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The Progress of Development

Development has come a long way in the past six decades. As both an enterprise and a scholarly discipline, development became significant in the period immediately following World War II. The Western world confronted the new challenge of rebuilding countries—and in Europe, a continent—that had been shattered by war. The institutions that would help manage this process, such as the International Bank for Reconstruction and Development (which soon came to be known as the World Bank), were created for the task. Alongside them arose a tradition of theorizing about the special challenges facing backward regions and countries, and the means by which these challenges could be met in such a way as to put these areas on sustainable paths to industrialization.

In those days, development was considered largely synonymous with industrialization. Its ultimate goal was fairly clear: to raise incomes and in the process give poor people access to the range of goods and services then widespread in developed societies. It was, in short, about getting richer or more prosperous; and prosperity was measured in dollar figures. Moreover, given the state of the industrial countries at that time, and the lessons their experiences had taught, industrialization—and in particular, the creation of a country's capacity to manufacture finished goods—was seen as essential.

Another new reality lent force to this push to industrialize: the coming of independence to the former colonial empires of Europe, a process that picked up speed in the wake of the war. By and large, Asian and African countries came to independence poor, and were eager for two reasons to speed up their development. One was the obvious fact that they sought to provide better lives for their citizens. The second was the obvious need to consolidate their independence, to convert newly won nominal political equality with the rich countries into an economic equality that would earn them the respect and sense of self-dignity they felt had been denied them under colonialism. And the lessons of the early postcolonial age, particularly those recently learned in Latin America (where independence had come in the previous century), crystallized around a common set of assumptions. The scholarly literature of the time only reinforced this push: development was about using the state to spearhead the process of modernizing the society and raising its incomes.

If one were to use the conventional ideological spectrum to measure where a school of thought would lie, development thinking would then have started out among the more left-wing branches of the social sciences. In the twentieth century, the left—which included not only socialists and communists but also modern liberals—generally, if not always, favored using the state as an agent of social transformation. The state, it was held, could both develop economies and alter societies in such a way as to make them suit human needs. Underlying this was a belief that the state could embody collective will more effectively than the market, which favored privileged interests. Although the old right, from conservatives to fascists, also favored strong states and held an equal suspicion of the market, as a political force it declined throughout the post–World War II period. In its place emerged a new right based on resurgent classical liberalism that regarded the state as a potential tyrant and venerated the freedom and productive potential of the market.

However, by the early postwar period, development thought, like conventional economic wisdom, was really neither left nor right, for the simple reason that a broad consensus had come to coalesce around certain core assumptions. Its thrust was that economies needed more state intervention than they had been given in the past (in fact, in Latin America it was right-wing authoritarian regimes that began employing statist development strategies). Meanwhile, the horrors of the Depression and postwar political developments had given Keynesian economics pride of place in both academic and policy circles in the first world. This influenced both third-world academics and foreign advisers to newly independent countries, whose confidence in the state was further reinforced by the emergence of structuralist economics. Aware of the imperfections in the market and the world economy, and confident that the state could overcome them, development theorists proposed models that assigned the state a leading role in the economy. Many third-world governments, some of which had just won their independence, eagerly adopted the models, for they seemed to promise a rapid journey into the industrial age.

At first, the models seemed to deliver just that. With the postwar world economy booming, demand for third-world products rose. This provided third-world governments with the capital they needed to develop their industry and infrastructure. However, as time went by, problems in these strategies came to light. It became increasingly clear that many third-world economies were growing more slowly than required to continue improving the standards of living of the world's poorest citizens. The industrial development that took place consumed more resources than it generated, a waste exacerbated by inefficient states. When the postwar boom came to an end in the 1970s, the shortcomings of state-led development became plain.

It was around this time that the right began to resurface. Dissident voices belonging to an old-school, neoclassical theory had for decades been firing occasional volleys from the sidelines of development studies. They claimed that the main problem in the third world was the state itself, and that rapid development could only come about if the state was rolled back. At the same time, as earlier development models became compromised, new left-wing schools of thought—in particular, dependency theory—arose to claim that the market itself was the problem, and that if anything was needed, it was a greater role for the state. The development debate polarized. By the late 1970s the left had become politically weak, its theorists engaged either in internecine squabbles or in strident defenses of orthodoxy. The time was ripe for neoclassical theory to start a revolution. First-world electorates and governments, anxious for solutions to the worsening economic situation in their countries, looked to the new ideas and turned to the new right. This initiated a long attack on the state and the other institutions, such as unions, that were seen to be hindering the operation of the market. First-world donor agencies began pressuring third-world governments to make similar changes in their policies. Many third-world governments acceded reluctantly, because the debt crisis had weakened their bargaining power with their creditors. Others rolled back the state more eagerly, because local constituencies had already started pushing for reform.

