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*DEVELOPMENT THEORY, UNIVERSAL VALUES AND
COMPETING PARADIGMS:
CAPITALIST TRAJECTORIES AND SOCIAL CONFLICT*

Dr. E. A Brett

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**Development Studies Institute
London School of Economics and Political Science
Houghton Street
London WC2A 2AE UK
Tel: +44-(020) 7955-6252
Fax: +44-(020) 7955-6844
Email: s.redgrave@lse.ac.uk
Web-site: www.lse.ac.uk/Depts/destin**

Abstract

This article reviews some of the difficulties created by the use of development theory as a policy oriented discipline to underpin a global development management industry. It notes that this enterprise is based on a dominant paradigm which recommends the extension of liberal democracy, competitive markets and open and egalitarian civil society institutions. It shows that this approach can be criticised because it imposes western models onto local societies, and its programmes have often failed. It then considers the problems associated with the attempt to do use this model in societies which are still partially governed by non-market values and structures by examining four sets of problems. It shows that this now confines decisions to policies which are compatible with the needs of competitive capitalism; involves acceptance of a clear set of normative assumptions which often conflict with local value systems; creates a developmental agenda which has to be seen as a programme of institutional reform; and identifies many difficulties associated with the use of theory as the basis for the management of change. It recognises that the new paradigm does create serious conflicts with existing social groups and value systems, but also claims that it can also help poor and oppressed local groups to resist oppressive political, economic and social structures. Its primary concern is to show that the orthodox paradigm does not spell out a single route to a predestined goal, and will only operate successfully when its prescriptions are effectively adapted to take account of local structures and cultural systems.

1 THE DOMINANT PARADIGM AND ITS CRITICS

The belief that development can be consciously managed, has now created a political programme, an industry and an academic discipline. This enterprise is sustained by the optimism of an era which believes that rational science and democratic capitalist institutions have already liberated most people in DCs, and sees no good reason why this should not occur everywhere. However this optimism is also widely challenged - many LDCs have achieved very little over the past fifty years, and some have suffered major disasters. This has produced two contrasting responses.

First, successful capitalist development in DCs and some LDCs, and the collapse of socialism, has generated 'a broad consensus among economists and others on the kinds of policies that countries ought to follow' to achieve development. This associates 'superior economic performance ... with competitive markets, secure property and contract rights, stable macroeconomic conditions, and efficient government provision of public goods'; and assumes that 'democratic political institutions are the ones most conducive to human welfare. [Clague, 1997, 1, 368; see also World Bank, 1997] These views are given the authority of objective science, but relate directly to the most important policy issues of the day. Thus accepting them can reduce local politicians to mere agents 'of a scientific intelligence, which ... elaborates the objective implications and requirements of available techniques and resources as well as the optimal strategies and rules of control', leaving them with 'nothing but a fictitious decision-making power.' [Habermas, 1971, 63/4] Indeed, their authority stretches even further, exerting continuous pressure on officials, project managers, and businessmen, and even, when gender theory is invoked, on the way husbands relate to wives, and parents to children.

However the new paradigm has also produced more than enough failures to sustain the claims of its critics. It has been widely applied since the early 1980s, with very mixed results. There has been economic growth in most of the world, as well as greater equality in the most successful Asian countries. But market reforms have been followed by economic crisis in most of the former Soviet Union, and in many of the poorest LDCs. Many success stories have depended on state intervention as much as market competition, [Wade, 1990] and structural adjustment programmes often fail. [Dasgupta, 1998] More than half the world's population still live in countries with per capita GNPs below \$500 US dollars, and inequality is increasing.¹

As a result many do not see the dominant paradigm as a route to emancipation, but as a negation of their own autonomy. They believe its claim to moral superiority multiplies their own underdevelopment 'to infinity', [Escobar,

¹ 'The absolute gaps between rich and middle-income countries and between rich and poor countries have grown steadily since 1960. For middle-income countries the absolute gap grew from \$6,452 in 1960 to \$12,201 in 1993, and the poor fell from a deficit of \$7,477 to a deficit of \$13,454'. In 1993 '57%, or more than 2.5 billion people ... lived in countries with per capital GNPs of less than \$500 (1987 US dollars)'. [Passe-Smith, 1998, 37/8]

1997, 91] and gives 'global hegemony to a purely Western genealogy of history, robbing peoples of different cultures of the opportunity to define the forms of their social life', and enslaving two thirds of the world 'to others' experiences and dreams'. [Esteva, 1992, 9,10] Their resentment is compounded by the fact that it appears to generate so much more profit for the countries who impose it than those who experience it as a set of policy conditions imposed by donor countries now spending less than .5% of GNP on aid.² Thus, although the dominant paradigm is now more widely accepted than ever before, too many anomalies exist for it to have the status of a 'normal science', since it cannot 'explain all the facts with which it can be confronted'. [Kuhn, 1964, 18]

Thus we apparently confront a difficult choice between accepting that modern capitalism, and the theories that sustain it, represent the 'end of history', [Fukuyama, 1992, xii] or rejecting the project altogether and believing that 'we all wear not merely tinted, but tainted, glasses if we take part in the prevailing development discourse.' [Sachs, 1996, 5]

This article rejects both options. It assumes that we can neither ignore capitalism's tendency to expand our options by overworking, overpaying and atomising many people, marginalising many more, and exhausting the environment; nor imagine that people can escape from its demands to a 'new commons' where they can 'live on their own terms', [Esteva, 1996, 20] without being denied access to the accumulated achievements of humanity. Thus if we wish to extend its capacity to emancipate the least as well as the most favoured members of society, we have to start by recognising that the orthodox paradigm and provides us with the only serious body of theory and research which addresses the issues involved in steering modern capitalist systems in DCs and LDCs. However, we have also to accept that developmental programmes have failed more often than they have succeeded;³ LDCs are so diverse that attempts at general solutions have commonly failed; the models used by the orthodox approach are based on values and practices which are strongly contested in DCs, and threaten the autonomy of those prevailing in LDCs; and that past orthodoxies were once as widely accepted as the new one, but have now been comprehensively discredited.

