Equally important, a developmental state depends not only on a productive bourgeoisie, but also on a *local* one. Foreign capitalists may provide the investment and technology needed for development, but they are less likely to "deepen" their presence and create backward linkages in the economy, as they tend to repatriate their profits rather than reinvest them locally.[38] More important is the fact that foreign capitalists tend to exert political pressure on the host government by acting through the embassies of their home governments, and thus tend to avoid domestic politics. However, if it is assumed that any development policy that will cause a major restructuring of the economy will create losers as well as winners, a regime needs to mobilize political support for itself. A well-organized local class that articulates a developmental ideology, propagates these ideas through the media, and supports the political candidates of a developmental party can help neutralize the challenges of losers, be they landed oligarchies or urban petty bourgeoisies and working classes. No other class is likely to perform this task. Although peasantries should ordinarily benefit from a developmental state, especially in those cases in which the regime has spearheaded land reform, as a class they are usually too atomized and disorganized to provide a political foundation for the state (which is not to say they cannot be organized by another class, namely a bourgeoisie).[39]

History appears to show that it is difficult, if not impossible, for a state to build an industrial bourgeoisie from scratch. It may be equally difficult to build one out of a merchant bourgeoisie. Latin America's early statist experiments, though appearing to have created an industrial class, in fact were taking advantage of the presence of nascent industrial classes that had begun to emerge in the late nineteenth century. Similarly, once the Chinese and Vietnamese states decided to change their development strategies and opened up to the world economy, they were able to exploit the resources and talents of large expatriate business communities in developing new industries. The absence of a productive bourgeoisie may not be an insurmountable obstacle to development, but it does make the emergence of a developmental state a good deal less likely.

In each state said to be developmental, domestic productive capitalists have been closely linked to the bureaucracy.[40] Writers on the East Asian newly industrialized countries cite this as a key factor in their economic success.[41] In the cases of India and Zimbabwe, the shift to reform is said to have been motivated by the rise of new, dynamic fractions of the bourgeoisie.[42] In Egypt, the success of reform has been credited to the political strength of the bourgeoisie and the concomitant weakness of the rival classes threatened by reform;[43] this experience parallels Colombia's shift toward reform and export orientation since the late 1960s.[44] In Côte d'Ivoire, the indigenous bourgeoisie led the independence movement and captured the postcolonial state, turning it to developmental ends.[45] It is also alleged that the small protobourgeoisie led Botswana to independence, with similar consequences.[46] In South Africa, theorists have attributed both the construction and the abolition of apartheid to shifts in the relative power of fractions of capital,[47] with popular support or struggles tipping the balance in each case. Jonathan Barker's thesis that any reform in Africa will be motivated by a triple alliance among international financial capital (the World Bank and the IMF), private capital (foreign and domestic), and "progressive" small farmers[48] has also been affirmed in the case of Mozambique's reform experience.[49]

One hastens to add that Barker is not optimistic that such an alliance will emerge in many of Africa's countries. His pessimism points to a phenomenon that may lie at the heart of Africa's disappointing postcolonial development record. At the time of independence, indigenous bourgeoisies in much of sub-Saharan Africa were politically weak. Seldom did they play a prominent role in independence struggles. Urban petty bourgeoisies consequently took center stage and led the independence movements. These new ruling elites, unconstrained by bourgeois civil societies, were left with surprising latitude to use—and abuse—the state.

Africa Against the Tide

It is thus not surprising to find that whereas development theorists elsewhere are concerned with devising policy blends that demand state action, Africanists are moving in the opposite direction. Whereas developmental-state theory implies a maintenance or even increase of the state's role in the economy, Africanists are increasingly calling for state retreat. In the form of decentralization or devolution, this is seen as a way to improve the delivery of services and mobilize people in support of development efforts.[50] The hope is that by shortening the distance between administrators and administered, scrutiny will increase. Public officials will be forced to account to the people whose lives they affect—not only to other state officials or political allies, but to ordinary folk as well. Their actions will be more closely monitored and, because of their close contact with the grassroots, they will be more attuned to the needs and abilities of the people for whom they are designing programs. In turn, because the people's influence on policymaking will increase, they will be more likely to become involved in development programs and thereby make these programs more effective.

Nobody considers decentralization an ideal solution, but merely the best of a set of undesirable options. Whether or not it will improve governance is difficult to say. The evidence is mixed,[51] and it may prove effective only if done gradually,[52] allowing local bureaucratic capacity to be developed over time. After all, if there is a shortage of skilled bureaucrats in a centralized state, one can expect the situation at the local level to be at least as bad. The most optimistic prognosis might be that any change that makes government more responsive will increase its legitimacy, thereby leading to its long-term strengthening.[53] However, the states that emerge will not be strong in the East Asian mold; these were highly centralized rather than decentralized.

