

# Preface

This book is not primarily about the discipline of development studies as such. It explores thinking about development since the beginning of the modern era, and concludes with a discussion of the search for global social theory in the globalized condition of today.

The overview rests on the assumption that various schools of development thinking should be contextualized historically, rather than understood as a cumulative evolution of ideas towards a universal development theory, as was implied in earlier writing, including my own *Development Theory and the Three Worlds*. In fact, the present book is a kind of reinterpretation of development thinking, based on a more concerted historical approach to development thinking. In contrast to development theory, normally concerned with the so-called developing countries, development thinking covers all social science theorizing about development – in general and everywhere.

Throughout the narrative, an attempt has been made to relate to the work of the great Hungarian historian and social scientist Karl Polanyi. This perhaps needs an explanation in view of what Polanyi once said to his daughter, Kari Polanyi-Levitt, when she expressed an interest in taking up development studies: ‘Development, Kari? I don’t know what that is’.

Polanyi in fact never put himself forward as a development theorist. Nevertheless, he exercised an influence over the methodology of development studies as well as the theoretical under-

standing of development dynamics. This covered different ways of institutionalizing the economic process, the nature of the market system, the impact of 'the long peace' on nineteenth-century European civilization, the rise of industrial capitalism during that period, the cause of social crisis, the essence of fascism, and the post-Second World War world order prospects, including the regionalist scenario. The so-called formalism–substantivism debate in the 1960s was relevant for early development economics and development theory in general. Furthermore, many have suggested that the current period can be seen as a 'second great transformation', with similarities to Polanyi's famous *Great Transformation* (the title of his 1944 book). The new great transformation is often understood to cover the 1944 'compromise of embedded liberalism', globalization as the establishment of a market on a global scale from 1980, and the critical counter-movements searching for development alternatives in the new millennium. Hence, while Polanyi may not have showed much interest in what we now think of as development theory, many in the field would nevertheless find it hard to get along without him, something that I hope that this book will show.

Karl Polanyi has been a great inspiration ever since my student days and his mode of analysing social transformation still represents an ideal of how to do social science. Thanks to Kari Polanyi-Levitt and Margie Mendell, the director of the Karl Polanyi institute in Montreal, I have been fortunate enough to follow the remarkable renaissance of Polanyian studies, from the 1986 memorial conference in Budapest to the eleventh conference in Montreal in December 2008, where the synopsis for this study was presented. It has been gratifying to do the book with Zed, my first publisher. In those days it was with Robert Molteno, who never hesitated to encourage fresh and untested writers. The present book has been supported by a new team at Zed with Tamsine O'Riordan and the series editors Helen Yanacopulos and Matt

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Bailie Smith, who originally proposed the project. Its content has been shaped through discussions and teachings with my friend and university colleague Hans Abrahamsson, as well as a more long-distance, but no less important, cooperation with Tony Payne, with whom I share the vision of an integrated social science. Other important influences come from Osvaldo Sunkel and Jan Nederveen Pieterse. Malin Hasselskog made crucial suggestions at the Padrigu research seminar, School of Global Studies, University of Gothenburg. My wife, Birgitta, has as usual helped in the laborious editorial process.

# INTRODUCTION | Development Studies and Development Thinking

As a specialized and ‘applied’ academic field, development studies took shape in the early post-war era. Its emergence was visibly linked to a new policy concern to assist the passage of ‘under-developed’ regions from colonies to independent nations. Of importance also was the radicalization of students in the 1960s, which contained a strong ‘Third Worldist’ element. Institutes of development studies were created in several European countries. These institutes also enrolled students from the former colonies. This was the golden age of development studies (described in Chapter 6). The idea of development, known by different names and here summarized as ‘development thinking’, is much older, however – as old, in fact, as the modern era. The major part of the book explores this insight.

Development is a contested concept, which implies that it has meant different things from one historical situation to another and from one actor to another. A critical approach is also necessary because much harm has been done to people in the name of development. Development practice in the so-called developing countries is ultimately rooted in colonialism, and has therefore sometimes contained a good measure of paternalism, not to speak of arrogance and racism. The social sciences naturally reflect social conditions, and as they were applied in the colonial context they became part of the colonial administration (Hettne, 1995: 68). This first happened in the day-to-day administration of the ‘natives’, and later in preparing the colonies for self-rule. The

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paternalism of the later phase is clearly linked to the practice of doing 'development', as taught in institutes of development studies (Kothari, 2005).

A rather widespread view today is that the very meaning of development is an imposition of institutions and values by the West on areas deemed to be in need of development, guided by an over-ambitious, all-explanatory development theory. Thereby the people in these areas have been seen as legitimate objects for development intervention, more often than not of a harmful kind. Hence, according to the current 'post-development' view, the less development the better. This also implies a critique of development studies. This harsh assessment is not completely groundless, but nevertheless somewhat exaggerated.

Development thinking in fact constitutes an exceptionally rich tradition in social science, encompassing important theoretical debates on the dynamics of social change, as well as an ambition to represent a global experience of empirical conditions in different local corners of the world. This rather healthy baby must therefore, in spite of all criticism of the 'modern project', not be thrown away with the bath water, but allowed to grow up into 'global social theory'. I shall return to this prospect towards the end of the book.

This overview does not provide a specific, consistent and permanent definition of development as such. To quote from an earlier work: 'There can be no fixed and final definition of development; only suggestions of what it should imply in particular contexts' (Hettne, 1995: 15). As noted above, the meaning of development has changed over time and the normative content has varied. In the formative period of development studies, the 1950s and the 1960s, the strategy of development was country-based and the state the main agent, supposedly guided by development theory. Often this guidance was based on 'development ideology', or interest-based development doctrines derived from

outmoded theories. Not long ago development was identified with globalization and economic interdependence, globalism being the underlying ideology. At present the development problem is rather to restore some order in the globalized world economy. In the future the main challenge will be to handle financial disorder, climate change, and what seems to be escalating into 'global civil war'. The long-term problems are becoming increasingly global, to be managed by new institutions of global governance. This review will provide examples of different historical development problems.

It is possible to distinguish the long-term, structural transformation towards improved functioning of societies, from the short-term, more instrumental understanding of development as a planned achievement of specific, quantifiable development goals in local contexts. The former draws on a variety of social science theories in order to explain the development process as a whole. The latter, more pragmatic, approach can be found in policy papers from donors and international institutions in the field of development cooperation. Often there is a division between, and specialization within, specific development issue areas such as environment, health, rural development, land reform, industrialization, urban planning, conflict management, et cetera. These various fields draw on specializations, creating multidisciplinary rather than interdisciplinary research centres.

It is thus difficult to summarize the development debate in terms of clear-cut results, theoretical achievements, or a blueprint for a development strategy. No progression is evident, in spite of the historical connection between the concepts of development and progress. For that reason there seems to be little to learn from looking back. The common approach has been to see older schools of thought as precursors for those coming after, which tends to make earlier thinking 'outdated', less relevant, and less interesting. In my view this is mistaken. Previous ideas all have a

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message, if understood in the context in which they were born, and they all have an interesting story to tell about how successive generations tried to improve their lives in line with competing interests, values, and subjective understandings of their situation.

A discursive approach, a proper discourse analysis of development as an instrument of control, is often associated with post-modernism or even post-development, perspectives which tend to dismiss the whole tradition of development theory as a Grand Narrative. Not surprisingly, as the author of this and previous books on development theory, I do not share this radical view, even if much of the criticism is well taken. By discourse, I more modestly mean the broader academic and public debate on a particular issue, in this case the problem of 'development'. It is a debate confined to and reflecting a particular historical context. It is delimited through an official, politically recognized agenda, with a generally accepted understanding among theoreticians as well as practitioners of what the debate is all about and, thus, what can be excluded as being of no relevance. Excluded ideas (forming a counterpoint) have to search for other media and institutions to express themselves, normally outside academia, the guardian of political correctness in the world of science. In fact, as post-modernists suggest, the very issue – the nature of the development problem – can be seen as created by the discourse. This is why intellectual control over discourses as well as capacity to change their content is one dimension of power.

The concept of discourse bears similarities to the more academic concept of *paradigm*, in the sense that it defines a specific intellectual practice to be changed by 'scientific revolutions', which in turn are caused by contradictions between theory and perceived reality. However, in a 'discourse', being largely political and ultimately an expression of power, the tolerance of contradictions tends to be greater in so far as the predominant ideas remain 'politically correct'. Development theory, supposed to explore

and explain reality, risks becoming development ideology, merely defending a development practice that contains vested interests. One development discourse may thus not necessarily replace another, but could be marginalized temporarily, later to appear in more or less new forms. The basic structure of development thinking was established in the mid-eighteenth century and lingers on into contemporary times. The discourses were contextualized into a number of historical situations, which make up the substance of this book, briefly summarized below. The periods, of course, overlap and are indicated only roughly.

This introduction is followed by an outline discussion, in the first chapter, of three theoretical entry points: development as an aspect of historical transformation; the role of values in the conceptualization of development; and the relationship between development and security in the context of world order. These have structured the analysis.

The second chapter provides a historical background to 'the modern project' of development. The current world order of territorial, sovereign states originated in Europe, where the preceding medieval order was uniquely decentralized. This order was 'globalized', as the competing states carried their struggle to other parts of the world, laying the foundation for a European world system. This historical process, often discussed in terms of 'transition' and 'transformation', roughly covered the period 1500 to 1750.

The third chapter describes the birth of European development thinking in the eighteenth century at the time of the Enlightenment. It was expressed in the metaphysical belief in 'progress', an underlying theme throughout Western thinking. The discourse (1750–1815) focused on the causes and consequences of progress, originally identified with providence. Providence was immanent in history, and therefore not of human design. Subsequently progress was conceived as susceptible to influence by human agency, and thereby became development.



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The next period in our narrative (1815–1914) is dealt with in Chapter 4, where the focus is on the importance of industrialization. The ‘development problem’ emerged in the context of a fierce economic and military rivalry among sovereign territorial states. This competitive context shaped the ‘industrialization imperative’, concerned with uneven development and ‘backwardness’, as well as the resultant security implications. A more institutionalized balance-of-power system stimulated both national and international market expansion, as well as a more widespread continental industrialization.

When the nineteenth-century security system broke down, the competition among states led to increased political tension. This dark period (1914–45) is analysed in Chapter 5. The hegemonic development discourse was challenged by revisionist powers. This gave expression to anti-liberal interventionist ideologies, both rightist and leftist, which in turn led to conflictive socio-economic systems, geopolitical rivalry, and, ultimately, to war.

The ‘dark times’ represented a deep crisis for the modern project, but during the dynamic decades after the Second World War (1945–80), discussed in Chapter 6, the belief in progress was paradoxically restored. Economic planning for reconstruction and welfare politics under the umbrella of US hegemony consolidated the nation-state and the international order. The post-war discourse, here called ‘the geopolitics of poverty’, was concerned with ‘underdevelopment’ as a threat to ‘the free world’, in the context of Cold War. This tension facilitated a ‘great compromise’ between national regulation and international free trade and paved the way for a ‘golden age’.

Chapter 7 describes how ‘developmentalist’ ideas and demands for global justice after 1980 were replaced by the policy of structural adjustment and ‘globalism’ (1980–2008). The triumphant neo-liberalism was soon accompanied by social dislocations, including collapsing states, and the emergence of a putative

‘global civil war’. Development aid was reduced to a civil form of intervention in ‘complex humanitarian emergencies’.

In the new millennium, order rather than justice has become the predominant concern, particularly after 11 September 2001. Chapter 8 discusses ‘global development’ as an emerging discourse, addressing new challenges, such as climate change, security crises, and financial breakdown, signalling a significant discursive change. Global development can be defined as an improvement in the quality of international relations and global governance by the means of new supranational political institutions, still to be built.

The description of the various discourses is roughly structured as follows. First, the overall geopolitical situation is sketched. Second, the specific development problem characterizing the period in question is analysed. Third, I discuss significant intellectual manifestations from each period.

The last chapter concludes with discussion of ‘global social theory’ and ‘global studies’ as a possible context for development studies in the future, starting from the global crisis that began in 2008.

# 1 | Theoretical Framework

Development thinking represents an effort to conceptualize those aspects of pervasive, continuous social change to which human actors attribute particular meaning and value – and which they believe, in some sense and to a varying extent, they may be able to influence. This ‘agency’ presupposes some organizational structure, which historically has been the nation-state. Over time, social change has been integrated in a wider world context, which gives development a geopolitical dimension as it affects the balance between national societies organized in a states system. This system is increasingly interdependent and ultimately globalized. Development thinking is constantly changing and increasingly separated from its original territorial base. Three theoretical dimensions are in focus in this analysis: development as an aspect of historical transformation; the role of values in the conceptualization of development; and the relationship between development and security.

## **Development and history**

How should development be understood? Either we give it a general and abstract meaning, valid for all countries and historical situations, or we look for contextual meanings that change over time.<sup>1</sup> Development thinking is explained by the historical situation rather than the other way round. This is the approach

chosen here. The overall perspective of the book can be called 'historicist', meaning that all social situations are seen as structured by previous historical developments, at the same time as they contain the ingredients for future change.<sup>2</sup> The future is, as Karl Marx once pointed out, both open and constrained by the present. To study a particular societal situation is also to study how it once emerged and how it could develop in the future. This means a methodological refutation of 'comparative statics' and ahistorical comparisons across countries and over time, without any concern about the total context.

To be relevant, comparisons must include, and therefore be modified by, the context. This is the holistic approach in Karl Polanyi's work *The Great Transformation*, which 'seeks to demonstrate the structural relationship among all parts of the social whole, while rejecting the genetic determinacy of any one aspect' (Block and Somers, 1984: 63). The 'historicist' approach goes together with a 'holistic' ambition to grasp totalities, thus creating a particular methodological tradition that we can term *historicist-holistic*. This constitutes a meta-theoretical point of departure for this book.

The emphasis on the European historical experience is due to its importance for early development theory and strategy (Senghaas, 1985) and for the hegemonic position of the Western development paradigm. I distinguish between a number of consecutive discourses in the history of development, initially centred on 'progress'. This process can also be conceived of as 'the modern project', the belief in the critical role of human agency in the pursuit of progress, an older word for development. Progress was seen as an immanent historical process, but accessible to rational, scientific analysis, in contrast to the religious view that divine providence determined the outcomes. Development in the modern sense implies intentional social change in accordance with explicit societal objectives. The book covers these three

phases: from providence through progress to development. The narrative begins in Europe but extends to the rest of the world, focusing on the emergence of the Third World. It ends up addressing the current debate on globalization.

The history of development has been told both as 'natural history' and as 'historical transformation'. The difference is illuminated below.

### *Development as natural history*

Development means a historical process in which humans are in command. Through the application of knowledge and rational thinking, society and mankind are constantly improved. Development in the Western tradition is basically understood through the metaphor of growth as organic, immanent, directional, cumulative, irreversible and purposive (Nisbet, 1969). It became an integral part of 'the modern project', the ideological tradition of gradually and increasingly seeing society as an object to be changed and improved by rational, purposive human action. This world view grew particularly strong in eighteenth-century France, where, in the context of the critique of the Ancien Régime, it was known as the Enlightenment movement. Enlightenment implies that we can attain rational and objective (as distinct from religious or ideological) knowledge of society as a whole in order to achieve progress.

### *Development as transformation*

Discursive change is both a cause and a consequence of societal transformation. The theoretical perspective applied here is the economic-historical dialectic between the dynamic market principle and recurrent political attempts to control the economy. This more open and non-deterministic approach is inspired by Karl Polanyi. In the theory of economic history associated with his work, an expansion and deepening of the market, 'embedded' in society, is accompanied by a political intervention in 'defence

## Modernity

Modernity originated in the Renaissance and in the seventeenth-century evolution of science, but its most explicit societal manifestation appeared in the mid-eighteenth century. To be modern was to be rational and 'positive' (non-religious) and to believe in the inevitability of progress. Progress can be seen as *immanent*, while development is more *intentional* and subject to human action.<sup>3</sup> Progress was for all humanity, but different human groups were more or less advanced, or 'civilized', along historical stages elaborated by different thinkers, but reflecting the same organic metaphor. This 'scientific' world view, which in fact became a new kind of religion, also shaped the social sciences as they emerged. It was subsequently incorporated in Development Studies, the particular academic field devoted to the modernization of 'backward' or 'underdeveloped' societies. In the early phase of theory building, this incorporation of the cult of progress in the theory of development took an essentialist form, in the sense that the development process throughout the world was reified and identified with specific institutions and structures representing the Western experience of modernity. This became the master model for others to follow – in the process concretizing a pattern supposedly inherent or immanent in their own history. It was simply a matter of time.

of society', a re-embedding of the market economy. The expansion of market marks the *first*, and the societal response to subsequent social dislocations the *second*, movement in a 'great transformation'. This constitutes what Polanyi termed a 'double movement'. The 'first movement' contains an institutionalization of market exchange on a larger scale than before, which implies both a widening (in terms of scope) and a deepening (in terms of production factors) of the market mechanism. The 'second movement' contains all kinds of counter-movements caused by the dislocations and disorder associated with market penetration into

new areas and new sectors. As Polanyi put it, society defends itself, but organizes its defence ultimately through political intervention by the state. This leads to what can be called 'great compromises', in which the dialectic of market expansion and political intervention is contained, at least for some time, in a stable equilibrium.<sup>4</sup>

The development problem is thus quite different during the first and the second movements. In the first, the main objective is freeing the market forces by liberal regulation (often called 'deregulation'). The critical and alternative perspectives are more prominent in the second one, as the social and environmental limitations of mainstream development become evident, prompting the state into reaction in order to contain social unrest. What is conceived as immanent development turns explicitly into intentional development. For Polanyi the key concept was intervention.<sup>5</sup>

Polanyi was concerned about one particular historical 'great transformation', covering the period from the middle of the nineteenth century to the era of interventionist ideologies (fascism, communism, socialism, New Deal) responding to the Great Depression in the 1930s. The compromise of 'embedded liberalism', institutionalized in the Bretton Woods system, combined national regulation with international free trade. This ushered in the Golden Age.

When I speak of great transformations in general and in the plural, I include the possibility of seeing globalization and anti- or alter-globalization as another double movement: the second great transformation, with global development as a possible new 'great compromise'. In the first movement, the high tide of globalization (1980s and 1990s), development was seen as coinciding with globalization, which meant the death of development studies based on the principle of purposeful intervention. In the second movement, the critical and alternative perspectives tend to become more prominent, as the shortcomings of mainstream

development become evident. This can be seen in the current debate on a 'post-globalization' vision of global development, holding the promise of a renaissance of development studies beyond post-development.

It is important to identify the political actors behind the otherwise seemingly deterministic process. And we should foreground them in *both* phases of the double movement – not only in the second, more explicitly political movement, but also in the first movement, often treated as a 'natural' process or, as in the 'second great transformation' (globalization), a return to normalcy after an age of 'unnatural' state intervention. It is relevant here to recall what Polanyi said about marketization: 'There was nothing natural about laissez-faire; free markets could never have come into being merely by allowing things to take their course' (Polanyi, 1957: 139).<sup>6</sup> Thus a tension exists between market solutions and solutions engineered by political authority. There is also a different type of tension between contrasting development values: what I have called 'mainstream' and 'counterpoint'. This will be discussed below.

## Development and values

Since development is a normative concept it cannot be separated from values. 'Development', as distinct from the more neutral concept 'social change', is something that normally is valued. Development thinking can even be analysed as a belief system. The link between the cult of progress and Western religion is paradoxical but significant. This is due to the Judaeo-Christian tradition of seeing history as a moral drama whose last act is salvation, a scenario repeated in secular religions such as Marxism and neo-liberalism (Gray, 2003). The ultimate goal of salvation was in 'scientific' elaborations preceded by a number of stages. In



positivist theory, human thinking evolved from religious, through metaphysical to positive thinking. Marx's theory of human development went through five stages: from primitive communism to modern communism. Ironically, the latter was to restore basic values from the stage of primitive communism, but at a higher level of technology and production. W. W. Rostow's liberal stages ended up in an 'era of mass consumerism', which to Francis Fukuyama was 'the end of history' – the ultimate triumph of liberalism.

### *Freedom, order and justice*

Of importance for explaining changes in the Western development discourse is the relative weight of three basic political values: freedom, order and justice. My thesis here is that change in a particular discourse is steered by the under-provision of one particular value. Their relevance is shown by the links to the three European nineteenth-century ideologies: liberalism, conservatism and socialism, underpinned by social science theories such as classical and neo-classical economics, realism and Marxism. Just as the three ideologies can be seen as correctives to each other, so there is a trade-off between the three core values. Freedom (liberty) is being limited for the sake of justice. Redistribution, carried out in the name of justice, raises the issue of order. This in turn is challenged by renewed demands for liberation. The content of these value systems has changed over time, however, and like development they are context-dependent. What is their meaning in the current global order? What is their relevance outside the Western development discourse?

By 'Western' is meant primarily European. However, since the European world order in different ways did include extra-European territories, the 'non-European' stands out as 'the other' in the various historical phases of Eurocentric development thinking. Thus the 'West' is to be understood in relation to 'the other'. The notion of 'modernity' is, as mentioned, often associated with

ethnocentric arrogance, which has made 'civilization' a controversial concept. In the eighteenth century at least some non-European areas, China in particular, were looked upon with a certain respect and admiration. This later changed into contempt as Europe grew more powerful and in its own view 'civilized'. The 'non-West' was instead conceived as static or 'non-historical', representing an earlier, less civilized 'stage' in development. Karl Marx thought that these areas were stagnant societies which had to be 'dragged into history' by colonization, a fate supposed to be fortunate for them. This particular configuration of thought lies behind much of later theorizing about the 'Third World', albeit dressed in a more diplomatic language.

Non-Western contributions to development thinking were to a large degree reactions to the Western paradigm. They often articulated different values, adding to and enriching a tradition of 'alternative development thinking' critical of modernity. Such reactions and their impact make it possible to talk of an emerging 'global social theory' and a global development discourse. The Western hegemony has been challenged and alternative approaches based on other value systems have been met with more respect (Hettne, 2008a, 2008b).

The global expansion of Europe, resulting in cultural clashes in the radically new context of civilizational encounters, was driven by the development of individual nation-states competing for power and wealth. Today civilizations or macro-cultures interact in the new context of globalization. The question often raised is whether this interaction will be in the form of clash or dialogue. Intercultural dialogue, which now has become a political imperative, must face the realities of this completely transformed and complex world. In fact global and universal values must be a negotiated and pluralistic system of ideas, based on the fundamental value of respecting and understanding 'the other'. The counter-discursive challenging of the Western hegemony

leading to a dialogical approach is the only way of moving towards global development.

### *Mainstream and counterpoint*

The dialectical tension between market solutions and political regulation takes place within the 'mainstream'. By that concept I refer to the predominant, hegemonic and 'politically correct' part of the discourse on the goals and means of development. The goals are expressed in concepts such as industrialization, modernization and more recently globalization, whereas the means stress the relative effectiveness of using the market mechanism in comparison with state intervention in achieving the goals. By 'counterpoint' I refer to a fundamental questioning of the prevailing development goals, and consequently also of the means to achieve the goals. This contradiction manifests itself throughout the Western history of development, as well as in encounters with non-Western worlds with different value systems.

The counter-discourse must be seen as a reaction to, and a force for, changing mainstream thinking and practice, more often by being co-opted by the mainstream than by changing the fundamentals of the discourse. Lack of success in the endeavour to establish an alternative path does not minimize the intellectual attraction of the anti-modernist tradition in development thinking. It constitutes one interesting continuity between the historical discourses discussed below, in spite of their different contexts. The continuities are explained by the fact that all of them formed part of the modern project. This is a difference between the approach taken here and the notion of 'post-development', an approach which lacks the will or even fails to see the need to enter the discourse in trying to change the hegemonic paradigm of development.