This article is therefore an attempt to review the dominant tendencies in development theory seen as an attempt to provide development managers with a viable basis for policy and practice by linking normative goals, social and political action, and the real possibilities for change embedded in existing social structures. It is thus an exercise in policy theory which accepts that options for improvements in existing systems are not infinite, but must take account of actual 'functional exigencies' or 'imperatives', [Parsons, 1964, 167ff] and will be confined to what is 'objectively possible' at any time and place. [Lukacs, 1971] This has four implications which we will explore in greater detail in the text.

² In reply orthodox theorists can claim that the Asian countries which have taken the new paradigm most seriously have sustained historically unprecedented growth rates, and in some cases now have wage levels higher than in some western countries.

³ Progressive change has always been unusual in history, where 'inefficient forms of political structure do persist for long periods of time'. [North, 1981, 6/7]

First, it means that development theory operates within the limits set by the nature of liberal capitalism as a global system, and the practical and normative implications of its relationship with the other forms of social organisation with which it coexists. This raises complex problems about the many ways in which it could be managed, and its relationship to the non-capitalist forms of organisation with which it always coexists.

Second, it involves an analysis of the normative implications of the dominant paradigm, and their implications for the cultural and institutional arrangements in LDCs which it inevitably challenges.

Third, it implies that we must treat development as a process of institutional reform designed to maximise personal autonomy, organisational accountability and pluralism.

And finally, we have to confront many problems raised by the fact that development theory requires a methodology which enables it to understand dynamic processes of social transformation, rather than static processes concerned to explain how systems maintain themselves.

2 CAPITALIST DEVELOPMENT, SOCIAL CONFLICT, AND COMPETING PARADIGMS

In the 1960s modernisation theorists saw development as the 'process of change towards those types of social, economic and political systems' created in Europe and the USA from the 17th century, [Eisenstadt, 1966, 1] while classical Marxists also saw this as a necessary, but not final step towards global emancipation.⁴ The new orthodoxy also derives its values and models from the theory, practice, norms and culture of the north, and changes as theory and policy changes there.⁵ These approaches accept that the models first emerged in the west, but claim that they are based on universalistic values and scientific knowledge, and thus are not the achievements or property of any particular nation or culture, but of 'man as a rational being'. [Jaspers, 1963, 72] As we have seen, critical theorists deny this, claiming that capitalist competition must increase inequality, insecurity, and exclusion, and marginalise all cultures and institutions whose values and practices contradict its needs and demands.

⁴ 'Bourgeois society is the most highly developed and most highly differentiated historical organisation of production. The categories which serve as the expression of its conditions and the comprehension of its own organisation enable it at the same time to gain an insight into the organisation and the relationships of production which have prevailed under all past forms of society, on the ruins and constituent elements of which it has arisen'. [Marx, 1972, 39] The relationship between 'advanced' and 'backward' relates to levels of organisational complexity, not chronology. From the 16th to the 18th centuries intellectuals still looked to Rome and Greece for models of best practice. Hence compulsory Latin and Greek in schools and Universities.

⁵ For example, liberalisation, feminism, 'post-modernism', privatisation, 'new public administration' have all begun as critiques of current practices in the First World and immediately turned into policy conditionalities for the rest.

Development theory can then be understood as an attempt to resolve the differences which create this debate, which it addresses at two levels. It starts by re-examining the claims and findings of the 'normal' theories which are used to explain the nature of modern capitalism in its countries of origin, and the historical processes which created and modified it. Only a rigorous understanding of this enables us to evaluate its potential and limitations as a model for the rest of the world. Second, it then systematically explores the relationship between these principles, and the nature of the different kinds of problems which must emerge when it has to be adapted to meet the different conditions and purposes which apply in LDCs. Its claim to be a distinct discipline rests on its ability to deal with these latter problems.

Placing the capitalist paradigm at the centre of the analysis raises difficult normative and methodological questions. During colonialism it was imposed by force,⁶ now its dominance depends on the ability of the leading DCs, to control capital flows and markets. But its moral and, therefore, intellectual authority actually depends on the validity of its normative claims. Believers claim that democratic capitalist institutions will grant people higher levels of autonomy, equity, productivity and free cooperation than any others; opponents that they will benefit elites but impoverish and disempower the majority. We will argue that it is possible to resolve many of the contradictions implicit in these conflicting positions while still taking full account of the valid elements of both. To do this we must start by showing how difficult it is to make realistic judgements about the nature of the link between capitalism as an open ended and variable system on the one hand, and its developmental or destructive impact on historical processes in different social contexts on the other.