The glum assessment of the state and the prospects of bourgeois power in much of Africa dampen hopes of developmental states emerging in all but a few countries. It is not that capitalist development will not occur. It may be difficult for indigenous capitalists to emerge on a large scale in small economies,[54] especially if those economies are dominated by producers and distributors from a neighboring economy, as is the case in much of southern Africa, but elsewhere capitalists are prospering. Even in Mobutu's Zaire, by reputation the predatory, antidevelopmental state par excellence, entrepreneurs continued their activities.[55] But these activities will remain inchoate—linkage into an emerging capitalist economy being minimized—and concentrated disproportionately in those sectors that offer fast returns and are most easily concealed from the public eye, particularly trade. Certainly, entrepreneurs in hostile or unpredictable policy environments will hesitate to move into manufacturing.[56] Thus, the much-needed structural transformation will not likely come. In the absence of state direction, whether minimalist or maximalist, coordinated national development is unlikely to occur. One of the Marxist canons may be correct after all: a bourgeois revolution, in some form, may have to precede national capitalist development.

International Obstacles to Developmental States

Even where domestic conditions favor the emergence of developmental states, it appears that the time for third-world countries to make use of the infant-industry model may have passed. This is because the international conditions so favorable to this strategy three or four decades ago have now turned against it.

Any country making use of IIM must engage in what first-world trade negotiators call unfair trading practices. They must shelter their own markets from competition with the industrialists of first-world trading partners, yet at the same time try to maintain relatively easy access to those same markets. This annoys their trading partners. Countries may try using moral arguments to justify this unbalanced trading arrangement. This, in effect, was what third-world governments tried in the 1970s and 1980s when they propounded the idea of a new international economic order (NIEO), which would have altered the rules governing such things as international trade and aid to make them more favorable to the third world. However, the cool response of first-world governments to NIEO proposals seems to show that moral suasion has yet to succeed in extracting many concessions from these governments.

For a time, however, Cold War geopolitics did succeed in this. During the Cold War the United States and its North Atlantic Treaty Organization partners were eager to build up a network of allies in their standoff with the Soviet bloc. This led them to provide aid to client states and to turn a blind eye to unfair trading practices in such countries as Japan and South Korea, because the economic prosperity of these countries was drawing them more squarely into the capitalist camp. Moreover, given the healthy world economy of the postwar period, the strategy proved relatively painless: US producers may not have had the same access to Japan as Japanese producers had to the United States, but Japan's booming economy was still causing increases in demand for US goods.

The world economy slowed down, however, and competition for market access became more fierce. The United States lost its desire to do its trading partners any favors. First-world governments, under pressure from their electorates to trim budget deficits and create jobs, have slashed aid budgets and thrown up trade barriers in the name of keeping jobs at home. Barriers are now removed only if trading partners make similar concessions; this negates the possibility of using unfair trading practices as a development policy. With the collapse of the Soviet Union, the need to attract and keep third-world allies has all but disappeared. In the 1990s many first-world governments quickly reoriented their African aid budgets to the newly opened economies of Eastern Europe, where the future returns were seen to be higher.

Today, first-world governments drive hard bargains. If third-world governments want access to their markets, first-world governments demand something in return. So, while South Korean success stemmed from the actions of a developmental state, it ultimately relied on a propitious opening at the low end of the US car market—a window that has since narrowed if not closed.[57] Similarly, Taiwan enacted adjustment policies during a growth phase in the world economy and opened gradually to world trade; present-day adjusters confront a more slowly growing and increasingly protectionist world economy.[58] Even those who advocate outward orientation in the face of today's increasing protectionism acknowledge that the best that developing countries can hope to do under such circumstances is to poach from the market shares of rival developing countries.[59] This strategy is possibly logical for individual countries, but it cannot work for the third world as a whole.[60]

The Balance of Power in the Global Political Economy

For the foreseeable future it is not likely that third-world governments will be able to extract significant concessions or favors, such as unequal market access, from the first world.[61] Many third-world countries are weaker today than they were a half century ago. Whereas Latin American governments emerged from the Depression in a cloud of trade pessimism owing to the new problems in the global economy, third-world governments emerged from the Cold War in a similar cloud of pessimism due to their new problems in the global *political* economy.

The growth of national debt has emerged as a key weakness of many third-world countries. The need for governments to obtain credit simply to meet existing loan obligations places many developing countries in a particularly vulnerable position vis-à-vis developed-country lending agencies, including the World Bank and the IMF. This weakness is compounded by the strength that creditor agencies have obtained by the use of a form of cartelization, through such measures as cross-default provisions, whereby a default on a loan to one bank is treated as a default by all banks. This means that individual third-world countries face a united front of creditor countries: even if David can beat Goliath, a whole army of Goliaths will take more than a slingshot to fell. Some developing countries, such as South Korea, avoided falling into this trap of vulnerability by exercising restraint and borrowing little during the lending booms of the 1980s. Others, such as Brazil, remain powerful because their economies and debts are so immense that they cannot be easily isolated for severe punitive action—as was Peru when, under President Alan Garcia, it tried unsuccessfully to impose a ceiling on debt repayments. Countries such as Brazil illustrate Keynes's adage that if you owe the bank a hundred dollars and cannot pay, you have a problem, but if you owe the bank a million dollars and cannot pay, the bank has a problem. But many more countries are quite weak, some to the point of virtual dependence on the IMF and the World Bank.

