

Contents

<i>List of Figures and Tables</i>	xi
<i>Preface</i>	xiii
<i>Acknowledgements</i>	xxi
<i>List of Abbreviations</i>	xxiii
Introduction: Reconstructing Development Theory for the 21st Century	1
The argument	8
Part I The Nature of Development Theory	15
1 The Crisis in Development Theory	17
Paradigm conflicts and the developmental crisis	17
Science, agency and developmental transitions	19
Positivism, atomistic individualism and cultural relativism	23
Development theory, western imperialism and cultural autonomy	25
From right- or left-wing structuralism to neoliberalism	27
Conclusions	32
2 The Basic Assumptions of Development Theory	34
The idea of development and structural change	34
Development as a normative aspiration	36
Incrementalism, planning and developmental transitions	38
Managing transitions: structuralism, markets and dualistic development	42
Teleology, linearity and hybridity in development theory	46
Conclusions	49
3 Evolutionary Institutional Change and Developmental Transitions	51
Agency, institutional change and developmental transitions	52
An evolutionary approach to developmental transformations	56
Positivism, methodological individualism and evolutionary change	60
Corporate capitalism, extended cooperation and uneven development	64

Evolutionary theory, cultural relativism and dualistic development	67
Evolutionary transformations, science and the politics of development	69
Conclusions	73
PART II The Institutional Arrangements of Liberal Democratic Capitalism	77
4 Market Societies, Open Systems and Institutional Pluralism	79
From paradigm conflicts to liberal institutional pluralism	79
The structural and normative implications of institutional pluralism	83
The benefits, costs and social consequences of market-based systems	87
The political implications of economic regulation	98
Conclusions	101
5 State Regulation, Democratic Politics and Accountable Governance	104
Political authority, organizational autonomy and complex interdependence	104
State power, political markets and democratic accountability	114
Conclusions	122
6 Politics, Bureaucracy and Hierarchy in Public Management Systems	124
Democracy, bureaucracy and good governance	124
The political economy of bureaucratic reform	127
The benefits and risks of new public management	135
Conclusions	139
7 Hierarchy, Quasi-markets and Solidarity in Capitalist Firms	142
Imperfect information, opportunism and hierarchy in capitalist firms	143
From command to consent: reforming hierarchical management systems	146
Conclusions	153
8 Incentives and Accountability in Solidaristic Organizations	155
Solidaristic organizations and institutional pluralism	155
Functions and authority in solidaristic organizations	157

Incentives, accountability and efficiency in solidaristic organizations	159
Conclusions	171
Part III Explaining Blocked Development	173
9 Competing Models and Developmental Transitions	175
Back to the future: from liberal pluralism to development theory	175
Formal models, objective possibilities and social change	178
Classifying and evaluating alternative politicoeconomic models	182
Competing models, political competition and developmental transitions	187
Conclusions	191
10 Learning from History	193
Market failures, start-up problems and state-led development	193
States and markets in early capitalist development	195
Structuralism, liberalization and crisis in postcolonial Africa	202
Conclusions	213
11 Explaining Blocked Development	216
The limits of liberal pluralism	216
Contradictory cultures, market failures and start-up problems	219
Dualism, contested transitions and blocked development	223
Conclusions	228
12 A Theory of Developmental Transformations	231
Towards a sociology of developmental change	231
Collective values, social institutionalism and human agency	233
Dualism, historical relativism and institutional hybridity	238
Conclusions	251
13 Building Strong States	254
Problems of democratic consolidation in late development	256
Authoritarianism, structuralism and democratic transitions or breakdowns	259
Donors, governments and the politics of noncompliance	266
Managing political and policy processes in weak states	268
Conclusions	274

14 Building Capitalist Economies	278
Maximizing comparative advantage and eliminating political rents	278
Infant economies and states, primary accumulation and managed markets	282
Scale economies, liberalization and uneven development	282
Economic policy regimes and late-late development	289
Conclusions	291
Conclusions: Theory, Agency and Developmental Transitions	295
Beyond the impasse in development theory	295
Institutions, agency and the development crisis	297
<i>References</i>	308
<i>Index</i>	330

Reconstructing Development Theory for the 21st Century

The crisis in development theory is a multiple one that is understood very differently by people with different ideological and theoretical perspectives. Most accept that the idea of development is directly linked to the changes ‘towards those types of social, economic and political systems’ created in Europe and the USA from the 17th century (Eisenstadt, 1966: 1),¹ but they often disagree over the objectives of these changes, their normative implications, and the way they should be managed. Modernization theorists like Eisenstadt saw this transition as a desirable, even inevitable process, but their views have always been challenged by a variety of radical voices, especially from the third world, that have rejected his equation of progress with western achievements, especially given the west’s formal commitment to ‘the principle of equality’, and its continuing tendency ‘to violate it in an extraordinarily systematic way’ (Besis, 2003: 5). And even those who have accepted this view have disagreed about how it should be done, and especially about the relationship between conscious social intervention and free markets in managing these transitions. This has produced competing liberal and structuralist traditions that have sustained what Polanyi (1944/2001: 152) has called a ‘double movement’ in policy theory – an oscillation between an extension of markets across the world and subsequent counter-tendencies invoking state intervention to protect societies ‘from the weaknesses and perils inherent in a self-regulating market system’.

All these competing paradigms are now confronting what MacIntyre (1998: 165) calls an epistemological crisis – a ‘dissolution of [the] historically founded certitudes’ on which their assumptions, their analytical categories and their predictions are based. Structuralism, understood in its most general sense as the range of theories that ‘provide a reason for managing change by administrative action’ (Little, 1982: 21), dominated theory and practice until the late 1970s, but was then discredited by economic and political failures in most of the countries that used it and was superseded by neoliberal market-based theories. However, they also failed to eliminate poverty, inequality, exclusion and violent conflict in many LDCs, and are clearly intensifying the environmental and financial crises that now dominate the international agenda. The result was a

double crisis in mainstream theory by the end of the 1990s that justified the radical critics who reject the whole exercise and see ‘development’ as ‘a poisonous gift to the populations it set out to help’ (Rahnema, 1997: 381).²

This crisis has therefore subjected the idea of development to

the contempt of the generation that grew up during the great traumatic collapse of the old concept of development ... [that] promised the constant progress of mankind rising in a straight line to a happier state. Contaminated with the stigma of disillusion, concepts like ‘progress’ and ‘social development’ seemed to have become unusable for research. (Elias, 2001: 175)

This book will show that this pessimism is not only misplaced, but counterproductive, since it fails to recognize that the idea of development is crucial to the survival of the global system as we know it, and that development theory is equally crucial for those who are still trying to discover ‘how poverty is to be abolished’ almost two centuries after Hegel posed the question in *The Philosophy of Right* (1821/1967). The rest of this Introduction will therefore identify the formative assumptions and propositions that will underpin the rest of the text.