The counterpoint reflects the views from civil society, arguing for an inherent superiority of small-scale, decentralized, ecologically sound, community-centred, human and stable models of

societal development, rather than 'economic growth' in the larger functional system (Hettne, 1982, 1995). Often such non-modern or anti-modern ideas, struggling to enter or change the hegemonic discourse of modernity, are expressed by, or rather on behalf of, those who are being excluded from or threatened by the development process. This could be done by the conscience-stricken elites of old Russia or by advocacy groups today. These ideas often represent a nostalgia for lost privileges, but also values inherent in 'traditional' society.

Karl Polanyi did much to illuminate the nature of pre-modern institutions but was careful not to romanticize them in the manner of reactionary counterpoint thinking. In fact the concept of 'embeddedness' has much in common with the counterpoint. The rise of market society was above all a cultural catastrophe and early capitalism in Western Europe could be compared with the process of colonization in Africa. Polanyi's ideal view on modernity – freedom in a complex society – contained the spirit of a social order in which the economy was embedded in the social structure and subordinated to wider social concerns.

Mainstream and counterpoint are thus (in a dialectical sense) contrasting positions within a particular development discourse and carry different weight in terms of discursive power. Counterpoint ideas may on the margin modify the mainstream, simply by being co-opted. The mainstream-counterpoint dimension can be seen as opposing both conventional left and 'right' (liberal) positions, while containing its own forms of radicalism as well as conservatism of different kinds. Feminist positions can often be seen as emerging counterpoints, some of them later to be co-opted into the mainstream, which is the normal fate of strong counterpoint arguments. It is a completely different ideological dimension, which only can be understood in the context of the historical development of modernity. It reminds us that modernization was never automatic, and far from uncontested.

The discourse of modernity has thus from the start been accompanied by the counter-discourse of anti-modernity (Hettne, 1995: 32).

Every discourse thus has its mainstream and counterpoint. In the eighteenth century the counterpoint to the secularist notion of progress drew on pre-modern Christian values and those features of the feudal order that seemed attractive in retrospect. Conservative romanticism as well as utopian socialism were expressions of traditional values in a modern form. The later mainstream discourse focused on industrialization and contained a high degree of centralism. The counterpoint values were therefore articulated by social groups which resented the economic and political centralization that had undermined their earlier social privileges, or the living they made from locally based small-scale production.

The counter-movement took different forms. In the dark time between the world wars the counterpoint was 'out in the streets', demonstrating and fighting both against government and within itself. The counterpoint position strongly articulated during the 1970s can be described as a merger of leftist and environmentalist ideas. The much-weakened counterpoint position after 1990 and the 'humanitarian emergencies' was expressed from 'islands of civility' (Kaldor, 1999), social environments in which inclusive structures and patterns of behaviour were maintained in spite of growing disorder. Today the counterpoint is found in an emerging global civil society, critical of globalization in its current form and asking for fairness, if not for more radical development alternatives.

The political weakness of the counterpoint position must be seen in relation to the crucial link between industrialization and conventional (military) security: 'industrialize or perish'. Security concerns have turned out to be more important, particularly in times of tensions and crises. Development is then being securitized, which means that it is upgraded from 'low' to 'high'

politics. As we will see below this is not a unique event in the history of development.

## Development and security

The discursive approach normally involves engagement with power and hegemony. The discourse is a manifestation of a power structure, and a change in the distribution of power implies a change in the terms of the discourse (Nederveen Pieterse, 2001: 30). The discourse is thus ultimately shaped by (as well as shaping) world order, the overarching framework of development and security. It refers to the rules of the game, according to which both diplomacy and development take place internationally. This review will therefore discuss the neglected security aspects of development. The purpose is to lay the foundation for an integrated approach, combining development and security, which normally coexist in the real world. From a realist point of view it is even argued that ‘economic globalization and its truncated nature have been a function of geopolitics’ (Nayar, 2005: 6).

The links between development and security are particularly obvious in the role of development aid in foreign policy, which in turn reflects changes in world order. The American approach, the second leg of the Western paradigm, differs from the European one in being more openly geopolitically motivated. ‘Development’ is usually seen as some sort of social work.<sup>7</sup> Development Studies as it is known in Europe hardly exists in the US. Hence development has normally been closely linked to the value of order.

### *What is world order?*

World order in its current configuration constitutes the widest possible context in the various development discourses, increasingly

globalized. The realist security concern, which was the cause of the original interest in ‘underdevelopment’, has reappeared in the global struggle against terrorism. This is changing the foundations of world order, opening the gates for alternative world orders yet to be seen.

The current world order originated in Europe in the first half of the seventeenth century. One political order (pre-Westphalianism) was dying, while a new one (Westphalianism) was about to be born. This resembles today’s situation, which likewise can be described as a transition between two political orders, namely Westphalianism and post-Westphalianism. The Westphalian political order was based on the sovereign, territorial state, which in turn implied the end of local power centres as well as of the imperial political and economic structures that once covered the entire European continent. A complex multi-level order was thereby grossly simplified by the absolute power monopoly of the rising state. The nation-state was the prime institution behind ‘the modern project’. The question of a future world order is thus linked to the fate of the nation-state in the emerging globalized condition.

World order is often used in a loose ideological way; if it is defined at all, the definitions often go in different directions. In order to be able to compare alternative models, I propose a definition of world order as constituted by three dimensions:

- structure
- mode of governance
- form of legitimization

Structure is the way the units of the system are related: that is, different forms of polarity determined by the distribution of power and resources. Mode of governance refers to avenues of influence on decision making and policy making. Legitimization is the basis on which the system is made acceptable to the constituent units.

Regarding the *structural* dimension, I make a further distinction between the unipolar, the bipolar and the multipolar. Polarity can define relations between regions as well as great powers and these relations are not necessarily hostile. However, the nature of a multipolar order is impossible to predict. Major powers, except the US and Great Britain, have expressed sympathy for multipolarity (Walt, 2006: 111), but there is also fear of the Triple Alliance of repressive powers – the US, China and Russia (Mann, 2005: xx). The nature of the structure of world order will be influenced by the other two dimensions.

In the area of *governance*, the distinction is between the unilateral, the plurilateral and the multilateral. The difference between plurilateral and multilateral is important. A plurilateral grouping of actors is exclusive, whereas multilateral by definition implies inclusion, provided the rules of the game are accepted by all. Multilateralism is therefore often seen as preferable. For many purposes, however, regionalism as a form of plurilateralism defined by geographical proximity is just as useful. By contrast, unilateralism undermines collective arrangements and may even be a path towards imperialism. By relying on unilateral decision making, which means prioritizing the ‘national interest’ over collective security, structural anarchy is promoted, as long as no single power is able to impose its will on the international society. To the extent that such a policy should succeed, the structural result will be unipolarity or imperialism.

Finally, in terms of *legitimization*, I discern a declining scale from the universally accepted rule of international law, through hegemony exercised by one great power, which normally means ‘acceptable dominance’, to pure dominance, legitimized only by the national interest of the dominant power and relying on coercion, prevention and pre-emption. The dividing line between hegemony and dominance is not a very sharp one. Trends in one direction or the other can easily be established within the general



diplomatic/political international debate. The preparedness to accept dominance increases in dramatic crises, such as 9/11. The dominance then becomes more hegemonic, but there is a risk of relapsing to pure unilateral dominance if the means of superior military power are at hand. This is also what happened after 9/11. The global political culture changed in a more repressive direction. Thus changes in world order are intimately related to changes in security arrangements, which in turn will have implications for development.

### *The development–security nexus*

The conventional realist view of security emanates from the position of the individual nation-state in an anarchic international system. It basically concerns the survival of the state as such, that is to say, the preservation of its sovereignty. Security policy consists, within the framework of this discourse, in warding off military threats against national sovereignty. Security problems today usually refer to more than military threats. The UNDP's Human Development Report 1994 took up the question of human security, defined as 'safety from hunger, disease, and repression'. It is also of interest here to note the sharp contrast between the people's and the state's need for security.<sup>8</sup> In later reports the concept was linked to 'human development', and ultimately to the whole complex of human rights. Other relevant links are 'humanitarian emergency' and 'humanitarian intervention'. One can see this contemporary focus on 'human' as part of the paradigm shift which goes together with globalization in giving rise to a post-national logic. The frequent use of the concept 'human' in different constellations nurtures associations with a transnational assumption of responsibility (the responsibility to protect), as if one could no longer rely on states to fulfil their duties to their citizens.

By security is essentially meant a reasonable level of predictability at different levels of the social system, from local com-

munities to the global level, or the world order. This notion of security is associated with modernity while 'risk' defines post-modernity or second modernity. Globalization has changed man's basic perception of security, whether that is explicitly linked with the globalized condition or not. Such a link is made by Ulrich Beck, in his concept of the 'risk society', which is also a global society (Beck 1999).

Threats to security may come from widely different sources: foreign states, own governments, tsunamis and even next-door neighbours. The meaning of security is thus shifting between different world orders and different development discourses. It implies acceptance of necessary changes, considered unpleasant but normal, but not tolerance of durable disorder, in which people completely lack control. Security can thus be seen as the opposite of durable disorder, and is preferred not only by peasants trying to plan the agricultural cycle but also by global entrepreneurs searching for safe investments and enduring good business conditions.

Outside the professional circle dealing with development aid, development has rarely been considered an issue by itself, but rather subsumed under other politically more important (securitized) concerns. From having been more indirectly linked, security became, due to the world-wide development crisis (Senghaas, 2002), an integral part of the development discourse. The security problem should also be understood contextually, since the nature of security threats changes with location and time. Hence, the focus is on successive discourses, between which there are continuities as well as discontinuities (but no linearity). Securitization of development is, as mentioned above, a general explanation of the lack of success experienced by alternative perspectives, which usually take little notice of the importance given to state power and military strength in the Westphalian logic.

## 2 | The 'Original Transition'

The search for origins is a particular disease among historians, who often face the problem of where to start. This problem is usually solved by going back to the Greeks – which might actually make sense, since the idea of development is possibly as old as history. The historical perspective applied in this analysis is that the current world order is in transformation (not necessarily 'transition') from a regional international system. This system originated in Europe in the first part of the seventeenth century and was fully globalized in the twentieth century. The time of its birth was a messy period: one political order in decay, a new one about to emerge. The typical pre-modern political order was the more or less centralized empire. The immediate pre-Westphalian experience of the Europeans was an extremely decentralized political order, sometimes called 'feudalism'. This was essentially a collapsed empire that had to find some order in the chaos caused by unintended decentralization. Feudalism may not be the best way to describe this long and shifting historical period. In the regional social space that was to be Europe, empire remained a distant memory but still an impelling political ideal, as the imperial polity became fragmented and was replaced by micro-units such as tribes, feudatories and emerging kingdoms. The first European polity that showed some resemblance to a classical empire was the territory under the control of Charlemagne in the ninth century, considered to be the core of Europe. This was the first effort to restore empire. Others were to follow.

## Traditional society

The 'original transition' is a core myth in the social construction of Europe. Why this myth? In the nineteenth century Europe found itself on the top of the world. The emerging social sciences were much concerned about how this breakthrough into modernity had happened. This transition is supposed to explain the subsequent predominance of the continent and the assumed superiority of European civilization. This myth is inherent in European development thinking, which is deterministic and teleological, and claims to be focused on a unique phenomenon. This sense of uniqueness is also the reason behind the arrogance and racism in Europe's attitude to the rest of the world, evident in the various imperialist and colonial projects, in the construction of 'orientalism', as well as in the current 'clash of civilizations'. There is thus a need for a non-deterministic explanation of the rise of Europe.

The nation-state is the modern institution *par préférence*, whereas empires are as old as documented history. To contrast them can spread some light on both. The two polities are based on completely different logics. The empire does not have strict borders like the territorially defined state, but rather a moving frontier, the movements depending on the strength of the imperial state. An empire is a multicultural polity; a nation-state has a national culture, normally in combination with 'national minorities': the unfortunate children of Westphalia. An empire is based on dynastic legitimacy, normally backed up by the belief in some sort of transcendental force. In a nation-state, on the other hand, legitimacy is based on nationalism or democracy. Empire in itself constituted an international system. Nation-states have formed part of an international system, over which no state had control. Absolutism was a transitional form between the two systems, combining despotism and territorialism.

Like nation-states empires come in different forms (Münkler, 2007). One major distinction is between *continental* empires, like most of the classical empires, and the modern sea-borne empires – the Iberian in the sixteenth century, the Dutch in the seventeenth century, and the British in the eighteenth. China was already in the early fifteenth century an important sea power but voluntarily gave it up, thus choosing the continental route. There have been empires in isolation, dominating different worlds that did not meet until the whole world was becoming globalized. British and Russian empires, largely without contact (one being maritime, the other continental), nevertheless met in Afghanistan as two competing empires in one small remote world (the geopolitical ‘great game’).

Empires, to live up to the name, need to demonstrate a certain durability. The most enduring empire was China, ruled over by a number of dynasties. India oscillated between centralized and decentralized forms, marked by different religions. The empire ruled by Alexander the Great (336–323 BC) is a dubious case due to its short duration. The modern empires of Hitler and Mussolini were also short-lived, as was the East Asian Co-prosperity Sphere, controlled for a brief period by imperial Japan. An empire should also have a certain territorial extent, which was not the case with the nevertheless rather long-lasting Habsburg empire.

Empires must be distinguished from imperialism. Imperialism is a ‘will to empire’, normally by a nation-state. The classical empires, in contrast, were normally created through slow unpredictable historical processes. The British Empire, it is sometimes said, was created through ‘absent-mindedness’, the US Empire ‘by invitation’. It may be a paradox that imperialism destroyed the classical empire system, but imperialism is connected to nation-states. A post-modern, non-territorial empire could be a network structure of world-wide control: an ‘Empire’ ending imperialism as the latter concept is normally understood (Hardt and Negri, 2000).

In Europe empire gave place to a unique system called feudalism. After the administrative division of the Roman Empire in the fifth century and the political split between its eastern and western parts, the latter, invaded by various Germanic and other tribes, disintegrated into an extremely decentralized continental polity. In retrospect it was given the name 'feudalism', certainly a simplification of a long historical development. The final religious split between the two Romes came in 1054. Under the period of high medievalism between 1000 and 1300 the regional space that was to be 'Europe' became a more consolidated cultural area, based on Latin Christendom as the integrative ideology. In this process of identity formation, there were two significant 'others': the Byzantine (Eastern Rome) and Islamic worlds. An identity of 'Europe' as territory slowly became a secular alternative to the religious non-territorial identity. This new Europe was marked by multiculturalism, resistance to centralized power, and, eventually, the growth of a civil society distinct from state power. Peoples began to share a number of cultural practices, including a common experience of higher education, received from universities.

The pre-Westphalian order in Europe was a multilevel system with diffuse and constantly shifting authority structures without clear territorial borders and with no absolute authority. This system was a bewildering mixture of incompatible elements: the Christian Church, an empire project, tribal chiefs, feudal lords ruling over a subjugated peasantry, emerging kings who controlled larger pieces of territory. Furthermore there were trading networks that covered most of Europe and linked it with the outside world, and an emerging bourgeoisie in semi-independent cities. Much in this complex history happened by chance rather than by design.

## Rise of Westphalia

Frustrated attempts were made to transform this decentralized and periodically chaotic feudal polity into an empire, built on the ideal of the Roman Empire, whose order (*Pax Romana*) had crumbled. After hundreds of years this contradictory structure exploded in an equally contradictory war, a ‘Thirty Years War’ with many struggling actors operating at different levels of the system and pursuing different goals. It was a horrible time. Ultimately, a new political order – which we are calling Westphalia – was born, more precisely with the Treaty of Westphalia in 1648. It resulted in the sovereign, territorial state, which in turn implied the end of local power, as well as of continental political and economic structures. All power was now monopolized by the state. This also meant that there was no overarching power outside the state.

The swing of the pendulum between centralization and decentralization did not stop with this new system, in spite of the fact that the logic of Westphalia was based on anti-hegemonic principles and, if necessary, anti-hegemonic armed struggle (Watson, 1992). Throughout European history there have been several efforts to create hegemony or dominion, provoking anti-hegemonic wars to re-establish the balance of power as the preferred order.

Through the growth of internal social and economic relations, Europe had become a social system. In security terms this system was mostly violent, but complexity was reduced as ‘state’ became identical with ‘territory’, and wars became territorial rather than religious (Heffernan, 1998: 17). The state-building process (that is, the carving out of political territories) in Europe was violent. People gradually learnt to conceive of their ‘own’ state as protector, and the rest of the world as ‘anarchy’, a threat to their security. Europe was still a dangerous place – a violent system, or

regional security complex (Buzan, 1991). However, as diplomacy made relations between states more predictable, an international society (what Hedley Bull called 'anarchical society') took form (Bull, 1977). Governance functions were monopolized by the emerging kingdoms; it was a sort of compromise (absolutism) between centralization (imperial order) and decentralization (feudal order). The new territorial states became economically introverted through mercantilism and later trapped in an assertive ethnic identity through nationalism. 'Nationness' successfully competed with regional European identity. This also meant a subordination of the 'historical regions' below the level of the nation-state. Historical regions refer to subnational regions with a high degree of shared history, cultural identity, ethnicity and language, in contradistinction to newly established administrative subdivisions of the modern nation-state. Historical regions were in fact potential nations. They were too small, however, to compete with more composite and powerful nation-states, which at this stage were unevenly developed.

### **The first nation-state**

The earliest and most successful nation-state was England, which became politically modernized after the 1688 revolution and thereafter went through an industrial revolution, which had begun earlier with the commercialization of agriculture. The political revolution was preceded by a civil war classically portrayed in Thomas Hobbes's *Leviathan* (1651), along with his equally classical argument for the strong state: absolutism. Hobbes is often compared with John Locke, who argued in favour of constitutional, representative rule in *Two Treatises on Government* (1691). Both argued in rationalist rather than theological terms, thus anticipating the eighteenth-century discourse on political modernity.



## Contested 'transitions'

The idea of 'transition' has always been central in the history of Western development thinking. The concept has a strongly deterministic bias. It is significant that it was widely used after the collapse of communism in the 1990s, when the development of a market society from the ruins of the command economy was taken for granted. Similarly, the birth of modern society has been attributed to 'the original transition' from tradition to modernity. 'Transition' implies a transformation between two known points in time, 'transformation' a structural change into something yet unknown. If the later point is unknown, there are also uncertainties in defining the first one. There have been different views about the essence of the transition: from feudalism to capitalism, from pre-market to market, from rural to urban, from pre-industrial to industrial and from pre-Westphalian to Westphalian. Other more theoretical conceptualizations are: from *gemeinschaft* to *gesellschaft*, from status to contract, from organic to mechanical solidarity.

The idea of an endogenous transition is a persistent myth of creation inherent in development thinking, which is teleological and assumes a uniqueness in the rise of Europe. The transitional processes, or transformations, did not take place simultaneously. Some explanations are mainly descriptions of processes that can be studied as gradual changes occurring with different degrees of intensity. This is the case with rural-urban and pre-industrial-industrial. Others are more theoretical. When did modernity come about? How did feudalism transform into capitalism? What is the novelty of Westphalia? These questions have led to lively theoretical debates.

The rise of capitalism is perhaps the most contentious issue. Marxist scholars have been particularly preoccupied by the 'prime mover' changing the 'feudal mode of production' into a

capitalist form. According to Marx's own historical scheme for social change, this was to come from internal contradictions in feudalism, preparing the ground for capitalist social relations of production (Hilton, 1976). Therefore the neo-Marxist position (Wallerstein, 1974) that the transition occurred on the level of the capitalist world system, triggered by exchange relations, was highly controversial. By Marxists this view was pejoratively given the name 'circulationism' or 'neo-Smithian' (Brenner, 1977). The neo-liberal view of economic history saw it as an evolutionary emancipatory process, a 'natural history' of the emergence of the market system.

When focusing on the transition to market society, we recall Adam Smith's well-known thesis that human beings possessed a natural propensity to 'barter, exchange and trade', which ultimately led to the market and the market system. This has become the established liberal understanding of the rise of market society. What had Karl Polanyi to say about this? He makes good-humoured fun of Smith's idea of 'natural liberty' and the original human propensity to barter.<sup>9</sup> Rather than the market being derived from 'the propensity to barter', he suggests, it was the other way around. Market society was not 'natural' but politically established. Structure determined behaviour.

In his substantivist approach (to which we return in Chapter 6), Polanyi distinguished between societies in which market was only one principle for instituting the economy among others (house-holding, reciprocity, redistribution), and societies in which the economy as a whole came to be based on the market principle. The concept of market thus has two meanings: one concrete, namely the *market place*; another abstract, referring to the *market system*. Societies with markets are a universal phenomenon, as we learn from history and anthropology. They all operate in accordance with the same logic, regardless of how the society at large has chosen to institutionalize economic life. The prices of

those goods exchanged on the market fluctuate according to supply and demand and determine 'profits' of different commodities in the short run and, in the long run, resource allocation in the production of different commodities ('investment').

Traditional markets are 'embedded' in the social structure. Capitalist development, in contrast, is the market disembedded from society. The crucial point made by Polanyi is that societies completely dominated by the market principle – in which land, capital and labour have all been commodified – are a recent phenomenon, defining capitalism. There are, however, two other possible economic integration mechanisms: reciprocity and redistribution. The former refers to the socially embedded forms of exchange, the latter to politically determined distribution in stratified societies marked by a centre–periphery structure. Both modes of distribution were undermined by the growth of market exchange. However, as the market principle penetrated all spheres of human activity, thereby eroding social structures, redistribution had to be reinvented in order to provide people with the necessary social protection. In the long historical perspective the market principle has gradually assumed more importance at the cost of its two competitor principles. Redistribution has been returning in new forms of intervention as part of the second movement of the 'great transformation'. Reciprocity has returned in the form of communitarian counterpoint solutions in times of major economic crisis and the collapse of an organized polity (Hettne, 1990).

To turn to the role of the state in the process of transition, Westphalia as a political concept is also debated. The idea of Westphalia as a new kind of political formation centres on the state as an institution autonomous from imperial 'overlay' as well as from previously independent local power holders. Since this implied a lack of authority 'above' the state, an 'anarchical' international system emerged, very different from the imperial system.

It was a long process, not a simple transition. In this new system the states had to rely on 'self-help' in order to survive. This led to balance-of-power politics and shifting alliance systems involved in the recurrent warfare that was typical of the early modern era. Political science, and later the specialist discipline of International Relations, presented this as a 'natural' political order, comparable to the competitive economic system analysed by the economists.

This unique Westphalian logic has of course also been questioned and deconstructed (Krasner, 1999). However, the modern states system undeniably functioned differently from the medieval order, so something must have happened. The question is rather when? And what? The absolute state enjoyed absolute power over the economy, which was subordinated to the state interest, due to the functional relationship between a strong economy and a strong state, according to mercantilist thinking (Tilly, 1975). The strong state formation could also, thanks to its complex and efficient institutional organization, conquer and control territories overseas.

Thus the process of nation formation in Europe did not imply isolationism as far as the rest of the world was concerned. The more successful nation-states did not compete only in Europe; they took their struggle to other continents, which were run as colonial empires. Europe thereby came to rule the world not as a single actor but through its major nation-states, who hungrily divided the world among them. The European system of states thereby became a world system (Bull and Watson 1984). European wars were consequently waged in many theatres across the world. The colonized 'savages' became a new 'other', shaped by and shaping European identity. This time the 'other' was defined by its lack of 'civilization', understood as non-modern and later as 'backward' and 'underdeveloped'. The Third World took form through the rise of Europe, as absolutism, mercantilism and imperialism went together. The 'transition' was in fact a complex

process of world historical change with several possible outcomes. European development was made up by episodes and phases in a much wider multi-centric global process (Nederveen Pieterse, 2006).

