

# chapter 3

## DEVELOPMENT AS INTERVENTION – FROM MODERNISATION TO NEO-LIBERALISATION

|  |    |  |     |
|--|----|--|-----|
| 3.1 Contexts I: cold war global shifts and mainstream development  | 68 | 3.4 Subjects of mainstream development: forming 'rugged individuals' | 99  |
| 3.2 Contexts II: theoretical debates within mainstream development | 79 | Notes  | 105 |
| 3.3 Geographies of mainstream development                          | 92 |  |     |

*While not wanting to deny that the history of development over the past 50 years has been complex, we assert that the modernisation project continues to underlie any apparent change in the development project. That is to say, mainstream, dominant and powerful development ideology remains within the framework of neoclassical economics ... (Kothari and Minogue 2002: 7)*

### 3.1 Contexts I: cold war global shifts and mainstream development

Mainstream development is not some dusty old body of thought, long since devalued in development circles. Quite the opposite is the case. The broad sweep of liberal economic theory *still defines* the agenda in powerful institutions of international development in the early twenty-first century, including the World Bank, World Trade Organisation, International Monetary Fund, Inter-American Development Bank, and so on. 'Market-friendly' development theory and policy dominates the mainstream agenda:

*It [successful development] can be summed up in the phrase 'letting the prices work'. That means low and stable inflation, an outward-looking approach to trade, an end to financial repression and a withdrawal from direct intervention in markets ... (Economist: 1989: 46)*

For developing countries, trade is the primary vehicle for realising the benefits of globalisation. Imports bring additional competition and variety to domestic

markets... trade exposes domestic firms to the best practices of foreign firms and to the demands of discerning customers, encouraging greater efficiency (World Bank 1999: 5)

In this chapter, we analyse debate and action within mainstream Development through the prism of a critical geographical approach. As you will see, what I term 'mainstream development thought' entails a range of theoretical and policy debates, but (as Kothari and Minogue note above) these debates are housed primarily within the theoretical and epistemological frameworks of neoclassical economics. We will first situate mainstream development thought in its geopolitical context, beginning with 'Contexts I'. In 'Contexts II' we turn to a discussion of the influential theoretical arguments that have shaped this body of thought and, most particularly, enduring debates over the relative importance of markets and states in effecting economic and social development. We then examine the ways in which geographers themselves engaged with mainstream thought, examining the spaces and scales of geographies of modernisation and 'market-friendly' approaches to development. In the final section of this chapter, forming 'rugged individuals', we examine how people are understood as subjects of mainstream development.

First, let us remind ourselves what we learn from situating development knowledge. Despite the universalism claimed by mainstream development knowledge, this body of thought is geographically and culturally specific to the West. By starting from the geo-historical, political and institutional context in which mainstream development knowledge became powerful, we can examine how this form of development knowledge was both socially produced, and socially producing. We can also analyse the sorts of economic and political tensions within the West, and in their relations to the rest of the globe, that development interventions attempted to resolve. For example, we will consider what sorts of pressures were influencing the global capitalist economy and Western economies (e.g. need for expanded markets, new means of access to colonial resources, need for new sites of investment, need for cheap labour either to in-migrate or to produce overseas). At the same time, situating mainstream development opens up consideration of the incompleteness, the unfinished nature of the project and the ways in which Development is continually being reworked in specific sites and places.

Situating mainstream development also means thinking through who benefits from the rise and consolidation of capitalist nation states. Efforts to promote mainstream development in the post-Second World War period were intimately

linked to both an array of interests across the globe (elites, state actors, and so on) as well as to the continuation of Western strategic and economic interests. Situating mainstream development also reminds us that development is always about the relations between places, rather than being a purely national affair, taking place solely within the borders of global South countries. So, for example, during the cold war the legitimacy and influence of state power in the West was expanded through a development project that consolidated geopolitical spheres of influence. Finally, we read mainstream development to reveal the kinds of political and cultural rhetoric through which development was justified (e.g. the imperative to civilise; to free people from oppression; to solve hunger, poverty, overpopulation; to protect people from communism).

The project of mainstream development in the post-Second World War period is rooted in nineteenth-century histories of colonisation (which institutionalised European and US economic and political power). In chapter two I talked about how nation-building in Europe was linked with the military and economic colonisation of the global South (section 2.2). This European colonial presence was inscribed through arguments about the superiority of Western scientific ideas of 'progress' and 'civilisation'. The colonial era gave rise to social sciences that were based on '... an unconditional belief in the concept of progress and in the makeability of society, an essentialisation of First and Third World inhabitants, and the importance of the (nation) state as a frame of reference' (Schuurman 2000b: 4). Our discussion of the power of post-Second World War development is built on an appreciation of how these prior histories of conquest and economic exploitation under colonial rule constructed political-economic differences, and the vocabulary, for development interventions (Hall 1992; Gupta 1998; Sivaramakrishnan and Agrawal 2003).

Our focus here is on how these twinned discursive and material processes extended forward, but operated in new ways after the Second World War. Mainstream development thought took shape in the intellectual and geopolitical context of the cold war and the decline of the colonial world. As new countries emerged from the colonial world, Western thinkers and institutions deployed ideas about 'communist threats' to 'freedom' and 'democracy' in their efforts to integrate emerging economies and societies into Western capitalist circuits. A range of mainstream theoretical arguments and policy interventions have waxed and waned in influence, but as the quotations at the beginning of this chapter suggest, these debates are all derived from neoclassical economics.<sup>1</sup> During the 1950s and 1960s, the mainstream Development project consolidated

through the emergence of particular theoretical arguments and powerful institutions. As the colonial world declined, mainstream Development discourse and practice became part and parcel of new mechanisms of influence and access to newly emerging states. Several authors have written about facets of these processes, including Tim Mitchell, *Colonising Egypt* (1991) and *Rule of Experts* (2002); K. Sivaramakrishnan and Arun Agrawal, *Regional Modernities* (2003); Arturo Escobar, *Encountering Development* (1995); Bjorn Hettne, *Development Theory and the Three Worlds* (1995); and James Ferguson, *The Anti-politics Machine* (1990). Each of these books addresses some of the forces producing powerful mainstream Development agendas and also argues for the power, and the limits, of this overarching project. While Development has been undeniably powerful, it is not a monolithic process of domination and homogenisation; rather, development in practice is open, ongoing and constantly reworked, as we discuss more fully in chapter 5 (Sivaramakrishnan and Agrawal 2003).

Our focus here is on how the power of mainstream development was consolidated in the West in the context of cold war struggles, the rise of influential development institutions and the political-economic agendas of newly emergent states around the globe. From 1945 to 1989, cold war politics were defined by an East-West fixation within which the development project focused on integrating newly independent states into capitalist, as opposed to communist, economic and political circuits.

Anti-Fascist sentiment easily gave way to anti-Communist crusades after the war.

The fear of communism became one of the most compelling arguments for development. (Escobar 1995: 34)

In this context, cold war discourses of bringing freedom, market economies and democracy to the global South took over from the language of the 'civilising mission' of the colonial era. Geopolitical influence in the West began gradually shifting away from Britain (and her declining Empire) and towards the USA. This shift was fueled by the dramatic post-war economic boom and the growing economic, military and political might of the USA during this period. As a result, we see successive US governments take on a major role in defining mainstream development as part of cold war ideological and material struggles over territory, markets and resources, and over the 'hearts and minds' of people in newly independent states (see Box 3.1 on Rostow). As Escobar (1995: 34) put it, '[I]t was commonly accepted in the early 1950s that if poor countries were not rescued from their poverty, they would succumb to communism'.

### Box 3.1 Walt Whitman Rostow

The *New York Times* obituary for Walt Whitman Rostow in February 2003 reflects the intimate connections between mainstream development theory and geopolitics. Forty years ago, Rostow, an economic historian, made his mark on development theory with *The Stages of Economic Growth: A Non-communist Manifesto* (1960). His famous and much-critiqued book became emblematic of modernisation theory, wherein he argued that economic development was a linear and progressive process. In his formulation, countries move through a series of stages to reach the 'age of high mass consumption', after reaching 'take-off', which is stimulated by outside investments and the diffusion of modernist technologies and values. Rostow spent his career simultaneously as a professor in the academy and serving in a variety of capacities in the State Department and the Executive branch of the US government. Rostow was a professor of economic history at many distinguished universities, including Columbia, Oxford, Cambridge and MIT. Between 1961 and 1969 he held a series of government posts. As an adviser to President Kennedy in the early 1960s, he was a passionate architect and defender of the Vietnam War, and in the mid-1960s he joined Johnson's cabinet as his national security adviser. He personifies the connections between economic modernisation theory and the geopolitical struggles of the cold war that it expresses and represents. 'He argued that the United States should speed this process of modernization in places like Southeast Asia, and until it could be achieved, should make efforts to stop guerilla infiltration that threatened Communist takeover by all diplomatic or military means' (Purdum 2003: byline in the *New York Times*). Rostow was also among a core group that established the Center for International Studies (CENIS) at MIT in 1951. A central preoccupation of its work was the relationship between economic growth and revolution. In 'A Proposal: Key to an Effective Foreign Policy'; they argued that when:

...rapidly exposing previously apathetic peoples to the possibility of change...

The danger is that increasing numbers of people will become convinced that their new aspirations can be realised only through violent change and the renunciation of democratic institutions... the dangers of instability inherent in the awakening of formerly static peoples would be present even in the

absence of the Communist Apparatus. But the danger is, of course, greatly intensified by the focus which both Communist thought and Communist organisation give ... (Rostow quoted in Meier and Seers 1984: 243)

The Marshall Plan, a key element of cold war struggles, injected \$19 billion into rebuilding Europe after the Second World War. The success of these massive infusions of capital directly supported mainstream development by bolstering arguments that modernisation could be engineered socially. Specifically, the success of the Marshall Plan was invoked in the design of institutions such as the World Bank. This bank was built precisely on the belief that large-scale investments in the global South could jump-start capitalist economic growth (see Box 3.2 below). As with the case of Europe, these large infusions of capital not only rebuilt infrastructure, but, more importantly, they created political obligations on the part of governments in the global South. Specifically, development aid and loans were tied to agreements to pursue economic policies that reflected mainstream development thinking.