First, the claim that concepts such as ‘progress’ and ‘development’ and, indeed, their opposites like ‘regression’ or ‘breakdown’ are no longer relevant simply ignores the fact that

they do not actually refer to obsolete, disappointing ideals but to simple observable facts [like the fact] that human knowledge of natural processes has progressed over the centuries, not least in the present one. (Elias, 2001: 175)

New technology is opening even remote places to new experiences and possibilities; political, social and economic institutions are being transformed by the liberal revolution; and concern about, and attempts to deal with, the problems of global inequality and poverty have never been greater. However, this produces disruption and regression, as well as progress, because creating new systems also destroys old ones, so development is never ‘a harmless and peaceful process of growth, like that of organic life’ (Hegel, 1822–30/1975: 127), but is an often violent and unequal struggle between competing ideologies, interests and nations, involving:

great collisions between established and acknowledged duties, laws and rights on the one hand, and new possibilities which conflict with the existing system or violate it or even destroy its very foundations and continued existence, on the other. (Hegel, 1822–30/1975: 82)

Dramatic changes are occurring in DCs as well as LDCs that cannot be properly understood, even in the former, by using orthodox theories that explain how societies maintain existing systems rather than manage fundamental change. However, explanations that focus on equilibrium rather than change, as most orthodox theories do, are far less appropriate in LDCs that are restructuring their existing institutions and creating new ones, and must therefore be supplemented by developmental theories that focus on problems created by the need to transform rather than maintain existing systems.

Second, we do not assume that there is a single linear route to modernization based on western models that all societies are bound to follow, although we do accept, as Marx and Engels (1845–6/1974: 78) predicted, that the universalization of liberal democratic capitalism has

produced world history for the first time, insofar as it [has] made all civilised nations and every individual member of them dependent for the satisfaction of their wants on the whole world, thus destroying the former exclusiveness of nations.

In Marx's day, only a small minority of people lived in independent 'civilized' nations, now all of them do or aspire to do so. Almost all these societies use or aspire to liberal democratic capitalistic institutions as the basis on which they manage their social relationships. These institutions originally emerged in the west and were then forcibly transferred across the globe by the dominant capitalist powers. However, the values and rules on which they are based have been adopted and adapted by indigenous social and political movements in LDCs and exercise a decisive influence on the way they construe their own futures. However, while these processes are all heavily conditioned by the rules set by the globalized system, we will also show why development must occur as

path-dependent and historically contingent processes [that] are leading, not to convergence to a presumed unique 'Western' model, but to historically located and specific varieties of capitalism in each country. (Hodgson, 1999: 151)

Hence no two countries are likely to use the same combination of political, economic and social institutions to manage their transitions to modernity, but none can ignore the influence of the principles of freedom, equality, scientific objectivity and cooperative interdependence that originated in the western enlightenment project.

Third, much of the pessimism surrounding development theory stems from the failure of many of the attempts to implement its prescrip-

tions in the LLDCs. However, we should not only judge a prescriptive policy paradigm by its immediate results in countries where the appropriate preconditions for its operation may not yet exist. Liberal theorists claim that modern institutions will increase freedom, equity, cooperative interdependence and prosperity, and point to the experience of the developed world to justify their claims. However, the fact that attempts to transfer them to LDCs have often failed does not deny the claims that can be made on behalf of democratic political systems, competitive economies or open civil societies. These institutions have only existed in their modern form over the past 250 years, and many of them were displaced by Fascism and command planning in parts of Europe during the interwar period. But this did not reduce the value of liberal institutions or the willingness of millions of people to risk their lives to defend them. It is indeed highly unlikely that LDCs will be able to make a shift to fully developed liberal institutions in a single giant stride, but this does not mean that they should be willing to accept anything less as their long-term goal.

Fourth, the fact that development theory is in a state of crisis has not threatened its role, but generated new challenges and opportunities. A theoretical crisis is not a breakdown but a situation in which recurrent failures have demonstrated that a particular paradigm can no longer achieve its original goals but must be systematically modified if it is to be reconstituted and put back to use. This is not a reason for despair, but a call for radical change that can lead to major discoveries and reformulations. According to Wolin (1960: 8, emphasis added):

most of the great statements of political philosophy have been put forward in times of crisis: that is when political phenomena are less effectively integrated by institutional forms. Institutional breakdowns release phenomena, so to speak, causing political behavior and events to take on something of a random quality, and destroying the customary meanings that had been part of the old political world ... Although the task of political philosophy is greatly complicated in a period of disintegration ... [its theories] are evidence of a 'challenge and response' relationship between the disorder of the actual world and the role of the political philosopher as the encompasser of disorder. The range of possibilities appears infinite, for now the political philosopher is not confined to criticism and interpretation: he must *reconstruct* a shattered world of meanings and their accompanying institutional expressions: he must, in short, fashion a political cosmos out of political chaos.

We are clearly living in a period like this, in which development theorists and practitioners are producing important new syntheses that are

helping to resolve at least some of the conflicts between competing paradigms of the past. This study will attempt to synthesize the most important of these shifts and use them to take the debate one step further.

Fifth, it will reject the adversarial, even nihilistic approaches that have dominated the debate since the 1960s. Many theorists have treated their role as a purely critical one, designed to ‘deconstruct’ the arguments used to justify the claims of everyone in authority by exposing their limitations, weaknesses and tendency to subordinate the weak to the demands of the strong.³ Critical theory is certainly crucial to the maintenance of a civilized life, resistance to oppression, and the possibility of progress. However, it also has had regressive consequences when taken to extremes. Sometimes a one-sided commitment to a particular paradigm or subparadigm (like the varieties of Marxism contending for superiority during the 1970s) led to destructive attacks on the moral as well as the intellectual status of alternative positions. Sometimes theorists attacked particular institutional systems without providing viable alternatives, or utopian ones that ignore the complexity of the systems and the need for hierarchical controls to manage the competition for scarce resources in modern societies.⁴

Instead, this study is committed to reconstruction rather than deconstruction in two ways. First, it accepts that social transformations must operate within limits that are circumscribed by existing capacities, value systems or ‘dispositions’ and endowments, so that destroying old systems before the ‘objective possibility’⁵ of a new one has emerged will lead to breakdown rather than emancipation. Hence, we should not deconstruct systems of rule or thought unless we can identify better alternatives, nor treat

scientific discussion as a process at law in which there is an accused and a public prosecutor whose professional duty it is to demonstrate that the accused is guilty and has to be put out of circulation. (Gramsci, 1971: 34–5)

Further it also recognizes that all the paradigms that have exerted a significant influence over events over the past 250 years have important positive and negative insights to offer. Thus freedom does depend on political and social as well as economic markets; peace and social justice depend on state intervention, while traditional value systems can increase the autonomy of local communities and protect the poor from destitution. Then again, the limitations of any of these paradigms are most clearly expressed in the work of their opponents. Liberals have produced the most convincing explanations for very real state failures, while structuralists have produced equally salient explanations for market failures. This study will therefore provide a posi-

tive synthesis based on the strengths rather than the weaknesses of the paradigms that have dominated the discipline since its inception.