It is thus misleading to speak about ‘the (original) transition’. The various ‘transitions’ were parallel processes, far from endogenous. They were long-term transformations, not predestined. When Polanyi wrote his *Great Transformation*, he did not know the outcome of the process – only a set of contradictory interventionist strategies treated as universalist projects (see Chapter 6). The earlier point was thus not implied in the later, as assumed in the stage theory tradition. History could have taken another turn. When Europe first began to play a global role, there already existed a ‘world system’. At that time this was dominated by China and India as the major economic engines in the world economy, with Arabs as the main traders connecting the various economic centres. Europe entered this world system in 1492 when Columbus missed the route to Asia and ended up in Latin America. Thus coincidences played a role in the rise of Europe. It penetrated the world system by force and ultimately took full control over it. This was not due to a mystical ‘original transition’.

### 3 | The Pursuit of Freedom

The previous chapter established some starting points for ‘the modern project’: the territorial state, the anarchic but yet relatively organized states system, and the emergence of integrated national markets. The conception of historical time changed from being circular and determined by providence to a linear and even upward-moving trend: this was the new idea of ‘progress’ with the pursuit of freedom at its core. Geopolitically it was still a turbulent time with great changes in the political landscape. Even one hundred years after the Peace of Westphalia the security order was unsettled. So called ‘wars of succession’ followed each other, a denotation which revealed their pre-modern character. The new political map was drawn by the emerging great powers: England, France, Prussia, Austria and Russia. For the weaker states the game was survival, normally in alliance with one or the other of the great powers.

The pattern of conflict during the period from 1750 to 1815 was shaped by the watershed of the French Revolution, a formative event for most of Europe. This event removed feudal remnants, but in its *grande terreur* phase it also portended future totalitarian dictatorships. It was the first manifestation of despotism not associated with absolutism. This darker side of modernity was to prove resurgent.

Before the French Revolution politics was a tangle of dynastic relations and conflicts, balance-of-power wars, and competing territorial claims both inside and outside Europe. The struggle

outside was very much an affair between Great Britain and France. Their military competition for hegemonic power is often described as the ‘first world war’, a question of commercial and colonial rivalry, North America and India being the main arenas for conquest. England’s ultimate victory laid the foundation for its subsequent commercial success, as well as its early industrial development.

After the French Revolution the conflict pattern changed as the *ancien régime* disappeared and new social and political forces were released. France became empowered through a mobilized patriotic people and was strong enough to threaten the rest of the continent, particularly after Napoleon’s rise to power. His ambition was to create a European empire based on the modern values and institutions of the Enlightenment. These ideas were forced upon Europe through coercion, which challenged the principles of Westphalia and resulted in a war to restore the balance of power. This set the scene for a completely different security arrangement after 1815.

## Origins of the liberal creed

The new conception of progress was crystallized in the context of Enlightenment and modernity in the middle of the eighteenth century. Politically it was manifested in the French and American revolutions. Their respective constitutions celebrated the idea of liberty, which included intellectual, political and economic dimensions. At the height of its zealous endorsement of rationalism, modernity even rejected religion but – the inversion was typical during this period of discursive struggle – Enlightenment itself ended up as a secular religion. The ‘teachings’ of this religion were the encyclopaedic sciences. It was ‘Catholicism minus Christianity’ (Gray, 2003: 33). One prominent example is the

positivist Religion of Humanity, founded by Auguste Comte (1798–1857), the most prominent thinker behind the ‘scientific’ doctrine of positivism, which was a rationalist and ‘scientific’ elaboration of the Enlightenment tradition. Together with the Marquis de Condorcet (1743–94) Comte was the foremost representative of the modern project in its original European form: the semi-religious belief in progress. They represent the idealism of the modern age, a world view which can be seen as the foundation of European development thinking. Gilbert Rist makes the apt comment that development cooperation ‘comes in a straight line from the ideology of the Enlightenment’ (Rist, 2008: 39).

‘Development ideologies’ clashed and the foundations of political economy were laid on the core concept of liberty, not in an absolute sense but in reaction to what were seen as harmful restrictions imposed by the emerging bourgeois elites. The liberal ideology took shape, although the concept of ‘liberalism’ was applied only later. The development problem – conceived as removable obstacles on the road to progress – had to do with lack or denial of freedom, both in political and economic terms. Anne-Robert Turgot (1727–81), who for a brief period served as a controversial French finance minister, was concerned with the

### **The Marquis de Condorcet**

The Marquis de Condorcet is seen by many as the father of the modern project. He influenced subsequent discourses on progress, involving thinkers whom we today consider as pioneering social scientists. Condorcet was involved politically in the French Revolution and wrote his major work on progress and freedom while hiding from the Jacobin regime.<sup>10</sup> He asserted that although the pace of progress may vary according to time and place, it will never be reversed and concerns the whole human race. He was optimistic about the future of colonies: ‘these vast lands . . . need only assistance from us to become civilized’.



violence around him but believed, like recent theorists of liberal peace, that as all parts of the world become connected through commerce manners become more gentle and the human mind more enlightened.

On the European continent this was still the era of absolutism, which implied that the economy more or less coincided with the royal household. The concept of mercantilism was also coined retrospectively in the articulation of the criticism of economic absolutism. Nobody described himself as a 'mercantilist'. It was a regulatory practice dressed up as doctrine. The doctrine, with roots in the seventeenth century or even earlier, was linked to state formation and therefore marked by distinct national and class-based interests. Mercantilism in the narrow sense had been concerned with the balance of trade, which had to be positive in order to accumulate wealth for the king and his privileged merchants. The dysfunctional bureaucratic nature of mercantilism was the political context in which the high valuation of a free market emerged. In recent decades this historical conflict between 'state bureaucracy' and 'market forces' has been interpreted as a generalized argument for non-intervention (Preston, 1996: 62), with market freedom as a prerequisite for political freedom. But today this neo-liberal position is in manifest disarray.

The French Physiocrats, who all worked in a climate of absolutism and therefore focused on economic rather than political liberty, were the first opponents of mercantilist regulation. They favoured free trade and economic freedom in general and saw agriculture, understood as a national resource, as the only source of wealth. English liberals, on the other hand, who lived in a more commercialized and industrializing environment, saw the productive system as a whole as potentially self-regulating, not to be interfered with by national regimes. An emphasis on immanence rather than intention largely characterized this thinking. The mercantilist discourse is often described as the negative back-

drop to liberal demands, but there are continuities as well (Magnusson, 1993).

Both classical liberalism and Physiocracy saw the economy as an autonomous system and suggested different pathways to 'the wealth of nations', wealth now becoming increasingly associated with society at large, rather than with the household of the monarch. This was a significant change, showing that the end of absolutism was near. Modernity, the emerging mainstream, was articulated by a new intelligentsia, mostly coming from the enlightened nobility, which challenged the old clergy-based transmission of traditional knowledge (Power, 2002).

We are thus dealing with a period of real discursive struggle, in which 'the modern' took many forms and was resisted by a diversity of traditional values with no certain outcome. The authority of the modern paradigm came from science, seen as the absolute force of reason, inherent in mankind. This was a historical force that in the view of the *philosophes* could not be challenged. We can see this as a European idea (which is different from the more nationally based mercantilist and Physiocratic doctrines). The Enlightenment was a broader European discourse with universalist ambitions.

English and French thinkers associated progress with individualism, whereas German thinkers thought that progress referred to different types of collectives: states, nations, classes, cultures, and so on. One exception was Immanuel Kant (1724–1803).<sup>11</sup> His famous definition of Enlightenment is worth quoting: 'Enlightenment is man's emergence from his self-imposed immaturity. This immaturity is self-imposed when its cause lies not in lack of understanding, but in lack of resolve and courage to use it without guidance from another.' Immanuel Kant's approach to a future universal peace was ethical; its realization was possible in a universal civil society founded on justice. States may abandon their 'barbaric freedom' and seek some form of international authority.

## Enlightened development

The spirit of the time we are dealing with here is referred to as the Enlightenment. The core manifestations were in Scotland, England and France, but it existed in many parts of Europe, now increasingly becoming one cultural area. The pre-eminent figure in the Scottish Enlightenment was of course Adam Smith (1723–90), portrayed as the father of economic theory and development studies. He focused on the core value of liberty, or what he understood as ‘natural liberty’. The predominant perspective throughout his famous book *The Wealth of Nations* (1776) was thoroughly development-oriented.

Smith was well versed in and influenced by the French debate. The key concepts in the continental intellectual movement were liberty, reason and progress. One of the founders of the idea of progress was the French thinker mentioned above, Turgot. As a symbolic starting point for the discourse on progress (‘development’ of the time) we could therefore choose his famous Sorbonne address in 1750: *A Philosophical Review of the Successive Advances of the Human Mind*. It was the first systematic and secular discourse on the idea of progress (Nisbet, 1980: 180; 1969: 194). As Nisbet points out, Turgot bases his account on the idea of successive phases of secularization, as the identification of progress with divine providence disappears.

Turgot was a pioneering economist with systemic ambitions, predating much of what Adam Smith was to preach later about the ‘natural liberty’ of economic life.<sup>12</sup> As the founder of Physiocracy, he saw economic progress as passing through stages: hunting-gathering, agriculture and manufacturing. Variations between societies were to be explained by differences in terms of progress. Smith and Turgot both argued for deregulation (of trade, the guild system, et cetera). Smith also declared that each society went through successive stages.<sup>13</sup> Thus we can already

see in the Enlightenment discourse the core features of the evolutionist modernization paradigm, in principle applicable even to backward or non-civilized areas. However, for Smith it was possible that some societies remained in a 'barbarous and uncivilized state'. According to Turgot, 'the colonies are like fruits that cling to the tree only until they are ripe' (quoted from Rist, 2008: 58).

This era saw the birth of economic science, in the sense that the economy was understood as a system with laws of its own, although it was possible to manipulate these. A famous example is *Tableau Oeconomique* (1758), a model of an economic system constructed by Francois Quesnay (1694–1774). It bore similarities to modern input–output analysis (Meek, 1963). Adam Smith, who had met Quesnay on a visit to France, belonged to the eighteenth-century Enlightenment, even though he is often mentioned in the company of Malthus and Ricardo – both living in a vastly different era, more marked by industrialism and advancing capitalism. Smith in fact built on the earlier mercantilist discourse, but then described it as 'the mercantile system', based on particularistic interests, intellectual mistakes and misunderstandings. Free competition with expanding markets leading to division of labour was, according to Smith, the key to development (or the 'wealth of nations'). His novel emphasis was on productivity rather than on total production. The ideal but also natural economic system was in principle deregulated, if not 'self-regulating', which, as we learnt from Polanyi, was a nineteenth-century perception. The government had an important role to play in the development process in making use of trade and markets. Giovanni Arrighi has even made the point that Adam Smith's ideas are actually today put into practice in far from neo-liberal China (Arrighi, 2007: 41).

## A discursive struggle

The end of the century was a period of discursive struggle. The tension between mainstream and counterpoint ideas was still unsettled. There was more balance between the emerging liberal values and a variety of resistant, more traditional thinking. The counterpoint, opposing the rising mainstream discourse in the era of rationalist thought, draws much from pre-Westphalian values. It rejected reason, or tried to establish a mixture of religion and reason. New thinking thus retained links with older traditional values. In his *Reflections on the Revolution in France* (1790), Edmund Burke (1729–97) argued in favour of pre-modern rural society, built on tradition, religion and paternalism.

Apart from Kant, Enlightenment did not have a great impact on Germany. Johann Gottfried von Herder (1744–1803) rejected the idea of universal civilization, believing there were instead many unique and equally valuable cultures. This can be compared to the post-modern celebration of difference versus universalism in the current debate. Herder cherished localism, decentralization, and multiplicity of loyalties. For him, Germany was constituted by small national communities. He therefore detested centralized, militarized Prussia. Differences in innate endowment were stressed. Each race should develop in its own way. Herder's conception of universal history was pluralistic. Each people was entitled to its own ideal (Herder, 1803).

Adam Müller, in contrast, represented the political economy of extreme conservative romanticism and inspired the Nazi ideology.<sup>14</sup> Müller built his work on a severe critique of Adam Smith's universalism, stating that Germany was unique among nations, with a state that should be seen as an organism. The individuals could not be perceived outside 'Volksganzes' – the total group (Roll, 1973). Like Burke, he idealized the Middle

Ages, asserting that economic production was to be in the honour of God, and not in the service of material interest. Thus Germany was a reservoir of pre-modern or anti-modern ideas and counterpoint values, which re-emerged in the Nazi movement.

Utopian socialists such as Robert Owen (1771–1858) had different alternative perspectives. They looked for more or less radical solutions to the anomie created by the emerging industrial order, which threatened the stable, pre-industrial world of handicraft and small manufacturing. The key word in their thinking was ‘harmony’, which in a sense replaced progress as a counterpoint to the social dislocations created by early industrialization (Taylor, 1982). Owen wanted man to be master of the machine; he even seemed to think of bypassing capitalism, according to Polanyi. The ‘utopian socialists’ did not consider themselves as utopians. This was a designation given by Marx for the reason that they did not understand the necessity of going through the capitalist ordeal in order to reach socialism (see next chapter).

Owen’s commitment to small-scale organization makes him a more typical representative of the counterpoint. Polanyi was greatly inspired by Owen and in a sense shared the utopian socialist view that progress was not a deterministic concept but had to be created by human will based on moral principles: a mixture of a radical interpretation of Christianity and rationalism. True to the spirit of the Enlightenment, Owen was critical of institutionalized religion.

The utopian socialists, who in fact thought of themselves as very practical, constitute links between the eighteenth-century optimistic discourse on progress and the nineteenth-century class society, where ‘progress’ for the labour class necessitated political organization rather than charity. This was a new society with different development problems. Counterpoint ideas rooted in

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the eighteenth century thus became anachronistic. We will now turn to this era of more established capitalism and pronounced class conflict.

## 4 | The Modernization Imperative

In the previous chapter we discussed the origins of economic theory and development thinking, reflecting a market society emerging within a more organized states system, which we called Westphalia. This laid the ground for what Polanyi referred to as ‘the nineteenth-century civilization’. A convenient starting-point for analysing the European development experience, on which modern development theory was to be founded, is therefore the consolidation of the international system that took shape after the peace conference in Vienna in 1815. If ‘freedom’ had been the key value in the previous century, ‘security’ now became more important.

Throughout European modern history there have been repeated efforts to create geopolitical hegemony or dominion (the old dream of empire), provoking ‘anti-hegemonic’ wars in accordance with the Westphalian logic. The attempts at control came from the dominant continental nations: France and Germany (Prussia). England and Holland, on their side, acted as ‘guardians’ of the ‘principle’ of the balance of power (Watson, 1992). Peace was in fact an unintended consequence rather than a consciously achieved goal. The European system was nevertheless stabilized by the Concert of Europe: concerted action by the ‘Great Powers’, another new diplomatic concept. The ‘anarchy’ among states characterizing the previous century thereby became a somewhat more institutionalized and predictable ‘anarchical society’ (Bull, 1977).



The period coincided with the first movement of the Great Transformation. Polanyi's famous description of this era is therefore worth quoting:

Nineteenth-century civilization rested on four institutions. The first was the balance-of-power system which for a century prevented the occurrence of any long and devastating war between the Great Powers. The second was the international gold standard which symbolized a unique organization of the world economy. The third was the self-regulating market which produced an unheard-of material welfare. The fourth was the liberal state. Classified in one way two of these institutions were economic, two political. Classified in another way, two of them were national, two international. Between them they determined the characteristic outlines of the history of our civilization. (Polanyi, 2001: 3)

Most important from the perspective of development was the international gold standard, but the stable security arrangement described above was a necessary political foundation. When this arrangement was undermined by imperialist competition, the door to a new era of war and disorder was opened. Tensions between the states increased and protectionist ideas became stronger. The major fear for a state was to fall behind in the industrialization race. The international system, marked by inter-state competition, thus had created a 'modernization imperative' or, more precisely, an 'industrialization imperative'. In order to survive as a state, development was necessary for security reasons.

The internal transformation was linked to the continued 'expansion of Europe', which also became an 'expansion of international society' (Bull and Watson, 1984). It was a competitive process, involving a number of core states struggling for hegemony, with crucial repercussions in the rest of the world, subsequently divided into colonial empires. The world order was an imperialist as well as an imperial order (see Chapter 2). The colo-

nial empires were created by nation-states, primarily Portugal, Spain, Great Britain, France, the Netherlands, Belgium and Germany. In a global perspective the nineteenth-century development discourse thus coincided with the era of extended colonialism in Asia, a new wave of colonialism in Africa (the famous ‘scramble’) and neo-colonialism in Latin America. Latin America was liberated from colonial control in the course of the nineteenth century, only to become the ‘backyard’ of the US, an emerging great power.

## **Industrialize or perish!**

Security was thus for military reasons identified with economic development, which in the nineteenth century meant industrialization. The state ultimately became responsible for promoting industrialization, and the nation-state territory became the privileged space, a ‘container’, in which development was to take place under the guarantee of security in order to create welfare. This illustrates the development–security nexus discussed in the first chapter. The classical approach to security and world order, to consider the international system as a form of anarchy, took shape during the modern phase in European history. The Westphalian era of territorial, sovereign states was an era of state formation and nation building, during which development became a ‘national interest’, even an imperative for state survival. The state-building process in Europe was violent; therefore people gradually learned to conceive of ‘their’ state as protector, and the rest of the world as a threat. The realist logic was born. Development became a security concern.

In the course of the nineteenth century, there emerged a sharp development differential between European countries due to the industrial revolution in England, which made this particular

country 'the workshop of the world'. The 'development problem' on the continent was then understood as 'industrialize or perish', a dilemma most authoritatively formulated by the German economist Friedrich List (1789–1846), called the father of development economics (Senghaas, 1985), in opposition to the British (Ricardian) theory of comparative advantage and free trade.<sup>15</sup>

Development in an anarchical system implied a strengthening of the material base of the state through industrialization. This process was remarkably similar from one country to another, and reinforced by the security interests of the ruling elite. In the mainstream model, there is consequently a potential conflict between competing states. The nation-building project is a key to the understanding of what mainstream development essentially came to be about. Similarities in the pattern of economic development did not reveal inherent or immanent tendencies in history towards modernity, but rather security imperatives for the emerging states, making industrialization necessary simply for military reasons (Sen, 1984).

The European development experience is largely mercantilistic, which implies the involvement of the state in creating the conditions for development, now defined as industrialization. In nineteenth-century Europe this was general practice (Chang, 2002). The degree of 'backwardness' determined the degree of state intervention that was needed to catch up (Gerschenkron, 1962).

Dieter Senghaas has made a classification of European development strategies based on the question of how the various countries dealt with autonomy versus integration. He found three major categories:

- the challenger to the others as a model of the successful resolution of this dilemma (England)
- countries promoting 'autocentric development' (primarily Germany and France)

- countries which failed to resist the pressure towards 'peripheralization' (Ireland, Spain, Greece, Romania).

Few European countries actually developed in accordance with the way the World Bank and the International Monetary Fund (IMF) have recommended that underdeveloped countries should develop. So there was a change in the meaning of progress, less faith in immanence associated with progress and belief in the market, and a new emphasis on intention as manifested in state-led efforts to industrialize, sometimes called 'state capitalism'. Germany under Bismarck was the success story, but in Tsarist Russia the policies of Count Witte provoked too much resistance from various quarters (von Laue, 1963).

## **Theory and ideology of capitalism**

The improvement in political order in the European region facilitated the break-through of market society, as well as the spread of the industrialization process throughout much of the continent. According to Polanyi, the breakthrough of capitalism came in the 1830s and the 1840s with new (British) legislation in labour, trade and finance. The commodification of these production factors, according to Polanyi, defined capitalism. The roots of the belief in the market, as we have seen, lie in the doctrine of harmony of interests, expressed in its classical form by Adam Smith. Half a century later David Ricardo (1772–1823) built the systematic classical economic theory on Smith's observations, adding among other things the comparative (or relative) advantage argument for trade to Smith's argument for absolute advantage. This made free trade theory a cornerstone in the classical theoretical system, explaining the functioning and dynamics of capitalism. Otherwise dynamics was not Ricardo's primary interest. The core of his system was the distribution of the

results of production among classes. Here he made the pessimistic observation that long-term gains went to the landowners, whereas the losses were carried by the industrialists. The labour class was seen as passive and did not count in his system.

The followers of Adam Smith did not share the Enlightenment view of progress. Thomas Malthus (1766–1834) wrote, then still very young, his famous *An Essay on the Principle of Population* (1798) as a gloomy response to the unbridled optimism of the enthusiasts of Enlightenment. Malthus instead painted a bleak future based on his belief that population increase would exhaust existing resources. This dilemma, called ‘the Malthusian trap’, was to become a major issue in development theory; it re-emerged in the neo-Malthusian views of the 1970s and the renewed environmentalist concerns of today. The relationship between population and resources is of course crucial, but the interpretation of this very complex equation has shifted over time, due to changes in agricultural technology and science. The bright future of the system that Smith had built darkened, undermined by Malthus’s theory of population and resource scarcity and David Ricardo’s structural conflict among classes. The ‘dismal science’ tainted the paradigm of progress of the eighteenth century. Utopian socialism, which still lingered on in various sects, as well as in experiments with collective, cooperative living, could therefore be understood as an escape from this law-bound hopelessness.

The classical theoretical system was at the same time subject to simplifications bordering on ideology, but maintaining the more optimistic view on development. Jean Baptiste Say (1767–1832) had formulated a ‘law’ saying that production necessarily created its own demand.<sup>16</sup> For Richard Cobden (1805–65) free trade was even the golden route to world peace.<sup>17</sup> The almost religious belief in free trade came to expression in the so-called Manchester school of economics, later to be revived as neo-liberalism (market fundamentalism). This optimistic line of thought, linking trade,

freedom, democracy and peace, continues the tradition from the Enlightenment thinkers to Ludwig von Mises (1881–1973) and his pupil Friedrich Hayek (1899–1992). It is interesting to note that the former was involved – in Vienna in the 1920s – in a debate about the feasibility of socialism with Karl Polanyi.

J. S. Mill (1806–73), the great synthesizer of the political economy tradition flowing from Adam Smith, summarized the classical economic system at the same time as he was influenced by utopian socialism as well as the critique of emerging class society, another factor behind the impulse to interventionism in the economy. By distinguishing production, which should be organized in accordance with liberal principles, and distribution, which was a political process, Mill laid the foundation for what came to be called social liberalism. Society could influence the distribution of welfare and reduce the incidence of poverty. The question was how this could happen in reality, since the distinction as such was rather abstract. Anyway, Mill helped political economy to regain its optimism. He even believed in a future stationary capitalism in which all needs had been fulfilled.

Classical political economy – the approach and theoretical framework as it had been developed by Ricardo – was dramatically rearranged by Karl Marx (1818–83). His world view derived from Hegel in so far as the dialectical method is concerned. For Marx (turning the idealist Hegel on his head) classes and material factors rather than ideas were the main agent in history. However, classes could only play their proper role according to material conditions in different historical stages of society: primitive communism, the ancient system, feudalism, capitalism, and communism.

In Marxist thinking transition was a long-term immanent process, development first of all being the development of capitalism. New higher relations of production could not appear ‘before the material conditions of their existence have matured in the womb of the old society’. With Marx pessimism returned to

### **The *Communist Manifesto***

At the time of the 1848 uprisings Marx and Engels published the *Communist Manifesto*, declaring that no social improvement was possible without a total transformation of society, and that revolution, sooner or later, was inevitable. It is a remarkable text in its profound understanding of the revolutionary impact of capitalism and the bourgeoisie, even if this still referred to a distant future. Industrialization had just begun. Hence the immediate political impact of the manifesto was negligible.

political economy. The difference now was that he had added a more fortunate future stage beyond the horrors of capitalist industrial production. This was the ultimate goal of development. Here the evolutionism from the earlier Enlightenment discourse lingers on, but it had to be backed by the class struggle to be realized. To some extent this struggle could be influenced by political activism. To other thinkers during this period, the state had to give a helping hand to achieve the progress that is industrialization. This was completely unrealistic, according to Marx.