For example, scholars have examined Western aid in the post-war period, linking flows of food, technology and loans to both cold war geopolitics and the growing economic crisis of deindustrialisation in the UK and the USA. After the Second World War, aid flows were typically tied to the purchase of goods and services from the donor country through USAID and, in Britain, through the Commonwealth Office (Power 2003: 31). For example, Public Law 480 was described as 'food aid' to Latin America in the 1960s and 1970s (George 1977; Goodman and Redclift 1991). However, a close reading of the 1954 law finds that it was designed as '...an act to increase the consumption of United States' agricultural products in foreign countries' (George 1977: 168). Through this law, the USA made 'concessionary sales', effectively dumping surplus wheat and rice into 'friendly' countries – selling food products below world market prices. This policy served to out-compete other country's food exports to those same markets and to shift diets and food preferences away from domestic staples, ensuring future demand for US food exports at commercial prices. Further, in the early years of Public Law 480, food was purchased in local currencies and deposited in local bank accounts, from which funds were spent in country without US congressional oversight. In many cases, these revenues were spent on military installations and internal police functions that responded to cold war imperatives in places such as Vietnam, Cambodia and Korea (Goodman and Redclift 1991; see George 1977 for an extended discussion). More broadly,

aid to various countries, and the conditions attached, have ebbed and flowed in close relation to economic needs of the USA, the intensity of cold war politics and the strategic importance of specific places.

The United Nations Monetary and Financial Conference, held at Bretton Woods in 1944 is another specific expression of the politics defining this period. This conference was a struggle between the USA and the UK over nothing less than control of the post-war international economic order. The conference led to the creation of the International Monetary Fund (IMF), the World Bank (WB) and the General Agreement on Tariffs and Trade (GATT). These institutions, which came to define and dominate the mainstream development agenda, were created in the context of the rising economic and political influence of the USA and a struggle for access to Commonwealth markets previously controlled by the British. During the 1930s, the British maintained enormous power over currency and commodity markets within former colonies through the Imperial Preference System and the Sterling Areas mechanism. Imperial preference gave trade preferences to Commonwealth imports into the UK and discriminated against imports from other countries, including the USA. Sterling Areas, fully established during the Second World War, meant that the UK held foreign exchange reserves of its Commonwealth members in London, in pounds sterling. This meant that in order for a Commonwealth country to trade with the USA, the transaction had to go through London, since dollars could only be converted into pounds by the British Central Bank. This meant that the British effectively controlled volumes of trade by limiting the amount of currency converted in any time period. In effect, these two mechanisms gave the British enormous control over world trade, limiting US access to growing markets in Africa, Asia and elsewhere.

This brings us back to Bretton Woods, a conference held in New Hampshire in July 1944. The United States pushed for greater multilateralism in world trade to fuel her post-war economic boom by gaining direct access to resources, investment opportunities and markets across the globe. While 44 nations participated in this conference, the USA and the UK dominated: Figure 3.1 depicts the cast of characters attending that meeting – an overwhelmingly white and male crowd. The USA provided support for many newly emergent states who were themselves vying for more independence from the UK. This conference was crucial in two ways. First, it signalled the end of the British Empire in terms of her economic control over many territories and states, and second, it created powerful multilateral institutions (along with national governments) that facilitated the professionalisation of mainstream development. In other words, devel-

opment came to be seen as a technical problem that could be fixed with appropriate policy interventions, thus obscuring its deeply political roots, which we are discussing here.

### **Box 3.2 The International Monetary Fund and the World Bank**

The International Monetary Fund was created at Bretton Woods. Its members are countries (and a few territorial entities that are not states, such as Hong Kong as a special administrative region, People's Republic of China), who have voting rights within the fund, in proportion to the amount of money (subscription) they contribute. Voting rights and borrowing rights within the fund are defined by the relative size of a country's economy. This means that of the 184 members of the IMF, 5 countries (the USA, Japan, Germany, the UK and France) hold 39.2 per cent of the voting rights. The IMF has two main goals. The first is to facilitate the expansion and growth of international trade. The second is to stabilise the international financial system by preventing a foreign exchange crisis in one country from causing widespread economic recession (as in the Great Depression). To this end, the Fund lends money to countries to finance balance of payments deficits in order to prevent them from having to implement economic policies that would lead to stagnation and declining consumption. This model is based on the experiences of advanced economies during the Depression, wherein countries dealt with balance of payments deficits by cutting output, deflation, raising unemployment and cutting imports, which sparked a vicious downward cycle in their trading partners (called 'beggar thy neighbour' policies). The IMF founders argued that if short-term loans could be provided to tide over countries with a temporary trade deficit, then damage to the international financial and trade system could be avoided. This founding principle provides the rationale for the structural adjustment programmes implemented throughout the global South in response to debt crisis.

The World Bank was initially called the International Bank for Reconstruction and Development, reflecting the influence of the Marshall Plan experience in its founding rationale. The Bank makes larger and longer-term loans to countries than the IMF, in order to expand market economies and to 'modernise' societies. However, the World Bank is far

more than just a lending institution. It has a huge research and policy staff who have exerted substantial influence over the mainstream development agenda since the bank's founding. The emphasis of loans and programmes has shifted over the years, beginning with a focus on infrastructure projects (e.g. road, railways, dams and hydroelectric projects). The Bank's emphasis expanded to include education and agricultural investments seen as raising the productivity of the poor through 'green revolution' and 'basic needs' programmes. In the 1980s the focus shifted as the World Bank confronted macroeconomic and debt rescheduling issues, implementing structural adjustment policies (World Bank 1991). Later in the decade, the bank began paying more attention to poverty and environmental issues, as increasingly vocal civil society groups accused the Bank of not observing its own policies in some high-profile projects (World Bank 1999). All these policy interventions are framed in terms of mainstream liberal economic social science thinking about development processes. See the book *Unholy Trinity* (Peet et al. 2003) for an examination of how the World Bank, IMF and WTO have developed in distinct ways in recent decades.

Western states and international institutions did not unilaterally define the political context for international development. Indeed, mainstream Development's power and practices are constantly being interpreted, appropriated and reworked in specific times and places. For example, the participation of 20 emerging nations from the global South<sup>ii</sup> in the Bretton Woods Conference signals the growing independence and political influence of emergent states in development debates. Across the global South, nationalist movements powered the move to independence from former colonisers during the post-Second World War period (for detailed histories of colonial liberation, see Balogh and Imam 1988; Taylor 2002). Even as nationalist movements varied across places, many global South actors participated actively in economic development agendas. Two tendencies tied them to the mainstream development project, now promulgated by ostensibly politically neutral institutions rather than colonial governments. First, nationalist movements formed politically independent sovereign states, but in doing so, new leaders often espoused developmentalist ideals. Specifically, new governments prioritised policies and institutions that would increase economic growth and bring the nation into 'modernity'. As Gelvin (2002: 65) puts it in his study of independence

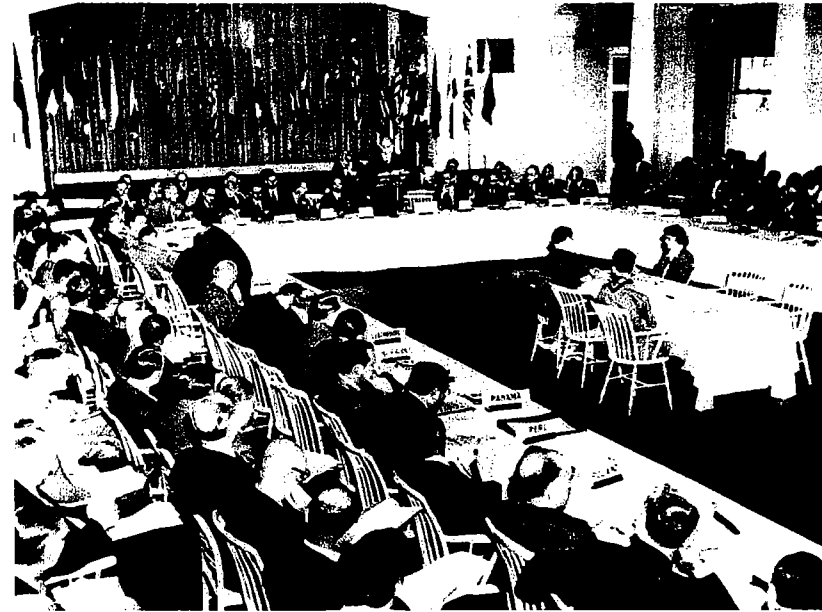


Figure 3.1 Bretton Woods Conference in 1944. Source: Bretton Woods Resort Public Relations Office

movements in Egypt, Syria, Iraq and Iran: '...developmentalism was inextricably connected to the quest for national independence: full economic growth, it was believed, could be accomplished only by a complete political separation from colonial domination.' Second, newly emergent states in Asia and Africa consolidated their economic and political power through externally generated revenues. In many cases, these revenues came from international development assistance or loans and this served to continue various forms of engagement with mainstream development projects.

A range of alliances of global South states also wielded influence and voice in the shaping of Development from the early work of the Non-Aligned Movement and UNCTAD to the more recent formation of G-15 and G-20 Plus (among other coalitions). Economic development is a central aspect of the agendas of these coalitions as they have taken a place at the bargaining table to address international relations, access to development dollars and trade negotiations. Global South projects of nation-building and consolidation of power have often been closely tied with particular regional articulations of modernity, which have

sufficiently engaged with mainstream development's analysis of economic growth and democracy to involve partnerships with Western actors and mainstream development institutions and resources (Sivaramakrishnan and Agrawal 2003; Gupta 1998). These processes of negotiation, engagement and development interventions have continued to both reaffirm and rework political and economic relations between state and capitalist interests around the globe.