Less state, more market: this was the essential thrust of the strategy known as structural adjustment, which was soon applied in much of the third world. The idea seemed sound, but as time would tell, structural adjustment contained its own problems. Its shortcomings, which grew more evident with the passage of time, shed a new and damaging light on neoclassical theory. Structural adjustment yielded some positive gains in some of the more advanced third-world countries. However, in the poorer countries, those most in need of rapid change, it was less effective, and in some places actually did more harm than good. While out of power, neoclassical writers, like any opposition, could proclaim their theory's perfect virtue and point to the imperfections of the governing party. Once in power, though, neoclassical theorists had to defend policies that were not working in quite the way the public had been led to expect. Meanwhile, the left had been liberated by its journey through the political wilderness. No longer required to defend sacred truths and orthodoxies, it was free to begin a new debate. Whereas neoclassical theory remained dominant in practice, in the academic realm the pendulum began to swing back toward the left—though perhaps not as far as it went in the postwar period, and not even toward the same corner. For if the old left had died, what had arisen to take its place was a new left.

From its statist, modernist, and essentially liberal beginnings, development thought had gone through an imperfect neoclassical phase. But the problems encountered by neoclassical thought did not long cause the pendulum to simply swing back toward an old left of state-led development. On the contrary, by the 1990s, a wholly new critique had emerged. Influenced by postmodern currents of thought, and finding its popular voice in the antiglobalization movement that mushroomed in the course of the decade, this type of thinking, in development studies, came to be known as postdevelopment theory. Because of its staunchly modernist credentials, the initial reaction of development studies to the postdevelopment critique was skepticism, even outright hostility. But as the twenty-first century drew nearer, the ideas of the postdevelopment thinkers were gaining an ever wider audience. Besides, some of their concerns actually dovetailed with some emergent trends in the more conventional literature.

Left-wing statism and right-wing free-marketeering were united by a common goal: the attainment of development. The means were what differed. Postdevelopment thought broke from this strained agreement. It questioned the whole concept of development itself, arguing that it was never intended to better citizens' lives. Development was charged with being unconcerned about prosperity; rather, it was said to be geared toward establishing external control over citizens' lives. Development was allegedly preoccupied with drawing citizens into the formal networks of circulation, where they could be taxed, thereby consolidating the state's control over their lives. To reject development was therefore now redefined as a celebration of individual or subaltern emancipation.

And the rallying cry of some in the antiglobalization movement was a clarion call to reject the sirens of development and allow a million voices to contend.

As is often the case with new currents of thought, postdevelopment thought has been more heard than implemented. Yet that is not to diminish the impact it has had on the field. If its wholesale repudiation of development has gained little traction, research on the economy has tended to cast a positive light on some of its general ideas. To begin with, its call for a more decentralized and participatory approach to development has actually fit nicely with neoclassical calls for such, since both are animated by a desire to weaken the hold of centralized states over citizens' lives. Although China's recent boom continues to fascinate the world, its model of authoritarian state-led development is increasingly treated as exceptional, if not undesirable;[1] elsewhere, state planning is increasingly seen as the relic of a bygone age, and it seems unlikely it will come back into fashion anytime soon. In the 1990s, the continued success of East Asia in the wake of the apparent failings of neoclassical policies led to a brief burst of popularity of the so-called developmental-state model, which seemed to justify a return to state-led development in some form. The model's general applicability was overstated, though. In any event, it arguably came to an end during the 1997–1998 Asian financial crisis. Then, the specter of fiscal collapse briefly augmented the power of the International Monetary Fund (IMF) and, with it, that of the US Treasury Department.[2] Together, they exploited moments of weakness in East Asian governments to force neoclassical theory onto their agendas. And while liberalization enjoyed an imperfect reception in these countries in the years that followed, the variation in its adoption simply revealed that there was never a developmental-state model as such, but simply variants of a common theme that seemed peculiar to a particular time and place.[3]

Partly as a result, development theory is today less programmatic, and more concerned with flexibility and adaptability. Discussions of the state, particularly the large body of literature that flows from the World Bank and aid community, revolve less around the question of whether more or less state is good for development; rather, there is a widening agreement that "better," rather than more or less, is what matters when it comes to the public sector, and the literature has turned to the more mundane but all-important matter of how to improve administrative and technical capacity in third-world public sectors. This kind of localized, particularistic, and flexible approach to development is, in the end, not that far from what postdevelopment thought has advocated.