The mercantilist logic (in the wider sense) was early expressed by Alexander Hamilton (1755–1804) in the newly independent United States of America: ‘Not only wealth but the independence and security of a country appear to be materially connected to the prosperity of manufactures.’ The German economist Friedrich List, who spent some time in the US, echoed these words 50 years later: ‘On the development of the German protective system depend the existence, the independence and the future of the German nationality’ (Carr, 2001 [1946]: 122). The predominant development practice was, as I have mentioned, the state capitalist strategy – an attempt at enforced industrialization. Friedrich List was thus influenced by the debate in America. In order to challenge the dominant industrial power, protectionism and sup-

port to 'infant industries' were needed, according to the Listian theory of how to 'catch up' with the stronger powers. List was not in favour of agricultural protectionism, but his theory took a de-feudalized agrarian structure for granted.

'Catching up' was a typical expression of the modernization imperative, the metaphor being some sort of 'race' – even a deadly race, since the losers might also lose their statehood. In spite of defending protectionism (the infant industry argument) List was essentially liberal, loyal to the predominant paradigm and accepting the benefits of competition as soon as the structure of comparative advantages had been transformed in favour of one's own state. This necessitated constitutional, administrative, infrastructural and educational reforms towards stronger national cohesion. Protectionism by itself was not enough. List contrasted this national political economy to a 'cosmopolitan economy', without refuting either of them. But a cosmopolitan economy had to be strong in order to function as such.

As noted above, the modern project was accompanied by its expansion outside Europe, a process that reached its most intensive phase during the decades that marked the close of the nineteenth century and the prelude to the First World War. This period also saw the birth of a theory of imperialism, which was to have an important influence on development thinking, particularly radical underdevelopment theory (Chapter 6). Within a broad Marxist framework imperialism has been both hailed as a promoter of development (in its capitalist form) and accused of being the creator of underdevelopment. This contradiction within the Marxist tradition has for obvious reasons generated some confusion and therefore a tendency to abandon the concept altogether. The basic problem is of course the many different definitions, which mean that the theories were trying to explain different things. Since the concept has returned in recent times, I provide a quick glance at the classical debate before and during the First



World War (see box below). I also include some non-Marxist contributions that were part of the early discourse, which was essentially about the survival of metropolitan capitalism rather than the impact of imperialism on colonized areas.

## Theories of imperialism

In J. A. Hobson's classical study *Imperialism* (1902), it was the problem of under-consumption linked to the growing inequality in industrial societies that forced the capitalist countries into imperialist expansion. Thus more social justice would eliminate the need for imperialism. The possibility of under-consumption (already discussed by Malthus) pointed forward to the Keynesian theory.

Rudolf Hilferding (1877–1941), in contrast, wrote his *Das Finanzkapital* (1910) within a strict Marxian framework with the object of analysing how capitalism had developed after *Das Kapital*. According to his analysis, it had reached a monopoly stage with the merger of industrial and financial capital, which led to imperialist expansion.

Lenin (*Imperialism: The Highest Stage of Capitalism*, 1916), building on but also departing from Hobson and Hilferding, wanted to show that imperialism was an incurable disease in capitalism, marking its last (as well as 'highest') stage. This view, implying that revolution was still possible and motivated mainly by political tactics, differed from Marx's positions that imperialism and colonialism played a positive role in the development of capitalism.

Joseph Schumpeter can be seen as part of the classical debate, although his *The Sociology of Imperialisms* (1919) was published in English only in 1951. In contrast to the leading Marxist theorists (Hilferding, Luxemburg, Bukharin), he presented a wholly political explanation, suggesting that the imperialist impulse was a pre-capitalist phenomenon – an atavism. The perfect market order was essentially peaceful – imperialism as such was irrational. It is noteworthy that all these approaches saw imperialism as part of the dynamics of capitalism.

## Doubts about development

The transition from *gemeinschaft* to *gesellschaft* was understood by the classical sociologists to be painful for the individual. Many mainstream thinkers thus expressed doubts about the benefits of development, even if they saw the process as irreversible. To Karl Marx alienation was a necessary consequence of the capitalist mode of production. This stress on 'necessity' makes Marx part of the mainstream, whereas the utopian socialists continued to give expression to counterpoint values as a voluntary escape from the iron cage of Max Weber (1864–1920). Weber, more pessimistic than Marx, pointed out that the irreversible rationalization of modern society made it dull and unbearable because it lost its 'charm' (*entzauberung*), but his development perspective did not contain any alternative options, nor ultimate salvation.

In contrast to determinist/structuralist views, Friedrich Nietzsche (1844–1900) glorified will over reason, a world view underlying some voluntarist extremism of the 1930s. Anarchism, emerging late in the nineteenth century, was a radical and politicized, action-oriented expression of the counterpoint. The anarchists continued the critique of the industrial system initiated by the utopian socialists, but in their love of freedom rejected the detailed planning so typical of the latter. They were above all hostile to all kinds of authority, particularly as embodied in the state. The most prominent thinkers were Pierre-Joseph Proudhon (1809–65), Mikhail Bakunin (1814–76) and Peter Kropotkin (1842–1921). There was, however, also a conscious anti-modern debate on *not* to 'catch up' or imitate, since industrialization implied the sacrifice of values inherent in pre-modern or 'traditional society'. The most articulate counterpoint position was represented by the Narodniks, or Russian populists (Walicki, 1969; Kitching, 1982), representing the counterpoint in the debate on capitalist development in Russia. Populism was both a

## Marxism and populism

The impact of Marxism was an important factor in the formation of Russian populism. A fascinating meeting between mainstream and counterpoint occurred in a correspondence between Russian revolutionary populists and Marx and Engels regarding the question of bypassing the capitalist stage in reaching socialism, a position that Marx earlier had called 'utopian socialism'. The attractive Narodnik argument was that pre-capitalist Russia represented an indigenous form of socialism (primitive communism) based on collective ownership in the rural areas. This implied a strong element of voluntarism, challenging the supposedly Marxist view of orderly transition from one mode of production to another. On the other hand Marx did not want to discourage the nascent revolutionary movement in Russia. He explained (in a famous letter to Vera Zasulich, written in 1881 but published only in 1924) that *Das Kapital* did not contain a universal theory of economic development (Walicki, 1969: 188). History was not unilinear. A Russian revolution could save the peasant commune (*obshchina*). The debate was closed by Engels in favour of the more determinist position that in Russia had been taken by Plekhanov. The letter to Vera Zasulich has provided an important argument for the possibility of a more flexible Marxian approach in development studies (Kiely, 1995).

current of thought and a revolutionary movement, the two only partly overlapping. The Narodniks argued against industrialism as a large-scale and centralized form of production, and they were for similar reasons also against the state as a centralized political institution. Of particular interest in this context is their engagement with the concept of progress, which they dismissed in the typical objectivist form it had received in the Western discourse, stressing instead its subjectivist dimension and the focus on the individual. Progress was given a new meaning in N. K.

Mikhailovski's vision of the 'law of progress' (1869), one far from the mainstream conceptions of division of labour:

Progress is the gradual approach to the integral individual, to the fullest possible and the most diversified division of labour among man's organs and the least possible division of labour among men. Everything that impedes this advance is immoral, unjust, pernicious, and unreasonable. Everything that diminishes the heterogeneity of society and thereby increases the heterogeneity of its members is moral, just, reasonable and beneficial. (Walicki, 1969: 53)

## 5 | Planning in 'Dark Times'

The nineteenth century was in retrospect Europe's grand era, one in which it went through an enormous economic transformation without major wars and without major revolutions. In addition, Europe ruled much of the world. With the twentieth century the relative stability based on the Concert of Europe, discussed above, came to an end. This security system was replaced by a more unstable alliance system. Peace, understood as 'absence of war', once more became synonymous with balance of power, focused on military security at the level of the state. The League of Nations was meant to reconstitute the Concert in a more institutionalized form but failed abysmally when the revisionist states – Germany, Italy and Japan – challenged the prosperous liberal states (Carr, 2001 [1984]). The security arrangement relapsed into reliance on self-help, but many unfortunate states lacked this capability. External conflicts grew increasingly dangerous and the intellectual mood turned to pessimism, related to a loss of faith in the modern project. There was also a search for rejuvenation based on a spirit of heroism, giving rise to political extremism of a kind not seen before. Internal conflicts were related to the precarious process of nation building, which implied the imposition of a uniform order upon heterogeneous local communities.

The change in the political landscape after the First World War led to ethno-national unrest, particularly in Eastern Europe. Internal conflicts were also caused by further deepening of the market system to include all factors of production, thus reducing

the degree of social security that had been embedded in the 'traditional' social structure. This signalled a second movement in the great transformation and the end of what Polanyi called 'nineteenth-century civilization', based on the four foundations mentioned above: the balance-of-power system, the international gold standard, the self-regulating market and the liberal state. All of these foundations were shaken. The return to this bygone civilization was impossible. War and depression characterized much of this period, probably the worst in European history since the Thirty Years War and often referred to as the 'dark times'. It started and ended with a war (indeed, the whole period can be seen as a European civil war).

Between two world wars of unprecedented destructiveness, there was a deep economic and social crisis, further undermining the liberal hegemony and opening the doors to extreme interventionist ideologies such as Hitlerism and Stalinism, two perverse varieties of the eighteenth-century ideology of progress. The principle of intention, expressed in the new practice of planning, predominated over immanence, even in liberal democracies. Finally 'development' became an issue that now applied with new force to the colonial areas, where some kind of self-rule gradually had to be envisaged. Europe no longer ruled the world.

## **Development problems**

There were three major development problems on the European continent that called for action in the turbulent inter-war period:

- the international financial problem connected to the peace treaty
- the depression, unemployment and social misery in the industrialized West
- the problem of catching up in the underdeveloped Soviet Union.

The Versailles peace treaty is another good example of the crucial peace and development relationship (or the development–security nexus discussed in Chapter 1). John Maynard Keynes, whom we will soon meet as an economic theorist, was very active as an international diplomat in various efforts to solve international financial problems after both the world wars. His biography is therefore also an important history of international finance during this period (Lekachman, 1966). In his controversial and polemical book *The Economic Consequences of the Peace* (1919) he warned that implementation of the treaty would undermine the economic recovery of Europe by destroying the foundations of the German economy. From the outset of his career until his death in 1946 Keynes was to display this strong internationalist concern. During the Second World War he was preoccupied by the question of how to pay for the war, but towards its end, at the Bretton Woods conference in 1944, the question he posed was how to establish a new international financial architecture.

To turn to the second development problem: in the depressed West there had been crises before, but nothing comparable to the 1930s when the capitalist machinery came unexpectedly to a grinding halt. In a vicious circle, lack of demand led to reduced production which deprived people of their incomes, thus further reducing demand and production. Attempts to intervene in the trade system through devaluations, export promotion and import control spread the disease and worsened the situation. An important factor leading to the new development thinking was thus the crisis in capitalist development, which provoked the ideological radicalism implied in the counter-phase of the double movement. According to Polanyi (2001: 248), who had first-hand experience of varieties of anti-liberal politics during his youth in Hungary, ‘fascism, like socialism, was rooted in a market society that refused to function’.

The third problem was the situation of underdevelopment inherited from pre-revolutionary Russia. According to Teodor Shanin (1985: xi), 'Russia became the first country in which a specific social syndrome of what we call today a "developing society" had materialized.' Vigorous state intervention along German lines, with Friedrich List as its theoretical forerunner and Bismarck as the symbol of success, produced not a second Germany, but a shattering economic and social crisis, and, in 1905, a revolution. There was thus a lot for the communist regime taking power in 1917 to handle: an enormous rural sector and a minimal industrial sector starved of capital. The Soviet state was consolidated by war against both internal and external enemies. During the October Revolution Lenin said: 'Either perish or overtake and outstrip the advanced capitalist countries.' In the early 1930s Stalin echoed: 'We are fifty or a hundred years behind the advanced countries. We must make good this distance in ten years. Either we do it or they crush us' (Holloway, 1981: 9). This was the modernization imperative as it appeared to the Russian revolutionaries. It led to an extreme variant of the modern project.

## **Development in a totalitarian age**

Radically new development doctrines took form during this difficult time: communism in Leninist and Stalinist forms, which differed dramatically from the original Marxist understanding of orderly development; and fascism, which was a heterogeneous ideology formed by general socialist ideas in combination with radical nationalism and populism, and therefore largely contextually determined. Thus the ideological landscape began to change. The most important change was a widespread opposition to the liberal societal paradigm of democracy and an open economy, seen as 'bourgeois society'.



The Soviet model was to a large extent a continuation of the state capitalist strategy of pre-revolutionary Russia, although the ideological inspiration and political context differed. In the famous policy debate in the 1920s several options were discussed (Erich, 1967). At the same time it was a political struggle between spokesmen of balanced development, most importantly N. Bukharin, and those arguing in favour of rapid industrialization like E. Preobrazhensky, who coined the concept 'primitive socialist accumulation'. Capital needed for industrialization was to be drawn from the peasantry existing outside the system of socialist relations of production. Ultimately Stalin responded with his innovative five-year plans which completely transformed the Soviet economy in a short time.

### **The Soviet model**

Under the Soviet model the pattern of economic development was designed *ex ante*. Resources were transferred from agriculture to industry. The agricultural sector was collectivized. Priority was given to heavy industry. Industrial development was characterized by large-scale and technologically advanced methods. The development projects of the Soviet model were part of a substitution process, where alternative means were made use of in order to reach ends similar to those targeted in Western Europe (Gerschenkron, 1962).

In this turbulent period fascism was added to the classical European ideologies, or 'societal paradigms': liberalism, conservatism and socialism. The rise of fascism was a long process, starting in the late nineteenth century within a particular intellectual anti-liberal and anti-cosmopolitan climate, leading to political sects and movements. The fascist movement, emerging in the 1920s, is inconceivable without the socialist/communist movement after the 1917 Russian revolution. Both communism and

fascism, which fought against each other in the streets, were mass movements in the new era of mass politics, which differed from the nineteenth-century style of rule by 'responsible people' – that is, a rule based on limiting the right to vote.

The early roots are to be found in the crisis of the 1880s and the early conservative manipulation of mobilized, discontented lower-middle-class voters. Fascism could also draw on those left-leaning groups who became frustrated with the compromises of democratic socialism. The political breakthrough of fascism had to wait until the stock market crash of 1929, followed by the Great Depression in the 1930s. Fascism as a movement entertained no compromises, in contradistinction to fascism as a regime. This ideology is generally known through the fascist regimes, primarily fascist Italy and Nazi Germany, which today are often seen as unfortunate accidents in European political history, not really part of European political culture. The argument that will be made here is that fascism, although not a very homogeneous phenomenon, forms an integral part of twentieth-century political Europe, resulting from the changing preconditions underlying the inter-war discourse (Paxton, 2004).

It is important to distinguish between the rather broad ideological trends which ultimately resulted in a few established regimes, getting their characteristics from concrete political choices and shifting political alliances. The early trend contained contributions from different intellectuals, who did not necessarily sympathize with Mussolini or Hitler. Typically they were anti-liberal and anti-cosmopolitan (which often included anti-Semitism). They also saw socialists and communists as their enemies (which did not prevent them from borrowing elements from socialism) and they were rooted in specific nationalist, very emotional, reinvented traditions. There was in their view always one particular group that was inherently superior but nevertheless victimized. 'Development' was for them. Obviously this feeling was

## Hitler and Stalin

Lately it has become common to compare Adolf Hitler and Josef Stalin and to put them in context as expressions of a particular political climate (normalization) rather than seeing them as demons whose dictates created the environment surrounding them (demonization). Their 'utopian' projects were of course quite different. Stalin believed in universal progress through the history of class struggle. Hitler saw progress as a result of race struggle, in which the 'Aryans' were to emerge victorious. In his special way, Stalin represented the Enlightenment belief in progress, whereas Hitler, in his equally peculiar way, represented German romanticism. Hitler saw himself as a gift from providence to the German people. They were both of them extreme and criminal, though not insane in a clinical sense (Overy, 2005).

heightened by the economic crisis, which was what made mass mobilization possible.

Hitler and Stalin, both eagerly wanting the elimination of Anglo-Saxon liberal hegemony, soon faced each other in the political process leading up to Germany's declaration of war on the Soviet Union in June 1942. This put an end to a tactical non-aggression pact that had shocked both communists and fascists. Stalin in fact admired Hitler and refused to believe in the break-up of their alliance. Ironically, he became an ally in the project of saving the liberal order. For the frustrated communists around the world he re-emerged as the saviour of mankind, courtesy of the anti-fascist struggle (Lukcs, 2006: 113).

Planned intervention in the economic system can be seen as the ultimate expression of the modern project and progress as human purpose. According to P. W. Preston (1996: 159), 'intervention in a social system might be understood as deliberate action whose objective is to bring about a particular change in some set of

circumstances and thereby achieve a preferred state of affairs'. In spite of Stalin's misdeeds, planning became a high-prestige economic science in the Soviet Union, admired also in the capitalist world. Here state intervention was, due to the depression as well as the war experience, still something completely natural. Fascism in contrast rejected economics. It implied the imposition of politics over the economy, stressing the importance of human will in a totalitarian context in which 'enemies of progress' were deprived of their human rights and dignity.

Interventionism (re-regulating or re-embedding the national economy) became, after a period of discursive and political struggle, part of the mainstream in the liberal democracies. The main theorist behind this new approach was John Maynard Keynes (1883–1946), whose 1936 magnum opus was the *General Theory of Employment, Interest and Money*. This theory went against the dominant orthodoxy of the equilibrium paradigm, represented by Alfred Marshall, Keynes's teacher. According to this theory the

### **Keynes, the free-trade sceptic**

Keynes was of course a good liberal, but he nevertheless thought in terms of 'national self-sufficiency' when, in a famous article (1933), he questioned the value of free trade for peace. This was a strange thing to do for an educated Englishman, as acknowledged by Keynes himself: 'I was brought up, like most Englishmen, to respect free trade not only as an economic doctrine which a rational and instructed person could not doubt, but almost as a part of moral law' (Keynes, 1933: 755). According to him, there were things that should of their nature be international, 'but let goods be homespun whenever it is reasonably and conveniently possible, and above all, let finance be primarily national' (Keynes, 1933: 758). He denounced the 'decadent international capitalism' of his time, but had to admit that 'when we wonder what to put in its place, we are extremely perplexed'.

economy would sooner or later find its balance with full employment of the production factors. 'Development' was not an issue in economics. The orthodoxy made theorists and practitioners alike blind to the danger signals. Attempts were even made to restore the gold standard, abandoned by Britain in 1931.

Keynesianism, in contrast to the Listian state capitalist strategy discussed earlier, was a manifestation of mature if not stable capitalism. Its departure from the neo-classical liberal model consisted in denying that the market possessed the capacity for self-regulation and in granting the state a responsibility for the stability and continuous growth of capitalist systems. It provided the rationale behind much of post-war interventionism. Keynesianism was a kind of liberalism applauded by social democrats and can therefore be called social liberalism, building on Stuart Mill and Hobson. The neo-liberal position represented by Friedrich Hayek, building on Ludwig von Mises, was still marginal. Already in the 1920s the latter had been criticized by Polanyi. Thus the later triumph of social liberalism had been facilitated by Polanyi's critique of the extreme liberalism of the Austrian school – a lifelong intellectual quarrel. In spite of this, Polanyi was far from a committed liberal, neither was he very impressed by Keynes. Instead he was, as discussed earlier, inspired by Christian socialism.

## **Crisis of modernity**

The 'dark times' stood in great contrast to the belief in Enlightenment, modernity and progress, providing a challenge for historians and social scientists. How to explain evil within social science? Many have dealt with this period as exceptional, almost inexplicable. Major works dealing systematically with the origins of 'dark times', such as Karl Polanyi's *The Great Transformation* (1944) and Hannah Arendt's *Origins of Totalitarianism* (1951),

were met with lack of understanding in mainstream academic journals when they appeared (Katznelson, 2003: 47ff.). 'When read not simply as political economy or political theory but as a contribution to a larger effort to deepen, protect and renew the tradition of enlightenment, the range and purpose of their historical science come into view' (Katznelson, 2003: 62.) The 'dark times' led to a growing disbelief in modernity among intellectuals. A typical example of the new mood of pessimism came from Max Horkheimer and Theodor Adorno in their *Dialektik der Aufklärung* (Dialectic of Enlightenment) (1947). They made the distinction between modern science and technology, on the one hand, and ethics, morality and religion, on the other, arguing that there was a contradiction between the two.

There was thus a great lack of positive alternatives. The counterpoint, at the same time anti-liberal and anti-communist, had been on the streets during the economic crisis. The intellectual content of these new movements was partly emerging from counterpoint development thinking. There were anti-rational movements, both to the right and to the left. Ruralism (a return to peasant values), a populist strand of fascist ideology, was soon forgotten once power had been grabbed. In reality fascist economic policy, as noted above, compromised with traditionalist values and adapted to the real world of capitalism and the pursuit of power. The resultant regimes were thus driven by typical mainstream ideas: industrialization, militarization, et cetera. Ironically, the movements led to authoritarian, modernist governments displaying the worst features of capitalism and modernism.

Previous counterpoint ideas lingered on, however. Anarcho-syndicalism was an ideological addition to leftist activism. It implied an entry of anarchist thinking into the labour unions, reflecting the advance of industrialism and the organization of labour. Populist movements in the east, which had survived in the form of peasant parties active from the beginning of the twentieth

century, found sympathy with Polanyi, who even saw an imprint of populist influence in the 1956 Hungarian uprising.

Different counterpoint perspectives on development came from what was to become 'the Third World' (at first called 'backward areas' or 'the new nations'), where the anti-colonial struggle contained intellectual arguments not only against the legitimacy but also against the inhuman nature of Western dominance, what Polanyi had called the structure of embeddedness, and which in many areas had been destroyed in the most systematic way. We noted (see Introduction) that there was a link between the colonial administration in the 1940s and the emerging field of development. Many of these 'colonial analyses' had a counterpoint tendency in their dislike and distrust of modernization. This view was normally not shared by the post-colonial elites – with some interesting exceptions (Arndt, 1987).

## 6 | The Geopolitics of Poverty

The Great Depression and its political consequences, including war, were obviously a deep crisis for the modern project. The extent of destruction in Europe is hard to visualize today. The extermination of unwanted minorities expressed a degree of barbarism in dramatic contrast to what Polanyi referred to as ‘nineteenth-century civilization’, marked by modernity. During the dynamic decades after the Second World War, there came a return of the belief in continued modernization, a reassertion of the Enlightenment’s unshakable belief in progress. It is amazing that the old optimism associated with the modernization paradigm could be so quickly restored after the ‘dark times’ of Europe. Economic planning for reconstruction and welfare politics in the favoured states under the umbrella of US hegemony consolidated the nation-state and the international, in fact globalized, order. The discourse, here called the ‘geopolitics of poverty’, starting soon after the war, concerned global poverty and ‘underdevelopment’ as a threat to the post-war world order (‘the free world’) in the context of an emerging Cold War. The development issue was now subsumed under different security concerns: a political struggle between the two superpowers and a world-wide competition between two different socio-economic systems. The structure of bipolarity created cleavages in all regions of the world and the Cold War tainted all conflicts.

This global tension facilitated a ‘great compromise’ between national regulation and international free trade, and paved the



way for the ‘golden years’, the 1950s and the 1960s. Modernization was back, at least in the ‘first’ and ‘second’ worlds. Socialism as a new form of modernity was still an attractive model for many developing countries, further encouraged by Soviet financial and political support. The new security strategy (balance of terror or ‘mutually assured destruction’ – MAD) guaranteed a fairly high degree of predictability – unless, of course, the ‘impossible’ nuclear war actually did take place, a scenario that could never be excluded totally. In the Cold War both superpowers therefore defined security in terms of bloc stability, which drastically limited the principle of sovereignty, particularly for the decolonized poor world, the ‘new nations’, or ‘developing countries’. These countries responded with their Non-Aligned Movement (NAM) – as little appreciated in the rich world as their later, and equally futile, demands for a New International Economic Order (NIEO). However, these radical initiatives, in general applauded by academic development studies, maintained the radical spirit throughout the 1970s, until the showdown at the 1981 North–South summit in Cancun, Mexico. This can be said to mark the symbolic end of this discourse: the height of development studies.