In recent years, to minimize their dependence on the IMF and World Bank, many third-world countries have resorted to bond issuance and self-insurance: by accumulating substantial foreign reserves, governments have been able to reassure investors on global bond markets of their solvency, thereby lessening risk premiums on their bonds. But this combination of measures merely shifts the locus of dependence. In place of the IMF, governments have come to depend on bond-rating agencies—which in turn often look to the IMF for guidance—for their bills of health, lessening their leeway and forcing them into upward spirals of reserve-accumulation.

Assuming that third-world governments cannot turn trade relationships to their advantage, the value of their continuing to trade with the first world comes into doubt. The world market, in its present form, sometimes acts against the interests of the third world. The international market has dispersed sellers but has comparatively concentrated buyers. For example, although several third-world countries export cocoa, only a few large companies in the developed world buy it. Specialists on West Africa are quick to point out that Nestlé, the chief purchaser of cocoa in the region, is richer than all the governments of the region combined. Such concentrated purchasing power opens up possibilities for such things as collusion in price setting, which weakens individual developing countries vis-à-vis their developed counterparts. Although poor countries might not always get the best prices on the goods they sell, they often end up paying a premium on the manufactured goods they import, especially if their markets are considered marginal.[62]

It is not automatic that developing countries will be weak on the world market; it depends on the commodity being traded. If, for example, a country enjoys the enviable position of being the concentrated seller of a strategic commodity, its political power increases considerably. During the Cold War, for instance, South Africa was the only reliable source of affordable strategic metals upon which the US defense industry relied. This gave the country a degree of political leverage over the United States it might not otherwise have enjoyed, and helps to explain the soft stance the United States took against the apartheid regime. On the whole, however, third-world countries suffer from a deficit of market power.[63] More often than not they are weak, sometimes severely so, competing with numerous other countries in the sale of a small range of goods for which demand is relatively elastic, and for which the market is dominated by one or a few big purchasers.[64] In the face of such a concentration of market power in the hands of the so-called Seven Sisters, the world's biggest oil companies, the Persian Gulf countries created their own oil companies to gain some leverage over the market. They also successfully used the Organization of Petroleum Exporting Countries to coordinate supply to the world market, thereby gaining a great deal of power during the 1970s.

At the time of the first oil shock, many in the third world judged that its time had finally come to break the first world's alleged global market domination. It was said that commodity power would enable the rise of the developing countries. In the event, OPEC's power proved to be relatively short-lived. In part this arose from the normal workings of the market—price rises led to the search for substitutes and improvements in energy efficiency—and in part from the efforts of developed-country governments to circumvent and rein in OPEC. In the end, OPEC proved to be a disappointment. Although at times it provoked dramatic leaps in oil prices, over the long run it has failed to secure long-term price increases much above what an unregulated market would have granted.[65] At the same time, the oil shocks wrought debilitating effects on much of the third world, raising their energy costs while reducing demand for their exports due to the recessions that followed. Moreover, the effects of the so-called Dutch disease[66] made such oil exporters as Mexico and Nigeria even more dependent on oil for their revenue, with terrible consequences when the inevitable price crashes finally came. On the whole, cartelization, which can only be applied to a few commodities in any case, will apparently do little to rectify any imbalance that exists in the world economy.

The IMF and the World Bank are currently able to wring substantial concessions from weak third-world governments,[67] yet few or none from first-world governments. The result is that at a time of increasing protectionism in the first world, third-world countries are being forced to throw open their economies to a competition that can be grossly unfair. This can severely damage these economies. In the early 1990s, for example, the European Community was dumping its heavily subsidized beef into West Africa, driving the Sahelian beef industry to the brink of extinction. The irony was that the European Community was at the same time funding the development of the Sahelian beef industry as part of its aid program.

If the global political economy does not permit the use of the infant-industry model in the third world, and trade with the first world presently puts third-world countries in an unequal relationship from which they do not always benefit, where are third-world governments to turn? In the 1990s, a renewed trade pessimism led some theorists to call for the resumption of South-South trade negotiations, which would enable third-world countries to collectively reduce their dependence on the rich economies. In the event, such initiatives seldom amounted to much, and in recent years the trend has, if anything, gone in the opposite direction. Third-world countries have, since the collapsed Seattle trade talks in 1999—which probably represented the nadir of the treatment of developing countries in global trade talks—been pushing ever more aggressively, and with greater impact, for a better deal in global trade negotiations. Moreover, as a result of China's growing impact on the world economy, the global terms of trade appear to have become noticeably less unfavorable to the third world as a whole.