Just as cold war geopolitical and economic interests framed the power of mainstream thinking, a series of dramatic shifts in the organisation of the global economy beginning in the 1970s, gradually reframed the dominant discourse of development from Keynesian to neoliberal policies (these theoretical and policy shifts are discussed in section 3.2). In other words, the political and economic contexts in which mainstream development was framed began to shift in some significant ways as a series of economic and political shocks rocked the USA and Europe (see Dicken 2003; Mitchell 2004; Sparke 2005 for a fuller discussion). These shocks were driven by:

- the powerful role played by OPEC in oil price shocks and shortages of the 1970s contributing to economic recession in economies of the global North;
- rapid expansion of transnational corporations in manufacturing, communications and banking, which decoupled their economic fortunes from those of nation states in the West;
- Thatcherism and Reaganism decoupling state practices, and nationalism leading to political demonisation of the welfare state and unionism;
- growing internationalisation of production and consumption and concomitant deindustrialisation of industrial heartlands;
- rise of the Asian Tigers (newly industrialising countries: Japan, Hong Kong, Singapore, Taiwan) that modelled export-led development and legitimated new development orthodoxy;
- institutionalisation of the free trade agenda in the World Trade Organisation;
- widening gaps of poverty and inequality between countries in global South, leading to loss of faith in discourses of universal progress.

These combined processes contributed to a reorientation of development thinking in international development institutions and by state actors across the globe. There was a shift away from an emphasis on protectionist developmentalist states and towards a free-market, export-oriented strategy that reduced trade barriers and state regulation of economy and society. In the next section,

we trace the most influential theoretical arguments that worked in tandem with these politics to shape mainstream development thinking in the cold war and the subsequent period of neoliberal globalisation.

### 3.2 Contexts II: theoretical debates within mainstream development

*Development is one of the oldest and most powerful of all Western ideas (Hettne 1995: 29)*

Just as a series of geopolitical events set the stage for the rise of mainstream development, so a series of influential theoretical arguments framed out the project itself. While some of the leading architects of mainstream development were deeply embedded in cold war politics (see Box 3.1 on Rostow as an example), many individual theorists were not conscious conspirators in the creation of the 'Third World'. The structures of power that shape the mainstream (or indeed other) development agendas are often invisible even to those who inhabit them. Many of those who participated in building and refining the development project were motivated by the desire to contribute to social justice. In my own case, I was motivated by British colonial guilt and the desire to contribute to the improvement of lives in the global South. Although looking back now it is difficult to reinhabit that mindset, in the early 1980s I was a subject of the discourse of development, I was inside its logics, working for positive social and economic change and more enlightened policy. I suspect the same was true for many working in mainstream development geography more broadly (reviewed in the next section).

In other words, no one institution or set of actors had the power (even though some certainly had the intention) to *actually determine the course of events*. For this reason, we focus on the ways in which political and intellectual contexts *shape* processes, rather than determine them. Drawing on Ferguson (1990: 18), we think of mainstream development as a discourse in the sense that

[t]he thoughts and actions of 'development' bureaucrats are powerfully shaped by the world of acceptable statements...within which they live; and what they do and do not do is a product not only of the interests of various nations, classes, or international agencies, but also, at the same time, of a working out of this complex structure of knowledge.

Inspired by a Foucauldian (see Foucault 1980a, 1980b) decentred concept of power, we examine mainstream development as a complex body of knowledge,

constantly being produced and transformed by all the actors involved (academics, bureaucrats, politicians, activists, and so on). Even as we trace out the geopolitical and intellectual contexts of mainstream development, I am not arguing that mainstream development operates predictably, or at the bidding of any specific powerful subject. Rather, it is the coming together of geopolitical strategies, academic theories and actions in particular places in ways that *cannot be predicted in advance*. As you read the following account of influential theory underpinning mainstream development thinking, keep in mind that mainstream development is a fluid project that has constantly taken on board innumerable critiques (from the structuralist critique of Prebisch to the gender critiques of Women in Development (WID) theorists; see below). Despite the continuing hegemony of neoclassical development economics, mainstream development has nonetheless had to work hard to incorporate critiques within its theoretical frame. We discuss these limits of mainstream development's efforts to shift in response to gender and poverty critiques in the last section of this chapter.

Simply stated, students should not read mainstream development as a conspiracy to intervene in the global South. Rather, you should understand how political processes, particular institutional sites and certain theoretical arguments came together to shape the terms of development debate as well as its effects.

James Ferguson's (1990) book *The Anti-politics Machine* provides a nuanced and decentred analysis of mainstream development discourse and practice. Mainstream discourses of development exert their power in a range of diffuse ways, including through their representations of places in the global South. As we discussed in chapter 2, the discourse of 'failed places' establishes that problems of uneven development result from the inability of global South places themselves to adjust to 'modern nationhood'. Ferguson engages in a close reading of the World Bank Development Report from 1975, to demonstrate how Lesotho was constructed as a target for policy intervention. He details the ways in which Lesotho was represented as a primitive and uncivilised place; a place that lacked any productive connections to surrounding South Africa. He quotes the World Bank report which represents Lesotho as '...virtually untouched by modern economic development' and '...a traditional peasant society' facing '...rapid population growth resulting in extreme pressure on the land, deteriorating soil, and declining agricultural yields', such that the '...country was no longer able to produce enough food for its people' (World Bank 1975: 1). Ferguson argues that this representation has a job to do in development circles – setting up Lesotho as a target for development intervention. He

counters this mainstream representation of this African place with historical scholarly research:

Lesotho entered the twentieth century, not as a 'subsistence' economy, but as a producer of cash crops for the South African market; not as a 'traditional peasant society,' but as a reservoir exporting wage labourers in about the same quantities, in proportion to total population, as it does today. Lesotho was not 'untouched by modern economic development' but radically and completely transformed by it, and this not in 1966 or 1975 but in 1910 ... (Ferguson 1990: 27).

Ferguson's detailed study of rural development in Lesotho illustrates both how this place became a target for development intervention, and simultaneously how the closures of mainstream development discourse operate more generally.

The empirical social sciences, and especially development economics within US and UK universities, were key sites for academic research that further contributed to the power of mainstream development discourse. Their supposedly objective theoretical work prepared the ground for bureaucrats and 'development experts' to identify the 'appropriate' policy responses in Lesotho and many other countries. Their work was underwritten by neoclassical economic theory that assumed that the goal of Development was achievement of Western modernity and that this would be an evolutionary progression from 'traditional' to urban/industrial capitalist societies. Early theorists developed influential concepts of social and economic development (most famously those of David Ricardo, Adam Smith and Karl Marx), and these theories were all underlain with unconscious premises and unexamined assumptions about the superiority of the West as the pinnacle, the epitome of civilised society. For example, Adam Smith's argument contrasts American Indians, whom he describes as 'savages and barbarians', with the 'civilised nations' of Europe. While critical of capitalism, Marx's concept of an 'Asiatic mode of production' suggests the construction of an 'other' to dynamic and progressive European capitalist modes of production (Hall 1992: 315–17; for more discussion of Marxist theory see chapter 4).

Within the broad sweep of mainstream development studies, three major theoretical positions have duelled for prominence at different times since the Second World War. The first of these is the nineteenth-century classical economic liberalism of Adam Smith and David Ricardo, which emphasises open

capitalist markets as the key to economic development and, in particular, the laws of comparative advantage that should govern international trade. Second are twentieth-century Keynesian arguments that assert an important role for the state in regulating growth and investing in societal development. And third are the structuralist economic arguments, beginning with Raúl Prebisch in Latin America, but extended in other regions of the global South (Kay 1989).

Development economics in the post-Second World War period is a blend of these three arguments, with one position or another gaining strength at particular times. These theories all foreground economic growth and the rise of liberal, independent states and individuals, but they differ in their views about the role of states versus markets in regulating and enhancing economic development. Structuralist theorists also differ in their arguments about the relevance of Western assumptions and principles for countries of the global South, given their distinct positions within global economic circuits. These theoretical foundations for mainstream development have been thoroughly reviewed elsewhere and so I present a brief review of their major ideas (for extended discussions see Hettne 1995; Peet with Hartwick 1999; Kay 1989; Dickenson et al. 1996; Yotopoulos and Nugent 1979).

### 3.2.1 Classical liberalism

Adam Smith's classic tome 'The Wealth of Nations' (1776) argued that the 'invisible hand' of the market will lead profit-seeking individuals to extend their own gains in ways that are ultimately good for society as a whole. Smith's arguments – that societal development could best be achieved by the free operation of the market through the laws of supply and demand, are at the heart of liberal development theory. In the recent neo-liberal turn in mainstream development, these ideas have been employed as an argument against state involvement in economy and society. Further, neo-classical international trade theory draws from Smith's ideas about the efficiency achieved from economic specialisation and from national economies participating in an international division of labour. Trade theory argues that a country's economy would be most productive and efficient if it specialises in the production of goods for which it is particularly suited, and then engages in trade with other countries that have comparative advantage in other products (see Box 3.3). Ricardo was an early proponent of the unfettered operation of international markets arguing that 'all partners in trade benefited from an increase in total production in accordance with their comparative advantages' (Peet with Hartwick 1999: 29). In this view, the world economy produces

and trades more goods at a constant level of inputs, if all nations specialise in producing the goods for which they have comparative advantage.

#### Box 3.3 An explanation of comparative advantage

Here I illustrate an argument for the concept of comparative advantage by Sam Nguyen (2004). This example is from the [adamsmith.org](http://adamsmith.org) weblog that discusses the merits of free trade policies.

He begins with a critique of the argument that some industries need protection from overseas competition because that is in the interests of the British economy. He goes on to illustrate the concept of comparative advantage, arguing that, in reality, protectionism may be good for particular groups of people, but it is never good for an economy as a whole. How does he build his case?