Sixth, focusing on ‘development’ necessitates the use of institutional rather than individualistic theory for two reasons. First, although development does seek to maximize the freedoms, capabilities and entitlements of individuals (Sen, 1999), it can only do this by creating the appropriate *social* institutions – democratic states, competitive economies, and open civic organizations – that replace slavery, serfdom, patrimonialism or command planning, which repress personal freedom and choice. Hence, methodological individualism cannot be applied in societies where the institutions that allow people to think and behave as free individuals have yet to be created. According to Elias (2001: 141):

This ego-ideal of the individual ... is something that has developed ... through social learning ... in conjunction with specific structural changes in social life ... [and] is part of a personality structure which only forms in conjunction with specific human situations, with societies having a particular structure. It is highly personal, yet at the same time society specific.⁶

Thus the individualistic assumptions that guide most of the orthodox social sciences cannot explain developmental changes because of ‘the unreality of their fundamental empirical assumptions’ (Leontief, 1966a: 93)⁷ when applied to LDCs as opposed to DCs.

Second, this also means that the key difference between modern and pre-modern societies lies in the nature of their institutional arrangements – the rules and incentives, the dispositions and aptitudes – that govern the way in which people cooperate or compete with each other. These differ systematically and can be ranked in accordance with their capacity to maximize the achievement of clear normative criteria – personal autonomy, equity, efficiency, and free cooperative interdependence. In fact, ‘development’ or ‘progress’ has always related to the shift from less to more effective institutions – from slavery, feudalism and command planning to competitive capitalism and social democracy, from autocracy to democracy, from patriarchy to gender equality, and from theocracy to scientific rationality. We therefore treat development theory as an evolutionary theory of progressive institutional transformation.

Seventh, the prescriptive and policy-oriented nature of development theory also obliges us to use an interdisciplinary methodology to understand it, since ‘political, economic and moral issues are inextricably connected at the base of every important issue of our time’ (Brett, 1968: 49). As Lukacs (1971: 8) said:

Only in [a] context which sees the isolated facts of social life as aspects of the historical process and integrates them in a *totality*, can knowledge of the facts hope to become knowledge of *reality*.

However, interdisciplinarity is inherently difficult, since, as Durkheim (1893/1964: 363) said: 'it is now impossible for the same man to practice a large number of sciences' so 'grand generalizations can only rest on a very summary view of things'. This book will nevertheless attempt to synthesize the literature addressing the political, economic and social implications of developmental change, and will not be able to address all the most significant texts in particular disciplines. However, as Durkheim also showed, 'the diversity of science disrupts the unity of science [so] a new science must be set up to re-establish it' by discovering the relationships between the various sciences and their continuity and 'summing up ... all their principles in a very small number of principles common to all' (p. 359). We therefore cannot claim to pay adequate attention to the most recent work in the mainstream disciplines, but do feel that this book represents a credible attempt to produce a synthesis of this kind.

Eighth, this approach enables us to treat the paradigm debate between structuralists, neoliberals and third world theorists as one over alternative institutional arrangements – those governed by collective state-enforced rules as opposed to market-based exchanges or solidaristic obligations. It also enables us to explain the powerful process of theoretical reconstruction that is now helping to resolve many of the disputes between structuralist and neoliberal paradigms by recognizing the need for institutional diversity, a shift that was acknowledged by the World Bank (1997: 18):

Development – economic, social and sustainable – without an effective state is impossible ... an effective state – not a minimal one – is central to economic and social development, but more as partner and facilitator than as director. States should work to complement markets, not replace them.

This shift is producing a new synthetic paradigm that we call 'liberal institutional pluralism', which transcends many of the limitations of both structuralist and neoliberal theory. It does this by identifying the conditions under which hierarchical and solidaristic agencies should be used to counter the inevitable problems of market failure and enable societies to 'act, collectively, to improve their lot' (Leys, 1996: 3), as well as those where market-based or participatory political, economic and social processes should be used to enforce efficiency and accountability and guarantee autonomy and freedom. This model is in fact the basis of the 'post-Washington consensus' that now dominates develop-

ment policy, and is designed to provide a comprehensive approach to the management of emancipatory change. We will identify the assumptions, the normative goals and the political, social and economic institutional arrangements that make up this model in Part II.

And finally, we will also argue that the liberal version of institutional pluralism is not a genuine theory of development but rather an important attempt to respond to the limits of the fundamentalist neoliberal theorists who rejected ‘any dilution of the market-based system that they advocate’ (Hodgson, 1999: 91), as we argued in the Preface. As a result, we devote the whole of Part III to a critical review of the limitations of orthodox liberal pluralism, and explore the immense difficulties involved in generating viable hybrid solutions that do indeed take account of local capacities, dispositions and needs, but retain a long-term commitment to the enlightenment ‘conception of citizenship ... that there should be only one status of citizen (no estates or castes), so that everyone enjoys the same legal and political rights’ (Barry, 2001: 7).

The argument

The book is divided into three parts. Part I addresses the methodological issues we have just identified; Part II sets out the theoretical assumptions and pluralistic policy models that dominate the orthodox liberal reform agenda that is now being applied across the third world; and Part III identifies the limitations of this agenda as a basis for developmental transitions, and draws on the insights of earlier classical traditions to explain the ongoing crisis in most LLDCs and the need to adopt second-best or hybrid alternatives to overcome them.

Part I

Chapter 1 explores the disagreements over the ‘principles of rationality’ or normative criteria that should guide development theory and practice, and why their models have often failed to produce their expected results. We outline the normative and analytical assumptions that separate the major traditions: positivists and methodological individualists who claim that development theory involves an illegitimate use of science to justify a normative and prescriptive enterprise; third world theorists who see it as the imposition of western values and achievements on their societies; right- and left-wing structuralists who claim that free-market solutions must block development; and neoliberals who argue that state planning must fail and call for a return to orthodox market-based theory. The chapter also argues that the generalized economic and political failures in most LLDCs had discredited all these

models by the 1990s. Both structuralist and neoliberal policies were in crisis in the 1980s and many political systems were characterized by violence, corruption and authoritarianism. The result was a reversion to regressive theocratic, patriarchal or ethnic principles in many contexts that negated the liberal development project, but also generated intense and irreconcilable contradictions of their own.

We respond to these conflicting views in Chapter 2 by demonstrating that the idea of development plays a central role in the modern world, but has multiple meanings that generate different problems in different contexts. Development exists as a normative aspiration, is institutionalized in systems designed to facilitate progressive change, is embodied in conscious policy projects in LDCs, and operates as a set of teleological expectations about the future. It shows that its normative aspirations take the form of 'a universally valid notion of progress' (Barry, 2001: 4) based on the principles of equality embodied in the UN's *Universal Declaration of Human Rights* and other international covenants. These principles have now been institutionalized in the market- and science-based systems that operate in DCs, but are still reshaping institutions across the third world. Thus development has become an incremental but compulsory and spontaneous process in DCs, but is still a conscious and collective enterprise in LDCs where these open systems are still being created. We also show that the desire to give people in LDCs comparable opportunities to those in DCs, and the assumption that they will successfully demand similar political, economic and social rights, has turned the idea of development from a normative aspiration into a teleological expectation, thus confirming Kant's (1991a: 51) prediction that we can indeed produce 'a universal history of the world'.