## Thinking about world order

The concept of world order was introduced in the first chapter, and the proposed definition was meant for comparative purposes. Changes in the structure of world order have often been connected to war situations, which by their abnormal nature tend to speed up the pace of change. The end of a major war is thus normally a situation in which a new international order is born. Let us therefore consider the case when the Second World War was approaching its end, and the prospects of a post-war order thus

became a relevant issue. We shall do this from the perspective of three different theoretical and normative perspectives, namely those of E. H. Carr, Karl Polanyi and Friedrich Hayek, who were contemporaries all equally concerned about what was to come. Utopianism was a concept they all disliked. In fact the concept was employed in a discursive power struggle with the purpose of outlining the future they wanted to avoid. In spite of this, their reasoning contained elements of utopianism. They all had 'preferred futures' informed by their theories.

E. H. Carr, in *The 20 Years' Crisis* (1939, with a second edition in 1946), had a Marxist orientation and is known as the founder of realist international relations theory. Polanyi in *The Great Transformation* (1944) has been described as a Christian socialist. The liberal view was defended in a third classic, Friedrich Hayek's *The Road to Serfdom*, which was published in the same year as Polanyi's book. All three authors dealt with routes to the future in the last chapters of their books, and, interestingly, all expressed a strong dislike for 'utopias'. However, by that they referred to very different phenomena. Carr particularly criticized the liberal doctrine of harmony of interest in economics and the doctrine of national self-determination in politics. Polanyi considered (as discussed in Chapter 2) the self-regulated market to be the great utopia, but in equally strong terms attacked other contemporary 'universalisms', such as Hitlerism and Trotskyism. On this point at least he was on the side of Hayek – for whom, on the other hand, planning was the dangerous utopia to be avoided. Thus the critique of utopianism in all cases served the purpose of introducing more desirable kinds of utopianism.

One important issue has since been discussed as the hegemonic stability theory, asserting that an open world economy requires a dominant rule-making global power for its smooth functioning. Previously Great Britain had fulfilled that international task in

defending the gold standard. Carr referred to the possible leadership of the US as being a 'young and untried nation' and quoted Woodrow Wilson about the US flag: 'Her flag is the flag not only of America, but of humanity' (Carr, 2001 [1984]: 234). This was also to be the assertion of neo-conservatism in the 1990s. He discussed (in classical realist terms) the Pax Americana versus the Pax Anglo-Saxonica (the partnership of English-speaking peoples, or what we today refer to as the trans-Atlantic alliance). The winners of a war normally have the privilege to define the new order (or even the very meaning of order). Thus power defines what is right, and those who did not understand that simple fact were, according to Carr, 'utopians'. His realist vision included also a world of multinational groupings of states (Jones, 1998: 155). To Polanyi, taking a more normative position on the future order, the Pax Americana was precisely what should be avoided, since the market project that he associated with US hegemony constituted the great danger. Thus, he retained his belief in some form of interventionism within the new order but, as will be discussed in Chapter 8, he felt that something bigger than the state was needed: a more planned, horizontal world order in which 'regional systems coexist side by side' (Polanyi, 1945: 87).

Both Carr and Polanyi were thus believers in planning as an essential precondition for order. To Hayek, on the other hand, it was not the market but socialism that constituted the great utopia to be avoided, since this particular form of utopianism, according to him, led to 'serfdom' (Hayek, 1944, Chapter 2). Hayek warned against planning, particularly on a transnational level, which would create tensions and destroy the coming peace. There was in his view certainly a need for an international authority with negative powers – in order to *say no* to all kinds of restrictions, a political order with the purpose of maximizing economic freedom. In spite of all his libertarianism, he was prepared to accept milder forms of federalism.

Like the other authors discussed here, Hayek's ultimate concern was peace, which is quite natural in view of the situation in which they all wrote. Readers often forget this contextual dimension. The structure of security and world order was to change radically. The new international development discourse emerged in the bipolar world order, a global security complex characterized not only by a competition between two political and rival socio-economic systems, but also a nuclear 'terror balance'. This ruled out war between major powers, at the same time as it imposed a straitjacket on the other regions of the world, those to be known as the Third World.

## **Development and bipolarity**

The emergence of the Soviet system implied the division of the world into two hostile blocs, two socio-economic systems and two development ideologies, albeit similar in their belief in modernity. In fact they were at that time competing forms of modernity. All regions were furthermore artificially divided according to this bipolar logic, and all conflicts were interpreted in simplified Cold War terms. This was a hierarchical world order of centres and peripheries, which together with bipolarity shaped the general pattern of conflict, in which the real violent conflicts took place in the Third World, where a number of countries experienced permanent war over several decades. This new, truly global conflict pattern also shaped the post-colonial world. This area was described by President Truman in point four of his often quoted 1949 inauguration speech as the 'underdeveloped areas' of 'hunger, misery and despair', constituting a potential threat to what in Cold War terms was to be called the 'free world' (Rist, 1997: Appendix 1). This is the reason why I refer to this discourse as 'the geopolitics of poverty'. Poverty had become a general threat and thereby a political

force. This security situation has remained until today, and so have the idea and practice of international development assistance with the purpose of poverty eradication.

Economic conflicts were avoided through what Ruggie (1998: 72) has termed the 'compromise of embedded liberalism', referring to the Bretton Woods system. Such a *great compromise*, which can be defined as a political deal between opposing forces, first and second movements, that define the mode of governance in terms of market-state relations in a particular world order, has significant structural implications (Hettne, 2001). Most importantly, it was a compromise between economic liberty and free trade outside the nation-state, and economic regulation for the purpose of full employment, welfare and social peace inside it. The result in terms of economic growth was dramatic. Thus the post-war discourse coincided with what both Hobsbawm (1994: 8) and Ruggie (1998: 77) refer to as the 'golden age'.

Growth was now seen as built into the system, more or less immanently. The belief in the need for some social engineering was best symbolized in Keynesianism, so far as the capitalist industrialized world is concerned. Keynes was primarily interested in short-term problems of stabilization ('in the long term we are all dead'). In the Harrod-Domar model, derived from Keynesian theory, each increase in output provides the basis for further growth because part of the output is reinvested. At higher income the marginal propensity to save is higher and therefore economic growth, once the process has started, will be self-sustaining. In post-Keynesian as well as in Marxian economics, development was primarily seen as a process of capital formation determined by the level of investment and saving.

Whereas both non-Marxist and Marxist theorists had identified 'a natural history' of transition to capitalism (albeit with no consensus on actual dates), only the latter have applied the same logic to the establishment of socialism. The road led through

stages and the mechanisms taking a society from one stage to another were inherent in the internal contradictions of each stage, representing a mode of production. The only historical transition which makes sense within this theoretical framework is the transition from feudalism to capitalism in European history, although hotly debated even among Marxists, as was discussed in Chapter 2.

The transition from capitalism to socialism has also been controversial, but by now it has become more or less a dead issue. However the historical experiences of socialist development are far from irrelevant from the perspective of development theory. What is socialism in the first place? In classical Marxist theory, dealing with stages of societal development inherent in history, socialism marks the transition between capitalism and communism. Certain changes can in this deterministic perspective be identified as 'progressive', others as 'regressive', as was most clearly reflected in Lenin's famous description of the New Economic Policy designed by Bukharin (see Chapter 5) as 'one step backward, two steps forward'. This is the 'scientific' definition of socialism, contrasted with 'utopian socialism' (discussed in Chapter 3), implying immediate social control over the production process in the interest of the direct producers.

Socialist development strategy is a broader concept. Marx was silent on the actual content of a socialist development strategy, since socialism was expected to emerge from a mature capitalism only when the productive forces had been exhausted. Hence the Soviet model has been the main guide for countries turning socialist. This development strategy from above played down the need for revolution and gave heavy industry the role of the leading sector. The socialist experience can be seen as another mainstream strategy, informed by the Soviet development model. Socialism became a transition ideology for latecomers, very far from the original Marxist conception. Varieties of 'socialist

experiments' took concrete shape in different types of countries, where the principle of state control and planning was applied to different social realities. Thereby it was modified to produce a number of distinct paths to socialist development. Here it is important to notice the actual internal and external preconditions existing in the various cases, from Poland to Cambodia.

To grasp the socialist variety in history we have to distinguish between the original (Soviet) model, the European experiences in what became Eastern Europe as well as the Balkans, and the socialist countries in the Third World, which can be divided into Marxist-Leninist, Maoist, socialist-democratic and populist-socialist. The Maoist approach was seen by many as a third model, with many populist ingredients such as the stress on the peasantry, human will, decentralization, and self-reliance. Mao broke with the Stalinist model in 1958 and launched the Great Leap Forward policy, which ended in catastrophe.

After the death of Mao in 1976 a completely different development strategy was implemented. Not surprisingly the idea of direct transition, relying on radical intention rather than immanence, has exercised a great attraction on socialists around the world. Why postpone the good society? Even Marx had to face the issue of transcending the principle of orderly historical development in his correspondence with Russian populists, one of the great debates in Russian development thinking (see Chapter 4). The Soviet concept of 'non-capitalist development', the Great Leap of Mao, and the even greater Leap of Pol Pot were increasingly radicalized and increasingly catastrophic variations of the theme: how much voluntarism is compatible with scientific socialism? Voluntarism has invariably provoked defenders of the doctrine of orderly development: an Engels, a Plekhanov and, more recently, a Bill Warren.

In the post-colonial era, state building became a global process, and the nation-state a universal political phenomenon. In this particular respect the post-war discourse was a generalization

of the nineteenth-century discourse, which had been confined to the consolidation of states in the European region. The anti-systemic guerrilla struggle, labelled 'communist insurgency' by the West, was the typical war during this period, particularly in Africa, South-East Asia and Latin America. But there were also inter-state tensions, for instance in East Asia, South Asia and the Middle East. Here we find more conventional rivalries and occasional wars which can be related to balance-of-power politics and regional security complexes reminiscent of the nineteenth-century European states system. The development strategy was familiar, too, which can be explained by similarities in geopolitical context. These military tensions had a clear impact on the development discourse, pushing the countries towards mainstream approaches, by focusing on modernization and industrialization. This tends to exclude such 'counterpoint positions' in development thinking that might have benefited, for instance, rural areas and marginalized ethnic minorities. Gandhiism in India, as well as Maoism in China, are cases in point. Gandhiism remained a utopia, the Maoist utopia (not to speak of Pol Pot's) turned out to be a nightmare. It seems to be a general rule that utopias, when actually implemented on a large scale (in contradistinction to more localized experiments), turn catastrophic.

For the superpowers involved in rivalry and strategic action, the security factor was always the main rationale behind development aid, whereas the smaller and more neutral ('like-minded') countries could afford to develop a 'Third Worldist', non-securitized position in the field of aid policy. Development was in the more progressive view seen as liberation from poverty as a continuation of liberalization from colonialism. The European Union has emerged as by far the greatest and in relative terms most progressive donor. Hence the European experience is of particular relevance. Historically, Europe is largely responsible for having shaped the world system, through its colonial empires.



Decolonization occurred in two waves: nineteenth-century Latin America and twentieth-century Asia and Africa. At the time of the Treaty of Rome in 1957 this process was still ongoing, and it was, above all, the colonial legacy of France that constituted the origin of the EU development policy. Former colonial powers (including the UK) still saw the world through an imperial lens, countered by the US and above all the UN. In 1963, when most of Africa had become independent, reciprocal preferential trade access between EEC member states and associated states (former colonies) was established through the Yaoundé Convention. The arrangements continued in the Lomé system, first established in 1976. This complex post-colonial structure became a worldwide network of inter-state relations, continuously in transformation due to changes in the size of the EU, the number of developing countries in the network, the changing global political economy and shifts of dominant economic ideology (Holland, 2002).

## **Birth of development studies**

Turning to theories of development, which initially meant simply economic development, a long controversy has focused on whether the universal, timeless application of neo-classical economic theory was possible in different socio-economic and cultural contexts. This proposition was rejected by the German historical school (Schmoller), the institutional school (Veblen) and the substantivist school (Polanyi). The formalist view on development, where development is defined in terms of a limited number of universally valid principles and quantifiable indicators, which can be combined in a predictive model, can be contrasted with a substantivist view. Here development means historical change or transformation of a more comprehensive, qualitative and less predictable nature. In order to grasp this somewhat

elusive distinction it is helpful to recall the debate among anthropologists regarding the general applicability of formal economics (see Chapter 2). Karl Polanyi's life work may be summarized as a methodological critique of the false universality of economics (in its neo-classical form), the creation of what he and his followers called a 'substantive' conceptual framework, and the application of this framework to different historical and cultural contexts (Dalton, 1968). This methodological concern continued with evolutionary economics (Hodgson, 1993) and neo-institutionalism (North, 2005).

In development theory more or less the same issue was raised in Dudley Seers's classical piece, 'The limitations of the special case' (1967), which argued against the universalist position taken for example by Bauer and Yamey (1957). Seers took a position similar to that of Polanyi in the formalist-substantivist debate in economic anthropology, which implied that the formalist approach reflected a 'special case': market society. For Seers economics was the study of economies. Theorizing should take different social and cultural contexts seriously – not only as 'non-economic factors'. The substantivist challenge has been an important stimulus for the interdisciplinary trend in development research. Early in the evolution of development theory the economic dimension was not only broadened but also deepened towards a historical-structural perspective.

Discussion in the new academic field of development studies was increasingly characterized by a holistic or multidimensional approach to the subject. The reconstruction of Europe after the Second World War provided the model for state-directed modernization of the 'new nations'. Development economics of an interventionist kind, inspired by Keynesian theory and experiences from the Great Depression of the 1930s, was the core of this paradigm, which had its counterpart in the so called 'non-capitalist development' or 'socialist-oriented' strategy in the rival bloc, discussed

above. However the simple idea of growthmanship was soon abandoned for more complex approaches like substantivism discussed above.

The problem of underdevelopment was first defined as the lack of surplus to invest in further growth. This problem was addressed by the pioneers in development economics: among others, W. A. Lewis, A. O. Hirschman, R. Nurkse, G. Myrdal, P. Streeten, R. Prebisch and H. W. Singer. Underdevelopment was seen as a 'trap' or 'vicious circle' from which a country had to break loose or, to use the aeronautic metaphor of W. W. Rostow, to 'take off' into 'self-sustained growth'.

The economists were soon joined by sociologists, psychologists, political scientists, anthropologists and geographers in describing the obstacles to growth and prescribing the ways to overcome them. Many saw development as a national process in a closed economy, an approach which was criticized by believers in free trade as the main route to development. Others, like Myrdal, Singer and Prebisch, took a more complex view of the relationship between endogenous and exogenous factors. The Argentinian Prebisch was to have a major influence on the Latin American

### **Rostow's model as development ideology**

Rostow's influential model was based on the stage theory so central to the Western paradigm since the eighteenth-century discourse on progress. He played a major role in the Kennedy and Johnson administrations, linking foreign policy and development policy with the explicit purpose of defeating communism, seen as constituting a danger in countries that were still in the early stages of 'traditional society' or preparing 'preconditions for growth'. To help countries to 'take off' was to save them from communism. His anti-communism was combined with a fairly strong interventionist approach, which came under fire from the right.

debate (Blomström and Hettne, 1984). Together with Hans Singer he formulated a controversial critique of the theory of free trade for being systematically unfair to 'the periphery' as well as a structural theory of development and underdevelopment applied to Latin America, recommending protectionist measures and state intervention to encourage industrialization. This contribution was very much in the spirit of Friedrich List (Chapter 3). The structuralist approach was followed up by Osvaldo Sunkel, who elaborated a neo-structuralist strategy for Latin America (Sunkel, 1993).

In the simplistic modernization paradigm development was seen in an evolutionary, developmentalist perspective, and the state of underdevelopment defined in terms of observable economic, political, social and cultural differences between rich and poor nations. What was called 'tradition' was seen as an obstacle to development in the spirit of the Enlightenment. Development implied the bridging of these gaps by means of an imitative process, in which the less-developed countries gradually assumed the qualities of the industrialized nations through an active interventionist state. This was the art of nation building inherent in the modernization paradigm. This paradigm had a long tradition in Western social thought and through its endogenism it appeared logically coherent. It dominated several social sciences in the 1950s and 1960s, when its great appeal rested on a paternalistic attitude towards non-European cultures and the role of aid.

Interdependence was the reformist social-democratic approach to the North-South dichotomy. It can be seen as part of the modernization paradigm. The Brandt Report (1980) was an ambitious (albeit unrealistic) but stillborn attempt to apply the interventionist development strategy from European economic history to the emerging globalized condition. What now became 'the North' and 'the South' were said to be 'interdependent', the conclusion being that a massive transfer of resources would also stimulate the Northern economies by increasing demand,

providing a Keynesian instrument for economic cycles management in a globalizing world (global Keynesianism).

The neo-colonial implications of this Eurocentric development thinking led to the rise of the *dependency paradigm*, first emerging in Latin America and reflecting the subordinate economic position of the non-European areas in the world system as well as the limited political sovereignty implied in bipolar domination (Blomström and Hettne, 1984). The most influential critique of the modernization paradigm, providing a rationale for the dependency paradigm, was formulated by Andre Gunder Frank (1969). According to him underdevelopment was not an original state, but rather a created condition: 'the development of underdevelopment'. In this theoretical perspective there existed within a given structure certain positions, which regularly and more or less automatically accumulated material and non-material resources, whereas other positions were deprived of these resources.

Development for one unit could therefore lead to underdevelopment for another, depending on how the two units were structurally linked. Poverty was seen as a structure rather than as a particular stage (backwardness), as in the competing modernization paradigm. The conclusion drawn by this school was that real development implied self-reliance and even delinking from the capitalist system. The most consistent spokesman for delinking has been Samir Amin (1974).

Neo-Marxist *world system thinking* had a similar view of the causes of underdevelopment but rejected the possibility of delinking as unrealistic. The whole world system was capitalist and could be transformed only as a whole, an outcome that would come in due (if distant) time (Wallerstein, 1974). It was a return to immanence, but on a global scale. Thanks to the globalization debate it has experienced a revival, whereas the dependency theory is abandoned. The transition to socialism is unrealistic of the level of the state but the point is still made that the world system

is in transformation towards global socialism due to contradictions in the emerging global system.

These rival mainstream approaches, which dominated the debate in the 1970s, were in turn challenged by the counterpoint, or 'alternative' theoretical positions. They were grounded in environmentalism, endogenous and indigenous development, ecodevelopment, ethnodevelopment, human development, feminist theorizing and the like. Their main concern was the many problems created by mainstream development, as well as the social groups and classes excluded from development. Mainstream development was a painful process. *Another Development* was defined as need-oriented, endogenous, self-reliant, ecologically sound and based on structural transformation (Nerfin, 1977). These ideas, which were popularized by the Dag Hammarskjöld Foundation, can be summed up and reformulated in the three principles of *territorial development*, *ecological sustainability*, and *cultural pluralism* (Hettne, 1995). They can also generally be described as 'the voices of the excluded'.

### Alternative theory

The 'green' ideology (as it was termed in the North) can be seen as a modern synthesis of neo-populist and neo-anarchist ideas, revived in the 1960s and forming part of the New Left movement in the US and in Europe, inspired by the Frankfurt school (Marcuse). Later they merged with ecology, peace and feminist movements both in the North and in the South. These ideas bear a certain resemblance to classical populism and anarchism in their advocacy of community (*Gemeinschaft*) and their distaste for industrial civilization (*Gesellschaft*). The implementation of utopian projects in the Third World, radical ones like Maoism and the rural utopia of the Khmer Rouge in Cambodia, as well as more moderate ones like Nyerere's Ujamaa villages, failed miserably, giving way to more conventional development strategies in the 1980s.

Alternative theory was short-lived in spite of its obvious relevance in terms of the many challenges it addressed. Many of these challenges have returned in even graver form (see Chapter 8). It is remarkable how hotly this issue was debated by one generation, only to be forgotten by another. Fritz Schumacher's green classic *Small is Beautiful: A Study of Economics As If People Mattered* (1973), inspired by Buddhism and Gandhism, was sold in great numbers in many languages – but nevertheless soon fell into neglect. Interdependence theory was also short-lived. Dependency theory carried problems of its own and could not replace the modernization paradigm, which resulted in the much-discussed 'impasse', which was a crisis for the whole project of building a development theory. Development studies began to focus more on specific, more concrete issues. The time for another 'paradigmatic change', or rather 'counter-revolution', had come.

## 7 | Globalization and Disorder

The 1970s was a decade of crisis and rethinking, paving the way for significant discursive change. The shift to a new development discourse, which was centred on the concept of globalization, came around the year 1980. In view of the sudden collapse of this discourse three decades later, it is important to understand the conditions under which it emerged. As important markers one could mention the rise of the New Right (Thatcherism and Reaganomics) and the New Cold War, the counter-revolution in development economics, and the rise of post-modernism, all in the context of globalization. This led to the so-called impasse in radical development theory as well as development studies. Globalism became the new paradigm, replacing the idea of development with the strategic imperative of structural adjustment. In the course of the 1980s the communist system broke down, contributing immensely to the liberal triumphalism that many took to be definitive and final.

In the course of the 1990s, however, various problems associated with market-led globalization began to emerge. The phenomenon of 'failed states' became widespread. Development policy had formed an integral part of the nation-building project. Its purpose had been to achieve an integrated and consolidated nation-state, with a sufficient degree of legitimacy. However, in many developing countries the movement towards internal cohesion was interrupted, and neither the investment nor the welfare fund could be maintained. Instead, these countries became



increasingly militarized. The shrinking surplus was spent on 'security' for the political elite, signalling the collapse of the state and civil society – and subsequent disorder. This was the end of the optimistic phase of the discourse. The discontented multiplied into a storm of anti-globalism towards the end of the decade, and in the new millennium demands for a new world order were raised. The much broader critical debate in connection with the financial crisis, starting towards the end of 2008, and the following depression signalled a discursive change, in certain respects similar to the 1930s (Chapter 5).

## **Development and globalism**

Development theories and strategies associated with political interventionism had been largely unsuccessful, except for a handful of states in East and South-East Asia which had followed more or less closely the Listian recommendations for catching up, although now with a stronger emphasis on export. In addition these countries were supported by the West for geopolitical reasons. This applies to market-oriented 'developmental states', also called 'newly industrialized countries' (NICs.) Elsewhere state intervention had been more politically motivated, referred to as 'clientism', but legitimized through the ideals of welfarism that originated in the West. Many countries thus indulged in over-spending, which soon led them into financial crises, and thence to economic and political conditionalities. Under this pressure, developing countries gradually began to liberalize and open up their economies. The discourse on engineered development came to a close. Market-oriented convergence took place even in politically very different regions.

Since radical development theories and socialist strategies proved to be of limited instrumental value, the failure led to a

'crisis' or 'impasse' in the more radical (interventionist) development theorizing which had been predominant in the 1970s (Booth, 1985; Schuurman, 1993). The impasse was an important rupture in development thinking. Schuurman suggests three underlying causes for this paradigm crisis: the failure of development in the South, the post-modern critique, and the rise of globalization. If the state was no longer the major agent, how could development take place? Globalization was said to be the new form of development, which in practice meant integration in the global economy preceded by 'reforms'. China after 1978 is of course the major example, followed by a general 'transition' from communism to capitalism starting in the 1980s. In the Soviet bloc *perestroika* was introduced in 1985, further enforcing the general process of liberalization in the world.

### *Globalization*

The much-discussed question whether globalization is an old or new phenomenon is basically a matter of definition. It is widely held that globalization must be understood as something more profound than internationalization, by which is meant merely an increase in the contacts between nation-states. Globalization on the other hand defines a growing transnational arena in which limited nation-state control operates and where players other than states assert themselves. It further binds together a large number of players at different levels of society, including various sub-national levels, for example, micro-regions and local communities. It can perhaps be said that the criterion for the fact that we are faced with globalization rather than simply internationalization is precisely the impact on local society, as well as the insertion of local society itself into globalization ('glocalization').