Nguyen argues that consumers buy goods from another country because they are better in quality or price than the goods available domestically. Sometimes it is because the good is only produced overseas. Being 'better in quality' should be taken in a broad sense, as some people regard British real ale as the best quality beer, while others regard Belgian beer as the best. Consumers have different tastes and imported beer from countries like Belgium enables different tastes to be catered for.

Nguyen continues that, odd though it might sound, trade would be beneficial even in the implausibly extreme case of Belgium being better than the UK at producing everything. This is because it is in Belgium's interest to specialise in those products that it can make most money on, and to use that money to buy in the other things they need. So the UK and Belgium – even in this example – would benefit from some specialisation and then trading their excess goods with each other. This is what is referred to as the Law of Comparative Advantage.

Nguyen concludes by following his logic to its own ends: trading allows more goods to be produced in total for the same amount of input, and therefore is more efficient. It is for this reason that proponents of free trade argue that protectionism and subsidies harm consumers and businesses alike. They prevent consumers from buying the goods they want at the prices they want, and they prevent businesses from taking advantage of their relative low costs and selling cheaply abroad.

Adapted from Nguyen (2004)



Following this logic, nations with large supplies of labour should have a comparative advantage in labour-intensive goods and should produce and export more of those.<sup>iii</sup>

Despite their provenance in the eighteenth and nineteenth centuries, these classical economic arguments have re-emerged as globally hegemonic in the late twentieth century in the form of neoliberalism. Neoliberalism refers to theoretical and political arguments which assert that economic and social well-being can be achieved only through reductions in the state's role in both the market and social transfer programmes, using tools such as deregulation, privatisation and marketisation (Peck 2001; George 1999). These policies are sustained by a belief in the virtues of individualism and personal responsibility, and the efficiency of market forces as captured in this quote from the Adam Smith Institute in Britain:

The Adam Smith Institute is the UK's leading innovator of free-market policies. Named after the great Scottish economist and author of *The Wealth of Nations*, its guiding principles are free markets and a free society. It researches practical ways to inject choice and competition into public services, extend personal freedom, reduce taxes, prune back regulation, and cut government waste. (<http://www.adamsmith.org/>)

In the United States it was the Chicago School, led by Von Hayek and his student Milton Friedman, that institutionalised contemporary neoliberal thinking. Becoming known as the 'Chicago Boys', Von Hayek, Friedman and their followers were architects of neoliberal transformations in Europe, North America and, famously, Chile in the 1970s and 1980s (where Pinochet instituted neoliberal reforms after the violent overthrow and murder of the democratically elected socialist Salvador Allende). While our focus here is on the content of these theoretical arguments (see Box 3.4 for specific policies of neoliberalism), recall the previous section of this chapter and remember that neoliberal ideas became influential in the context of stagflation in Western economies in the 1970s and 1980s and with the rise of conservative governments of Thatcher and Reagan, who promised to solve economic crisis in the West by rolling back the state and 'freeing' market forces.

#### Box 3.4 The Washington Consensus .

By the late 1980s, a broad consensus about the 'right policies' for neoliberal development had emerged between the IMF, the World Bank and

the US Treasury Department (see Williamson 1990). This package of policies appeared in structural adjustment programmes throughout the global South and included the following policies (modified lightly from Peet with Hartwick 1999: 52 and Peck 2001: 448):

*Fiscal discipline:* capping government budget deficits

*Public expenditure priorities:* focused on supply-side investments rather than social redistribution

*Tax reform:* hold down rates and raise incentives for investment

*Financial liberalisation:* let the market determine interest rates and capital flows

*Exchange rates:* market forces should determine currency values, which should encourage rapid growth of exports

*Trade liberalisation:* tariffs and quota restrictions on imports should be removed

*Foreign direct investment:* barriers to the entry of foreign firms should be abolished

*Privatisation:* state enterprises should be returned to private ownership

*Deregulation:* restrictions to competition should be abolished, including social entitlement programmes

*Property rights:* legal systems should protect private property rights (including intellectual property)

*Wage restraint:* rollbacks in unionism, limits on minimum wages

Building from their initial consolidation as the Washington Consensus, neoliberal policies and politics have mutated throughout the last two decades, both in the advanced economies and in international development circles. During the 1980s and 1990s, mounting critiques from Latin American scholars and activists focused on the intense social costs of structural adjustment policies in the wake of the debt crisis (Green 2003; Petras and Veltmeyer 2001, 2003; Dezalay and Garth 2002). These powerful critiques prompted the World Bank to focus more

on investments in social capital and incorporation of the agendas of social movements. Several worldwide initiatives have been launched to bring attention to the devastating environmental and social impacts of neoliberal policies such as the World Commission on Dams, the Extractive Industries Review and the Kyoto Protocol. Eventually, as social suffering became increasingly apparent during the 1990s, we also began to hear the 'Third Way' arguments of Blair in the UK and Clinton in the USA.

The Structural Adjustment Participatory Review Initiative (SAPRI) was launched in 1997 as a collaboration between the World Bank and social movements across the global South (countries involved were Bangladesh, Ecuador, El Salvador, Ghana, Hungary, Mali, Uganda, Zimbabwe, Mexico, the Philippines, Canada and Argentina). The project involved a detailed qualitative methodology, designed explicitly to focus on the perspectives of those impoverished by neoliberal policies. The initiative was to assess the social and economic impacts of Washington Consensus policies and to construct policy alternatives informed by a political-economic critique and a deep understanding of how these policies played out on the ground. Despite substantial evidence of social suffering from this effort, the World Bank has continued its structural adjustment policies and has refused to seriously engage with citizen groups. This quote from an April 2004 letter from the Structural Adjustment Participatory Review International Network (SAPRIN) steering committee to Wolfenson speaks volumes:

Based on [SAPRIN] research, the Bank co-authored reports with SAPRIN that clearly demonstrate the failure of these [structural adjustment] policies. Unfortunately the Bank chose to ignore findings of this joint global investigation, as it has systematically dismissed other evidence of the failure of adjustment programs of the past quarter century to deliver promised results. ...In light of this, the Bank's current rhetoric about the importance of civil society rings hollow for the thousands of groups and individuals who contributed to the SAPRIN national exercises without remuneration but with the expectation that the Bank would make changes based on a better understanding of the impact of adjustment policies on their lives. ...Our organisations have put the World Bank to a test, a test that it has badly failed. ([http://www.saprin.org/news\\_updates.htm](http://www.saprin.org/news_updates.htm); emphasis mine)

### 3.2.2 Keynesianism

Keynesianism, the second influential thread of economic theory, dominated the international development agenda from the 1950s until the 1970s. John Maynard

Keynes wrote *The General Theory of Employment, Interest and Money* (1936) in the wake of the Great Depression. Indeed, it was the crisis of the Depression that discredited liberal economic thinking and created space for the rise and influence of Keynesian ideas. His explanation for the Great Depression was that a lack of aggregate demand led to economic crisis. His solution involved government policies to stimulate demand and expand the economy in order to increase spending and consumption and so reduce unemployment (Brown, ch. 3 in Hall and Gieben 1992: 153). He argued, in marked contrast to the neoliberal standpoint, that the unfettered operation of free markets does not automatically improve human well-being. His ideas formed the basis for economic development policies that were designed to maintain full employment in Western capitalist economies through government spending on infrastructure, education and social services, along with monetary policy to control inflation.

These ideas, bolstered by the successes of European reconstruction after the Second World War, were foundational in development economics. Keynesianism promised the manageability of development and the need for managers such as development economists and policy 'experts'. At the same time, ideas about the 'makeability' of societies in the global South, in the image of Western economies, mandated a strong role for the state and this corresponded with the ambitions of emerging elites in many countries. As Hettne (1995: 38) puts it, 'the main message [in development theory] was that development necessitated plans, written by economists, and strong, active governments to implement them'.

A large number of development economists generated influential theories during the 1950s and 1960s that focused on maximising economic growth through industrialisation and urbanisation in the global South (reviewed in Peet with Hartwick 1999; Meier and Seers 1984). Here I mention only a few prominent thinkers as examples. For W. Arthur Lewis, the central questions in development revolved around how global South governments could modernise their traditional agricultural sectors and foment domestic industrialisation. He worked on the internal structural transformation of global South economies, examining flows of labour, goods and capital between domestic agricultural and industrial sectors. He argued for government investments in education, health services, water supplies and worker compensation as key elements of the economic modernisation process. Albert Hirschman argued that unbalanced industrial growth would stimulate efficient use of scarce entrepreneurial resources and maximise the growth effects of capital-intensive industrialisation. His ideas led to industrialisation strategies wherein investments, administrative energies and

resources were spatially concentrated and focused on industries with many forwards and backwards linkages to the domestic economy, with the assumption that the benefits of economic development would trickle down to other places over time. Harrod (1948) and Domar (1946) argued that growth of national income was directly and positively related to the country's savings rate, leading to policies encouraging higher savings rates and developing banking and investment infrastructures. Their work also focused attention on the mobilisation of (domestic or international) capital as a major trigger for economic growth in the global South.

Taken together, these and other development economists built from Keynesian ideas to promulgate a range of policy interventions designed to increase economic growth and to effect the transition of global South economies into capitalist urban/industrial modernity. From 1960 to 1965, for example, the World Bank made 109 loans for power plants, roadways, railways and industries in Africa, Asia, Latin America and the Middle East (Table 3.1). By 1971–75, the Bank expanded this portfolio to 197 loans across these same regions, and substantially expanded loans for education and the commercialisation of agriculture, from 16 loans in 1960–65 to 93 in 1971–75.