We show in Chapter 3 that the limitations of orthodox liberal theory as a theory of development can be transcended by using 'evolutionary institutionalism' to explain the processes that produce structural change. Evolution is driven by unconscious selection in the natural world, but by human agency subject to unanticipated consequences in society. Social movements and the leaders and theorists they rely on struggle with other groups to maintain existing systems or replace them with new ones, but can rarely expect to achieve what they set out to do. The competition between social interests committed to contradictory systems like patrimonialism, Communism and liberal capitalism have dominated the modern era and have now created a world system in which liberal democratic capitalism has established a still incomplete dominance. This process of competitive evolutionary institutional change has eliminated many systems, and is still modifying all of them. The globalization of liberal capitalism has also globalized the liberal market theory that sustains it, but we will argue that it cannot be treated as the basis for an adequate theory of development.

Part II

Chapter 4 shows how the adversarial conflicts over state- versus market-led theory is now giving way to attempts to understand better ways of constructing symbiotic relationships based on organizational pluralism or diversity. It develops an interdisciplinary response to this problem by first identifying the advantages of market-based systems that do enable individuals to achieve their goals by entering into voluntary exchanges with others, and then identifies the many circumstances under which markets fail, producing a need for alternative hierarchical or solidaristic institutions in the form of strong states, hierarchical firms and civil society organizations.

Chapters 5 and 6 identify the functions that need to be performed by liberal states: to guarantee property rights and enforce contracts; regulate access to common property resources; manage externalities; and provide public goods and welfare services. Chapter 5 shows that the state must be able to force private individuals to obey its decisions, but must also be made accountable to them if it is not to abuse its power, through the operation of political markets in the form of regular elections. It notes that political authority has to be institutionalized at global and local as well as national levels, and describes the complex interactions between all three. It explores the strengths and weaknesses of democratic processes, and how state–economy relationships influence the options available to governments.

Chapter 6 examines the complex interactions between political and authority and bureaucratic apparatuses that should operate on the basis of ‘relative autonomy’. Elected politicians are mandated to determine policy and monitor performance, and professional civil servants are recruited on the basis of their expertise to carry them out. It shows why state services were originally based on centralized hierarchies and permanent tenure, and are now being reformed through the introduction of results-oriented systems and market-based processes.

Chapter 7 uses Marxist and new institutional economic theory to explain why market failures, stemming from economies of scale and the transaction costs created by imperfect information and opportunistic behaviour, favour the growth of the large-scale hierarchical capitalist firms that dominate the global economy. It shows why the need to maximize efficiency and minimize costs generates different kinds of challenges and responses in different kinds of firms, and argues that the current shift to knowledge-based production systems is reducing the need for the oppressive hierarchies that dominated old mass-production systems, and producing new kinds of network-based authority systems in many contexts.

Chapter 8 considers the increasingly important political and economic role played by solidaristic organizations (SOs) – religions, associations,

political parties and social movements, cooperatives, nongovernmental organizations (NGOs), families and networks – in modern societies. These organizations play an important economic and political as well as social role, but they operate in the private rather than public spheres, and those who run them are driven by affective and ethical needs rather than material self-interest. We show that their contributions are usually based on reciprocity rather than altruism, and that modern formal SOs demand skilled professional staff who have to be adequately compensated; need to create hierarchical organizations to ensure effective performance; and need to be subjected to open market-based accountability mechanisms to ensure that they make effective use of their resources.

Part III

Chapter 9 shows that the requirements of imported liberal systems generate serious conflicts with local values and capacities, and threaten groups that benefit from existing institutions. Societies often lack the values, skills and/or resources needed to manage these institutions, and this generates start-up problems that can produce crises or breakdowns. This suggests that orthodox liberal models need to be adapted to local circumstances, and that a distinctive body of development theory is needed to manage institutional transfers by generating hybrid solutions that incorporate elements of both local and imported institutions.

Chapter 10 contextualizes this problem by reviewing the policy regimes that have governed the developmental transitions that have taken place in the modern period, first in the north, and more recently in the south and east. These have all involved interventionist programmes that limited the operation of free political and economic markets during their early transitions to liberal democratic capitalism. We examine the conflictual processes generated by the attempts of northern countries to catch up with Britain in the 19th and early 20th century; those involved in the postcolonial and post-Communist world over the past 60 years; and those in modern LLDCs, using Uganda and Zimbabwe as case studies. We show that different kinds of structuralist programmes sometimes succeeded and sometimes failed, depending on local capacities and the external environments in which they operated.

Chapters 11 and 12 review the work of the classical theorists who examined the destabilizing consequences of the coexistence of western and local institutional systems. Chapter 11 shows that these ‘dualistic’ situations can generate antagonistic conflicts between contradictory value systems and power structures that can derail potentially progressive political, economic and social reforms, but also argues that these difficulties are unavoidable. Chapter 12 shows that ‘pre-modern’ insti-

tutions incorporate local values and skills that enable people to survive, often in contexts where new liberal initiatives have failed. It also shows that real changes do not emerge out of immediate shifts to modern institutions, but out of dialectical interactions between local institutions and modern ones, so practitioners should accept the need to facilitate transitions that may not measure up to the standards set by liberal theory, but are better than those they replace. These arguments raise important issues for ongoing programmes of political and economic reform.

We address these political issues in Chapter 13, by arguing that current programmes of democratic reform need not guarantee a transition to ‘good governance’. Democracy requires values and skills that did not exist in pre-democratic systems, and competitive elections can intensify social conflict and produce populist policies and corruption in societies characterized by intense scarcity, low levels of trust, and weak political parties and pressure groups. Pre-modern systems used authoritarian regimes that often produced stagnation and decay, but also built strong capitalist states when their regimes recognized the need to adopt effective economic policies in order to maximize their own wealth and power. We show that authoritarian regimes are inherently unstable – successful ones in Europe and East Asia were democratized after completing their capitalist transitions; unsuccessful LLDCs now confront economic and political crises that have forced them to cede much of their authority to the donor community. Finally, we examine the political, administrative and economic consequences of this.

Chapter 14 revisits the classical debate over the economic consequences of the market failures created by late development. Structuralist theorists argue that economies that had yet to develop strong capitalist economies could not compete successfully with already developed ones, creating an ‘infant industry’ problem with significant economic and political effects. First, they could only ‘catch up’ with their competitors without imposing immense costs on their citizens by using protected markets and/or subsidized inputs. We show that recent import substituting versions of structuralism have generally failed but that new export-oriented versions have succeeded when managed by strong states. We then explore the political implications of the problem, showing that the need for ‘rents’ to build a new capitalist class explains the prevalence of often corrupt demands for political favours, and the absence of a consolidated capitalist and working class with the motivations and resources needed to maintain viable democratic states. We conclude with a discussion of the policy options available to practitioners in LLDCs with weak states and weak capitalist economies.