Another major debate concerns whether globalization, seen from a normative point of view, is a good or bad thing. This depends on how different individuals and groups are affected,

## What is globalization?

There is no consensus on what is meant by globalization. What is certain is that it has had a great impact on the development discourse. Communications between places throughout the world are virtually instantaneous (often described as compression of the world in terms of space and time), with no significant barriers between societies previously considered as more or less separately demarcated national and local arenas. The world at large seems to have shrunk and to be omnipresent. The world economy is being highly integrated and the autonomy of national economies is being diminished. Common ecological conditions have created a planetary existential problem for mankind. From a cultural perspective globalization is more complex, giving birth to hybrid forms. Cultural phenomena which previously were geographically limited are now to be found throughout the world, often in new and innovative combinations.

and we can with great certainty maintain that they are affected differently. Globalization reduces the space of action for the nation-state. In consequence the state functions less and less as a protector of its 'own' population, and instead more and more as a medium for signals from the world market: structural adaptation and cutbacks on welfare. This perceived 'betrayal' alienates the state from society, diminishes its legitimacy in the eyes of segments of its own population. In collapsing states the nation-state order is replaced by all kinds of local leaders, including warlords, a situation which recalls the Middle Ages. There is thus nothing determined by nature in a process of globalization. It also unleashes anti-modern counter-movements, for example, in the form of neo-nationalism and religious fundamentalism. This, finally, implies that globalization must be thought of in the plural, and as something that can be politically influenced.

The vast literature on globalization has been divided into three categories: hyperglobalizers, sceptics, and transformationalists (Held, 1999). The hyperglobalizers believe that we already live in a global economy, a thesis rejected by the sceptics as a myth. The difference between these two positions in terms of development strategy is the familiar one between *laissez-faire* and interventionism. The transformationist thesis is that all states and societies are going through a profound transformation as they adapt to a globalizing world – the globalized condition. In my view globalization can be understood in terms of Polanyi's *Great Transformation* as a 'second great transformation'. Thus the implications for development are in this view more open. The purpose of political order, according to the globalist vision, is merely to facilitate the free movement of economic production factors. This is seen not only as the 'natural' but also as the most beneficial condition for development and welfare. Any country or region that attempts to thrive in isolation from market forces (as had been suggested by radical dependency theory) is, according to the liberal view, sentencing itself to stagnation. The optimum size of an economy (and therefore its ultimate form) is the world market, as Adam Smith once asserted (see Chapter 3). All other arrangements, such as regional trade agreements, are only second best, but acceptable to the extent that they are stepping stones rather than stumbling blocks towards an open world market.

Globalism or, in development language, 'structural adjustment', the current hegemonic development paradigm, implies as its ideological core the growth of a world market, increasingly penetrating and dominating the 'national' economies. Since this process is synonymous with increased efficiency and a higher 'world product', globalists consider 'too much government' to be a systemic fault. 'Good governance' is consequently often in practice defined as less government. Thus, the current ideology of globalism argues in favour of a particular form of globalization,

namely neo-liberal economic globalization: the institutionalization of the market on a global scale. It is a simplification, however, to identify globalization as such with neo-liberalism. Other political contents should in principle be possible. There is thus a struggle for the political content of globalization. Stronger regions would, for example, shape the form and content of globalization in different ways, depending on the political trends in their respective regions. The world may defy the modernist script by becoming not one world, but instead a plural, multipolar world.

Contemporary globalization can be seen as a further deepening of the market system, which (including its disturbing social repercussions) is now taking place on a truly global scale. We should not expect a uniform response to this 'second great transformation', but, as history shows, many forms of adaptation and resistance. So far the globalist hegemony has been powerful. Highly contrasting political forces converge on the same neo-liberal economic policies ('there is no alternative'). It is not much of an exaggeration to say that, whereas a national five year plan was a must for a developing country expecting to receive international assistance in the 1960s, it would have more or less disqualified that country from receiving aid in the context of the neo-liberal hegemony discussed here.

### *The counter-revolution*

Of course all this affected the field of development studies. In an article from 1981 Albert Hirschman explained the rise and fall of development economics by the combination of two methodological and theoretical positions. The first was a rejection of the mono-economics claim, in line with the substantivist position of Polanyi discussed above, thus arguing for a separate theoretical structure. The second was the assertion of the mutual benefits between rich and poor countries. This provided development economics with a claim to originality, without being unacceptably

radical, like the dependency approach, which gave little guidance to the donor community. Development economics took advantage of the disarray in orthodox economics after the depression of the 1930s and the Keynesian revolution. This had led to a conception of two kinds (micro and macro) of economics: 'The ice of monoeconomics had been broken and the idea that there might be yet another economics had instant credibility'. But this methodological position was now rejected.

Instead, a neo-liberal backlash, the 'counter-revolution' in development economics (Toye, 1987), gained momentum. A non-interventionist, anti-Keynesian, neo-classical, formalist approach, at first politically associated with Thatcherism and Reaganomics, became dominant, legitimizing structural adjustment programmes (with or without a human face) and privatization; the reconfiguration was orchestrated by the Bretton Woods institutions, now pressing for a more consistent liberal policy. In this way the domestic bases for continued globalization were created and secured. This marked the end of the Great Compromise and the Golden Age, and the rise of the Washington Consensus. Globalism entered the development discourse as immanent and inevitable progress: the modernization paradigm globalized and simplified. Other central issues in the development discourse were democracy and human rights and the use of conditionalities to promote these values. The development problems and their solutions were looked for inside the developing countries, rather than in their unequal international relations.

The discursive struggle started in the 1970s, a time of crises when no economic policy seemed to help, which undermined the position of Keynesianism. As part of this struggle we can see the Nobel Prize for economics (actually a prize in memory of Alfred Nobel sponsored from 1968 by the National Bank of Sweden). During the 1970s the prize went to neo-liberals like Friedrich Hayek (1974) and Milton Friedman (1976), signifying a

paradigmatic change in the economics discipline. Development economics disappeared in favour of 'monoeconomics': there was now only one acceptable economic theory, and its name was neo-liberalism. On the whole there was a reduced interest in development theory in general, and interventionist theory in particular. In the socialist world 'transition theory' became fashionable. This discursive change was carried out by the 'counter-revolutionaries', a group of economists typified by Lord Bauer (1971), who from the very beginning had been sceptical of Keynesian theory and characterized development theory, particularly dependency but also the structuralism of the pioneers in development economics, as a leftist, Third Worldist ideology without scientific basis. They claimed that economic theory was universal and thus valid for all types of societies. Market exchange provided solutions to the development problem. Poverty was seen as caused by mismanagement in the developing countries. The Western guilt complex was rejected.

The counter-revolution was partly ideology (New Right), partly a resurgence of a new realism, as far as realities in many developing countries were concerned. It is undeniable that many politicians and 'rent-seeking' bureaucrats were enriching themselves rather than developing their countries, thereby becoming 'development obstacles'. There is an echo here of the early liberal critique of mercantilism (Chapter 3). The structural adjustment programmes were therefore useful in raising the level of discipline, but far from being a sufficient means to achieve sustained economic growth; indeed, in many cases they were actually a 'prelude to systemic crisis' (Duffield, 1998, 2001, 2002) and an end to genuine nation building, which earlier was linked to development. This concept was given a completely new meaning. There was even a neo-classical Marxism; Bill Warren (1980), for example, recycled the Marxian view that capitalism has been historically progressive and that imperialism therefore had played a positive role in the

development of global capitalism. This was a meeting of extremes that spelled a deep crisis for development theory.

### *Neo-liberal development*

What kind of development was informed by neo-liberalism? According to this ideology liberal development means freeing the market from various political and bureaucratic obstacles established in order to regulate the economy. In reality it means, as Polanyi pointed out long ago, the installation of a new, market-friendly political framework serving above all capital accumulation and economic growth, and playing down social justice and related considerations. The main purpose is 'forging the market state' (Robison, 2006). Such a state, facilitating the functioning of the market, can be authoritarian like Singapore and Malaysia, or even a one-party state such as China and Vietnam (communism without socialism), or a military dictatorship like Chile under Pinochet. Thus the neo-liberal development experience is not homogeneous, contradicting neo-liberal orthodoxy (market fundamentalism).

### **Neo-liberalism vs neo-conservatism**

The relationship between neo-liberalism and neo-conservatism, both of them simultaneously pursued by the US under the Bush administration, is complicated. While the former believes in a minimal state to get the market mechanism in full operation, the latter pursues the same aim with the help of a strong, even authoritarian state and with little regard for authentic and popular (in contradistinction to formal and elite-controlled) democracy. The liberal trickle-down theory is replaced by the more cynical view that inequality has natural explanations in terms of human capability. It seems as if neo-liberalism served as ideology, while neo-conservatism was the praxis, until it also became the explicit ideology of the Bush (Junior) regime (Robison, 2006).



How much did Europe differ? The neo-liberal development ideology of course left its mark on the EU development policy. In terms of development ideologies there has been an evolution from 'associationism', via an increasingly radicalized Lomé system, to a more neo-liberal approach (post-Lomé). The EU's relations with the African, Caribbean and the Pacific (ACP) group of countries are rooted in colonial and neo-colonial relations, which are now described in more symmetric terms as 'partnerships', for instance in the Cotonou agreement (2000). The background to this evolution is the gradual abandoning of the 'pyramid of privilege' implied in the Yaoundé and Lomé frameworks that, since the mid-1960s, defined the relationship between the EU and peripheral regions, originally selectively favoured in accordance with former colonial interests. Over the years the ACP countries have been marginalized in the European-led inter-regional system, but interestingly these countries have made efforts to act as a collective unit, while the EU makes efforts to regionalize and differentiate the group based on territorial and developmental criteria (LDCs, landlocked countries, island countries and so on). On the whole the post-colonial world has been marginalized and the 'pyramid of privilege' has shifted to the benefit of the 'near abroad' of Europe. An additional factor is the fact that the meaning of development has not remained static from Yaoundé to Cotonou. However, the poverty issue remains in the EU's rhetoric, which states its mission as helping to reduce and ultimately to eradicate poverty in the developing countries and promoting sustainable development, democracy, peace and security.

## **The politics of identity**

In accepting the neo-liberal ideology of globalism the state became the disciplining spokesman of external economic forces, rather than the protector of society against these forces. This

latter role was the classical task of nation building, culminating in the modern welfare state. The retreat of the state from these historical functions also implied a changed relationship between the state and civil society (Tester, 1992; Chandhoke, 1995) and, in particular, a tendency for the state to become alienated from civil society. Inclusion as well as exclusion is inherent in the networking process implied in globalization, and benefits occurring somewhere are negatively balanced by misery and violence elsewhere. Particularly in the South, there is an ongoing informalization of economy and fragmentation of society. The fundamental problem with globalization is the selectiveness of the process. Not everybody is invited to join. The exclusivist implications lead to 'politics of identity', as loyalties are being transferred from civil society to 'primary groups' (defined as the smallest 'we-group' in a particular social context), competing for scarce resources in growing development crises. This also implies a crisis for the nation-building project, meant to be inclusive. Development, as a crucial part of modernity, was traditionally seen as a rational progressive process organized by the state (nation building). The idea that the world is instead moving into global chaos (Sadowski, 1998) has been forcefully presented by a school of thought represented by Robert Kaplan (1994) and Samuel Huntington (1993). Others apply a more sophisticated theory of chaos borrowed from science, which seems to imply that the social system can be made to move in unforeseeable directions through minor changes occurring anywhere in the system.

A related post-modern line of reasoning acknowledges the fact that globalization has undermined the nation-state order, but tries to identify some sort of logic in this seemingly turbulent situation. In this situation domestic chaos or durable disorder can go on for decades, thus no longer being abnormal, but rather the birth of a new order very different from modernist assumptions. The conventional view says that disintegration of the state implies non-

development, but some studies of 'real' substantive economies suggest a more complex picture of emerging 'local' (or rather 'glocalized') economies. They are delinked from state control, run by a new type of entrepreneur, supported by private military protection, and draw on international connections (cf. Chabal and Daloz, 1999). All this has become possible because the state is becoming unable to legally define and protect various assets and resources situated within the 'national' territory (Duffield, 1998, 2002, 2007). The post-modern global condition is often described (and celebrated) by post-modernists through the key concept 'difference', which to a modernist may appear as disorder. The old assumption of convergence and growing sameness implied in the modern project is increasingly questioned.

The turbulence following from globalization gives rise to different forms of state: fundamentalist, ethnocratic, warlord, militarized, microstates. The emphasis on contextualization underlines not only historical but also geographical differences. Each region in fact deserves its own framework (Payne, 2004). The crisis for the African nation-state, the problem of 'failed states', would perhaps have occurred without the impact of globalization, simply due to inherent difficulties in the nation-building project; but when it happens it happens in a context of ideological globalism, firmly pushing for minimal government. The poor who do not control the state, or the not so poor who face the end of patronage, rely on collective identities which not only enhance solidarity within the group but can create hatred towards outsiders. Those who can't control the state turn to 'warlord politics' (Reno, 1998).

In many places there is little difference between the old 'kleptocratic' state bureaucracy and the new militarized entrepreneurs. Elsewhere, where the modern project is still alive, one can, however, discern a difference between, on the one hand, the conventional nation-state strategy of maintaining sovereign rule over the

national territory and, on the other hand, localized strategies of reserving local assets for local entrepreneurs, disregarding claims from the official, but no longer *de facto* nation-state. The competition concerns mainly control over resources. It is, nevertheless, interesting to note that the new entrepreneurs often rationalize their behaviour in accordance with the hegemonic economic ideology. They are not only 'locals' but operate in a globalized system. Liberalization and privatization are really on the agenda. Neo-liberalism and warlordism thus seem to travel well together. Thus the description of such situations as state disintegration, 'black holes', and 'failed states' is somewhat simplified. It is not the state that disappears. It is everything else that changes.

A new political economy was emerging, both local and global at the same time. The 'new wars' characterized the 1990s, not only in Yugoslavia but in many parts of the world. These wars were fought inside states (at least initially) by local mafia organizations against the civil population, sometimes in cooperation with criminal global entrepreneurs. The purpose was the accumulation of different kinds of resources. Therefore the 'new wars' have been defined as a way of making a living rather than as a temporary break in the process of modern development.

There has been a debate about the underlying motives behind the 'new wars' (Berdal and Malone, 2000). Are they driven by 'grievance' or by 'greed'? The first interpretation is popular among economists; the latter is typical of a more leftist discourse, and seems relevant for understanding why civil wars start in the first place – while the former interpretation explains why civil wars seem to go on for a long time. Vested interests will have been created in the primitive accumulation of warfare, while a return to peace may cause problems due to the lack of alternative ways of making a living. Even if 'new wars' are usually defined as 'internal', the new situation is actually characterized by the erosion of the external–internal distinction. As a state is dissolved,

it can no longer be territorially defined, and occasionally neighbouring states are drawn into clashes among themselves (regionalization of conflict), underlining the increasingly irrelevant distinction between 'internal' and 'external'. The phenomenon may, as noted, not only be a simple passing crisis for the state, but a 'durable disorder' or, in metaphorical terms, 'a new medievalism' (Cerny, 1998). This can be described as some sort of regression into pre-Westphalianism – a world with a drastically reduced role for the nation-state as we know it. The overall significance of this route is a downward (from the state) movement of authority to subnational regions, localities, and social groups, while supranational forms of governance remain embryonic. Disorder is here seen as a problem of insecurity and belonging to the broad security discourse, including security threats that come from inside society. In terms of 'development' *durable disorder* can mean a generalized warlord economy with limited influence of external forms of authority on the local power holders and social forces. The mode of development possible in such a context may at best be some sort of 'primitive accumulation'. Obviously the standard definitions of development are hard to apply in this situation of global civil war. This illustrates the development–security nexus discussed in the first chapter.

## Restoring order

In the globalized world of the 1990s, as a result of the spread of disorder, there emerged a qualitatively new discourse on intervention called 'humanitarian intervention' (or, in another more critical coinage, 'military humanism'). This implied a coercive involvement by external powers in a domestic crisis with the purpose of preventing anarchy, punishing human rights abuses and promoting democracy and 'good governance'. It can be seen

as an extension of international development assistance into a more coercive form, challenging established principles of territorial sovereignty. The recent focus upon human security rather than state security is significant for understanding the change of the security and development discourse and the fundamental challenge to sovereignty. Implied in concepts such as 'human security', 'human development', 'humanitarian emergency', and 'humanitarian intervention' was the widely accepted idea of a transnational responsibility for human welfare. Military intervention in the service of human rights is thus a key issue in the discourse, particularly in the 1990s. According to current international law there are only two legal types of intervention: (1) a conflict constitutes a threat to international peace, and (2) the behaviour of the parties to a conflict fundamentally violates human rights or humanitarian law (in the worst case a genocidal situation).

The practice of external intervention in domestic affairs has so far been rather restricted. A counter-sovereignty operation is not compatible with what was originally stated in Article 2 of the UN Charter: 'Nothing in this Charter shall authorize the United Nations to intervene in matters which are essentially within the domestic jurisdiction of any state.' International law and human rights have not been quite compatible. A fully fledged human rights regime belongs to post-Westphalia. However, the *legitimacy* factor with respect to intervention in 'domestic affairs' did in the 1990s grow stronger relative to the *legality* factor, and consequently the number of interventions in response to 'complex humanitarian emergencies' also increased, changing the nature of world order. The different cases of external intervention that we have seen so far have shown different degrees of legitimacy, not unrelated to the behaviour of the parties to the conflict. The more barbarian the behaviour of the warring parties, the more urgent and the more acceptable (legitimate) the external intervention will appear to public opinion.

The complex rebuilding (or rather the creation of a new equilibrium) cannot be done by outside actors alone – but normally not without them, either. Local actors have become paralysed by mutual hostility and fear, apart from lacking necessary resources, destroyed by the war. There is thus no alternative but to build on the combined efforts of external interveners and remaining ‘islands of civility’ (Kaldor, 1999) to combat hate, suspicion, corruption and criminality. Manuals based on early experience were produced by NGOs which, in the wake of the ‘new wars’, were handed a new task and a new role in global governance (Duffield, 2002). Humanitarian intervention was carried out in the name of humanity; by militarily cooperating states; sometimes in a formal UN context, sometimes in a plurilateral form; sometimes complemented by various non-military forms through international NGOs, representing what somewhat prematurely is referred to as ‘global civil society’. The interventionist movement in its liberal, humanitarian form lost momentum after 2001. More recently the discourse of the 1990s changed from ‘humanitarian intervention’ to pre-emptive intervention or ‘war against terrorism’. The full implications of this, as far as the future world order is concerned, are yet to be seen. The war against Iraq was not compatible with international law and may be a turning point as far as liberal interventionism is concerned, further undermining the Westphalian foundations of world order.

Globalization constitutes processes of both inclusion and exclusion; thus the alternative tradition in development theory can still be defined as incorporating demands from ‘the excluded’ – but, in the era of ‘post-development’, it is no longer so clear within what they are supposed to be included. An additional alternative development dimension in a context of societal disintegration has been the role model of remaining ‘islands of civility’ in a sea of civil war (Kaldor, 1999). Development, in collapsing states, was reduced to what development workers had

to do in situations of crisis and conflict. Development aid has in this context been reduced to a civil form of humanitarian intervention, and the major reason for intervention is violent conflict: to prevent it, to manage it, or to reconstruct societies in post-conflict situations (Munslow, 2002).

Post-conflict reconstruction is a new development experience of massive social engineering, completely different from the physical rebuilding of war-torn societies in which the inner societal coherence is still intact. This latter experience provided the model for planned development after the Second World War. In contrast, a 'complex humanitarian emergency' includes not only physical destruction but social exclusion, depletion of 'social capital', erosion of civil society, decay of institutions and decline of civility. It is a destruction of the social and moral substance of society. In view of the fact that the pre-conflict structure generated tensions that led to conflict, post-conflict 'reconstruction' is of course a most inappropriate term. Reconstruction must mean the creation of something new.



## 8 | In Search of Global Development

The 1990s was an optimistic decade, in spite of the many interventions in protracted conflicts. These interventions were initially interpreted as signs of an emerging global human rights regime, or even ‘a new world order’. What happened on 11 September 2001 – so unprecedented and traumatic that it is still universally known by the cypher of its date (9/11) – changed the course of events and the mood of the time. The US hegemony, earlier legitimized through multilateralism, was transformed into pure dominance, expressed in the new security doctrine of pre-emption. Unipolarity, unilateralism, and coercive dominance were the underlying principles of the emerging world order. Development thinking appeared in a crude form of ‘nation building’ under conditions reminiscent of colonialism and ‘the white man’s burden’. The multilateral order was fundamentally challenged, and as a consequence the UN experienced a deep legitimacy crisis. So did the EU, finding itself split into ‘old’ and ‘new’ Europe, a somewhat confusing conceptualization, reflecting a geopolitical situation in which post-communist Europe looked to the US rather than to the EU for security support. The global context for development is now shifting and there are serious challenges to manage: climate change, global civil war, and an international financial crisis.

In this chapter we shall revisit the world order concept and the idea of great transformations introduced in the first chapter. The globalized process of market expansion is often interpreted as a

‘second great transformation’ (Hettne, 1997, 2000). The content of the ‘second movement’ is yet to be seen, but there are political initiatives coming from mainstream/reformist as well as counter-point/radical camps. The question that then arises is whether the dialectics will lead ultimately to a ‘great compromise’, shaping a new world order. A positive alternative to the current disorder is urgently needed. Let us call this alternative ‘global development’. This is an emerging discourse, but so far lacking in social practice. It can simply be understood as an improvement in the quality of international relations. The purpose would be to create a global community for all human beings. Humanity does not yet, however, constitute a political community, much less one political actor. This is the contemporary development issue waiting to be resolved.

## **Global challenges**

World order decline – that is, lack of collective global leadership – unfortunately coincides with serious global challenges such as climate change, new scarcities, collapsing states, ‘new wars’, refugee crises, and most recently a global financial meltdown. Only the threat of climate change is a genuinely new challenge, in the sense that global environment outside of a rather specialized discussion has been taken more or less as a given condition, adapting to human activity. Now it has become a major political issue on the international agenda. Security emergencies are not new but the number of incidents is rising towards what can be called ‘global civil war’. Intervention tends to be selective. Economic crisis, we have learnt (see Chapter 5), is a re-emerging phenomenon, but here too the need for global coordination has never been greater. To make things worse, the various challenges are mutually reinforcing.

According to the Stern Review (2007) there are many connections between environment and development. Climate change will have a 'disproportionately harmful effect on developing countries – and in particular poor communities who are already living at or close to the margins of survival'. There is an obvious conflict dimension to the development–environment nexus. The seriousness of this issue should lead to a more effective system of global governance, with horizontal cooperation, in terms of regional integration, as well as vertical cooperation between different societal levels, from the global to the local.

The 1997 Kyoto Protocol was the beginning of an ambitious yet insufficient attempt to reduce the carbon dioxide emissions of industrial countries. The underlying assumption is that greenhouse gases, produced by fossil fuels, contribute to global warming. One of the main reasons for the momentum of the Kyoto Protocol was the leadership and commitment of the European Union. Its role is interesting for at least two reasons: it is an example of a regional organization dealing with a global challenge and it illustrates the emerging post-Westphalian order, where regions are becoming global actors.

Regional agency is becoming a precondition for effective global leadership, not only in the field of environment but also in conflict management. Intervention by force in countries suffering a severe security crisis is often closely associated with a development crisis ('complex humanitarian emergency'). So far external involvement has been associated with a low level of consistency, since the Westphalian order in principle excludes such interference. Different situations have led to different forms of intervention: unilateral, bilateral, plurilateral, multilateral. The pattern of domestic unrest is volatile, and the means to deal with this problem are selective, inconsistent and ineffective. Therefore, we still face a development–security nexus.