Sociological modernisation theory emerged in close relation to Keynesian economic arguments about development in the global South. Pioneered by sociologists in the 1960s, modernisation theorists argued that certain cultural/social attitudes are a prerequisite for Western-style urban/industrial development. These cultural theories of development also adopted Enlightenment assumptions about societies passing through an evolutionary process from traditional to modern. Talcott Parsons' work on the evolution of social systems formed the foundation for this body of thought. Many authors built from his ideas about the limited 'adaptive capacity' of traditional societies and the importance of changes that prompt societies to specialise and transform their practical actions and value systems in response to problems. For example, Seymour Martin Lipset and Aldo Solari (1967) held that 'feudal' values and social structures in Latin America were holding back economic development. They argued that Latin American societies were imbued with elitism, that they scorned materialism, viewed work as a necessary evil and that society assigned status on the basis of family position rather than material achievements. In their view, these attitudes and values must change in order for 'nonindustrial traditional' Latin American people to become effective entrepreneurs who could then propel economic development forward. Lipset and Solari's solution was to

Table 3.1 Number of IBRD/World Bank Loans for 1960–1965 (A), 1966–1970 (B), and 1971–1975 (C) by type and region<sup>a</sup>

|                       | Africa |    |    | Asia |    |    | Europe |   |    | Latin America/<br>Caribbean |    |    | Middle East <sup>a</sup> |   |   |
|-----------------------|--------|----|----|------|----|----|--------|---|----|-----------------------------|----|----|--------------------------|---|---|
|                       | A      | B  | C  | A    | B  | C  | A      | B | C  | A                           | B  | C  | A                        | B | C |
| Agriculture           | 3      | 14 | 34 | 5    | 14 | 18 | 0      | 2 | 14 | 8                           | 17 | 33 | 0                        | 3 | 8 |
| Education             | 0      | 5  | 7  | 1    | 3  | 8  | 0      | 1 | 7  | 0                           | 11 | 11 | 0                        | 0 | 4 |
| Industry <sup>b</sup> | 3      | 8  | 23 | 15   | 16 | 17 | 5      | 8 | 21 | 3                           | 6  | 15 | 1                        | 7 | 6 |
| Power                 | 10     | 9  | 11 | 12   | 14 | 9  | 10     | 7 | 11 | 17                          | 29 | 18 | 0                        | 0 | 6 |
| Telecommunications    | 1      | 4  | 5  | 0    | 6  | 4  | 0      | 1 | 0  | 2                           | 4  | 9  | 0                        | 0 | 3 |
| Transportation        | 6      | 25 | 25 | 16   | 20 | 21 | 6      | 7 | 11 | 22                          | 19 | 29 | 4                        | 2 | 7 |
| Water supply/sewerage | 0      | 2  | 7  | 2    | 3  | 5  | 2      | 0 | 5  | 0                           | 4  | 11 | 0                        | 0 | 2 |
| Other <sup>c</sup>    | 0      | 2  | 10 | 0    | 0  | 7  | 0      | 0 | 1  | 0                           | 0  | 9  | 0                        | 0 | 4 |

Source: Anna McCall-Taylor, (2005)

Notes:

<sup>a</sup> The countries classified here as the 'Middle East' are: the Arab Republic of Egypt, Iran, Iraq, Israel, Jordan, Lebanon, Oman, and the Syrian Arab Republic. This is not a comprehensive list of Middle Eastern countries, but a subset of the countries receiving World Bank loans in this time period.

<sup>b</sup> The 'industry' category includes loans made for industrial development finance companies in each country.

<sup>c</sup> The 'other' category includes such things as family planning programmes, tourism development and loans for export expansion, urbanisation and technical assistance.

reform education so that it instilled high 'achievement motivation'. This concept, and the potential for instilling it in 'traditional' people, was derived from the work of psychologist David McClelland (1961). He argued that certain individuals had desire for achievement and so were suited to become entrepreneurs who would lead economic development forward.

Perhaps the most famous modernisation theorist was Walt Whitman Rostow (see Box 3.1), who pursued three key questions in his work: how could economic theory inform economic history? how did economic forces interact with social, political and cultural forces? and what is the relationship between economic growth and revolution? (Meier and Seers 1984: 229) In his famous book *The Stages of Economic Growth: a Non-communist Manifesto* (1960), Rostow postulated that countries would pass through a series of developmental stages on their (inevitable) path to modernity, eventually arriving at the stage of 'high mass-consumption'. This stage was the culmination of a process involving steady increases in savings, investment, economic growth and consumption, and a shift in people's attitudes and practices away from 'long-run fatalism' and towards entrepreneurial engagement with new economic opportunities.

### 3.2.3 Structuralism

Raúl Prebisch was the Argentinian pioneer of a structuralist perspective, the third major strand of mainstream thought. Prebisch argued that dominant Western arguments about economic growth were sorely limited in global South contexts. His major contribution to the economic development debate was to situate the experiences of Latin American countries in the context of an international division of labour. His work challenged the logic of international trade theory and arguments about comparative advantage as an appropriate strategy for long-term development. Observing the harsh effects of the Great Depression in Latin America, Prebisch (1959, 1962) argued that countries of the global periphery could not simply follow liberal trade policies formulated for advanced economies. Rather, he argued that peripheral economies were at a long-term structural disadvantage in relation to the advanced economies due to their disadvantageous terms of trade.

Prebisch argued that Latin America experienced 'primary export dependence', meaning that Latin American economies depended on primary exports as their principal source of national income. He argued that this was a very shaky basis for long-term economic growth and stability because of the disadvantageous terms of trade for primary exports. Specifically, he argued that prices for

primary goods grew at a much slower rate than prices for manufactured goods, exported from advanced economies. Over time, then, Latin American economies would be forced to export ever-expanding volumes of primary goods to pay for their imports of manufactured goods. He also observed that demand for Latin American primary goods was not as elastic as for manufactured goods, meaning that if Latin American countries continue to pursue a comparative advantage approach to economic development, they would inevitably be faced with growing trade deficits, inflation and unsustainable international debts.

In addition to his arguments about primary export dependence, Prebisch also studied the role of the state in fostering high incomes for workers in advanced economies. He noted that immigration laws protected workers from cheap immigrant labour, that union bargains struck with the state and industry bolstered standards of living, and that the state played a redistributive role through social/welfare policies. These twinned economic and political analyses led him to conclude that Latin American development could best be achieved through state-led domestic industrialisation policies. He drew from Keynes' ideas about the need for the state to invest in and orchestrate economic development, but he added arguments about the need for trade protectionism in the global South. He argued that this was necessary because advanced economies held a technological and competitive advantage in the global economy due to their prior industrialisation. Prebisch advocated Import Substitution Industrialisation (ISI) strategies with a strong role for the state in building infrastructure, protectionist policies to allow infant industries to grow and intensification of domestic capital accumulation through tax incentives and preferences (see Furtado 1970 and Kay 1989 for detailed discussions of ISI). ISI policies were implemented across Latin America from the 1950s into the 1980s, until they were eliminated gradually by neoliberal policies of the Washington Consensus (see Box 3.4), which were foisted on the region by the International Monetary Fund in the context of the Latin American debt crisis (more on this in chapter 4).

Prebisch's structuralist arguments had an enormous impact both on the specific development policies pursued in Latin America and also through his intellectual leadership at the Economic Commission for Latin America (ECLA). In essence, his work foretold many subsequent analyses of Latin American dependency, variants of which drew on world systems theory, Marxian theories of imperialism and/or state-society relations, by authors such as Theotonio Dos Santos, Celso Furtado, Henrique Cardoso and Enzo Faletto and Andre Gunder

Frank (discussed in chapter 4; see also Kay 1989 for a detailed discussion of dependency analyses).

### 3.3 Geographies of mainstream development

*By the sixties...there was a certain embarrassment about the whole history of empire, and a turning away from the idea that geography could or should have any global role, let alone shape geopolitical strategies (Harvey 2000: 2)*

The project of mainstream development was inherently territorial, involving the formation and consolidation of nation states in the global South. And yet geographers were latecomers and minor players in the Keynesian/modernisation development project. Our absence is rooted in the history of relations between geography and Western, imperialist states such as the British, German and, later, the USA. Geographers served state projects of exploration, colonialism and imperialism of the nineteenth and early twentieth centuries (Peet 1979; Hudson 1977; see also Power 2003 on the history of tropical geography in the UK). For example, American geography was advanced by providing colonial administrations with regional expertise on specific places (such as the Philippines and Puerto Rico), providing 'experts' in mapping territory, identifying and exploiting natural resources and discovering commercial opportunities (Heyman 2004; Harvey 1996). However, as discussed above, the post-Second World War development project redefined Euro-American relations to the global South in objective, techno-scientific economic terms, deflecting attention from the territorial and political underpinnings that shaped that cold war geopolitical agenda. The discipline of economics was a central player in the redefinition of relationships between the West and the global South in terms of economic development and 'solving the problems' of the global South. In this transition, regional geographical knowledge was associated with colonising discourses, and it was only as theoretical geography was articulated in the 1960s that geography could reclaim any space within the development arena – once the discipline's new scientific identity served to 'cleanse' its own history of exploration and colonial and imperial expansionism.

Economists, regional scientists and planners were central players in the spatial analysis of disparities in income and growth in the global South (for a detailed discussion of all this work, see Gore 1984). Initially, they translated the mainstream theories discussed above into abstract spatial terms, assuming that an economic landscape at equilibrium would distribute factors of production

evenly over an isotropic spatial plane (a theoretical landscape with uniform characteristics, as in Ohlin 1933; Losch 1954; Isard 1956; Christaller 1966).<sup>7</sup> These theorists built models of locational interdependence, assuming rational responses by economic actors to prices and distances.