Yet if trade pessimism is no longer the order of the day, a political pessimism remains widespread. In the face of trends toward greater instability and fragility in many third-world states, the possibility of the developmental state being used to remedy third-world poverty is looking ever more remote.

Conclusion

One conclusion seems inescapable: some states, regardless of the economic potential of their countries, simply may not be able to engineer development in their current form. The heartening success stories of East Asia may find few imitators. In fact, it is not only in Africa that the emerging practice of development is running in a direction contrary to that of the theory. The crisis of the state, which sees fiscal constraints forcing public authorities to renounce many of their functions, is international in its scope. Few of the world's states are currently building up their capacities. Most are going the opposite way, abandoning some functions or handing them off to agents in the private sector. Faced with a combination of slowed economic growth, stiffer competition from low-cost East Asian producers, and rising fiscal deficits and debt burdens, governments in most countries have been forced to pare back their public sectors in order to lower their economies' production costs and restore current-account balances. Structural adjustment has then added to this process in much of the third world.

In first-world countries, retrenchment is giving way to political struggles over the state's diminishing resource base, and to debates over how to redefine the state's role in society. In the third world, retrenchment is giving way to a sometimes anarchic development process, in which nonstate actors such as nongovernmental organizations and private companies increasingly play the leading roles. Indeed, it is sometimes noted that in the poorest countries, nongovernmental organizations—whose agendas and interests sometimes run at cross-purposes to one another—sometimes play an even stronger role than states in directing development. Meanwhile, private companies are taking on formerly public tasks, especially where public utilities have been privatized. In countries in which governments have been unable to maintain infrastructure or security, private firms or networks have taken on these tasks for their own benefit. Moreover, many developing countries have witnessed the emergence of nonstate actors—from criminal gangs to Islamist charities—which have filled vacuums created by state retrenchment to constitute states within states, a process that has been called the new medievalism.[68] This new medievalism is often changing the character of third-world states; but in any event, it is seriously challenging the ability of many of them to engineer "national" development of the variety envisioned by earlier generations of theorists.

Into this context, a new school of thought has emerged. Questioning the very idea of national development altogether, "postdevelopment" thought challenges us to rethink the entire way we conceive development, and to consider the possibility of a paradigm shift. A decade ago, this school occupied the fringes of development thought. Since then, in the wake of the many challenges and setbacks that have put a question mark over calls for a return to state-led development, many left-wing theorists have begun to turn their attention to this new strand of thinking. It is to this topic that we next turn.

Notes

1. For general discussions on the condition of the African state, see Donald Rothchild and Naomi Chazan, eds., *The Precarious Balance: State and Society in Africa* (Boulder: Westview, 1988); Ann Seidman, "Towards a New Vision of Sustainable Development in Africa: Presidential Address to 1990 Annual Meeting of the African Studies Association," *African Studies Review* 35,1 (1992): 10.

2. Jessica Byron, "The Impact of Globalisation on the Caribbean," in *Globalisation: A Calculus of Inequality,* edited by Denis Benn and Kenneth Hall (Kingston, Jamaica: Ian Randle, 2000).

3. Goran Hyden defines governance specifically as "the conscious management of regime structures with a view to enhancing the legitimacy of the

public realm" in "Governance and the Structure of Politics," in *Governance and Politics in Africa,* edited by Goran Hyden and Michael Bratton (Boulder: Lynne Rienner, 1992), p. 7. The World Bank uses the more narrow definition of "the exercise of political power to manage a nation's affairs" according to Michael Bratton and Donald Rothchild in "The Institutional Bases of Governance in Africa," in *Governance and Politics in Africa,* edited by Goran Hyden and Michael Bratton (Boulder: Lynne Rienner, 1992), p. 265.

4. Bratton and Rothchild, "The Institutional Bases of Governance."

5. See, for example, Thandika Mkandawire, "The Political Economy of Development with a Democratic Face," in *Africa's Recovery in the 1990s: From Stagnation and Adjustment to Human Development,* edited by Giovanni Andrea Cornia, Ralph van der Hoeven, and Thandika Mkandawire (New York: St. Martin's, for UNICEF, 1992); J.-F. Médard, "L'état patrimonialisé," *Politique Africaine* 39 (1990): 25–36.

6. See, for example, Timothy M. Shaw, *Reformism and Revisionism in Africa's Political Economy in the 1990s* (New York: St. Martin's, 1993), chap. 5; Christopher Clapham, "Democratisation in Africa: Obstacles and Prospects," African Studies Association conference, Stirling, September 1992; Michael Bratton and Nicolas van de Walle, "Popular Demands and State Responses," in *Governance and Politics in Africa,* edited by Hyden and Bratton; Richard Jeffries, "The State, Structural Adjustment, and Good Government in Africa," *Journal of Commonwealth and Comparative Politics* 31 (1993): 20–35.