This link often made by theorists who posit a positive or negative model or ideal type of capitalism as an abstract system, and then show how the way in which it has operated in a particular context has determined policy, practice and developmental trajectories. Supporters then attribute successes to its use, failures to the fact that the basic principles of the ideal typical model were not fully utilised. Critics reverse these causal chains. However, in the real world capitalism has always operated through 'an immense variety of institutions and forms', [Hodgson, 1999, 148] and in conjunction with diverse non-capitalist elements, or 'impurities'.⁷ This is true in the developed world where it was initially associated with political authoritarianism, imperialism and national monopolies, then with social democratic

⁶ Many liberal philosophers in the 19th century also felt that colonialism was morally justified. Hegel claimed that 'civilized nations' were justified 'in regarding and treating as barbarians those who lag behind them in the institutions which are the essential moments of the state....and [treating] their autonomy only as a formality.' [1967, 219] Mill felt that 'despotism is a legitimate mode of government in dealing with barbarians, provided the end be their improvement, and the means justified by actually effecting that end.' [1910, 73] And Marx saw British rule as the essential precondition for the development of India. [***]

⁷ 'The 'impurity principle' is ... a general idea applicable to all socio-economic systems.... [Every] system must rely on at least one structurally dissimilar sub-system to function, There must always be a coexistent plurality of modes of production, so that the social formation as a whole has the requisite structural variety to cope with change.' [Hodgson, 1999, 126]

planning, and now with liberalisation and globalisation. Wide deviations from pure models are equally evident in LDCs where the imported model has been integrated into societies alongside an immense variety of local cultures and structures which are sometimes compatible with the needs of capitalism, and sometimes opposed to them.

Thus arguing from abstract ideal types tends to over-simplify the problem by failing to recognise the range of different forms of organisation possible within systems dominated by capitalist institutions, and the significance of the effects of local cultures and structures on the way they operate. Thus actual outcomes are never the outcome of capitalism per se, but of the ways in which it has been implemented, and interacts with the non-capitalist forces which continue to operate in each society. Hence, the crucial debates in development theory are not so much about capitalism per se, but about the particular forms which it can and should assume to produce the best results in particular situations. We can consider the implications of these issues by looking first at the nature of the debate about alternative capitalist models, then at the implications of its interactions with non-capitalist structures.

(a) Competing Capitalisms and Emancipatory Alternatives

When state socialism could still be seen as an objective possibility, the development debate still included serious arguments about the nature of a 'non-capitalist route to development'. Neo-Marxists argued that equitable development was impossible in LDCs under capitalism [Baran, 1957; Frank, 1967], and countries like Tanzania tried to make a transition from a predominantly pre-capitalist society to developed socialism without first completing the capitalist revolution.⁸ However even radical theorists now accept that 'capitalism is the only game in town'. This, of course, has dramatic political and intellectual implication, but given the complexity of capitalism as a system, it only provides the beginnings of an analysis about how to act.

Taking capitalism as a starting point does exclude many possible forms of social organisation - slavery, feudalism, fascism, authoritarian statism, or theocratic absolutism. It also obliges us to accept some universal rules - capitalist societies must recognise the need for individual economic rights, private ownership, market competition, wage labour, the profit motive, and the separation between political and economic power. In the past democracy was seen as desirable, not compulsory, now it has become an integral part of the model in developed countries at least. However, these general rules can be institutionalised in many different ways, and making choices between them has always generated intense theoretical and ideological conflict, and produced structurally different solutions across the capitalist world.

These differences have partially to do with the nature of the economic institutions of capitalism within any system. Thus, competitive or partially competitive markets, have actually produced economic systems with very different structural characteristics. For example, levels of productivity, the balance between

⁸ Marx himself rejected this possibility.

industry, agriculture and services, size of firm, the nature of credit and monetary systems, the balance of power between capital and labour, and levels of unemployment and inequality differ significantly in the USA, Japan, Italy and Denmark. These variations have many different implications for local policy makers, the key point which arises from them here is that they demonstrate that different kinds of structure can be equally successful, and produce very different levels of equity, personal security and organisational flexibility. This means that capitalism cannot be seen as a single model, but as a variety of alternatives which can, and indeed must, be adapted to fit each case.

Significant differences also characterise the relations between these economic institutions and the political and social structures which support them. The pure model of capitalism assumes that political, economic and social power should be separated rather than fused. Economic decisions should be taken by free individuals responding to competitive pressures and opportunities; political decisions by governments with a monopoly of force which impose collective decisions on the whole society; choices about cultural, religious and affective relationships, by individuals making free personal decisions. In reality political, economic and social variables are always highly interdependent. Governments always intervene to support certain kinds of economic activity and discourage others; individual economic choices are not purely market determined but so 'embedded' in 'ongoing social relations that to construe them as independent is a grievous misunderstanding.' [Granovetter, 1992, 53] Thus, a second set of policy issues relates to the exact nature of the relationships which should prevail between 'states' and 'markets', and between individual freedom and the obligations imposed by the social and cultural institutions within which they must operate.

It is clearly impossible to consider the implications of the alternative strategies which have been given serious consideration here, we can merely review some of the most influential debates in order to illustrate the significance of our basic argument.

Thus, in the 1950s and 1960s development was usually associated with the development of heavy industry, a shift from peasant agriculture to large-scale capitalist farming, and from export orientation based the exchange of raw materials for imported manufactures, to import substitution to internalise the benefits from the productivity gains arising from local manufacturing. This had important political and social implications. It assumed that markets commonly failed in LDCs because of scale economies, unequal exchange between raw materials and manufactures, and limited infrastructure and human capital. Thus it supported strong state intervention to protect local industry, control unemployment by managing the level of demand, raise the rate of savings, and offset the fact that 'the price mechanism ... gives results which are not always socially acceptable.' [Lewis, 1955, 378] This produced a state dominated system which undermined small-scale labour intensive agriculture and industry, subsidised large scale, and capital intensive alternatives and discouraged exports. In reformist countries like Sri Lanka and Tanzania the state attempted to

reduce income inequalities and provide free social services; in conservative ones like Kenya it reinforced the position of bureaucratic and private elites.⁹