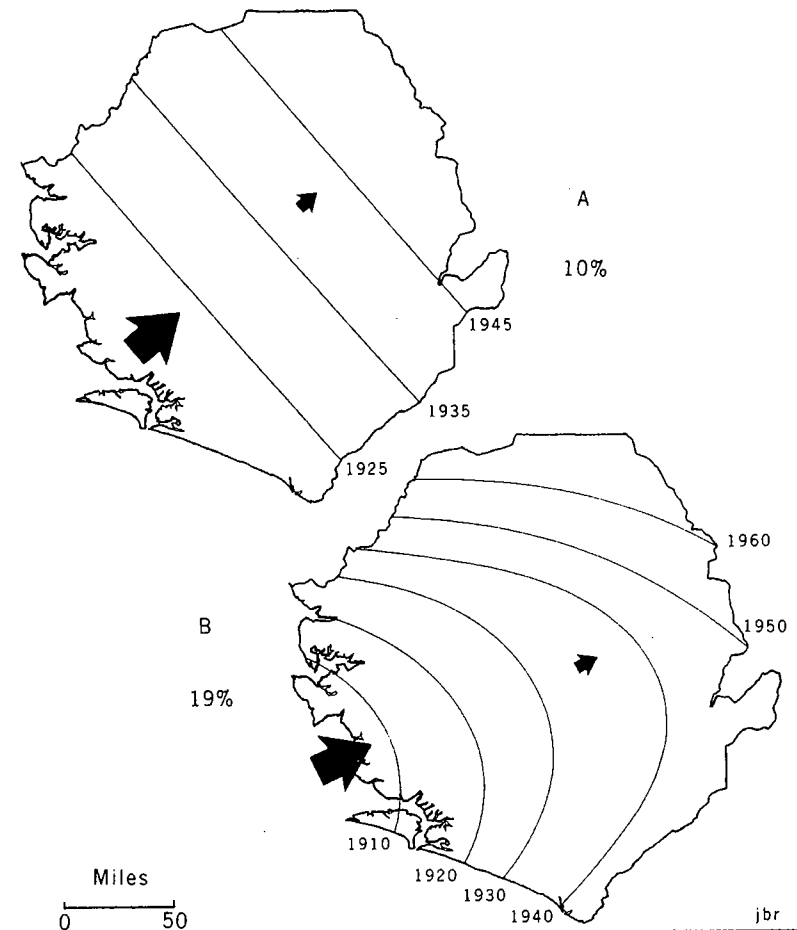
Gunnar Myrdal was one of the first to challenge this ideal of spatial equilibrium, arguing that the free play of market forces would inevitably produce regional inequalities through circular and cumulative causation that would disproportionately fuel the growth of dynamic regions. If not corrected through policy, Myrdal (1957) argued that growth in lagging regions would be retarded further as investments, migrants and economic activities were drawn into the dynamic centre of growth. John Friedmann (1966) focused on core-periphery dynamics in the global South, identifying growing core cities that led the process of industrial development; upward transitional areas that benefited from trickle-down growth; and regions in decline that needed to be targeted by regional development policies. For Friedmann, regional policy needed to achieve an interdependent system of cities that would transmit development across national territory. Overall, researchers assumed that spatially balanced development was desirable and that government policies could deliver on both spatial efficiency and equity goals.

Geographers entered the fray in the 1960s as the quantitative revolution gained strength in the discipline. In part because of their late entry, Browett (1980: 57) notes that '...the input of geographers to the formation of development theory has been minimal'. Geographers took up the idea that modernisation was transmitted across space through a matrix of cities and transport linkages. Their spatial approaches to modernisation conformed to the common assumptions of dominant mainstream theories reviewed above. For them, inequality and poverty were understood as a lack of development; inhabitants of the global South were seen as lacking, lagging and desirous of development; Western-style urban/industrial market economies were the unquestioned goal of modernisation; an evolutionary and progressive national transition needed to be set in motion; and the state was viewed as a benign actor, facilitating this transformation of societies (Gore 1984; Browett 1980). Peet (with Hartwick 1999: 84), aptly summarises this work:

Modernisation was seen as a spatial diffusion process, originating in...port cities or colonial administrative centers, with patterns of change moving across the map, cascading down urban hierarchies, and funneling along transportation systems. This process could be measured by the spread of modern institutions like schools...and mapped as a *modernisation surface* ... (emphasis in original)

Geographers contributed to thinking about modernisation through their attention to the spatiality of development processes. They examined the uneven spatial spread of infrastructure and investment and sought to understand the patterns that emerged across national spaces. For example, Taafe, Morrill and Gould (1963) theorised how a dense network of roads emerges and facilitates the spatial diffusion of development. They constructed a generalised model of transportation development that analysed the diffusion of development to outlying areas, based on empirical work in Ghana and Nigeria. Their model examined the relationships between expansion of roads, population dynamics, the physical environment and processes of settlement and commercialisation. Ed Soja (1968) examined the spatial diffusion of modernisation in Kenya, looking at relationships between the spread of modernisation and the emergence of the modern Kenyan nation state. He mapped patterns of mobility, networks of social communication, links between cities and participation in national politics to reveal patterns of modernisation and their implications for national unity. Similarly, Barry Riddell (1970: 130) examined the human geography of modernisation in Sierra Leone, concluding that, 'Modernisation is a geographic phenomenon with obvious spatial expression; its pattern of spread is not a simple contagious process, but is strongly influenced and determined by the transport network and the urban-administrative hierarchy'. Figure 3.2 depicts spatial models of the diffusion of primary education across the national territory of Sierra Leone.

This geographical work aimed to inject space into the overly abstract and economic theorisation of the categories and processes of economic development. For example, Norton Ginsberg's (1961) *Atlas of Economic Development* contributed to knowledge about global variations in economic development, and provided a richer and more nuanced representation of levels of economic development across the globe than the categories of 'rich' and 'poor' or 'developed' and 'undeveloped' that were circulating widely in development circles. Drawing on a range of variables, such as electricity generation, oil-refining capacity, international trade, transportation densities (of road, railways, vehicles), agricultural yields, and so on, Ginsberg attempted to dispel the idea of a homogeneous 'underdeveloped' world by mapping the varied socio-economic landscapes of countries across the globe. This atlas exemplifies geographic efforts to complicate the crude categories being employed in development circles. At the same time, this work by Ginsberg, Brian Berry and others seeks to join the technical debate about the nature of development processes. These geographers produce '...generalisations about the economic organisation of the world' (Ginsberg 1961: 11) by theorising development processes as a combination of



A – Linear Trend Surface  
B – Quadratic Trend Surface

Figure 3.2 Diffusion of primary education. Source: Northwestern University Press, Riddell, J. Barry (1970) *The Spatial Dynamics of Modernization in Sierra Leone: Structure, Diffusion and Response* (p. 67, Figure 15)

context-specific resource endowments, the nature of social and economic settlement, transportation systems and as a result of the sorts of interactions taking place between peoples and places.

Geographers were motivated by a desire to analyse and understand the spatial complexity of economic development. Brian Berry (1961b) engaged in detailed empirical analysis to challenge some theoretical ideas about development.

Specifically, employing reams of data and multivariate analysis, he argued that tropical locations have little to do with levels of economic development in a direct challenge to environmental determinist arguments that still circulate today (recalling our discussion in chapter 1 of the book *Is Geography Destiny?*). Berry also challenged the argument that colonialism contributed to higher levels of poverty, and he extended these sorts of findings into policy recommendations about improving economic and social development.

Geographical work also entered policy debates on the 'optimal' spatial organisation of the urban hierarchy, assuming that transmissions of education, political and cultural change and economic diversification across these cities would deliver modernity. There was substantial debate about whether spatially concentrated development in large cities would maximise growth through agglomeration economies, eventually leading to trickle-down (Friedmann 1966; Richardson 1978, 1980). Researchers focused on mechanisms of developmental change, such as private and public investment flows, trade, migration, commuting and work dynamics, and the diffusions of innovations (modified from Gaile 1980: 24). Berry (1961a: 138–9, 1971) investigated a 'developmental model of city size distributions' to investigate whether a hierarchical urban system (as observed in many Western nations) would operate as a more effective transmission system for the diffusion of growth impulses than primate city systems found in some countries of the global South (and, not incidentally, also in France!). Berry's work argued that rank-size urban systems would promote integrated space-economies that would maximise efficient and equitable economic development.

On the latter goal, a great deal of energy and ink was expended on designing policies that would achieve spatially equitable development. Researchers and policy-makers promoted a host of urban development policies, ranging from growth poles (Richardson and Richardson 1975; Friedmann 1966) to intermediate size city strategies (Rondinelli and Ruddle 1978; Rondinelli 1983; Hackenberg 1980; Rivkin 1976; Hansen 1981). These policies were designed to redirect investments and migrants away from primate cities and to build linkages across the space-economy that would improve trade, commercialisation of agriculture and overall economic diversification. Michael Lipton (1977), by contrast, argued that urban bias systematically disadvantaged rural places. He highlighted the failure of urban/industrial growth policies to resolve rural poverty and advocated development policies delivering basic needs (such as land reform, health care, water supplies, sanitation and education) and increased agricultural

outputs directly to rural places, instead of assuming that trickle-down would occur.

Rereading modernisation geography through our critical geographical approach, what do we learn about that project?<sup>vi</sup> In what ways was this work geographical? How did these theorists view the places of development? The places (cities, countries, regions) of mainstream development are understood in terms of a universal narrative of change. Despite the infinite social, cultural and geo-historical variations across Africa, Latin America, and Asia, particular places were viewed in terms of abstract spaces over which the processes of modernisation would play out, predictably, if not uniformly. These geographers acknowledged differences in the operation of diffusion and regional development, but they nonetheless produced generalised models and designed policies that were assumed to be broadly applicable everywhere. In other words, this work assumed that abstract spaces operate according to scientific logics and that one-size policies can indeed fit all places.