Notes

- 1 However, early modernizers in Western Europe looked back to the then more advanced civilizations of Greece, Rome and the Middle East for their organizational models and scientific achievements; many Islamists now look back to the caliphate.
- 2 The edited collections of Rahnema and Bawtree (1997) and Sachs (1992) contain some excellent relevant articles and seek to re-establish theocratic or traditional social systems that ignore the demands of modernity where they can 'live on their own terms' (Esteva, 1992: 20).
- 3 This represents a shift in my own approach, for example in Brett (1983).
- 4 Here I would include the critiques of third world theorists like Rahnema (1997) and Esteva (1992) and participatory and 'social movement' theorists like Bond and Manyanya (2002: 192), who imagine a world based on 'progressive politics and basic-needs development within formal and informal organisations – based in workforces, communities, women's and youth groups, environmental clubs and churches'.
- 5 This term has been appropriated from Lukacs (1971: 51). Bourdieu (1991: 53) talks of 'objective potentialities immediately inscribed in the present'.
- 6 Marx (1857–8/1972: 17, 65) argued that it is only 'bourgeois society, the society of free competition' that is constituted by a social network made up of 'individuals who remain indifferent to one another'.
- 7 Here Leontief is describing the basis for Kenyes' critique of neoclassical economics, but it applies even more strongly to development theory as a whole.

Index

A

abbreviations xxiii
academic community, key role xiii
accountability
 democratic 114, 119, 131
 in hybrid systems 247–51
 routes to 133
 for service delivery systems 272–3
 short/long routes 134–5
accumulation, primitive (primary) 287–9
administration, in authoritarian states
 128
Afghanistan 53, 179, 249
Africa 29, 153, 182, 249
 authoritarian structuralism 203–4
 colonialism 203–4
 democratization 205
 liberalization 204–5
 liberal pluralism, successes and
 failures 205–6
 postcolonial 202–13
 sub-Saharan 205–6
 ties of kinship 239
 see also individual African countries
agencies 20, 21–2
 types 86
agency, political 18
agents, relationships with principals
 82–3
aid
 dependency 266–8, 292–3
 rationing 271
Algeria 203
altruism 157, 159, 160–1
 reciprocal 161–2
anthropologists 26
associations
 formal 158
 membership-based 165–8

Australia xiv, 113, 132, 214
authoritarian crises/breakdowns
 263–5
authoritarianism 181, 189, 214
 in LDCs 258–9
 transition to democracy 256–7,
 261–3
authoritarian states, administration in
 128
authoritarian structuralism, transition
 to 255
authority
 patriarchal 234
 political 104–13
 religious 234
 in solidaristic organizations 158–9
autonomous individualism 247
autonomous interdependence 84, 85
autonomy 236
 cultural 25–7
 v. modernity 240

B

banks 299–300
behaviour, individual 53–4, 65
Berg Report 30, 202
blocked development xv, xix, 187,
 198, 228, 251
Bolivia 250
Botswana 185, 205
Brazil 182, 190, 213, 280
Britain, *see* UK
British Dominions xviii
bureaucracy
 monopoly power 128
 motivation of officials 131
 private/public 124–6
 in public management systems
 124–7

- bureaucratic model 126
 bureaucratic reform 127–35
 bureaucratic structure 127–9
 Burundi 206
- C**
- Canada xiv, 113, 214, 302
 capital, human 263
 capitalism xvii, 73, 225
 coercive 147
 cohesive capitalist states 28, 43, 190, 250
 commandist 150
 competitive 194
 competitive to oligopolistic 65
 corporate 64–7
 in developed countries (DCs) 41–2
 distinct varieties of 181
 early development 195–202
 in emerging LDCs 182
 global 67, 298–300
 in late developing countries (LDCs) 186
 liberal democratic 3, 48, 63, 180, 252
 modern 288
 structuralist critique of 29–30
 capitalist crisis 298–300
 political implications 300–2
 capitalist economies, building 278–94
 capitalist firms
 hierarchy in 142–54
 quasi-markets in 150
 solidarity in 148
 capitalist states, cohesive 28, 43, 190, 250
 Cartesian duality 60
 categorical inequality 237–8, 249
 centralized command 147, 148
 Chad 206
 change
 evolutionary 60
 first-comers *v.* latecomers xiii, 38–9, 49
 institutional 52–5, 69–71, 232
 population change 58–9
 social 245
 social cohesion and 21
 charities 158, 168
 Chile 29
 China xiv, xviii, 178, 182, 196, 215, 223, 255, 262, 263, 280
 authoritarianism 258–9, 261
 cheap imports from 206
 Communist expansion in 201
 cooperatives 153
 economic transition 250
 governed market model 289
 politicoeconomic model 185
 poverty in 48
 socialist command economy 29
 civic agencies 86
 class conflict 147, 150
 clubs 158
 clustering, economies of 285
 coercion 147
 v. freedom 36
 cohesive capitalist states 28, 43, 190, 250
 cold war 42
 collective obligations 234
 collective ownership 152, 153
 collective values 233
 collectivism 41
 colonialism 26, 197–8, 203–4, 217, 225, 245–6
 to independence 255
 command planning 302
 communication systems, horizontal/
 vertical 150
 communicative action 157
 Communism, collapse of 30
 Communists 51
 communities 24
 comparative advantage
 maximizing 278–82
 Ricardian theory 282–3
 comparative evolutionary
 institutionalism 55–6
 comparative institutional theory 34
 competition 138, 194
 market competition 38

nonequilibrating 57
 oligopolistic 92
 protection from 153
 competitive capitalism 194
 competitive markets 87–98
 competitive selection 67, 69, 74
 compliance 149
 conflict, cooperative 164
 Congo, *see* Democratic Republic of the Congo
 conscious management 63
 consent 147
 control, vertical/monocratic 142
 cooperation 65
 forms of 147–8
 inter-organizational, costs and benefits 81
 social, markets extending 91–2
 cooperative conflict 164
 cooperative ownership 152
 cooperatives 152–3, 158
 corporate capitalism 64–7
 corporatism, right-wing 28, 29
 corporatists 51
 corporatist theorists xiv, xvii
 corruption 217, 222, 261, 264, 288
 cosmopolitan right 109
 costs
 inter-organizational cooperation 81
 solidaristic organizations 165
 technology and 285
 transaction costs 144, 146
 creative destruction 58, 89, 92, 97
 credit crisis 301
 criticism, social-scientific 36
 Cuba 185, 201
 cultural autonomy 25–7
 cultural contact 245
 cultural identities 243
 cultural pluralism 67, 239
 cultural relativism 23–5, 51, 55, 61, 68, 240
 cultural systems, institutional change and 232
 currencies, overvalued 281

D

decentralization 112–13
 decision-making 150
 cooperative 144
 non-market 194
 democracy 121, 124–5, 254, 256–7, 259
 authoritarian transition to 256–7, 261–3
 nominal 190
 pluralistic (bourgeois) 116
 pseudo-democracy 255
 strengths and weaknesses 115–16
 democratic accountability 114, 119
 weaknesses of 131
 democratic consolidation 254, 256–9, 270
 democratic process 121
 Democratic Republic of the Congo (DRC) 178, 206, 265
 democratization, needs of poor 304–5
 dependence *v.* equality 36
 dependency on aid 266–8, 292–3
 dependency theorists xvi, xvii
 depoliticization 129
 despotism 248
 despots 260, 261–2, 262
 rational 260
 destruction, creative 58, 89, 92, 97
 developed countries (DCs)
 capitalist development 41–2
 changes in 3, 21
 labour-intensive industries relocated to LLDCs 280
 social and economic cohesion in 243
 development 2, 6
 blocked xv, xix, 187, 198, 228, 251
 combined and uneven xvi, 66, 283
 defined 177
 as enterprise 35
 as expectation 35
 goal of 38
 idea of 34–6
 as incremental process 35
 late and uneven 39
 as normative aspiration 36–8