7. Clapham, "Democratisation in Africa"; Kigane Mengisteab and Bernard I. Logan, "Africa's Debt Crisis: Are Structural Adjustment Programs Relevant?" *Africa Development* 16,1 (1991): 95–113.

8. For an example of this, see Lars Rudebeck, "The Effects of Structural Adjustment in Kandjadja, Guinea-Bissau," *Review of African Political Economy* 49 (1990): 34–51. Tom Forrest has also come across vigilante squads that do policing in Nigeria; personal communication, July 1995.

9. Basil Davidson, *The Black Man's Burden* (London: Currey, 1992); D. Darbon, "L'état prédateur," *Politique Africaine* 39 (1990): 37–45.

10. See Goran Hyden, *Beyond Ujamaa in Tanzania* (Berkeley: University of California Press, 1980).

11. Jean-François Bayart, *The State in Africa* (London: Longman, 1993); Patrick Chabal, "Some Reflections on the Post-Colonial State in Portuguese-Speaking Africa," *Africa Insight* 23 (1993): 129–135.

12. José Serra, "Three Mistaken Theses Regarding the Connection Between Industrialization and Authoritarian Regimes," in *The New Authoritarianism in Latin America,* edited by David Collier (Princeton: Princeton University Press, 1979).

13. Karen L. Remmer, "The Politics of Economic Stabilization: IMF Standby Programs in Latin America, 1954–1984," *Comparative Politics* 19,1 (1986): 1–24; Stephan Haggard and Robert F. Kaufman, eds., *The Politics of Economic Adjustment* (Princeton: Princeton University Press, 1992), pp. 32–34; John Healey and Mark Robinson, *Democracy, Governance, and Economic Policy: Sub-Saharan Africa in Comparative Perspective* (London: Overseas Development Institute, 1992), p. 122; Robert H. Bates and Anne O. Krueger, *Political and Economic Interactions in Economic Policy Reform* (Oxford: Basil

Blackwell, 1993), p. 459; Mick Moore, "Economic Liberalization Versus Political Pluralism in Sri Lanka," *Modern Asian Studies* 24 (1990): 341–383; Richard Ball and Gordon C. Rausser, *Governance Structures and the Durability of Economic Reforms: Evidence from Inflation Stabilizations,* Working Paper no. 648 (Berkeley: University of California at Berkeley, Department of Agriculture and Resource Economics, California Agricultural Experiment Station, 1993).

14. Stephan Haggard and Steven B. Webb, "What Do We Know About the Political Economy of Economic Policy Reform?" *World Bank Research Observer* 8 (1993): 146.

15. John Toye, "Interest Group Politics and the Implementation of Adjustment Policies in Sub-Saharan Africa," *Journal of International Development* 4 (1992): 193.

16. Hamza Alavi, "The State in Post-Colonial Societies," *New Left Review* 74 (1972): 59–81; John S. Saul, "The State in Post-Colonial Societies: Tanzania," in John S. Saul, *The State and Revolution in Eastern Africa* (New York: Monthly Review, 1979).

17. Jorgen Dige Pedersen suggests that the popularity of the model among some Indianists is unwarranted. He argues that it overstates the power of the bureaucracy, and overlooks the rise to prominence of the agrarian bourgeoisie and the modern "high-tech oriented fractions" of the industrial bourgeoisie in the 1980s. See Jorgen Dige Pedersen, "State, Bureaucracy, and Change in India," *Journal of Development Studies* 28 (1992): 616–639.

18. See, for example, Alice Amsden, *Asia's Next Giant: South Korea and Late Industrialization* (New York: Oxford University Press, 1989); Larry L. Burmeister, "State, Industrialization, and Agricultural Policy in Korea," *Development and Change* 21 (1990): 197–223; Fatimah Halim, "The Transformation of the Malaysian State," *Journal of Contemporary Asia* 20,1 (1990): 64–88.

19. Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization* (Princeton: Princeton University Press, 1990).

20. Dwayne Woods, "Civil Society in Europe and Africa: Limiting State Power Through a Public Sphere," *African Studies Review* 35,2 (1992): 77–100; Clapham, "Democratisation in Africa," pp. 13–15; Healey and Robinson, *Democracy, Governance, and Economic Policy,* pp. 89–91. See also John W. Harbeson et al., eds., *Civil Society and the State in Africa* (Boulder: Lynne Rienner, 1994); and John Lucas, "The State, Civil Society, and Regional Elites: A Study of Three Associations in Kano, Nigeria," *African Affairs* 93 (1994): 21–38.