The 'spatial separatist' theme runs strongly through all this work: the assumption that space has independent effects that can be isolated and manipulated to reach policy goals (Sack 1974). Contemporary development geographers point to the limits of spatial separatism and argue instead for rich conceptualisation of place (as the confluence of geo-historical, political, social, cultural and economic forces and practices), empirical complexity and the spatiality of processes. For example, Charles Gore's (1984) book *Regions in Question* builds a detailed geographical critique of regional development theory and planning. He argues that spatial separatism is a fundamentally limiting feature of mainstream spatial development theory. Gore dubs this 'spatial fetishism', by which he means that a spatial structure (such as a city system, a core-periphery) is assumed to be the cause (rather than the expression) of a process. He notes that mainstream work is filled with mechanical metaphors about spread, backwash, trickle-down, pump-priming, and so on. These invocations of flowing water conjure up physical processes, implying that development is a natural, apolitical, engineering problem rather than a problem of social, political and cultural struggles. From our critical geographical standpoint, then, this work is limited in its assumptions that spaces act – that cities, hinterlands, transportation systems have causal powers/agency. Recent geographical work (reviewed in the following chapters) argues for a focus on the ways in which political and social forces come together in particular spatial formations (nations, cities, and so on) and that *actors in places* are actually shaping development.

Larry Brown also reassessed mainstream geographical approaches to development. Building from his prior work on innovation diffusion, during the 1980s he worked (with Lawson as trusty research assistant) on the intersections between development processes and migration in Latin America. Detailed empirical work in several Latin American countries led him to articulate a place-sensitive 'alternative view' of development. He moved away from universal theorisations of change and focused instead on place difference and specificity. His 1991 book *Place, Migration and Development in the Third World* examines the ways in which development and migration processes vary according to the 'local articulation of world economic and political conditions, donor-nation actions, and policies of Third World governments' (Brown 1991: 191). This research led him to propose empirically focused and place-sensitive research, involving

...a more idiographic perspective that takes account of places as entities in their own right and their unique experience of change. Particularly important is an ongoing dialogue with place reality... (Brown 1991: 192)

We can also employ our critical geographical approach to ask how these theorists and policy-makers think about geographical scale. Mainstream development privileged the nation state scale as the sole site of governance and development policy action. This scalar focus is a prism through which we can see the preoccupations and politics of mainstream development. As discussed above, mainstream development thought was firmly situated in its cold war and postcolonial political context. While many individual thinkers and policy-makers were critical of specific aspects of these development projects, the overarching focus of this work is to bring new nations of the global South into Western capitalist and geopolitical spheres of influence. Reflecting these politics, the modernisation project was explicitly about building liberal, secular, modernist, capitalist nation states in the global South.

As Soja's quote illustrates, mainstream development geographers unquestioningly analysed development processes within a national frame of reference:

...modernisation operates within the confines of a state to create a new behavioural system, mobilising the population into interdependent positions in empathy with a central government and sufficiently united to preserve stability and technological progress ... (Soja 1968: 1)

Geographers posed a range of questions about the spatial patterning of economic development across national territories. They investigated the spatial

patterns of national urban systems, transportation networks and regional development. This work identified ideal spatial configurations that could hasten economic development and a corollary set of policy interventions that bolstered the power of state actors and justified relations with Western states and international development institutions. Developmentalist policies and dollars were attractive to many state actors in emerging nations, as they worked to consolidate their power through promises of economic growth and modernity as a means to build a sense of nationhood. As Gore (1984: 250) argues:

One of the most important legacies of colonialism is that it created states with a 'national' territory, but no nation. Part of state policy in developmentalist states is thus directed towards *inventing* a nation. (emphasis in original)

This national scale focus continues to have a substantial impact on who has access to development dollars and influence. As we discussed in the introduction, for 50 years, the dominant institution of development principally dealt with state actors. One of the key contributions of Marxist, feminist and post-structural development geography (discussed in chapters 4 and 5) has been to disrupt this focus on the national scale and to reveal the limits of this scalar myopia. First, we will see how mainstream development identified the strategic field of intervention as the national territory, and in the process obscured other forces, operating across global and local scales, that might be responsible for spatially uneven development. Second, this nation state focus systematically excludes certain actors from development debates. Mainstream development's preoccupation with capitalist economic development served to marginalise those engaged in non-capitalist economic forms and those involved in non-economic spheres of household, community, service and care-work (Nagar et al. 2002). We turn to these critiques in the following chapters.

### 3.4 Subjects of mainstream development: forming 'rugged individuals'

Part and parcel of this mainstream focus on the national scale is a set of implicit assumptions about people in the global South. Mainstream arguments have consistently (albeit with different labels) argued that economic growth is the primary goal of development and that benefits would trickle down to countries who engage with the process. For example, Rostow's abstract invocation of 'the society' in his discussions of modernisation signalled that the characteristics of



a country could stand in for the people within it. Development models and policies assumed that the people in Ecuador, Uganda or anywhere else were not differentiated either within or between countries, but rather were all assumed to be equal members in 'the society' with similar opportunities and experiences of the modernisation process.

Mainstream, growth-oriented modernisation work built on a Eurocentric model that normalised a discourse of whiteness, 'rational man' and national citizenship as a primary focus of political and economic identity. These theorists were silent about gender, indigenous identity, class differences and postcolonial subjectivity (we take up the limits of this thinking in the following chapters). To the extent that people were explicitly considered, sociological modernisation thought viewed people of the global South as malleable and in need of assistance in 'modernising'. These theorists drew from neoclassical economics to construct the ideal modern subject as an autonomous individual with free will, who chooses to engage in rational behaviour and to maximise his economic utility.

Geographers are disrupting these universal narratives through their grounded research in Asia, Africa and Latin America. John Brohman (1997: 297) nicely captures the limits of this neoliberal subject:

...neoclassical theory treats people as atomistic individuals who are bound together only through market forces. People are reduced to isolated creatures of the marketplace, devoid of history, cultural traditions, political opinions and social relationships beyond simple market exchanges.'

As early as the 1970s, a chorus of criticism emerged, challenging these assumptions and demonstrating the failures of mainstream development policies to incorporate poor people in general, and women in particular. Critics identified the exclusion of many from modernisation processes and called for policies that explicitly targeted redistribution with growth (Friedmann 1992). At conferences in Stockholm (1972 Conference on the Environment) and Cocoyoc, Mexico (1974 Conference on Patterns of Resource Use, Environment and Development Strategies) scholars and practitioners of development argued for a 'people-friendly' development and identified the crucial importance of both a 'basic needs ethic' and an environmentally sustainable approach to development. In 1974 the UN held its World Food Conference and called for an end to hunger, with a particular focus on the persistence of child malnutrition in the face of mainstream development interventions (Wisner 1989).

One outcome of these conferences was the basic needs approach (BNA) to development. Ben Wisner (1989) argued that the BNA emerged in two forms, the strong and the weak BNA, based on his grounded research in Kenya. The strong approach came from radical critics calling for alternative development, who argued for redistribution of land and assets, participatory democracy and strong voices for the poorest people. Weak BNA was promoted by mainstream development institutions and focused on developing 'human resources' through delivery of education, health and sanitation programmes to passive recipients. Wisner (1989: 38–9) argues that '[o]ne of the most striking features of the [World] Bank's version of the BNA is its specific rejection of any notion of distributive justice' and that '...basic needs have nothing to do with the redistribution of wealth'. Popular political participation is not the goal of the weak BNA; rather, people are encouraged to participate in development projects, such as building infrastructure, taking out credit, and so on. This approach to developing 'human resources' has its contemporary parallel in the social capital approaches of the new millennium (discussed below).

During this same period, feminist thinkers argued that mainstream thinking and policy focused on men – assuming they were primarily responsible for the business of development. Mainstream models, they argued, implicitly assumed that women would benefit as members of families, adopting a Western model of the nuclear household, headed by a male breadwinner and supported by a dependent housewife (Kabeer 1994). Ester Boserup's (1970) pioneering work inaugurated the Women in Development (WID) approach, which demonstrated that development projects were excluding and marginalising women, depriving them of livelihoods and status (see summaries of WID in Kabeer 1994; Marchand and Parpart 1995; Schroeder 1997). Her pioneering work pointed to evidence that women did not have equal access to the (presumed) benefits of modernisation, due to the gender biases of colonial administrators, postcolonial policy-makers and officials who assumed that men were the primary agents of production while women were wives and homemakers. Her work inspired a meeting, sponsored by the United Nations in Mexico City in 1975, that proclaimed an International Decade for Women (1976–85) to focus attention on projects that would bring women into the development fold. The Nairobi conference marking the end of that decade found that women remained among the poorest in the global South and that mainstream policies had failed to address women's struggle for power and access to resources (Wisner 1989).

WID scholars represent important alternative voices within mainstream

development, putting women firmly on the agenda. However, even these critiques remained firmly situated within mainstream thinking, assuming development to be synonymous with Western modernity. The goal for WID was to recover women from the passive, dependent status assumed in Western economic thought, and to demonstrate that women too could be classical liberal individuals, engaging in rational behaviour, being involved directly in economic activities and as keen to maximise their economic utility (Boserup 1970; Tinker 1976). However, WID constructed a homogeneous 'Third World woman', associated with a series of problems, such as illiteracy, high mortality, high fertility and poverty, that were holding her back. These were construed as technical problems (rather than gendered political ones) that could be solved by the right development policies. As a result, the figure of the 'poor Third World woman' became a symbol of the promise of development and the ideal subject of development. She is constructed as one who, if given the opportunity, can realise development's full potential. This woman is also constructed as an altruistic agent of development who will invest in her family and community. This idealised woman is a recurring trope and rationale for mainstream neoliberal development. Ultimately, WID mounted an internal critique of development, focusing on the exclusion of women from educational and economic opportunities, rather than an external critique of the fundamental assumptions and goals of this development project.

The social costs of both modernisation and neoliberal development policies have been a repeating refrain, brought into clearer focus in large part by the actions of people marginalised by five decades of mainstream development. Indeed, the World Bank's 2000/2001 report states that '2.8 billion people – almost half the world's population – live on less than \$2 a day', and that 'the average income in the richest 20 countries is 37 times the average in the poorest 20 - a gap that has doubled in the past 40 years' (World Bank 2000). Within the mainstream development community there is a deep awareness of what the Brookings Institute describes as billions living in dire poverty alongside a billion in widening splendour in an unsustainable scenario.