- uneven xix, 18, 31, 93, 97, 284, 287, 304
- developmental failures 72
- developmental studies
as discipline xiv, xv–xviii
progress 17
- developmental transformations
231–53
evolutionary approach to 56–9
- developmental transitions 19–23, 38–42, 66–7, 189–91, 249
start-up problems 195
- development community 22–3, 42
key role xiii
- development theorists 52, 62
- development theory
adversarial/nihilistic approaches 5
basic assumptions of 34–50
conclusions 295–307
crisis in 1–2, 4, 17–33, 176
double movement in policy theory 1
institutional theory 6
interdisciplinary methodology 6–7
neoliberal version 17
overview 8–12
pessimism surrounding 2, 3–4
reconstruction *v.* deconstruction 5
structuralist version 17
transformation of existing systems 3
- devolution 113
- donor interventions 269
- donors 266–74
- dualism 45, 184, 198, 223–6, 243, 255
- duality, Cartesian 60
- duties (obligations) 234–5
- E**
- economic agencies 86
- economic efficiency, markets
maximizing 89–90
- economic policy regimes 289–91
- economic regulation 98–101
- economic sovereignty 107, 109–12
- economic structural adjustment
programme (ESAP) 211–12
- economists, neoclassical 40
- efficiency, in hybrid systems 247–51
- elections 115
- electoral manipulation 217, 269
- emancipation, theory of 60
- emissions, little action on 298
- enforcement, markets 93–5
- Enlightenment 46
- enlightenment project 217
- enterprise
development as 35
unitary form 151
- environmental crises 297–8
political implications 300–2
- equality *v.* dependence 36
- equal rights 36
- equilibrium 56
- equity, markets maximizing 90–1
- Ethiopia 206
- ethnic fundamentalism 26
- Europe, Continental xviii
- evolution 59
- evolutionary change 60
- evolutionary economies 193
- evolutionary institutionalism 60, 63, 69–70
- evolutionary theory 56, 58, 63, 67–9
- evolutionary transformations 69–71
- exchange rates, fixed *v.* market-based
281
- excludability, of market exchanges
95
- expectation, development as 35
- exploitation, coercive 181
- export-oriented industrialization (EOI)
289, 291, 293
- externalities
negative 96
positive 96, 285, 285–6
- F**
- failures
developmental 72
institutional change 224–5
market failures 92–3, 96, 194, 299–302

paradigm failures 73–4
 regulatory 298–300
 families 158, 163–4
 federalism 113
 feminism 164
 financial institutions, global 109–12
 firms
 infant firms 287
 Japanese 151–2
 transnational 92
 work systems 82
 see also capitalist firms
 first-comers *v.* latecomers xiii, 38–9, 49
 First World War 198
 Ford, Henry 146
 Fordist hierarchies 150
 fragmented multiclass states 190
 France 179, 197
 franchising systems 151
 freedom 36–7, 40
 v. coercion 36
 individual 234, 235–6
 markets maximizing 88–9
 right to, *v.* state sovereignty 105
 free-riding 165, 166, 167–8
 fundamentalists, religious and ethnic 26

G

General Agreement on Tariffs and Trade (GATT) 110, 111, 201
 generalized reciprocity 166
 Germany 41, 179, 199
 authoritarianism 214, 261
 politicoeconomic model 183, 185
 protectionism 197
 structuralism 117
 trade surpluses 286
 see also West Germany
 Ghana 23, 30, 204, 205
 global capitalism 67
 crises in 298–300
 global financial institutions 109–12
 global governance 107–12
 globalization 244
 foundations for 199–200

governed market model 289
 growth
 economic 37–8
 long-term 193
 in poorer countries 193
 postwar 202
 growth rates, export-intensive Asian countries 279

H

habitus 235
 Havana Charter 112, 201
 heredity 58–9
 hierarchical management systems, reforming 146–53
 hierarchies 65
 in capitalist firms 142–54
 Fordist 150
 markets combined with 81
 in public management systems 127
 historical relativism 240
 historical review 193–215
 Holland 195, 196, 197, 213
 households 163–4
 human capital 263
 hybrid institutions 238, 244, 246, 247–51
 hybridity 46–9, 185, 303–4, 306
 institutional 240
 hybrid systems, accountability and efficiency in 247–51

I

identities, cultural 243
 imitation 39
 imperialism, western 25–7
 import substituting industrialization (ISI) programmes, dubious assumptions 280–1
 incentives
 material 149
 non-material 149–50
 incentive systems 144–5, 148
 income tax credit schemes, USA 280
 incrementalism 40
 incremental process, development as 35

- independence, colonialism to 255
 India 182, 190, 196, 249, 280, 289
 Britain in 197, 198
 individualism 41, 220
 autonomous 247
 methodological 6, 23–5, 60–3, 68, 242
 individualists 51
 individuals 24
 behaviour 53–4, 65
 Industrial Revolution 40, 197–8
 industries, nationalization 134
 inequalities
 DCs/LDCs 202
 social and economic 87
 inequality, categorical 180–1, 237–8, 249
 infant economies 286, 290, 292, 293
 infant firms 287
 infant states 286, 290, 293
 information technology 40
 innovation
 effect of 40
 markets and 89–90
 routinization of 35
 instability, modernization breeding 227
 institutional change 52–5, 69–71
 conditions for failure 224–5
 cultural systems and 232
 institutional hybridity 240
 institutionalism
 comparative evolutionary 55–6
 evolutionary 60, 63, 69–70
 institutional pluralism 81, 86, 159
 liberal xix, 7–8, 81
 structural and normative implications of 83–7
 institutional reform 179
 institutional theorists 82
 liberal 82–3
 institutional transformations 18
 institutions
 defined 52
 hybrid 238, 244, 246, 247–51
 modern/traditional 246–7, 251–2
 open 306, 307
 pluralistic 306
 science-based 306
 social approach to 232
 stability *v.* innovation 35–6
 types 53, 71, 178–9
 intellectual property rights 285
 intellectuals, organic 306–7
 interdependence
 autonomous 84, 85
 complex 107, 109
 interdisciplinarity 6–7
 International Court of Justice 107
 international development community 246
 international financial institutions (IFIs) 107, 108, 110, 111–12, 199–201
 postcolonial Africa 204, 209, 211–12
 scarce currency clause 112
 International Monetary Fund (IMF) 110, 110–11, 112
 Articles of Agreement 201
 international nongovernmental organizations (INGOs) 170–1
 International Trade Association 112
 interventionism 283
 Iraq 179, 223
 iron law of oligarchy 166–7
 Israel 109, 153
 Italy 41, 199
 Ivory Coast 30, 204, 206
- J**
- Japan xviii, 28, 41, 72, 196, 199
 cooperatives 152
 democracy in 263
 structuralism 117
 trade surpluses 286
 Japanese firms 151–2
 justice, principles 86–7
- K**
- Kenya 30, 203, 204, 250
 Keynes, John Maynard 200
 Keynesianism 99–101