21. India may provide a case in point. See Vijay Joshi, "Democracy and Development in India," *Round Table* 333 (1995): 73–79; Jagdish Bhagwati, *India in Transition: Freeing the Economy* (Oxford: Clarendon, 1993), pp. 82–83; E. Sridharan, "Economic Liberalisation and India's Political Economy: Toward a Paradigm Synthesis," *Journal of Commonwealth and Comparative Politics* 31,3 (1999): 13–19. See also Steven Radelet, "Reform Without Revolt: The Political Economy of Economic Reform in the Gambia," *World Development* 20 (1992): 1087–1099.

22. Gustav Ranis, "East and South-East Asia: Comparative Development Experience," *Bangladesh Development Studies* 20,2–3 (1992): 69–88; Ball and Rausser, *Governance Structures;* Bates and Krueger, *Political and Economic Interactions,* pp. 457–458; Haggard and Kaufman, *The Politics of Economic Adjustment,* p. 30.

23. Healey and Robinson, *Democracy, Governance, and Economic Policy,* p. 91; Iyanatul Islam, "Political Economy and East Asian Economic Development," *Asian-Pacific Economic Literature* 6,2 (1992): 69–101.

24. Amsden, *Asia's Next Giant,* p. 32; Kristen Nordhaug, "Late Industrialization and Democracy: The Case of Taiwan," in *Development Theory: Recent Trends. Proceedings of the NFU Annual Conference 1992* (Bergen: Chr. Michelsen Institute, 1993).

25. Deborah A. Bräutigam, "What Can Africa Learn from Taiwan? Political Economy, Industrialization Policy, and Adjustment," *Journal of Modern African Studies* 32 (1994): 111–138.

26. Basil Davidson, *Africa in History* (New York: Collier, 1974), p. 288.

27. Richard Crook pioneered this controversial theory in "State Capacity and Economic Development: The Case of Côte d'Ivoire," *IDS Bulletin* 19,4 (1988): 19–25.

28. Even those outside the developmental-state school seem to accept this. See, for instance, Anne O. Krueger, *Political Economy of Policy Reform in Developing Countries* (Cambridge: Massachusetts Institute of Technology Press, 1993), chap. 7; Bates and Krueger, *Political and Economic Interactions,* p. 462.

29. Strong parties are an element in state strength, emphasized by Haggard and Webb in "What Do We Know?" pp. 150–151.

30. Stephan Haggard, Byung-Kook Kim, and Chung-In Moon, "The Transition to Export-Led Growth in South Korea, 1954–1966," *Journal of Asian Studies* 50 (1991): 850–873.

31. See, for example, Ziya Öniş, "Redemocratization and Economic Liberalization in Turkey: The Limits of State Autonomy," *Studies in Comparative International Development* 27,2 (1992): 3–23.

32. See, in particular, Richard Sandbrook, *The Politics of Africa's Economic Stagnation* (Cambridge: Cambridge University Press, 1985); Richard Sandbrook, *The Politics of Africa's Economic Recovery* (Cambridge: Cambridge University Press, 1993); Nicolas van de Walle, *African Economies and the Politics of Permanent Crisis* (Cambridge: Cambridge University Press, 2001).

33. For a couple of examples, see Susanne Mueller, "Retarded Capitalism in Tanzania," *Socialist Register* (1980): 203–226; Susanne Mueller, "The Historical Origins of Tanzania's Ruling Class," *Canadian Journal of African Studies* 15 (1981): 459–497; Andrew Coulson, *Tanzania: A Political Economy* (Oxford: Clarendon, 1982), on Tanzania; Patrick Manning, "L'Affaire Adjovi: La bourgeoisie foncière naissante au Dahomey, face à l'administration," in *Entreprises et Entrepreneurs en Afrique,* vol. 2, edited by Catherine Coquery-Vidrovitch and Alain Forest (Paris: Éditions l'Harmattan, 1983), on Dahomey (Benin). Of the eight territories in French West Africa, apart from Côte d'Ivoire only Senegal had a strong core of people who could loosely be called capitalists

in the preindependence Territorial Assembly. For details, see Ruth Schachter Morgenthau, *Political Parties in French-Speaking West Africa* (Oxford: Clarendon, 1964), app. 8, pp. 400–401. See also E. A. Brett, "State Power and Economic Inefficiency: Explaining Political Failure in Africa," Political Science Association conference, Manchester, 1985.

34. Georg Sorensen, "Democracy, Authoritarianism, and State Strength," *European Journal of Development Research* 5,1 (1993). See also Amsden, *Asia's Next Giant,* p. 35.

35. See, for example, Nicos Poulantzas, *L'état, le pouvoir, le socialisme* (Paris: Presses Universitaires de France, 1978); Claus Offe and V. Ronge, "Theses on the Theory of the State," *New German Critique* 6 (1975): 137–147.