The new consensus, as we have seen, rejects most of these arguments. It assumes that choices between investing in agriculture, industry and services, and between large and small enterprises should be determined by market forces rather than conscious choice; that LDCs should shift from import substitution to export orientation and compete in developed country markets; that state monopolies and controls lead to inefficiency and unproductive rents; and that attempts to control demand and eliminate unemployment through state spending lead to unsustainable fiscal deficits and inflation. This produced a major review of the relationship between states, markets and social institutions in the 1980s. The first response was to attempt to dismantle as many state controls as possible; resistance from vested interests and the serious instability which this created then led to a re-evaluation of the state-market relationship. The most recent consensus now assumes that effective development depends on creating an effective balance between state, market, and civil society institutions. Thus a recent World Bank report argues that:

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. [World Bank, 1997]

This summary shows that alternative strategies of capitalist development produce dramatically different effects on economic, political and social institutions, and thus on growth, distribution, and the exercise of political and social power. Some kinds of capitalism, for example the racist variety once practiced in South Africa, produced intense oppression and inequality; others, for example the egalitarian version practiced in Taiwan, produced high levels of growth and equity. Thus taking capitalism as a starting point does not provide a single blueprint, but obliges us to recognise its complexity, the wide range of options which it offers, and the need to find ways of moving from less to more progressive solutions which are also compatible with its basic needs.

(b) On Being a Latecomer: Capitalism, Dualism and Uneven Development

The general arguments about capitalist models in the previous section apply in DCs as well as LDCs, but two further problems arise when they are applied in the latter. First, these models provide LDCs with the image of a more advanced system to imitate, and a set of standards they can use to measure their own progress; second, it creates a situation of cultural and structural dualism. Both have far reaching developmental consequences.

First, the dominant paradigm specifies how capitalism should be organised, and it operates in DCs as 'normal theory'. It lays out the principles which should, and largely do, govern the way existing institutions operate there - fully competitive

⁹ I have reviewed these arguments in Brett, 1985, ch. 3

markets and voting systems, an egalitarian and integrated civil society, and unconstrained research institutions. This creates an organic link between theory and existing practices - British citizens, for example, take elections for granted and would invoke the fundamental principles of democratic theory to defend them if they were threatened. These principles have as yet only been very imperfectly realised in LDCs, however, so democracy exists instead as a model, and a basis for political action. Thus there have never been competitive multi-party elections in independent Uganda,¹⁰ but most of its citizens demand them, because they know how they operate in DCs. Thus they use these principles to justify radical change rather than to defend an existing form of organisation.

Hence development must take very different forms in the north than the south. In the former it emerges out of an open-ended process of experimentation with new and untried forms, in the south out of attempts to 'catch up' with more advanced systems and practices that already exist elsewhere. It is this that has justified the belief in the possibility of central planning in LDCs in the past - the plan was a blueprint copied from an already existing system.¹¹ This also underpins the faith in structural adjustment programmes now - their credibility depends on the claim that the reforms they demand will bring the benefits already evident in DCs if they are properly implemented. We will take up some of the implications of these claims later.

Second, although 'latecomers' have been adapting institutions from 'firstcomers' for centuries, the process is still incomplete, creating structural dualism and uneven development. The partial integration of Western institutions and cultures into LDCs has created situations where they coexist with local institutions and cultures, thus subjecting people to contradictory demands.¹² This also leads to uneven development where new and old technologies coexist and compete, generating immense inequalities and instability as new technologies enrich some groups and regions, marginalise and impoverish others.

Dualism further increases the institutional diversity in the semi-capitalist countries of the Third World, where local values and practices not only continue to function alongside modern ones, but also permeate them and influence the way they operate. For example the relationships between owners and workers, and public officials and their subordinates are very different in the Philippines than in the USA, despite the fact that both use very similar formal legal rule systems. Thus

¹⁰ The only competitive party election took place in 1962 before independence; there have been competitive elections since 1987, but without the benefit of parties.

¹¹ Thus Soviet planners used Leontief's input-output tables to set their targets. These were derived from the actual input-output relations in the US economy which was generally seen as the most advanced of its time.

¹² 'The evolution of history ... takes place only very slowly; the various stages and interests are never completely overcome, but only subordinated to the prevailing interests and trail along beside the latter for centuries afterwards. It follows from this that within a nation itself the individuals, even apart from their pecuniary circumstance, have quite different developments, and that an earlier interest, the peculiar form of intercourse of which has already been ousted by that belonging to a later interest, remains for a long time afterwards'. [Marx & Engels 1974, 87/8] Dualism became the primary explanation for bureaucratic failure in mainstream development administration literature in the 1950s and 1960s. See for example Siffin, [1957], La Palombara and Braibanti, [1969].

development is never a matter of substituting new 'modern' institutions for untouched 'traditional' ones, but of reforming imperfectly operating modern structures, adapting them to the needs and demands of local structures and cultural systems, and attempting to mitigate the contradictory results, and offset the reversals and instability which this inevitably produces. This has crucial consequences in practice as well as theory.

In practice it means that development must involve irreconcilable conflicts of interest and structural rather than incremental change. It has never been 'a harmless and peaceful process of growth, like that of organic life', [Hegel, 1975, 127] but a violent, unequal, and unending struggle shaped by conflict as well as cooperation, exploitation as well as reciprocity, destruction as well as creation. New technologies and knowledge systems have questioned and uprooted existing practices and cultures 'all around the globe,' imposing the heaviest costs on people in LDCs whose 'past culture had neither prepared for nor disposed towards it', [Jaspers, 1963, 72] but also effected those in DCs where 'our political and social values, our cultural identities, and even our very sense of *self* are in considerable flux and disarray.' [Hall & others, 1992, 8] Thus implementing the dominant paradigm is bound to continue these social and political conflicts because it requires new systems which will threaten some groups and privilege others.