## **Interventions and global governance**

To study interventions is a clue to understanding different forms of global governance. For instance, the interventions in Bosnia, Kosovo, Afghanistan and Iraq reflect different practices and forms of legitimization. Bosnia was initially a purely European concern, but the paralysis of the EU made it a US military problem, although at the time the US was backed by the multilateral system. The Kosovo intervention was plurilateral in the sense that it involved NATO but, due to the opposition from China and Russia, not the UN. Other plurilateral interventions carried out by regional organizations (ECOWAS, SADC and the AU) have taken place in Africa – with mixed results. In the case of Afghanistan the US received multilateral support, facilitated by the 9/11 shock, but the US, dissatisfied with the joint Kosovo operation, now preferred to go it alone. In the case of Iraq the US did the same, but this time its unilateralism faced widespread international opposition.

There are also examples of non-intervention, like Rwanda and Darfur, and half-hearted interventions, as in the Congo. In the case of occupied Palestine, Israel is too strong and can count on US support, defying critique from the rest of the world. Large countries like India and Pakistan (and to some extent Mexico and China) are domestically violent but do not fall under the category of possible external interference. Even a small country like Sri Lanka has suffered civil war for several decades but has avoided external military involvement, with the exception of an Indian bilateral (mutually agreed) intervention in the late 1980s. Colombia is another case of protracted civil war, closely related to extreme poverty. In Burma there is an excessively repressive regime but, despite this, no interference. The Muslim revolt in southern Thailand gets little attention. The list can be extended.

Security thus became a global concern, but at the same time the transformation of the global economic system ran into a general backlash in late 2008. We are still trying to grasp the causes and effects of this event, particularly for the poor world. It will probably take a long time to understand its full implications.<sup>18</sup> There had been warning signals in the form of regional financial crises (South-East Asia, Russia, Latin America) since the late 1990s, but these were not seen as global crises, and the remedies also tended to become regional, thus strengthening the general regionalist trend. Now it started with a housing bubble in the US, quickly developing into a similar credit crunch in Europe and other places. Iceland, riding upon the globalization wave, even went bankrupt.<sup>19</sup> Bad practices and slack regulation in the financial sector were generally blamed, but in retrospect there seems to have been something systemic in the madness, and, after failing, this system was uniformly rejected. All of a sudden, the principle of non-intervention was forgotten. The Western states made unprecedented commitments to save defaulting banks and get the credit flowing. The crisis soon spread to the real economy as production and employment figures slumped. Governments started to subsidize the corporate sector as well, beginning with the car industry. The neo-liberal paradigm was silenced. Keynesians, not heard from for decades, reappeared in the financial columns of the press.<sup>20</sup> 'Big government' was back. The G7 meeting was extended to include more and more countries. China in particular was given a key role as global actor, but it remains to be seen how it will play this role.

Thus the whole world was affected, but not necessarily in the same way. As Tony Payne has argued forcefully, countries face the various development challenges from a position of structural and agential inequality, and the outcome of their efforts will be influenced by this unequal structure. The cause for some optimism is that this structure is in transformation, and that the

room for manoeuvre, for some actors at least, is improved (Payne, 2004: 245).

## Global governance

To say that the nation-state remains an important actor, which is what everybody says, does not mean that a social science based on its primacy still makes sense. One attempt to get out of the conceptual prison of state-centrism is the concept of governance. In the global talk of the international financial institutions (IFIs), 'good governance' has often meant less government. I nevertheless think that the concept can be useful to explain processes of decision making and implementation that also take place on other levels than the national, with national governments playing a reduced but not unimportant role. Global governance thus implies multi-level rule. It is the content and process of world order, which I defined in Chapter 1 in structural and institutional terms: at present it is polarized between the unipolar and the multipolar, the unilateral and the multilateral, and incorporates different forms of legitimization. The latter can be ordered in a scale from the rule of international law to dominance and the pursuit of national interest. Different world orders shape different patterns of global governance. In a post-Westphalian world order, global governance may thus take different forms: neo-Westphalian, pre-Westphalian, or post-national.

### *Modes of global governance*

The neo-Westphalian scenario would imply that the inter-state system remains in its essential form, either through a reformed UN, or through a security-oriented militarized structure, sometimes called imperial. This structure could be unipolar, dominated by the US, or multipolar, in the form of a plurilateral global

concert constituted by cooperating regional great powers, similar to the nineteenth-century Concert of Europe. Such a structure would provoke liberation movements of different kinds within the regions. This is likely to be a violent world.

The pre-Westphalian scenario would imply an erosion of the inter-state system into a loose structure, sometimes called the 'new Middle Ages' or 'neo-medievalism' (Cerny, 1998). This structure would tolerate a large degree of freedom from control, but also very varied living conditions in different parts of the 'deglobalized' world. Violence will be widespread here too, but more low-scale compared to the first scenario.

The post-national future, finally, would mean a much stronger institutionalization of the supranational arena, to which much of the political power would flow, away from the state to the regional and the global level. This transnationalization of sovereignty would necessitate a high degree of legitimacy, based on global justice. This scenario is difficult due to the endurance of the Westphalian logic, but attractive for the simple reason that global problems must be dealt with on the global level, albeit supported by regional, national and local actors in what commonly is referred to as multi-level governance in a multilateral world order. Let us therefore explore the possibilities of global and regional governance in view of existing and emerging powers.

In the last decade the most ambitious attempt to shape the world order has come from the US, but this ambition is really not new. The US has always been in the habit of applying multilateralist policies and solutions, but only to the extent that they coincide with 'the national interest'; this interest must first of all, according to the very same doctrine, be backed up with hard power, the dimensions of which today are enormous. According to Chalmers Johnson, 'a vast network of military bases on every continent except Antarctica actually constitutes a new form of empire' (Johnson, 2004: 1).

## US foreign policy

The traditional tension in US foreign politics has been between an interventionist approach within a multilateralist frame, on the one hand, and isolationism, on the other. Due to the pervasive US presence in the world, isolationism has never been an option, except for more temporary positions, for instance in the case of the League of Nations, which was a defeat for the interventionist President Wilson. President Bush started out as an isolationist, in contrast to President Clinton, but ended up as a unilateralist interventionist. The external policy of the Bush administration was based on domination, whereas the Clinton administration has been seen as less overtly imperialist, more hegemonic (Lieven, 2004). The neo-conservative geopolitical trend is similar to the policy of isolationism in one important sense: never give up on sovereignty. It remains to be seen what foreign policy route the new president, Barack Obama, will choose.

The unipolar, neo-conservative course of the Bush era was often described as ‘imperialism’, an almost forgotten concept deserving a fresh look (Burbach and Tarbell, 2004; Falk, 2004; Hentz, 2004; Johnson, 2004). We discussed its original meanings in Chapter 4. It has currently been used both pejoratively and positively. Efforts are also made to establish a serious academic understanding of the concept, with crucial distinctions between empire, imperial, imperialist and Empire (Münkler, 2007). To some ‘imperial’ is a post-modern phenomenon, to others a hybrid between modern and post-modern that can be called neo-Westphalianism. A definition of neo-Westphalian imperialism should at least contain a unilateralist, exploitative, coercive and systemic relationship with the external world, seen as an object for political and military action by a great power. Most analysts point to the problem of ‘imperial overstretch’ (Kennedy, 1987). An imperial world order of this fragile kind should therefore, sooner or later, recede.



The idea of a post-modern 'Empire' (Hardt and Negri, 2000) is a different kind of fish. It is an Empire that means the end of traditional imperialisms of the Westphalian age. It is based on globalism and networking. But many insist that the US still constitutes the dominant (but no longer hegemonic) empire. The US model can be described as neo-Westphalian, retaining the Westphalian logic in a post-Westphalian age, whereas the European model is more post-national. The external policy of the EU is certainly also interest-driven, but in this case there is no unitary national interest, but rather a negotiated interest based on the unique European integration experience, to which we will return below. The US approach to regionalism has always been subordinated to the national interest and regionalism has never been an objective in itself. This is clear, for instance in the cases of NAFTA and APEC and the support for regional cooperation in South-East Asia. All can be explained by specific, perceived national interests: NAFTA was a globalist policy, APEC an instrument for hegemonic control in Asia-Pacific, and the support for regional cooperation in South-East Asia a part of the anti-terrorist struggle. Thus, the US has in spite of its scepticism 'resigned itself to regionalism' (Telò, 2006: 129) in order to promote national interests such as an open trading system or geopolitical control. But it is a special type of regionalism, very different from the EU inter-regional world order model.

### *The promise of inter-regionalism*

The European Union is in the process of building inter-regional relations with all regions of the world. The overall purpose of this 'inter-regionalism' is to make the external environment of Europe – that is, the rest of the world – more stable and more predictable. The significance of this experience is that transregional institutions have the potentiality of shaping, through intersubjectivity and mutual learning, the outlook of regional civilizations towards

compatible patterns of coexistence, ultimately through multiculturalism and multi-regionalism (Hettne, 2003). It can be argued that the European regional integration model, due to its strong focus on the role of institutions in Europe's own integration process as well as on the importance of institutionalized inter-regional relations, represents a potential world order. The relevant contrast and currently predominant trend is US unilateralism, contradicting basic principles in the European Union (EU) external policy.

The short-term implications of inter-regionalism can be judged from the ASEM (Asia Europe Meeting) experiment. As shown by the ASEM process, the institutionalization of inter-regional relations is very slow and affected by sudden changes in the geopolitical environment. ASEM is only one example. Latin America forms part of the larger region of the Americas in which the hegemony of the US represents a major obstacle for genuine regional cooperation. This is unacceptable to the US, which prefers bilateral diplomacy or a very loose regionalism (OAS, APEC) to comprehensive regional cooperation. As some kind of response, South America as a whole is being organized in the Unión de Naciones Suramericanas (UNASUR). In both cases the relevant region is growing in order to respond adequately to global challenges.

Thus regions are not built in stone. For improved agency of peripheral or developing regions, security and development regionalism are important. By the former is meant attempts by states and other actors in a particular geographical area – a region in the making – to transform a security complex, with conflict-generating inter-state and intra-state relations, into a security community, with cooperative external (inter-regional) relations and domestic (intra-regional) peace. By the latter is meant concerted efforts from a group of countries within a geographical region to enhance the economic complementarities of the constituent political units and the productive capacity of the total regional economy.

The EU has dealt with the external world in a different manner from that of an ordinary great power driven by geopolitical interests. This is because the *civilian power* employed in the EU's own region building is being projected in its external relations as the preferred world order model (Telò, 2006). It is argued that the very meaning of 'Europe' is in fact the non-existence of a clear borderline between internal and external. Europe is trying to shape world order by means of inclusiveness, by treating the external as if it were internal, a political innovation which marks a significant departure from traditional realist power politics, an approach which was also born in Europe. However, inclusiveness has a cost. Each enlargement implies a new neighbourhood, often defined in security terms and thus in need of stabilization. Enlargement does thus solve one particular security problem by internalizing it, at the same time as the problematic security complex is transformed. The secret behind the EU's success in this regard is its transformative power: to invite the other to become a partner, rather than imposing its own will. What is enlarged is not 'Europe' but a particular economic and political system, or even a community of values (Leonard, 2005: 110). Some would call this a kind of imperialism – 'soft imperialism' (Hettne and Söderbaum, 2005). It is clear that the policies have failed to instil full confidence in the 'partners', whether Arab, Indian, Latin American or African. However, the outcome is, in spite of all contradictions, a pattern of global governance with its own distinctive characteristics and with the potential of becoming a world order, characterized by a horizontal, institutionalized, multipolar structure of regions cooperating in a spirit of multilateralism. Such a regionalized, multilateral world order could be called 'multi-regionalism'.

The nature of the European civilian power approach in external relations can perhaps best be seen in the role that development policy plays or is supposed to play in the overall foreign policy

arrangement, including security policy. The US approach is rather different, being based on conventional security thinking with little room for development policy as an objective in itself. In the words of Francis Fukuyama (2006: 139): 'Development has always been something of a stepchild in American foreign policy.' The European approach should not be idealized. However, inter-regionalism as a form of global governance can be seen as one of the more regulated forms that globalization may take, thus making room for a new 'great compromise'. As compared to market-led globalization in a Westphalian world of nation-states, it is more rooted in territory; and, in contrast to traditional multilateralism, it is a more exclusive plurilateral relationship, since access to regional formations is limited by the principle of geographical proximity (plurilateralism). Inter-regionalism, not to speak of multi-regionalism, as a world order is a long-term, non-linear and uncertain trend that will include setbacks, the outcome of which we cannot know. Inter-regionalism may be supportive of genuine multilateral principles and lead to regional multilateralism, or 'multi-regionalism'. This is a long-term perspective, however, and will depend on the strength of the political project of taking regionalism as the crucial element in reorganizing world order (Hettne et al., 1999/2000).

This is the European approach to world order as a regional actor and promoter of inter-regionalism. Inter-regional arrangements are feeble and contradictory, but they nevertheless signify an interest in and a growing need for inter-regionalism in a more viable form. A regionalized world order derived from still embryonic, transregional formations would challenge the homogenizing tendency of contemporary globalization. It would do so by working for a multipolar, or rather multicentric, world order, with self-centred but not autarchic regions, each rooted in historical civilizations.

*The rise of the rest*

To my mind, it is wrong to call the post-Cold War world order 'unipolar', since in that case the one remaining superpower should have filled the power vacuum created by the collapse of the other. As shown in Iraq, this is not an automatic consequence. Instead, other emerging great powers are knocking at the door. The unipolar moment has passed and the unipolar age was a fantasy. New political signals have come from the White House.

The next world order is likely to be multipolar. The process of multipolarization has been referred to as 'the rise of the rest'. By 'the rest' is often meant the BRICS countries: Brazil, Russia, India, China and South Africa. Among them, of course, China is outstanding, as long as it does not face major domestic difficulties, which is a serious possibility. Whatever happens, the mere scale of China guarantees that success as well as failure will have a marked impact on the rest of the world. This is referred to as the Global Asian Age.

The urgency of its internal problems (which are becoming externalized) makes it less likely that China will act responsively in its external relations. Disturbingly, this lack of global responsibility also characterizes the other emerging powers. India is increasingly preoccupied by various regional conflicts in South Asia. The old powers have so far failed to provide good examples, the US by its unilateralism and the EU by its lack of unity. In this climate of cynicism and *realpolitik*, it is hard to criticize Russia for, in a rather blunt way, trying to restore its imperial position in the 'near abroad'. This is a new world with new dimensions of power. It is a world that, due to its unsustainable development, is becoming a dangerous place. With new actors on the horizon the question of capacity to influence the external world, called 'actorness', is raised.

Multilateralism can be seen as the opposite to imperialism or empire. A well functioning multilateral world order will require a

## The Beijing Consensus

China is not only a huge country but, due to its economic success so far, also an economic model which departs dramatically from the Washington Consensus – as well as the post-Washington Consensus for that matter. It is remarkable that China under Mao (1949–76) was considered as a model by many development theorists, a model that failed (see Chapter 6), and that after thirty years of reforms by Deng Xiaoping and successors (see Chapter 7), China is again drawing the attention of the development profession. There is now even talk about a Beijing Consensus, a concept coined by Joshua Ramo (2004) and implying a distinct Chinese model based on prioritizing innovation, quality of life and self-determination.

The content of the two models could not have been more contrasting, however, in spite of the fact that they have been carried out by the same one-party communist state. The Maoist regime undermined its position by its own grave mistakes and shortcomings. The current regime will be consolidated to the extent that its development strategy succeeds, since nothing succeeds like success. However, development also generates new problems. The major problems to be resolved to secure sustainability are primarily environmental and social: lack of fresh water and air that is safe to breathe is bound to create health crises; and discontent is bound to arise from the dislocations caused by major social transformations – the ‘floating’ migrant population of 200 million people with no roots anywhere, for a start.

certain degree of institutionalization, which counters unilateral action, short-sighted bilateral solutions, or ill-considered political or military reactions that aggravate a sensitive security situation, as in the Caucasus crisis in July 2008. The degree of order within a particular region or in the international system can vary; different security theories speak of regional security complexes, anarchies, anarchic societies, regional security communities, and

so on. Regional approaches to security are fully compatible with, and even necessitate, multilateralism, if they are to function.

After 9/11 there existed, to an even greater degree than in connection with the first Gulf War, the possibility of an institutionalized multilateralism, an international regime based on the premises of international law and extensive participation by states and other transnational actors. But this was a false hope. By 'false multilateralism' is meant political and military actions that take place in the guise of multilateralism but which in reality are an expression of more limited interests: *unilateralism* if a superpower or regional power is acting alone; *plurilateralism* if it is a group of major powers; *regionalism* if it is a geographically united bloc. The last option, promoted above all by the EU, has become increasingly important in the emerging world order.

## Global development

From a global development perspective, there is still a striking governance gap.<sup>21</sup> Economics has become global, politics is still largely national. The concept of global governance is by itself recognition of the possibility of a rules-bound order, a refutation of the anarchy model of international relations, as well as the utopia of the self-regulating market. What can be put in their place? The need is for a new great compromise. Such a compromise should provide the framework for *global development*, which in a globalized world is the only relevant form of development. The disrupting social consequences of de-territorialization, implied in the process of market-led globalization, generate political forces to halt and modify the process of globalization in order to guarantee territorial control, sustainable development, cultural diversity, and human security. In order to promote global development there must be, instead of cultural homogenization

and structural polarization, *an inter-civilizational dialogue on the level of the macro regions or macro cultures*. Such a dialogue would necessitate a reasonably symmetric power base for regionally based civilizations; instead of asymmetry and polarization, the structural gap between regions must be bridged, and the vertical structure of the world order horizontalized through the strengthening of weak and incoherent regions on the periphery. It is also important that regions should be able to advance their interests in changing the structure of comparative advantages, rather than simply adapting to the received economic pattern. To achieve this, the building of transnational and inter-regional institutions is needed.

The liberal view of globalization, which still enjoys a hegemonic position, stresses the homogenizing influence of market forces towards an open society. Many liberal theorists agree that markets work through institutional frameworks that may be more or less beneficial and efficient, but they tend to take a minimalist view on political authority. The roots of this way of thinking can be found in the doctrine of harmony of interests, expressed in its classical form by Adam Smith. It was again manifested in the theory of free trade, associated with David Ricardo. It was echoed in Hayek's work: 'The guiding principle, that a policy of freedom for the individual is the only progressive policy, remains as true today as it was in the nineteenth century' (Hayek, 1944: 246). The original historical background for this argument was mercantilist regulation, but subsequently the 'negative other' took the form of modernist planning (or other non-market forms of economic and social organization).

The purpose of political order, according to the liberal tradition, is to facilitate the free movement of economic factors. This is seen not only as a natural but also as the most beneficial condition. The breakdown of the socialist system seemed to confirm the liberal principle of evolution: the 'unnatural' is sooner or later



replaced by the 'natural'. An attempt to isolate a country from international market forces is thus a sentence to stagnation, as the case of North Korea illustrates. The optimum for an economy (and therefore its ultimate form) is the world market. All other arrangements, for instance regional trade agreements, are only second best, but acceptable to the extent that they are stepping stones rather than stumbling blocks to the world market. This 'protectionist threat' and its elimination has been a predominant preoccupation of the IFIs in the last two decades. Liberal order is, however, not created without coercive intervention (even 'shocks', as has been suggested by Naomi Klein, 2007).

To more explicitly interventionist thinkers, concerned with the content of the 'second movement', which means to politicize the global, the liberal project is not realistic; these critics tend to see the unregulated market system as analogous to political anarchy. Many of the classical theorists (whether conservative or radical) held that the liberal ideology of ever-expanding and deepening markets lacked ethical content. Similarly, the morality of the market system can, according to contemporary critics of 'hyper-globalization', only be safeguarded by some kind of organized purposeful will, manifested in a return of 'the political', or 'reinvention of politics' (Beck, 1997), for instance in the form of new social movements and a 'new multilateralism' (Cox, 1997, 1999; Gills, 2000). This new multilateralism could be based on a regionalized world order, although some other kind of plurilateralism is more likely in the short run. One plurilateral model of political order has been tested in the nineteenth-century system of power balance. It was called the Concert of Europe (see Chapter 4). The concert arrangement was based on consultations among the great powers, who acknowledged their equal status and agreed to protect established members of the states system and, consequently, to prevent territorial change. The system was essentially conservative, and therefore in the long

run bound to be undermined by the changing realities on the ground (Jervis, 1986). Henry Kissinger has argued for a recreation of a new 'concert' of powers. This is not surprising, since from a realist point of view it is the most workable model, leaving the states system intact. The nineteenth-century Concert was a regional system, but this is no longer possible: 'Never before has a new world order had to be assembled from so many different perceptions, or on so global a scale' (Kissinger, 1996: 180).

Since this statement was made, we have seen what is referred to as 'the rise of the rest', 'the second world' and the BRICS countries. In particular the rise of China, as was discussed above, is a world historical event with enormous consequences. Thus the nature of the great compromise is hard to foresee, but it has to be negotiated between a number of emerging great powers and other international actors with dramatically different views. The all-important question of the content of the compromise then arises: what is development in the twenty-first century?

The unilateralist trend in the USA and the consequent conflict with Europe meant the end of the Western consensus. The USA was preoccupied with security, but gradually the Washington Consensus was transformed into a Post-Washington Consensus, implying a greater degree of flexibility in the approach to development. In Europe the preferred ideology was 'the third way' of mild intervention in the market order. At the same time attempts were made to revive the UN through reforms, but without much success. The world order was in decline but the ideology of globalism remained. During the 1980s and into the 1990s development, in accordance with the Washington Consensus, had become more or less a synonym for globalization. After increasing social turbulence, collapsing states and 'new wars' in the second half of the 1990s, the understanding of development again became more complex: it had to embrace the realization that the global poverty problem would not be

solved by itself, together with the shocking news of imminent climate change.

At the beginning of the new millennium the Millennium Development Goals were announced at a major UN conference. Development has become a demanding policy area, defined by the Brundtland Commission as 'sustainable development' that 'meets the needs of the present generation without compromising the ability of future generations to meet their own needs'. This definition is more about intergenerational justice than about what sort of development is desirable. Furthermore, to the ecological dimension economic, social and political dimensions have been added, as well as an emphasis on cultural diversity. This makes the concept a comprehensive understanding of development for which interdisciplinary approaches are necessary. Since nobody wants unsustainable development the concept of development will still serve our purpose. Nevertheless, the 'sustainable' concept continues to be in use, not least in EU development thinking. The EU strategy was reviewed and confirmed in 2005: 'Sustainable development offers the European Union a positive long-term vision of a society that is more prosperous and more just, and which promises a cleaner, safer, healthier environment – a society which delivers a better quality of life for us, for our children, and for our grandchildren.'<sup>22</sup>

The somewhat rhetorical nature of the European external relations approach can be seen in the role that development policy plays, or is supposed to play, in the overall foreign policy arrangement. The main objective is said to be eradication of poverty, defined as multidimensional, which places combating poverty on the same priority level as development. Development is closely linked to security and for this reason conflict prevention is another prominent objective. Coherence (between global development objectives) and consistency (between various European actors) are therefore essential. Furthermore, the EU expresses a strong commitment to 'effective multilateralism', and regional inte-

gration is seen as an important means of development. Multilateralism is seen as consistent with inter-regionalism: the European contribution to world order.

Global development, a central concept in the UN (as well as the new Swedish development policy), similarly constitutes a comprehensive policy area containing a number of issues: trade and economic cooperation; development cooperation; foreign and security policy, with a focus on conflict management; and environmental policy, with a focus on biodiversity and climate change. The first three issues are often seen as a development policy triangle (Rosamond, 2000). More lately climate change, as discussed above, has been seen as a major factor affecting development prospects in the whole world, but particularly in the poor areas. Global development implies that standards applied in most domestic systems are taken as norms in the international system as well. The qualitative dimension of global governance encompassing basic human values is, I suggest, what global development is all about. The definition is therefore a normative one. To make it as politically relevant and operational as possible, one can take the September 2000 Millennium Declaration as a point of departure. The Declaration (see box, overleaf) was a high point for international law and multilateralism. It was also a loyalty declaration to the UN – and the principle of multilateralism. There was a remarkably high degree of acceptance: 150 countries participated in the UN conference.