- knowledge
 science-based 21
 social scientific 241
- knowledge systems, liberal *v.*
 traditional 241–4
- Korea 201
see also North Korea; South Korea
- Kyoto Protocol 298
- L**
- laissez faire* 98–9, 100, 101
- latecomers *v.* first-comers xiii, 38–9, 49
- late developing countries (LDCs)
 building modern institutions 34
 capitalism in 186
 challenges to 54
 changes in 3, 21
 comparative advantage and 278–9
 definition xiii
 democratic consolidation in 254, 256–9
 gains from trade 278–80
 institutions in 18
 market failures in 187
 policy agendas 42–3
 political markets in 256
 shift to democracy 176
 successful integration into global system 223
 theoretical problem-solving xv–xvi
 transitional paths 258–9
 transition to socialism 29
- late-late developing countries (LLDCs)
 autocracy/weak democracy in 254–5
 crisis management 302–7
 difficulties of implementation of development theory 3–4
 donor communities 266–7
 donors 305–6
 economic policies 260
 failures in 187, 231
 labour-intensive industries relocated from DCs 280
 lack of sense of nationhood 257
 pre-modern institutions 217–18
 transition difficulties 255, 260
 uneven development in 18
 weaker political and economic markets 217–18
- Latin America 201
- law 105–6
- lean production 151–2
- liberal democracy, strengths and weaknesses 115–16
- liberal democratic capitalism 63, 180, 252
 universalization of 3, 48
- liberal institutional pluralism xix, 7–8, 81
- liberal institutional theorists 82–3
- liberalization 283
 managed 72
 needs of poor 304–5
 political and economic, transition to 255
- liberalization programmes, failure of 47
- liberal market theory, structuralist critique of 28–9
- liberal orthodoxy xvi, 40
see also orthodox liberal entries
- liberal pluralism 84–5, 87, 166, 176–7, 303
 assumptions 193
 different versions of 216
 limits of 216–19
 orthodox model 8, 216, 218
- liberty 38
- linearity 46–9
- local government, devolution of services to 135
- long-term (spot) markets 149
- M**
- Malawi 259
- Malaysia 178, 223, 262
- management
 conscious 63
 cooperative 12
 scientific 145–6
 soft 148

- managers, duties of 145–6
 mankind, civil union of 48
 market-based programmes, neoliberal
 xv
 market-based systems 87–98
 market competition 38
 market exchange 148
 markets 233
 combined with hierarchies and
 solidarities 81
 competitive 87–98
 controlled 151
 democratic 115–16
 enabling cooperation 38
 enforcement 93–5
 excludability 95
 extending social cooperation 91–2
 externalities, positive/negative 96
 failures 92–3, 96, 194, 299–302
 maximizing economic efficiency
 89–90
 maximizing equity 90–1
 maximizing freedom 88–9
 primary/long-term/spot markets
 115, 149
 prioritizing 81
 second-order markets 115
 self-regulating 37
 state intervention 97–8
 uneven development 91, 96
 market societies 234
 market systems 70
 market theory 42, 64
 Marshall Plan 201
 Marx, Karl, on capitalism 41, 42
 mercantilist theories 279
 metanarratives 25
 methodological individualism 6, 23–5,
 60–3, 68, 242
 methodological positivists 51
 Mexico 250
 modernity *v.* autonomy 240
 modernization, breeding instability
 227
 modernization theory xiv, 225
 monopolies 96
 monopoly power, of bureaucracy 128
 Mozambique 29, 205, 259
 multidivisionalization 150–1
- N**
- nationalists, radical 26
 nationalization 134–5
 nations, world-historical 39, 42
 natural sciences 60
 natural selection 57, 62, 67
 neoliberalism 17, 27–31
 v. structuralism 7, 44, 45
 neoliberal market-based programmes xv
 neopatrimonial states 190
 neopatrimonial theory 226, 228
 Netherlands, *see* Holland
 networks
 informal 158
 of trust 248
 newly industrializing countries (NICs)
 282
 East Asian 175
 new public management (NPM) 125,
 131–2, 139–40
 benefits and risks of 135–9
 market-based 132–3
 new social movements 156
 New Zealand xiv, 132, 214
 Nicaragua 29, 185, 223, 259
 Nigeria 185, 190, 196, 251
 noncompliance 268, 271
 incentives for 86
 nongovernmental organizations
 (NGOs) 168–71, 305
 accountability in 169
 international (INGOs) 170–1
 stakeholders 169, 170
 trustees 169
 non-profit organizations 168–71
 Northcote-Trevelyan Report 128–9
 Northern Ireland 249
 North Korea 53, 185
- O**
- obligation(s) 236
 collective 234

- old public management (OPM) 135–8, 140
- oligarchy, iron law of 166–7
- oligopolistic competition 92
- open institutions 306, 307
- opportunity, equality of 237–8
- organic intellectuals 306–7
- organic solidarity 84
- organization 125
- organizations
- types 85–6
 - work systems 82
 - see also* solidaristic organizations
- orthodox liberal pluralism 8, 216, 218
- orthodox liberal theorists 52, 60
- orthodox liberal theory 18, 55, 215
- methodological assumptions 60
- P**
- paradigm conflicts/disputes 17–19, 79–80
- paradigm failures 73–4
- paradigms, implementability of 44
- paradigm shifts 18
- parties, political 158, 165–8
- partnerships, public–private 135
- party systems 119–21
- patriarchal authority 234
- patrimonialism (Sultanism) 189
- peace 107–8
- people's militias 158
- philosophy 245
- planning 40
- pluralism 106, 181, 243, 252
- cultural 67, 239
 - institutional, *see* institutional pluralism
 - liberal, *see* liberal pluralism
 - liberal institutional xix, 7–8, 81
- pluralistic (bourgeois) democracy 116
- pluralistic institutions 306
- pluralistic orthodoxy 252
- pluralist project 219
- goal and assumptions 219–20
- pluralist theory, liberal, assumptions 193
- policy theory, double movement in 1
- political agency 18
- political authority 104–13
- political markets, in LDCs 256
- political parties 158, 165–8
- political party systems 119–21
- political rents 271, 281, 288–9
- political sovereignty 107–9, 112–13
- politicians, role of 124, 126–7
- politicoeconomic models 178, 182–6
- politics 259
- pollution 298
- population change 58–9
- Portugal 41, 199, 214
- positivism 23–5, 60–1, 62
- positivists, methodological 51
- postcolonial societies 256
- aborted democratic transitions 258
- postcolonial states xiv–xv, 26
- post-Communist societies 190
- post-totalitarianism 189
- post-Washington consensus xix, 7–8, 80, 176, 219, 265, 296
- poverty xiii
- poverty reduction programmes 111, 266, 269, 270
- practical life-world 21, 22
- pressure groups 119, 121
- price mechanism 90
- primary (spot) markets 115
- principal–agent theory 247–8
- principals, relationships with agents 82–3
- privatization 135, 137–8
- process, incremental, *see* incremental process
- processes, social *v.* biological 56
- progress 2, 6
- property rights 37–8
- proportional representation (PR) 120
- protectionism 28, 110, 111, 299
- in developed countries 279, 280
 - history of 196, 197, 198–9, 200
- pseudo-democracy 255
- public management systems 124–41
- hierarchy in 127

old public management (OPM)
135–8, 140
see also new public management
public utilities, nationalization 134