This has equally significant theoretical and normative implications, because the contradictory demands which it imposes on all groups and classes in the real world must produce competing reality claims and prescriptions. These conflicts originate in disagreements over normative goals based on 'passion', not 'reason'. Great historical movements have always been driven by emotional commitments to religious, ethnic, or political programmes. In Europe millions have been slaughtered because they were members of the wrong religion or tribe, and similar struggles continue across the Third World, supported by new varieties of ethnic or religious fundamentalism. Thus the existence of contradictory paradigms is not the result of intellectual failure, but of the real conflicts of interest and contradictory demands generated by all attempts to create new systems. Each will assert the emancipatory potential of its own vision and the regressive impact of those that oppose it. Thus, any transition to modernity 'breeds instability' while it is going on, [Huntington, 1968, 41] and generates conflicting world views and theoretical paradigms. This has critical methodological and normative implications for development theory.

3 DEVELOPMENT THEORY AND SOCIAL EMANCIPATION: SCIENCE, NORMS AND SOCIAL CONFLICT

Any theory of development theory has to be able to justify itself on normative grounds, since it is concerned with the possibility of progress rather than change per se, and has to acknowledge the possibility that systems can degenerate as well as improve. We use liberal capitalism as our developmental model rather than feudalism or slavery, because we believe that freedom and competition are preferable to coercion and monopoly. Hence the orthodox model has to be understood as both a set of normative claims and a set of scientific assertions about what has to be done to achieve them. But this raises two difficult problems which we

must now address. First, as we have seen, the model itself, and the values on which it is based, is not universally accepted in LDCs where they co-exist with different and sometimes contradictory value systems which are still widely accepted; second, the relationship between normative assumptions and the institutional arrangements through which these are to be achieved is highly contentious.

(a) Competing Value Systems and Emancipatory Change

The dominant paradigm, and the western social systems from which it is derived, is based on a normative commitment to freedom of choice, equality of rights, and institutional accountability. However these principles are rejected in societies based on hierarchical religious or cultural systems, so imposing the dominant paradigm does indeed rob 'peoples of different cultures of the opportunity to define the forms of their social life'. [Escobar, 1997, 91] Thus people in dual societies do have to make difficult choices between competing value systems. Many traditional values are compatible with western principles, but many others are not. And where this is so Escobar's claim certainly holds. It is indeed impossible to create a social and economic system based on personal freedom and equal rights, without marginalising those who still support political absolutism, ethnic exclusion, theocratic absolutism or patriarchy.

This contradiction between indigenous and foreign systems confronts development theory with its most difficult challenge. Using external standards to judge local systems is to assume that there are universal values against which these can be measured and found wanting, and that wealthy and powerful foreigners have the right, and, indeed, the obligation to persuade other societies to adopt them. This claim has always been used to legitimate the actions of those who have profited by forcing their systems onto others, and it also contradicts the principles of free choice and cultural tolerance that are critical to the western value system itself.

The most influential contemporary critique of the orthodox model emerges out of this central contradiction. This allows post-modern theorists to attribute developmental failures to the forcible imposition of inappropriate and exploitative political and economic systems. This critique cannot simply be ignored, because many empirical studies demonstrate that attempts by practitioners to introduce western systems and technologies commonly fail because they are incompatible with local practices and conditions, and that they have ignored local systems which in fact offer more successful solutions to the same problems. [Chambers, 1983; Richards, 1985] This assumes, implicitly or explicitly, that local people would be better off if they were allowed to develop on the basis of their own indigenous knowledge systems, cultures and practices.

However, this last assumption is highly questionable. Rejecting foreign models also legitimates and perpetuates local knowledge systems, institutions, and cultural practices which are often oppressive or restrictive, and denies people access to the emancipatory potential of democratic governance, economic competition,

experimental science and modern technology.¹³ Poor people in DCs go to school, vote in elections, are protected by welfare systems, and may even drive cars and live into their 80s, but those in LDCs do not. This creates a normative gap which is directly related to the nature and quality of the institutional systems which have generated these benefits in DCs, and have yet to be fully developed in LDCs. It is this which provides the orthodox model with its strongest justification.

In fact it has been exposure to western model which has encouraged many poor and excluded groups in LDCs to create progressive social and political movements and demand their political, social and economic rights. The existence of progressive institutions in one country supports opposition to regressive ones elsewhere by demonstrating that poverty and dependency are not inevitable and providing the technologies, institutions and tested knowledge systems with the proven capacity to overcome them.¹⁴ Thus 'social movements (new and old) in the Third World are not expressions of resistance against modernity: rather they are demands for access to it,' [Schoorman, 1993, 27] and external models are more likely to be a weapon for the weak than a source of oppression.¹⁵ Hence the real developmental challenge is to manage the exchanges between DCs and LDCs better, not to prefer local practices to progressive foreign ones, or to reduce the co-operation on which global welfare ultimately depends. Foreign models can threaten local autonomy, but they cannot be excluded without turning countries into prisons.

The orthodox model demonstrates that democracy, competitive markets and rational science can emancipate countries that have yet to make full use of them. It rests on an immense body of theory and research, and does not offer a limited and unchanging model of what constitutes a 'developed' social system which can only be reached by treading a narrow and preordained path. Instead it is itself the outcome of a long period of theoretical and ideological struggle, accepts that 'modern' societies are highly differentiated and constantly evolving, and recognises that each prospective entrant takes off from a different starting point, must travel a different route, and will certainly arrive at a different destination.