36. Thus, in Nigeria, the businesspeople who acceded to political power at the time of independence were traders who sought state power for the commercial opportunities and fast returns it offered. See Gavin Williams, *The Origins of the Nigerian Civil War* (Milton Keynes, England: Open University Press, 1983), pp. 33–34.

37. For some examples of this sort of behavior, see Mete Pamir, *Determinants of Late Development: A Study of Turkey's Late Industrialisation Attempt Until 1946* (Bergen: Chr. Michelsen Institute, 1993).

38. My research in Côte d'Ivoire in February 1994 confirmed this.

39. For an example of this kind of class politics in practice, see John Rapley, *Ivoirien Capitalism* (Boulder: Lynne Rienner, 1993), chaps. 3, 6.

40. See the conclusion to Louis Putterman and Dietrich Rueschemeyer, *State and Market in Development: Synergy or Rivalry?* (Boulder: Lynne Rienner, 1992).

41. Seiji Naya and Pearl Imada, "Development Strategies and Economic Performance of the Dynamic Asian Economies: Some Comparisons with Latin America," *Pacific Review* 3 (1990): 301; Islam, "Political Economy and East Asian Economic Development," p. 77; Ezra F. Vogel, *The Four Little Dragons: The Spread of Industrialization in East Asia* (Cambridge: Harvard University Press, 1991); Haggard, Kim, and Moon, "The Transition to Export-Led Growth," p. 869.

42. Tor Skålnes, "The State, Interest Groups and Structural Adjustment in Zimbabwe," *Journal of Development Studies* 29 (1993): 401–428; Pedersen, "State, Bureaucracy, and Change in India"; Jorgen Dige Pedersen, "Explaining Economic Liberalization in India: State and Society Perspectives," *World Development* 28,2 (2000): 265–282.

43. Raymond A. Hinnebusch, "The Politics of Economic Reform in Egypt," *Third World Quarterly* 14,1 (1993): 159–171.

44. Carlos E. Juárez, "Trade and Development Policies in Colombia: Export Promotion and Outward Orientation, 1967–1992," *Studies in Comparative International Development* 28,3 (Fall 1993): 67–97.

45. Rapley, *Ivoirien Capitalism,* chap. 3.

46. J. Stephen Morrison, "Botswana's Formative Late Colonial Experience," in *Botswana: The Political Economy of Democratic Development,* edited by Stephen John Stedman (Boulder: Lynne Rienner, 1993); Balefi Tsie, "The Political Context of Botswana's Development Performance," *Southern Africa Political and Economic Monthly* 6,12 (September 1993): 35–39; Abdi

Ismail Samatar, *An African Miracle: State and Class Leadership and Colonial Legacy in Botswana Development* (Portsmouth, NH: Heinemann, 1999). However, there is disagreement over the support base of the contemporary Botswana state. See Roger Charlton, "Bureaucrats and Politicians in Botswana's Policymaking Process: A Re-interpretation," *Journal of Commonwealth and Comparative Politics* 29 (1991): 265–282; D. R. Gasper, "Development Planning and Decentralization in Botswana," in *Decentralizing for Participatory Planning?* edited by P. de Valk and K. H. Wekwete (Aldershot: Gower, 1990). Writers on Botswana often stress its exceptionality. Among other things, while it has exhibited state strength and spearheaded growth very effectively, it has not behaved like a developmental state in that it has not intervened extensively to promote industrialization. Roy Love has asserted that the Botswana state has been helping its "cattle capitalists" to make the transition to urban capitalism, much as happened in Côte d'Ivoire, though the data are still sketchy and the scale more modest than in Côte d'Ivoire, let alone the more famous developmental states. See Roy Love, "Drought, Dutch Disease, and Controlled Transition in Botswana Agriculture," *Journal of Southern African Studies* 20 (1994): 71–83. See also Samatar, *An African Miracle.*

47. Dan O'Meara, *Volkskapitalisme: Class, Capital, and Ideology in the Development of Afrikaner Nationalism, 1934–1948* (Cambridge: Cambridge University Press, 1983); Merle Lipton, *Capitalism and Apartheid* (Aldershot: Wildwood, 1986).

48. Jonathan Barker, *Rural Communities Under Stress* (Cambridge: Cambridge University Press, 1989).

49. Merle L. Bowen, "Beyond Reform: Adjustment and Political Power in Contemporary Mozambique," *Journal of Modern African Studies* 30 (1992): 255–279.

