradation and other urgent new development problems require that academic analysts and policy-makers reject the failed explanations and prescriptions of past development frameworks in favor of new, more appropriate alternatives. However, the current rush to the market by neoliberals represents neither a careful reflection on past strategies nor a thoughtful search for new innovative solutions. Instead, as Brett (1987: 35) notes: 'Neoliberals are returning to the [neoclassical economic] recipes of the past not because they have been tried and succeeded, but because other nostrums [i.e., the state *dirigiste* model] have been tried and failed and no-one can think of any alternative.' Neoliberalism represents the latest example of what Emmerij (1987: 16) terms 'conservative modernization' — 'problems are identified, policies are introduced and they fail, but the fundamental changes needed for a solution are avoided in favor of trying the failed policies once again.'

It must be emphasized that neoclassical doctrines are not scientific truths, despite neoliberal attempts to portray them as such. In fact, ideological concerns have played a dominant role in the resurgence of neoclassical doctrines under the guise of neoliberalism. For Apter (1987: 295), neoliberalism offers an example of a modern ideological doctrine which consists of 'various mixtures of myth and theory, which, over time, have a tendency to be transformed into each other. Myth becomes theory; theory myth.⁴ According to Hirschman (1987: 34), the ideologically inspired rise of neoliberalism has produced a 'strange switch' in development theory: 'North Americans, so proud not long ago of their pragmatism, have taken an ideological turn, while [people in the South] have become skeptical of their former sets of certainties and "solutions" and are naturally exasperated by the neophytes from the North who pretend to teach them yet another set.'

Moving beyond outmoded development models that have outlived their historical usefulness necessitates transcending a series of false dichotomies that have traditionally polarized postwar development studies. Examples of

these dichotomies include state planning versus the market, centralization and professionalism versus decentralization and mass participation, large-scale versus small-scale projects, the latest technologies versus intermediate or appropriate technologies, industry versus agriculture, investment and growth versus consumption and basic needs, import substitution versus export promotion, and protectionism and inward-oriented development versus free trade and outward-oriented development. In order to transcend these dichotomies, a new approach is needed which avoids framing development issues and questions as either/or choices according to preconceived theories and models. Instead, the case for or against a particular strategy should largely depend on the historical and geographical conditions, the sociocultural and political institutions, and the specific needs and interests of individual countries.

This new approach to development will necessarily stress pragmatism, flexibility, and the contextuality of development. It will involve freeing up our minds and searching for innovative solutions, because the stale, ideologically driven debates to which we have become accustomed have lost their relevance. No development orthodoxy, whether that of market-led neoliberalism or state-centered Keynesianism, can provide blanket solutions to the problems of all countries at all times. Rather, strategies must address the contextuality of development, which is the product of specific historical and geographical conditions. The failure to understand the special opportunities and constraints presented by such conditions renders neoliberalism and other universalistic strategies irrelevant to the real needs and problems of Third World countries.

⁴ In addition to neoliberalism, Apter also regards orthodox Marxism as an ideologically driven or 'mytho-logical' theoretical system. He notes: 'Theory provides a logic for the resolving of certain political problems and their projective transcendence. Myth does the same by means of "overcomings" that defy ordinary logic. . . . Theory is embedded in the representation of the state, projective, logical and teleological. It defines a negative pole and provides a method and an instruction for transcending it. Liberalism and Marxism in various versions and mixtures are examples of such theoretical systems. Each offers a complete corpus, a language, and a method of closure, as well as an interpretative frame for the analysis of events. Both have the capacity to produce myths, especially in the context of their surrogate states, just as such myths of the state help create the space for them as theories. This is why . . . , in the context of the state, mythologies constitute both an interpretative field and a system of obligation' (pp. 295, 302).