There are many possible routes to capitalist development, especially in countries where it coexists with local values and practices which may even contradict its core values. These cannot simply be wished away or forcibly destroyed. Thus managers should not simply impose blueprints derived from DCs onto LDCs, but they must also respect the constraints and disciplines demanded by successful capitalist development. They should identify the principles and processes which underlie the 'best practice' already achieved elsewhere, but accept that this will only succeed if it is creatively adapted, not simply copied. Their programmes must be driven by local needs and interests, compatible with local conditions, and based on theories which recognise the complexity and contradictory nature of the

¹³ 'the free gift of the knowledge that has cost those in the lead much to achieve enables those who follow to reach the same level at a much smaller cost.' [Hayek, 1960, 47]

¹⁴ 'An ideology, coming into existence in a more developed country, is diffused in less developed countries, cutting across the local play of combinations.' [Gramsci, 1957, 170]

¹⁵ My own belief in the liberatory implications of external models was established in South Africa where the regime used cultural relativism to justify its racist policies, while the non-white, liberal and socialist opposition invoked the universalistic principles of equal rights, democracy, and freedom.

processes involved. Thus they will only succeed when they develop a 'genuine understanding of the Western tradition' combine it with a detailed knowledge of 'the circumstances of [their own] time and place', and use outside models not for mere imitation, but for the 'evolution of new social forms and autonomous modes of thought.' [Brett, 1973, 14-16].

(b) Emancipatory Models and Contested Realities

The strength of the orthodox model depends on claims relating to justice and to efficiency, arguing that societies which follow its precepts will achieve higher levels of welfare than they can by following any other. It can therefore be criticised on one or both of two separate grounds - that its concept of a just society is inadequate or unacceptable, or that the nature of the system it recommends is such that it cannot achieve the goals which it uses to legitimate itself. Critics do not always distinguish between these issues, but it is clear that they do raise very different problems.

After a long debate over the normative criteria which should be used to measure development in LDCs, we now accept that it should not only be defined in terms of economic growth, but of changes in value systems, structures, and processes that will increase human 'capabilities'. [Sen*] These depend on better production, health, education, and other welfare systems; and on institutional systems to increase freedom and equality through democratisation, the removal of monopolies or the elimination of patriarchy.¹⁶ Thus development, and therefore what is meant by human emancipation, is now defined in terms of a complex array of criteria - growth, equity, empowerment, or freedom - which set the standards used to evaluate developmental initiatives. Since most critical theorists also accept these principles, the key problem confronting orthodox theory is not with its normative goals, but with the extent to which its prescriptions will allow them to be realised in practice.

Here, of course, the orthodox model of capitalist development has always been subjected to its strongest challenge from social democratic and socialist critics. We cannot review all of the contested issues involved in this debate here, only consider the implications of the claims made on its behalf by its supporters who justify their model on a tendency to maximise efficiency and accountability rather than equality, and thus to maximise the absolute levels of welfare available to the poor. This argument proceeds in two stages.

First, the only way to elicit the necessary levels of skill and effort required for good services is to create incentives and control systems which give elites -

¹⁶ The Human Development Index is probably the best known attempt to take account of a broad range of goals, measuring education, longevity and economic growth. [see UNDP, 1992-99] The liberal paradigm, like Hegel, now defines development as the extension of the 'principle of freedom' from societies in which only 'one is free' to those where 'some are free', to modern societies where 'all men as such are free, and ... man is by nature free.' [1975, 54]. Women did not enjoy equal citizenship in his system, but feminists have now obliged men to accept that they should.

rulers, capitalists, surgeons, opera stars, footballers - unequal power and rewards.¹⁷ No society has ever been able to combine equality with effective political, economic and social management, so this cannot be the primary criterion against which development can be judged. However, unequal rewards are not unconditional, but, as Rawls shows, can only be just (and therefore justified) where they can be 'reasonably expected to be to everyone's advantage.' [1973, 60] This, of course, is a highly restrictive condition, which can never be fully met. However, the orthodox paradigm plausibly argues that the only way to approximate it is by creating an accountable institutional system which forces elites to serve their citizens rather than exploit them.

Hence, the orthodox model does not relate justice directly to levels of inequality, but to the extent to which unequal amounts of power, wealth or status, are directly tied to the effective performance of a socially useful function. It claims that this will depend on the existence of liberal and democratic institutions which specify the rules and patterns of behaviour which should govern interactions between citizens and rulers, customers and firms, workers and bosses, and wives and husbands if they are to take place on the basis of equitable exchange rather than domination. Thus freedom and equity requires that these rules meet strict criteria of justice, which can be seen as 'the first virtue of social institutions'. [Rawls, 1972, 3] Such institutions have to meet many demanding tests - they should recognise 'equal citizenship'; use inclusive and open democratic and competitive processes; lead to political and economic outcomes which produce a fair 'division of advantages' and 'distributive shares'; and only permit justifiable inequalities which are 'attached to positions and offices open to all.' [Rawls, 1972, 4/5,60]

This approach leads us to define development as the universalisation of free, equitable and therefore just institutions, and provides us with normative standards 'by which to assess economic arrangements and policies, and their background institutions'. [Rawls, 258/9] It also translates the normative theory of values and goals into a practical agenda for institutional reform in societies where existing structures do not yet meet these criteria. Hence the credibility of the normative claims made by the orthodox model depend on the adequacy of the institutional arrangements which it supports. It asserts that democratic political systems, competitive markets and open and egalitarian civic and scientific institutions will produce higher levels of accountability and, therefore, of economic efficiency and political and social autonomy than any other.

4 DEVELOPMENT THEORY AND INSTITUTIONAL REFORM

Thus, if we accept that it is 'the successes and failures in human organisation that account for the progress and retrogression of societies' [North, 1981, 59] we can see that development theory requires an analysis which relates social behaviour to institutional structure rather than the choices of atomised individuals. Historical

¹⁷ According to Hayek 'rapid economic advance' would be 'impossible' without inequality, so rich societies that have used egalitarian policies have stagnated, while poor but competitive ones have 'become dynamic and progressive'. [1960, 43,49]

change has always depended on creating new institutions which increase the options for whole groups of people, and been resisted by those with a vested interest in existing structures which exclude them. The recent emphasis on new and old versions of institutional theory has overcome many of the contradictions between the individualism of neo-classical economics, and critical theories concerned with the ways in which individual choices are conditioned by the effects of social agency and conflicting collective interests. Personal choices matter to individuals, but development relates to changes in the institutional frameworks which allocate different and unequal roles and benefits to different categories of people. Thus shows how different *kinds* of individuals - slave-owners or slaves, lords or serfs, capitalists or workers, women or men, officials or citizens - *must* relate to each other in different kinds of society, and thus determine each other's opportunities and constraints.