The combination of this awful track record and these critiques about the exclusion of the poor, and women in particular, has led to a flood of programmes across the global South, targeting women and, as the World Bank puts it, 'mainstreaming gender and poverty'. The World Bank has begun to focus on 'social capital' in the global South (Fukuyama 2001; Rankin 2002; Hart 2001; Radcliffe 2004). Social capital refers to the glue that holds societies

together, 'local forms of association that express trust and norms of reciprocity...' and networks that enhance efficiency by facilitating cooperation (Rankin 2002: 1; Radcliffe 2004). Mainstream policies for enhancing social capital focus on building networks and associations that are intended to fuel development by building social cohesion and cooperation, providing a pool of shared knowledge and building accountability (as, for example, with village banking programmes, where the availability of loans depends on repayments by other community members). Sources of social capital are thought to include families, community groups and identity-based groups.

Mainstream social capital approaches implicitly assume that people targeted by these policies have equal access to the market and they are viewed as legitimate participants in development *only* to the extent that they engage with the market. So, for example, people and communities are compelled to take on the organisation and continued funding of projects such as community banks that lend small start-up funds for small businesses. Communities apply for loans to build their own neighbourhood services, roads, electricity supply, sewers, and so on, rather than municipal or county government building basic infrastructure (for more detailed examples see the USAID Women in Development Program, the World Bank Gender and Development section, and the Poverty Reduction Strategy of the International Monetary Fund).

While these programmes do respond to immediate needs, these self-help approaches also depoliticise development. They divert attention from questions of conflict and power and deep inequalities in access to resources within societies (Harriss 2001). Equally importantly, social capital programmes divert attention from deeply political questions about the role of the state in the provision of social goods, putting the onus back on to poor communities themselves (Radcliffe 2004).

Critical geographers question the construction of a universal, market-oriented subject in these social capital projects and instead situate actors in their cultural and geo-historical contexts. Despite prevailing assumptions that these alliances are voluntary, cooperative and mutually beneficial, contextual research identifies the limits of these arguments. Katharine Rankin's (2002) work on microfinance projects in Nepal examines the potential for social capital policies to advance poor women's economic well-being, solidarity and political voice. Her work suggests that while these policies have the *potential* to empower women and to transform entrenched gender relations, this is not necessarily so. In the Nepali case, microfinance policies have perpetuated cultural ideologies that

reproduce social inequalities. Her ethnographic work reveals that not all forms of associational life are necessarily progressive and that some actively reproduce structures of domination and oppression. For example, the Nepali *Guthi* associations are often invoked as a culturally specific example of community solidarity and collective microfinance distribution. Rankin finds that these caste-based associations are hierarchical and exclusive of lower castes. In addition, membership is mandatory within the society and the costs of building that social capital are extremely high in terms of time, work and money. *Guthi* obligations become a matter of household honour, with the majority of the work of preparing feasts, participating in worship and festivals being borne by women. Furthermore, women bear the burden of representing household morality, purity and honour. In other words, these social capital obligations reinstate gender relations and hierarchies through cultural and religious codes, rather than being an emancipatory space for Nepali women (see also Radcliffe 2004). We take up questions of subjectivity and difference raised by this example more fully in the following chapters.

On one hand, debates over social capital have held open some space for a social development agenda within powerful institutions during our era of neoliberal globalisation. In addition, social capital ideas have created room for non-governmental organisations to have more voice and role in the decentralisation of resources and programmes around the globe. However, the well-funded programmes run through international development institutions have legitimised certain forms of social connection and association (community organisations, small-scale banking programmes, barefoot doctors, and so on), while ignoring other forms of association that have articulated political protest and alternatives which critique neoliberal development orthodoxy (recall our discussion of SAPRIN earlier in this chapter). Geographers today are deeply engaged with questions of social and environmental justice that are elided by these mainstream engagements with social capital. While early geographical work challenged mainstream debates, by revealing spatial inequality and inserting space and nuance into overly economic debates, categories and understandings of development, current geographical work pushes much harder (as in Rankin's work above). As we shall see in the following chapters, contemporary development geography has moved away from internal critiques towards a more thoroughgoing questioning of the underlying assumptions of mainstream development thought.

## Notes

<sup>i</sup> Sociological, political and psychological modernisation theories were also influential in mainstream debates, but they too drew their foundations from economic debates about development as economic growth.

<sup>ii</sup> These nations included 19 Latin American countries, 3 from Africa (Egypt, Ethiopia and Liberia) and 4 Asian countries (India, Iran, Iraq and the Philippines). None of the colonised countries of Africa, Asia or the Caribbean had any part in this conference.

<sup>iii</sup> However, a cursory examination of labour costs quickly reveals that institutional and political factors have a greater impact on labour costs than the amount of labour in an economy. The mix of unionism, state welfare supports and non-waged benefit costs adjust the real costs of labour far more than the mere numbers of workers in an economy.

<sup>iv</sup> This table was compiled by Anna McCall-Taylor and I am grateful for her excellent work. The projects listed here include loans made by the International Bank for Reconstruction and Development and the World Bank during the fiscal years ending when indicated. Other development-related work of the World Bank Group (such as the granting of International Development Association Credits and the activities of the International Finance Corporation) is excluded. It is assumed that the International Bank for Reconstruction and Development and the World Bank are the same organisation for these purposes, and that IBDR Annual Reports from 1960/1961–1965/1966 and World Bank Annual Reports from 1966/1967–1974/1975 can be treated as belonging to the same series of publications. In some cases, the total number of loans listed in tables included in IBDR/WB annual reports differs slightly from the number reported within the accompanying text. In other cases, reports giving overviews of past years featured data different from the past years' reports of data. The data here are drawn directly from the tables listing loan country, purpose and dollar amount that can be found in every IBDR/WB report for the period covered. This table was compiled using the following sources:

World Bank. *International Bank for Reconstruction and Development Sixteenth Annual Report 1960–1961*. Washington, DC: World Bank. Data from 'List of Loans' on page 10.

World Bank. *International Bank for Reconstruction and Development 1961–1962 Seventeenth Annual Report*. Washington, DC: World Bank. Data from 'List of Loans 1961/1962 – Expressed in U.S. Dollars' on page 10.

World Bank. *International Bank for Reconstruction and Development 1962–1963 Eighteenth Annual Report*. Washington, DC: World Bank. Data from 'List of Loans 1962/1963 – Expressed in US Dollars' on page 11.

World Bank and International Development Association. *International Bank for Reconstruction and Development/International Development Association Annual Report 1963–1964*. Washington, DC: World Bank. Data from 'Bank Loans and IDA Credits 1963/1964 By Purpose' on page 9.

World Bank and International Development Association. *International Bank for*

*Reconstruction and Development/International Development Association Annual Report 1964–1965*. Washington, DC: World Bank. Data from 'Bank Loans and Credits 1964/1965 by Purpose' on page 9.

World Bank and International Development Association. *International Bank for Reconstruction and Development/International Development Association 1965–1966 Annual Report*. Washington, DC: World Bank. Data from 'Bank Loans and IDA Credits 1965–1966 by Purpose' on page 9.

International Bank for Reconstruction and Development and International Development Association. *World Bank and IDA Annual Report 1966/1967*. Washington, DC: World Bank. Data from 'Bank Loans and IDA Credits 1966/1967 by Purpose' on pages 8–9.

International Bank for Reconstruction and Development and International Development Association. *World Bank/International Development Association Annual Report 1968*. Washington, DC: World Bank. Data from 'Bank Loans and IDA Credits 1967/68 by Purpose' on pages 8–9.

International Bank for Reconstruction and Development and International Development Association. *World Bank/International Development Association Annual Report 1969*. Washington, DC: World Bank. Data from 'Bank Loans and IDA Credits 1968/1969 By Purpose' on pages 10–11.

International Bank for Reconstruction and Development and International Development Association. *World Bank/International Development Association Annual Report 1970*. Washington, DC: World Bank. Data from 'Bank Loans and IDA Credits 1969/1970 By Purpose' on pages 10–11.

International Bank for Reconstruction and Development and International Development Association. *World Bank/International Development Association Annual Report 1971*. Washington, DC: World Bank. Data from 'Bank Loans and IDA Credits 1970/1971 By Purpose' on pages 10–11.

International Bank for Reconstruction and Development and International Development Association. *World Bank/International Development Association Annual Report 1972*. Washington, DC: World Bank. Data from 'Approved Bank Loans and IDA Credits 1971/1972 by Purpose' on pages 12–13.

The Executive Directors of the International Bank for Reconstruction and Development and the International Development Association. *World Bank/IDA Annual Report 1973*. Washington, DC: World Bank. Data from 'Approved Bank Loans and IDA Credits 1972/73 by Purpose' on pages 10–11.

The Executive Directors of the International Bank for Reconstruction and Development and the International Development Association. *World Bank Annual Report 1974*. Washington, DC: World Bank. Data from 'Bank Loans and IDA Credits Approved in 1973/74, by Purpose' on pages 10–11.

The Executive Directors of the International Bank for Reconstruction and Development and the International Development Association. *World Bank Annual Report 1975*. Washington, DC: World Bank. Data from 'Bank Loans and IDA Credits Approved in 1974/1975, by Purpose' on pages 10–11.

<sup>v</sup> The concept of economic equilibrium was formulated by Pareto and states that '...in any economy, with a given set of factors of production and commodities to be exchanged, there is a unique pattern of output and prices which will always be attained through individuals striving to achieve the "best" position for themselves' (Gore, 1984: 26).

<sup>vi</sup> I focus here on early mainstream work, informed by Keynesian and modernisation thinking. There is growing attention in geography paid to neoliberal development, but the majority of this work begins from a Marxian perspective and is discussed in chapter 4.