50. James S. Wunsch and Dele Olowu, *The Failure of the Centralized State: Institutions and Self-Governance in Africa* (Oxford: Westview, 1990); Robert Klitgaard, *Adjusting to Reality: Beyond "State Versus Market" in Economic Development* (San Francisco: ICS, 1991); Giovanni Andrea Cornia, Ralph van der Hoeven, and Thandika Mkandawire, *Africa's Recovery in the 1990s: From Stagnation and Adjustment to Human Development* (New York: St. Martin's, for UNICEF, 1992); Goran Hyden, "Responses from Below: A Tale of Two Tanzanian Villages," *Food Policy* 15 (1990): 299–305; Akin L. Mabogunje, "Mobilizing Nigeria's Grassroots for Increased Food Production: Reaching Out from the Centre," *Food Policy* 15 (1990): 306–312; Alain de Janvry, Elisabeth Sadoulet, and Erik Thorbecke, "Introduction to Special Section on State, Market and Civil Organisations," *World Development* 21 (1993): 573; Frances Stewart, "Contribution to EADI Session on Governance, Adjustment, and Reform," European Association of Development Research and Training Institutes conference, Berlin, 1993. Compare this to the World Bank's current stance—that central governments should continue to finance services, while leaving service delivery in the hands of private sectors and nongovernmental associations—in Robert Hecht and Philip Musgrove, "Rethinking the Government's Role in Health," *Finance & Development* (September 1993): 6–9.

51. For a survey of findings, see *Public Administration and Development*

12 (1992): 1–122. Barbara Ingham and A. K. M. Kalam have identified a shift in the decentralization literature away from cautious optimism toward a view that decentralization is not self-evidently good, in "Decentralization and Development: Theory and Evidence from Bangladesh," *Public Administration and Development* 12 (1992): 377.

52. William Tordoff, "Decentralisation: Comparative Experience in Commonwealth Africa," *Journal of Modern African Studies* 32 (1994): 555–580.

53. Bratton and Rothchild, "The Institutional Bases of Governance," pp. 269, 284.

54. Bayart, *The State in Africa,* pp. 91–92.

55. Janet MacGaffey, *Entrepreneurs and Parasites: The Struggle for Indigenous Capitalism in Zaire* (Cambridge: Cambridge University Press, 1987).

56. Tom Forrest, *The Advance of African Capital: Studies in the Growth of Nigerian Private Enterprise* (Edinburgh: Edinburgh University Press, for the International African Institute, 1994), chap. 9.

57. Andrew E. Green, "South Korea's Automobile Industry: Development and Prospects," *Asian Survey* 32 (1992): 411–428.

58. Deborah A. Bräutigam, "What Can Africa Learn from Taiwan? Political Economy, Industrialization Policy, and Adjustment," *Journal of Modern African Studies* 32 (1994): 111–138.

59. Naya and Imada, "Development Strategies and Economic Performance," p. 311.

60. Richard Grabowski, "Import Substitution, Export Promotion, and the State in Economic Development," *Journal of Developing Areas* 28 (1994): 540. See also Syed Nawab Haider Naqvi, "Development Economics: The Winds of Change," *Pakistan Development Review* 31 (1992): 352.

61. For a general discussion, see Diana Tussie and David Glover, "Developing Countries in World Trade: Implications for Bargaining," in *The Developing Countries in World Trade: Policies and Bargaining Strategies,* edited by Tussie and Glover (Boulder: Lynne Rienner, 1993), p. 226.

62. Dragoslav Avramovic, *Developing Countries in the International Economic System: Their Problems and Prospects in the Markets for Finance, Commodities, Manufactures, and Services,* Occasional Paper no. 3 (New York: Human Development Report Office, 1992); Alexander J. Yeats, "Do African Countries Pay More for Imports? Yes," *World Bank Economic Review* 4 (1990): 1–20.

63. For details, see Luc Soete, "Technological Dependency: A Critical View," in *Dependency Theory: A Critical Reassessment,* edited by Dudley Seers (London: Pinter, 1981).

64. See Soete, "Technological Dependency," for a detailed examination of the conditions of market strength and weakness.

65. See M. A. Adelman, "Oil Fallacies," *Foreign Policy* 82 (1991): 3–16.

66. Dutch disease refers to a situation in which one export industry produces a large influx of foreign currency into an economy. This influx leads to currency overvaluation, because the value of the local currency is bid up by all the foreign exchange flowing into the economy seeking conversion. This raises

the cost of money, and hence investment, causing investment to fall in all industries save for the export industry in question. At the same time, currency overvaluation makes other exports less competitive on the world market. When the price for the main export commodity comes back down, the economy will have few other sectors to fall back on for export revenue, because they will have been discouraged during the boom days.

67. However, one must avoid overstating the degree of this dependence. See Haggard and Webb, "What Do We Know?" p. 157; Miles Kahler, "External Influence, Conditionality, and the Politics of Adjustment," in *The Politics of Economic Adjustment,* edited by Stephan Haggard and Robert R. Kaufman (Princeton: Princeton University Press, 1992). An appropriate view of the relationship between third-world governments and the International Monetary Fund and the World Bank is to see the former not as tools of the latter, but rather as weak clients.

68. See John Rapley, "The New Middle Ages," *Foreign Affairs* 85,3 (May–June 2006): 95–103.