Thus the dominant paradigm now assumes that democratic capitalism may not be the only means of achieving prosperity and freedom, but that it is the best (if you read Fukuyama), or least worst (if you read Marx), method available at present. We have seen that this translates the normative goals of development theory - empowerment, equity and prosperity - into practical tasks for development managers - they must reform regressive local institutions by introducing more advanced structures based on the principles of equality, openness, inclusion and security. Political accountability depends on democratic institutions - those based on universal rights, regular elections, and open discussion; economic efficiency on well regulated competitive markets; social, religious and scientific freedom on open and pluralistic civic agencies; gender equality on the creation of egalitarian family systems.¹⁸ Some local institutions and cultures do accept these principles - for example traditional political and economic systems can permit democratic interventions and competition - but others do not. Here development will require attempts to replace them with more complex and open alternatives.

We cannot spell out the complex principles which govern each of these sets of institutions if they are to operate successfully, since this would involve a review all of the major debates in 'normal' theory. [see Brett, 1999] Instead we can only reaffirm that creating modern institutions is not a matter of following simple blueprints, because normal theory itself provides a variety of different institutional solutions to the political, economic, and social management problems which every society confronts; and because dualism and uneven development makes this even more difficult in LDCs. Thus developmental failures or successes can never simply be explained by the imposition of inappropriate external models, but by the very real difficulties created by the need to implement them in contexts where few people have the skills needed to make them work properly, and where they are bound to challenge the privileges of many powerful groups. Thus, any theory concerned institutional reform must also include a theory of social change.

¹⁸ This agenda is most comprehensively embodied in the structural adjustment programmes being implemented by donors in most LDCs involving wide-ranging institutional reforms to create competitive markets, democratic governance and pluralistic civil society. For an example see Brett, [1998].

5 SOCIAL AGENCY AND MANAGED CHANGE

The fact that development theory is concerned with explaining and managing change rather than with the maintenance of existing structures has strong methodological and political implications. Mainstream social science is often concerned with statics rather than dynamics, taking existing structures as the starting point for the analysis, and explaining their existence in terms of their capacity to 'satisfy functional needs'.¹⁹ However development involves the reconstruction of institutions which cannot satisfy legitimate social needs, so it is mainly concerned with the need to understand and manage progressive change rather than systems maintenance. However, such change is not inevitable, since many social systems have stagnated for thousands of years, and others, like the Roman empire, Nazi Germany and many African countries have suffered major reversals. Thus, we may believe that change should happen and could happen, but it only actually will happen if enough groups already incorporated into an existing system are actually prepared to make it happen.

This need to understand, predict, and manage social change confronts development theory with its greatest challenges. Here we can do no more than identify some of the most serious.

First, it turns development studies into a historical exercise, since what is objectively possible at any place and time is at least partially path dependent - 'where you can get to depends on where you're coming from, and some destinations you simply cannot get to from here.' [Putnam, 1993, 179] Thus, the changes required by the orthodox model may not be possible because of inadequate resources, inappropriate cultures, class, ethnic or sectarian conflict, or failures of individual or collective leadership. Thus development is unlikely in the Congo or Afghanistan in the immediate future.

Second, all attempts to construct a new future depend on the ability to predict the consequences of present actions. Thus theorists will need to know the unknowable, given the complexity of variables they are manipulating, and the unanticipated consequences of their decisions and actions. Hence we should recognise that development projects will almost never produce the results which their progenitors intended for them.

Third, a theory of development depends on a theory of agency which can identify the groups or processes which can be expected to take up new initiatives, and show why they should want to do this and what they need to do to achieve their goals. We cannot assume that groups and individuals that accept the values, systems, and knowledge of their own society, will necessarily want to reject these in favour of an uncertain future, though we also know that millions of people have sometimes been willing to do exactly this.

¹⁹ Thus neoclassical economists believe that the world can be 'reasonably viewed as being in equilibrium', and that greater understanding comes from exploring the regularities associated with its optimization. [North, 1990, 19]

Fourth, development implies a consciously managed social project designed to change structures, values and practices. This can undermine individual freedom by imposing a collective plan onto a society, thus turning some people's values and dreams 'into a public and compulsory manner of living.' [Oakeshott, 1971, 377] Hence a powerful tension exists between the need for collective social intervention and the desire to allow every individual the freedom to choose, and thus pursue a 'course of his own'. [Ibid.] The orthodox paradigm does claim that individual freedom can only be sustained through the creation of free institutions, and makes this objective its primary goal. However, even creating free institutions may threaten some people's freedom, while many well intentioned development projects have justified torture and censorship in the name of progressive social change. Thus, developmental programmes will succeed only where the means as well as the ends are compatible with the basic principles of justice set out earlier.