Q

quasi-markets 134–5, 138
in capitalist firms 150

R

radical dependency theorists 45
radical liberal theorists 36–7
radical nationalists 26
rational choice theory 115, 130
rationality, contending conceptions of
17–19
rationing of aid 271
rebel armies 158
reciprocal altruism 161–2
reciprocity 161–2
generalized 166
reconstruction after Second World War
199–202
reflexive exchanges xviii–xix
reform programmes, struggles with
227
regulation
economic 98–101
of markets 37
more rigorous forms 302
state regulation 98–101
regulatory failures 298–300
relativism
cultural 23–5, 51, 55, 61, 68, 240
historical 240
religions 158
religious authority 234
religious fundamentalism 26
rents, political 271, 281, 288–9
representativeness 120
resource allocation 183
resource depletion 297
retention (heredity) 58–9
rewards, *see* incentives
Ricardian theory 282–3
rights 235

rulers 104, 105–6, 115, 116–18, 124
Russia xiv, 179, 183, 185, 198–9, 201
see also Soviet Union

S

scale economies 282, 285, 286
Scandinavia 152, 185, 214
science 19–21
science-based institutions 306
scientific management 145–6
second-order markets 115
Second World War 199
reconstruction after 199–202
Security Council 108, 109
selection 58–9
competitive 67, 69, 74
self-interest 236
services, nationalization 134–5
Sierra Leone 206
social, theory of the 231–2
social capital 166, 236
social change 245
social cohesion 290
change and 21
social conditioning 236
social cooperation, markets extending
91–2
socialism 180
collapse of xvii
experiments 29–30
revolutionary 181
statist 180, 182
social movements 158, 165–8, 238
social progress 254
social relations 233
social systems 70
societies 158
society 234
solidaristic microcredit schemes 153
solidaristic organizations (SOs) 87,
155–72, 304
accountability in 163
authority in 158–9
costs 165
as democratic systems 163
functions 157–9

- governance structures 163
 hierarchy 163
 institutional systems in 155
 reciprocal rewards 160–2
 self-managed 158
 third sector 155–6
 work systems 82
- solidarities, markets combined with 81
 solidarity 148
 organic 84
- Somalia 23, 178, 206, 265
- South Africa 203, 246, 249, 258, 262, 280, 289
 authoritarianism 261
 democracy in 263
- South Korea 41, 98, 190, 215, 258, 289
 authoritarianism 261
 denial of political rights 213
 economic transition 249–50
 politicoeconomic model 185
 state regulation 98
 structuralism 117
- South Vietnam 223
- sovereignty 107
 economic 107, 109–12
 political 107–9, 112–13
- Soviet Union 199, 263
 advice from 43
 command economy 29, 99, 150
 economic liberalization 255
 hierarchy in 146
 politicoeconomic model 183, 185
 subcontracting 151
 see also Russia
- Spain 41, 199, 214
- spot (primary/long-term) markets 115, 149
- stakeholders 82
- standard economics 193
- start-up problems 195
- state agencies 86, 129–30
- state intervention 97–8, 180–1, 196–7
- state-owned enterprises (SOEs) 96, 98
- state regulation, political implications 98–101
- states
 strong, steps in building 254–77
 as tripartite structures 106
 types 190
 weak, political and policy processes in 268–74
 work systems 82
- state sovereignty, *v.* right to freedom 105
- stationary bandit theory 248, 249
- structural adjustment programmes 111
- structural change 69–71, 188
- structuralism xiv–xv, 17, 98
 authoritarian, transition to 255
 collapse of 42
 crisis of 193
 domination and discredit 1–2
 left-wing 27–8
 left-wing critique of capitalism 29–30
 neoliberal critique of 30–1
 v. neoliberalism 7, 44, 45
 policy regimes undermined 22
 right-wing 27–8, 30
 right-wing critique of liberal market theory 28–9
 20th-century governments 41
- structuralist-evolutionary (SE) tradition 193
- structuralist theorists xvi
- subcontracting 138, 151
- subsidiarity 135
- Sudan 23, 206
- Sultanism (patrimonialism) 189
- supply, creating own demand 90
- survival of the fittest 57, 63
- Sweden 302
- Switzerland 113
- T**
- Taiwan 41, 117, 223, 258, 289
- Tanzania 29, 30, 185, 204, 250
- targets 135
- Taylorism 146
- technical change 37
- technological progress 283

- technology
 and costs 285
see also science
- teleology 46–7
- theorists, third world 26
- theory X 143
- third way 80, 175
- third world theorists 26
- totalitarianism 189
- trade 278–9
- tragedy of the commons 95
- transaction costs 144, 146
- transaction management 149
- transformations
 developmental 56–9, 231–53
 evolutionary 69–71
 institutional 18
- transitional societies 221, 303
 insecurity of people in 221
- transitions
 developmental 19–23, 38–42, 66–7,
 189–91, 195, 249
 managing 42–6
- trust 236
 networks of 248
- Turkey 250
- U**
- Uganda 23, 205, 207–10, 214, 250,
 250–1, 259, 265
 politicoeconomic model 185
- UK (Britain) 98, 213
 bureaucratic reform 129–30, 132
 Industrial Revolution 195, 196, 197
 politicoeconomic model 183, 185
 state regulation 98
- United Nations (UN) 107–9
- USA 200, 214, 300, 302
 bureaucratic reform 129, 130
 coercion and class conflict in 147
 federalism 113
 income tax credit schemes 280
 non-profit institution 155–6
 politicoeconomic model 185
 protectionism 197, 199
 state structures 132
 volunteers 160
- V**
- variation 58–9
- velvet revolutions 201
- Versailles, Treaty of 198
- Vietnam xviii, 201, 250, 259, 262,
 263
see also South Vietnam
- vigilante groups 158
- voluntary organizations 155, 157, 160
see also solidaristic organizations
- voting systems 120
- W**
- Washington consensus 186
see also post-Washington consensus
- waste disposal 297
- welfare state 131–2
- western imperialism 25–7
- West Germany 179
- will 234–5
- work, value of different kinds of 89
- World Bank 110, 110–11, 112, 201
 Berg Report 30, 202
World Development Report 133–4,
 272, 304
- world-historical nations 39, 42, 72
- World Trade Organization (WTO)
 110, 111, 201
- Y**
- Yugoslavia 153, 179, 183, 185
- Z**
- Zaire 185
- Zimbabwe 203, 206, 210–13, 214,
 223, 245, 255
 politicoeconomic model 185