Like the concept of development in a national context, global development can refer to quantitative as well as structural change. Global development, in structural rather than instrumental terms, necessitates a further strengthening of the societal (welfare) dimension of world order – the provision of global public goods. Global development, so defined, would mean that standards applied in most domestic systems are increasingly taken as norms in the international system as well. The world order crisis

## The Millennium Declaration values

At the Millennium Summit in September 2000 the largest gathering of world leaders in history adopted the UN Millennium Declaration, setting out eight targets, with a deadline of 2015, that have become known as the Millennium Development Goals (MDGs): end poverty and hunger; universal education; gender equality; child health; maternal health; combat HIV/AIDS, malaria and other diseases; environmental sustainability; global partnership.

The MDGs constitute much of the substance in what today is Development Studies. What is more interesting in the context of development theory is that the millennium goals were based on the following fundamental values: freedom, equality, solidarity, tolerance, respect for nature and shared responsibility. It is interesting to note that the first of these values was also a key concept in the eighteenth-century discourse on progress – in the work of Condorcet, for instance. It is noteworthy that freedom is returning as a major component in development thinking today, as exemplified by Amartya Sen's influential thesis about 'development as freedom' (Sen, 1999). Liberty is a complicated concept meaning both 'freedom from' (negative) and 'freedom to' (positive), as developed in the classic work by Isaiah Berlin, *Four Essays on Liberty* (1969).

therefore underlines the need not only for financial regulation, but also for a global social policy, a global security policy, as well as a global environmental (climate) policy. In terms of the theoretical framework developed in Chapter 1, the state–market pendulum is now steadily moving towards the interventionist pole, while the value system may adopt some of the more constructive counterpoint ideas on sustainable livelihood. It is of course risky to indulge in prophecies at this juncture. However, non-intervention certainly will mean increasing chaos, as already can be seen in the popular anger demonstrated all over the world. Back to business-as-usual would mean a continuation of long-

term unsustainability, and thus new breakdowns, as debt-driven economic growth fails to guarantee political stability (the Chinese trap). The current crisis implies great risk but also an opportunity to go beyond a neo-Keynesian recovery and put human needs rather than greed squarely in focus. To miss this opportunity could be the real end of development. However, as was stressed earlier, qualitative change implies both discursive and political struggle.

# CONCLUSION | Towards Global Social Theory?

The post-development school has declared the death of development (Sachs, 1992). The search for global development as a new paradigm may, however, lead to a renaissance of development studies and ultimately to a global social theory. In this concluding discussion we shall first summarize experiences from the history of development thinking and, after that, outline some methodological foundations for its future revival in the form of global social theory.

This book has dealt with development thinking through a number of historical contexts, spanning the modern era. These have changed from relatively closed nations in Westphalia to a post-Westphalian world order, in some respects similar to medieval society, hence the current conceptualization of ‘neo-medievalism’. The idea of development was born at the beginning of the modern era. It has changed in many ways that have mirrored the transformation of Europe and the rest of the world: from pre-industrial agrarian society, industrial revolution, colonialism, economic crises and wars, through the post-war ‘golden years’ of sustained economic growth in the ‘first’ and ‘second’ worlds, and the concern with poverty and instability in the Third World, to the current discourse on the ‘taming’ of globalization. In spite of failed states and horrific conflicts, as well as the return of both ‘empire’ and ‘imperialism’, development thinking forms part of the ‘modern project’. It will, with more moderation, retain its normative approach and its belief in the rational human being, as well as the possibility to plan the future.

The discouraging elements in the paradigm of globalism are encouraging a more constructive approach, focused on the project of global development. Globalization and its problems raise the issue of new content of development as well as a new theoretical approach. Global social theory has to deal with the future, but any realistic view of what may happen has to be grounded in history. The global economic crisis that we can see emerging may not be a repetition of the depression of the 1930s, but some relevant comparisons can certainly be made.

During the eighteenth century, development was seen as a more or less historically determined process referred to as progress. For the emerging social theory it was important to understand the underlying mechanisms of society in order to avoid obstacles in the way of progress, which was understood as 'natural' and more or less immanent in history. This non-interventionist view left room for the idea of development as social engineering in alliance with the natural impetus of progress, albeit with varying emphasis on state intervention, depending on the changing economic and social circumstances. A view of development characterized by confidence in market solutions has thus stood against state intervention and planning. Both approaches nevertheless formed part of the mainstream because of their belief in economic growth, the modern version of progress. This has constituted the hegemonic, or mainstream, development paradigm.

In contrast there has throughout the various discourses existed a tradition of alternative development: human development with the focus on the individual rather than the nation-state and the political elites; and sustainable development that takes ecological preconditions into consideration. This 'counterpoint' perspective had a limited impact, which is painfully visible in the current unsustainable state of world development. The choice of development model has in reality been determined by the needs of capital accumulation and consumerism, and to a large extent also by



security concerns. The mainstream model is more compatible with military strength than are more or less utopian counterpoint ideas. Hence this model has been favoured by nation-building elites, concerned with their external or internal security.

Alternative development thinking is, however, strengthened as mainstream development stands out as more dysfunctional in a world threatened by new challenges. Discursive change results from the relationship between the material transformation of historical contexts and the collective understanding of these societal contexts. Without a new way of understanding and describing the problem of development, no change is possible. Hence, the importance of ideas and values. In early 2009 there was a dramatic shift in the discourse on managing the global economy. The practice of doing this is yet to be seen.

We could describe the discursive struggle about the content of development as the search for an adequate relationship between three values that have played a crucial role in European political history: freedom, order and justice. Why these three? In the light of history they can be linked to the three predominant European ideologies: liberalism, conservatism and socialism. Freedom, political as well as economic, was an early liberal demand. The demand for order was the conservative reaction to excessive freedom or 'political anarchy', whereas the demand for social justice was born in the conditions of inequality resulting from industrialization. We can assume that there is a trade-off between these values since unfreedom, disorder and injustice give rise to demands for change. In this way, development can be seen as an increase in the value least satisfied in a particular situation, which can be judged from the role it plays in the discourse. But changes are results of both discursive and political struggle. Today the urgent need is for financial order and climate control, but it would be a catastrophic mistake to neglect justice in the ways these problems are being managed.

In the eighteenth century the focus was on freedom: political freedom from absolutism, individual freedom from theocratic supervision, and economic freedom from mercantilistic control. Enlightenment, rationalism and the firm belief in progress constituted the core of this discourse, which gave birth to classical liberalism, the first European political ideology, as well as the classical economic theory that was to establish itself as a hegemonic paradigm for a long time to come. The excesses of the French Revolution as well as the brutal warfare of Napoleon, shaking most of Europe, gave rise to a demand for order, realized through the new security arrangement, the Concert of Europe, built after 1815. Conservatism took shape as a response to radical ideas, which were seen as destabilizing. International order could be created either through empire of some sort, or through a balance of power between nation-states, which became the preferred order.

This meant that relations in the economic field had to be balanced too, which created the industrialization imperative. The liberal ideology was therefore ignored by emerging great powers who for geopolitical reasons wanted to protect their industries. The long peace during this period made possible the spread of industrialism, which had a destabilizing effect on the social order. The 'dangerous classes' were mobilized and demands for social justice increased. The time for the 'great transformation' had come.

The period between 1914 and 1945 was Europe's 'dark times'. Poverty became widespread during the Great Depression. Political freedom was suspended in many countries. The modern project lost credibility. The liberal system had to fight for survival against totalitarian forces coming from both left and right. Communist and fascist systems took shape as new formations. Politics was in command under the banner of planning, even in states where the liberal order survived. Capitalism became a regulated system.

After 1945 the major concern was again to create a stable world order and a functioning world economy. The US took the

role of hegemon, determining the rules of the game. This international system functioned within a multilateral world order, albeit a bipolar one. A social contract between capital and labour made possible the modern welfare state in the West, but this was a social ideal in communist Europe too. National regulation of the economy was made compatible with international free trade: the compromise of 'embedded liberalism'. International aid was supposed to eradicate poverty and stabilize what was to be called the Third World. There was a reasonable trade-off between freedom, order and justice. This 'golden age' endured until the late 1960s.

However, global poverty persisted. Mobilized by the May 1968 student-worker uprising in Paris and the severe crises during the 1970s, renewed demands for global justice were raised. Development thinking became less simplistic and was increasingly understood in terms of structural change and transformation of power structures. The demands for a New International Economic Order (NIEO) were an attempt by the 'new nations' to change the discourse towards a stronger focus on global justice. This failed completely. Instead came the 'counter-revolution', demanding liberalization and the end of the 'great compromise'. Market-led globalization, globalism, was the first phase in a 'new great transformation' during the 1980s and the 1990s. No difference was made between development, defined as structural adjustment, and globalization. Economic freedom was prioritized rather than social justice. This was to have serious implications for political order. Growing economic and social gaps led to conflicts, 'new wars' and terrorism, which led to the 'new interventionism'. Few interventions succeeded. The prevailing 'world order' since then has been marked by disorder.

The future world order will, according to most observers, be multipolar, but there is less consensus about whether it will be more peaceful or more violent. New concepts such as 'post-American world', 'Pax Europaea', 'the rise of the rest', the 'second

world' and the non-territorial 'Empire' all suggest a major transformation of the global power structure. But in what direction? Much depends on the way China enters the world as a new super-power, and how the rest of the world will react to the 'peaceful rise'. To this can be added the implications of Russia's striving for a renewed great power position. Can the European experience give a clue about which way to go?

Inter-regionalism, the world order model favoured by Europe, is a way of institutionalizing the much-needed 'dialogue among civilizations'. If this is to be seen as progress it has to be 'negotiated progress', in contrast with immanent progress, or intentional, imposed progress from the earlier discourses. Global development will therefore be pluralistic in character. It appears in the shape of mainstream as well as counterpoint. The mainstream can be illustrated by the Millennium Development Goals. The counterpoint can be illustrated by the World Social Forums. Justice, 'pragmatically integrated in global security' (Falk, 2004: 107), is by many theorists and political philosophers seen as applicable on the national level only, the nation being 'the largest social construct compatible with redistributive sacrifices' (Nicolaidis and Lacroix, 2003). For justice to become a core value there is thus a need for a dramatic expansion of global consciousness. This cannot happen without struggle, both discursive and political. The new global solidarity movement is in this respect more realistic than the 'international community', as manifest in development diplomacy. It is however significant that solidarity is one of the fundamental values mentioned in the Millennium Declaration. Global development can in its most general sense be understood as an improvement in the quality of international relations.

Today's situation is contradictory, and so is the current discourse on development. There is a 'war against global terrorism', in which freedom suffers, but at the same time there is a UN-sponsored mainstream discourse on the Millennium Development

Goals and Global Public Goods. There is also a more radical discourse on global justice and global change coming from the alter-globalization movement and the World Social Forum. The current debate on climate change and the global economic crisis, bursting out in 2008, underline the need for stronger supranational institutional structures and multi-level governance. It has become a cliché that we live in one world. Hence we need a global social theory for this new world. However, global social theory does not yet exist. It will be created by a theoretical discourse focusing on the causes and consequences of the globalized condition in all parts of the world – more, less, and differently globalized. Therefore it is only possible to propose some methodological points of departure for such an undertaking. The most important issue is how to move from Eurocentrism to genuine universalism. This overview of development thinking has focused on Europe: from the birth of the idea of human progress as shaped by human agency in the optimistic eighteenth century, through the idea of industrialization as essential for state survival in the nineteenth century, to the economic crises and emergence of planning and international aid to developing countries in the twentieth century. That century ended with globalization and disorder, and now at the beginning of the twenty-first century the universal goal of ‘global development’ is being formulated.

The question is: can the Western discourse be relevant for a universal or at least more general social theory? As I have tried to show throughout this book, the Western intellectual tradition is arrogant and Eurocentric, but also – sometimes – ready to admit its own limitations, trying to cope with them through methodological innovations, in order to get the broader picture. These earlier attempts remain crucial inputs in a global social theory. As economics retreated from being a social science, the remaining social sciences elaborated their own aspects of society, leaving social theory as an empty concept – a vacuum.

Recently the critique of the hegemonic development paradigm has been addressed in terms of post-colonialism, post-structuralism and post-modernism. Post-colonialism tries to correct the imbalance between former colonizers and colonized, a gap transferred to the 'developed' and 'underdeveloped'. Post-structuralism is a reaction against overly structuralist explanations, favouring more flexible and constructivist approaches that do not reify 'reality'. According to the post-modern view there is no given reality 'out there', at least, nothing that we can know about for certain (scientifically). We must somehow relate to this dilemma.<sup>23</sup> It is important to acknowledge the simultaneous existence of different cultural concepts and accept a pluralistic understanding, including normative theory, as a legitimate form of knowledge formation. On the other hand, one cannot study reality solely on the basis of normative definitions. Holism and the study of complexity presuppose pluralism, as regards both values and methodology. The conclusion is that we must take relativism seriously without allowing ourselves to become subservient to it.

Much of contemporary criticism, valid as it may be, seems to be unaware of the fact that the hegemonic discourse all the time has been accompanied by anti-modernist or alternative (or even 'extra-discursive') perspectives, trying to give voice to those excluded from, opposing, or not even being part of mainstream development. This brings in the culture factor: the 'cultural turn' (Munck and O'Hearn, 1999). Karl Polanyi did much to illuminate the nature of pre-modern institutions, but was careful not to romanticize them. Nevertheless his ideal views on modernity – freedom in a complex society – contained the spirit of a social order in which the economy was embedded and subordinated to wider human concerns.

Global development is part of the unfulfilled modern project, defined as critical, reflexive and potentially universal. But the universalization of theory can only be seen as a pluralist goal of

increasing richness and relevance; it is nothing that can be taken for granted as an inherent property revealing itself over time. That would be a false universalism, parochialism elevated to universalism simply through discursive power, or what we have called 'development ideology'.

Universalization can be defined as acknowledgement of 'the other' (which must be thought of in the plural) and readiness to become involved in dialogue with an open mind, what Habermas has called 'discourse ethics'. For an intercultural dialogue to be possible, some kind of commonality, or even cosmopolitan elements, would be needed. There are no inherent reasons why this should not exist in all cultures, in contrast to cultural trends which, due to specific historical contextual reasons, take a hardened, introverted, fundamentalist form, giving rise to 'politics of identity'. There is no such thing as a fundamentalist culture or religion, only fundamentalist interpretations emerging from specific social and political situations, which are liable to change.

Are the core values in development thinking – freedom, order and justice – universal? The mainstream normally changes by adopting counterpoint positions that in the discursive struggle prove themselves to be relevant. The concept of counterpoint has been used in this book to describe the fact that the predominant development discourse or hegemonic paradigm has been challenged by contrary values carried by historical memories, marginalized civilizations and alien cultures. This is quite similar to the position taken by the post-development school in describing the modern project as a lost cause. It is easy to agree with this position, if development is simply defined as 'imperialism', or imposed intellectual dependency with destructive consequences. But a broader view is possible. The idea of immanent progress, born in Europe, first became intentional and then imposed on the world with the rise of a dominant Europe. However, progress has now to become negotiated in order to retain any meaning.

A global social theory should of course be global. This implies that a variety of societal experiences from around the world are taken into account, as well as a pluralist understanding of development goals. The great achievement of development studies has perhaps been to create such a world-wide empirical base for building a global social theory by providing concrete knowledge of local cases of development and underdevelopment from the world at large, together with varying cultural perspectives on the meaning of development. No other social science specialization can match this wealth of empirical data coming from a multitude of cultures. These various situations, which have to be contextually understood, are coexisting worlds, not stages in a 'natural history' of development.

Regarding globalization, there are already too many definitions for this concept to be a useful research tool. This is not to say that the distinctions and elaborations of this phenomenon, proposed in the growing literature, do not make good sense. We live in a globalized condition, but this cannot be understood by the concept of globalization, which is merely an expression of the condition; in fact a measure of ignorance. We need a global social theory to explore the global condition in a systematic way. The globalization debate signifies a general crisis in social theorizing, and development theory as the favourite child of modernity in particular. This theoretical crisis in turn derives from the crisis of the nation-state as the social science universe. A crisis of the nation-state does not imply its disappearance, but rather a change of its functions: a reorientation from inward-oriented welfare states to outward-oriented competition states, for example. We may witness an 'unbundling' of state functions through the emergence of supranational protective and interventionist structures strengthening the societal dimension of world order and increasing the quality of international relations. This is global development, necessitating multi-level global governance.



Globalization can thus be regarded as the new 'condition' in which all social science research must be formulated, which implies qualitatively new premises in the theory of knowledge, roughly the same process discussed earlier as 'paradigm shift'. In this perspective 'normal science' no longer functions as an organizing principle for the formation of knowledge. There is a natural link between stability in a social structure, and our ability to make forecasts and to construct stringent models. If representations of society in the form of theories and models do not satisfactorily explain the course of events, it is time to strive for observing reality without preconceptions, that is to say, to try to determine its historical specificity, as Karl Polanyi did in *The Great Transformation*. The focus should be on the new reality *per se*, rather than the relatively abstract problem of the meaning of globalization. The problem is that reality is changing faster than the scientific tools to which we have for a long time been accustomed. In the field of development studies, globalization implies that the traditional context of the development expert, the national arena and the 'national development strategy', is disappearing.

We should encourage research at a meta-theoretical level, in order to understand the new ontology created by globalization. It is a matter not only of making the research landscape more complete, but also of being able to comprehend fundamental changes ('great transformations') in the economic, social, political and cultural landscapes. In addition to these two ambitions, there is the need for the analysis of society to reflect a new global reality, for which we still lack an adequate scientific language, since ontological changes have epistemological consequences. The social science language is at present still far too related to a nation-state reality and to what happens in a national arena. This is the 'container theory', as Ulrich Beck (2004) has put it. The point is to change perspectives from society as contained in the nation-state to society as an emerging transnational phenomenon. This is hard to

describe with the tools that current social science, confined by methodological nationalism, provides.

The ontological transformation implied in the globalization of the world, the globalized condition, will have epistemological consequences. Many theorists of globalization have dwelt on the question of the compression of the world in terms of time and space. Contemporaneity in social relations and liberation from the limitations of space obviously affect identity formation and the experience of belonging, in ways which can scarcely be glimpsed. Since development problems are globalized, and 'national development' has lost much of its meaning, development thinking is necessarily merging with global social theory and the interdisciplinary field of 'global studies'. This new field will draw on international relations, international political economy, development studies, cultural studies, regional studies, and the new security paradigm (Payne, 2004, 2005).

Global social theory (and global studies) will be organized on an interdisciplinary basis, a point closely connected with the holistic ideal discussed in the first chapter. The research problem should govern what combination of scientific specialties is appropriate. A truly interdisciplinary approach presupposes a combination of specialist and generalist competences, which take a long time to acquire and therefore demand a specialized institutional structure. Therefore it is more important than ever to give priority to cooperation between subject areas and facilitate more profound cooperation between different scientific specialties. At the same time, the increasing prevalence of collapsing societies in different parts of the world justifies greater interest in a fundamental matter of political philosophy and classical sociology: what makes society possible? This question was posed long before the present disciplinary specialization. The even more difficult question today is: what makes global society possible?

# Notes

- 1 Nederveen Pieterse (2001: 7), in a similar vein, suggests that “‘Development’ serves as a mirror of changing economic and social capacities, priorities and choices’.
- 2 This approach to understanding structural change, which has been developed by Robert Cox, is the opposite of Karl Popper’s use of the term in his *The Poverty of Historicism* (London: Routledge and Kegan Paul, 1957). See Cox with Sinclair, 1996: 37, note 23.
- 3 For this distinction, see Cowen and Shenton, 1996: 5. Intentional development has an agent – the developer – and this the authors link to the concept of trusteeship. The distinction is helpful but should not be exaggerated.
- 4 The compromise of ‘embedded liberalism’ is a concept coined by John Ruggie (1982).
- 5 ‘The countermovement consisted in checking the action of the market in respect of the factors of production, labour and land. This was the main function of intervention’ (Polanyi, 2001: 137).
- 6 There are now three editions of this book: by Farrar and Rinehart (New York) in 1944 and by Beacon Press (Boston) in 1957 and 2001. In the 1957 edition, R. M. MacIver stressed the lessons for ‘the coming international organization’. The 2001 edition has a foreword by Joseph E. Stiglitz, former chief economist of the World Bank, who makes the very apt remark that ‘it often seems as if Polanyi is speaking directly to present-day issues. His arguments – and his concerns – are consonant with the issues raised by the rioters and marchers who took to the streets in Seattle and Prague in 1999 and 2000.’
- 7 Francis Fukuyama (2006: 114) regrets that American policy approaches to development have been steered so ham-fistedly by the needs of American foreign policy and wants an upgrading of development policy in the post-Bush era.
- 8 ‘For too long, the concept of security has been shaped by the potential for conflict between states. For too long, security has been equated with threats to a country’s borders. For too long, nations have sought arms to protect their security. For most people today, a feeling of insecurity arises more from worries about daily life than from the dread of a cataclysmic world event. Job security, income security, health security, environmental security, security from crime: these are the emerging concerns of human security all over the world’ (UNDP 1994: 3).
- 9 ‘To make Adam Smith’s “simple and natural liberty” compatible with the needs of human society was a most complicated affair’ (Polanyi, 2001: 146).
- 10 *Esquisse d’un tableau historique des progrès de l’esprit humain* (1795) (Sketch of a Picture of the Progress of the Human Mind).
- 11 *Idea of a Universal History from a Cosmopolitical Point of View* (1784).

- 12 *Réflexions sur la formation et la distribution des richesses* (Reflections on the Formation and Distribution of Wealth) (1769).
- 13 *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776).
- 14 *Elemente der Staatskunst* (1809).
- 15 *Das Nationale System der Politische Oeconomie* (The National System of Political Economy) (1841).
- 16 *Traité d'économie politique* (1803).
- 17 'Commerce is the Great Panacea' in Bramsted and Melhuish (1978: 354–7).
- 18 Compare what Polanyi said about the previous great crisis: 'The true nature of the international system under which we were living was not realized until it failed. Hardly anyone understood the political function of the international monetary system; the awful suddenness of its transformation thus took the world completely by surprise' (Polanyi, 2001, p. 20).
- 19 Few economies face as uncertain a future as that of Iceland, following the collapse of almost its entire banking system in late 2008, which triggered a crisis of investor confidence and a precipitous decline in the *krona* (*The Economist*, 9 January 2009).
- 20 Joseph Stiglitz exclaimed: 'We are all Keynesians now. Even the right in the United States has joined the Keynesian camp with unbridled enthusiasm and on a scale that at one time would have been truly unimaginable. For those of us who claimed some connection to the Keynesian tradition, this is a moment of triumph, after having been left in the wilderness, almost shunned, for more than three decades. At one level, what is happening now is a triumph of reason and evidence over ideology and interests' (Stiglitz, 2008).
- 21 The global market cannot function without some form of governance. Here we refer to democratic, transparent governance in the interest of global development.
- 22 See European Union, 2005: 2.
- 23 A reasonable approach has been suggested by Fredrik Barth (1987: 87): 'I assume that there is a real world out there, but that our representations of that world are constructions. People create and apply these cultural constructions in a struggle to grasp the world, relate to it, and manipulate it through concepts, knowledge, and acts. In the process, reality impinges, and the events that occur consequently are not predicated by the cultural system of representations employed by the people, though they may largely be interpretable within it. . . . The real . . . is composed of this widest compass: natural world, a human population with all its collective and statistical social features, and a set of cultural ideas in terms of which . . . people try to understand and cope with themselves and their habitat.'

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