Thus, finally, development has to be seen as is an intrinsically political project, since it must benefit some groups at the expense of others. Development theory as a science therefore plays a crucial role in what is also an ideological struggle between competing interests and world views. This may well marginalise social groups which cannot understand the logic of complex arguments, and take real choices out of the hands of politicians. It often induces changes in policies and structures - like the socialist experiment and its neo-liberal successor in the Soviet Union - which produce disastrous results. But this is unavoidable, since the alternative to systematic theoretical analysis is not a viable pragmatism, but action based on unconscious prejudice and wishful thinking.²⁰

Thus using science as the basis for a programme of managed change imposes almost impossible demands on theory. Attempts to promote freedom and empowerment will be resisted where the necessary preconditions do not exist; radical projects will often fail because they can never anticipate all eventualities involved or persuade the relevant social groups to take the necessary action; when they are implemented they may lead to new structures that are more oppressive than the old ones. We continue to indulge in such an uncertain and dangerous enterprise because the alternative is to allow oppression and deprivation to go unchallenged. This being so, we can only seek out the best available knowledge, make a dispassionate analysis of the empirical evidence, and be willing to push the stone back up the hill each time it comes rolling down.

6 CONCLUSION

This article has reviewed some of the problems associated with the attempt to create a theoretical basis for the policies, practices and institutional reforms taking place in LDCs in the name of development. This is informed by the ideas and values which challenged the belief in religious salvation and feudal hierarchies in western

²⁰ According to Keynes, theoretical ideas 'both when they are right and when they are wrong are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. [1973, 383]

Europe after the 17th century, and are legitimated by science rather than divine authority. However they too are motivated by a belief in salvation, though now understood as the development of human capabilities here on earth. Thus the development enterprise is motivated by passion, but only succeeds where it uses management systems based on systematic and dispassionate analysis, which make use of the best available knowledge and technologies.²¹ Its validity claims therefore depend on its ability to induce emancipatory changes in the real world.

This is an impossibly demanding exercise, so results should not be judged in an unduly censorious frame of mind. It is a global project demanding cooperation between billions of people with diverse cultures and frames of reference, unequal access to resources and education, and different and often contradictory interests which has often failed. Poverty, war, oppression, environmental degradation, exploitation, and preventable diseases still destroy too many lives. Many programmes have failed, many actors are opportunistic and ill informed, and many wealthy organisations use their power and resources to privilege and protect themselves, rather than serve their clients and customers. However the fact that development has yet to occur in many places is not a reason to discredit the project itself since this offers the poor and oppressed in the Third World the best hope of an emancipated future.

In fact there have been too many failures, but also some major achievements. I was born in 1936 when the Third World was under colonial or neo-colonial control, few Africans could read or write, Stalin was building a Soviet Empire on millions of executions, Hitler was extending his Thousand Year Reich, and the Kuomintang and Japanese were conducting ruthless campaigns against mass resistance in Asia. The great war was soon to devastate Europe, Russia, and Asia, and end with the nuclear destruction of two major cities.

A major transformation has occurred since then. The technological revolution has brought unparalleled wealth to the peoples in the First World, and also offered great benefits to most people in the Third. Food security and disease control is greater than ever, international agencies exist which have the obligation and at least a limited ability to assist reforms and manage crises, rapid industrialisation has occurred in many countries, democratic reforms are being demanded everywhere and the threat of nuclear war has hopefully gone for the foreseeable future.

These achievements have not been accidental, but were the outcome of a specific and unique system of organisations and practices. They depended on institutions which guarantee competitive and political freedoms, provide universal education, encourage objective scientific research, allow social and political criticism, and provide safety nets to reduce risk and deprivation. Only a minority of

²¹ Hence Ferguson is wrong to claim that professional knowledge systems which guide the work of development agencies can operate on the basis of 'distinct rules of formation' and respond to 'their own ideological and institutional constraints'. [1994, 29] In fact his own analysis of World Bank projects in Lesotho shows that its projects failed because their own institutional needs led them to ignore established academic knowledge. Agencies may have good reasons to do this, but their beneficiaries pay a heavy price for it when they do.

the world's population benefit from all of these privileges, but this need not be so since these techniques are now well tried and can be replicated elsewhere. The knowledge which has created these possibilities also supports the dominant paradigm in development theory, and creates the energy and confidence to pursue it.

However, these achievements have involved immense effort, often violent and destructive conflict, and a continuous struggle to deal with their evident limitations and continuing contradictions. Reducing scarcity has created a crisis of sustainability as our propensity to consume exceeds our capacity to conserve diversity and control wastes; removing national barriers has exposed poor and ill-equipped peoples to the threats as well as the benefits of free trade and competitive markets; globalising communications has reduced cultural diversity and exposed everyone to the temptations of an often materialistic and trivial international media industry. Competitive pressures drive more and more people into workaholism and stress related illnesses, while the desire to maximise individual rights far transcends the commitment to individual obligation, so levels of family and personal breakdown and atomisation continue to grow.

However, we cannot put the clock back and return to a lost golden age, when traditional values and community solidarity reigned. Instead we must strengthen the existing paradigm by identifying and remedying its weaknesses, find more effective ways of integrating it into the many contexts where local conditions have stopped it from being tried, and strengthen people's capacities to use the opportunities created by free and pluralistic institutions to produce equitable compromises between groups whose interests do conflict. This will require the use of 'communicative action' to achieve an 'intersubjective mutuality of reciprocal understanding, shared knowledge, mutual trust, and accord with one another.' [Habermas, 1979, 3]

Formally free, open and just institutions, will only function as they should if they are subject to continuous criticism and renewal. The orthodox model is based on the institutional arrangements of democratic capitalism, which would produce significant gains for poor people everywhere if it were effectively implemented. But it has hardly begun to overcome the difficulties involving in using it as a basis for progressive change in societies dominated by scarcity, insecurity and mistrust. Thus, recognising its strengths and its weaknesses is no more than a first step. The real struggle begins when we have to implement it in practice. This involves far more than an understanding of theory, since it will only succeed when real people with limited knowledge and conflicting interests can be persuaded to put aside some part of their own private needs in order to contribute to a collective and cooperative enterprise.

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