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# D/developments after the Meltdown

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**Abstract:** Part of what makes the current conjuncture so extraordinary is the coincidence of the massive economic meltdown with the implosion of the neoconservative Project for a New American Century, and the reappearance of US liberal internationalism in the guise of “smart power” defined in terms of Diplomacy, Development, and Defence. This essay engages these challenges through a framework that distinguishes between “Development” as a post-war international project that emerged in the context of decolonization and the Cold War, and capitalist development as a dynamic and highly uneven process of creation and destruction. Closely attentive to what Gramsci calls “the relations of force at various levels”, my task in this essay is to suggest how the instabilities and constant redefinitions of official discourses and practices of Development since the 1940s shed light on the conditions in which we now find ourselves.

**Keywords:** development, capitalist crisis, US hegemony, militarism, Gramsci, Polanyi

## Introduction

It may be ruled out that immediate economic crises of themselves produce fundamental historical events; they can simply create a terrain more favourable to the dissemination of certain modes of thought, and certain ways of posing and resolving the entire subsequent development of national life... The specific question of economic hardship or well-being as a cause of new historical realities is a partial aspect of the question of the relations of force, at various levels (Gramsci 1971:184–185).

Appearing before the US Senate Intelligence Committee on 12 February 2009, Director of National Intelligence Dennis Blair announced that “The primary near-term security concern of the United States is the global economic crisis and its geopolitical implications” (Blair 2009:2). While noting that most of the demonstrations (thus far) have been in Europe and the former Soviet Union, Blair’s Threat Assessment report underscores the economic and political vulnerability of many African and Latin American countries, along with the growing influence of China in these regions which is “boosting Chinese economic and diplomatic influence... and generating questions about Beijing’s



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long-term intention in the developing world—potentially as an alternative development model” (Blair 2009:20). These new security priorities acquire additional significance in light of Hillary Clinton’s definition of the key elements of “smart power”—Diplomacy, Development, and Defence.

Blair also calls attention to the growing critique of US stewardship of the global economy and international financial structure, pointing out that “The widely held perception that excesses in US financial markets and inadequate regulation were responsible has increased criticism about free market policies, which may make it difficult to achieve long-time US objectives, such as the opening of national capital markets and increasing domestic demand in Asia” (Blair 2009:3). It was of course the Reaganites’ move to prise open national capital markets in the context of the debt crisis in the early 1980s that helped to siphon massive resources from parts of the global South into Wall Street, and inflict the agony of “adjustment” on poor residents of countries hit by financial crises (Gowan 1999, 2009).

In the context of the meltdown a vigorous debate is taking shape around the question of whether we now find ourselves in a postneoliberal era, and if so how to characterize it.<sup>1</sup> It seems to me that this debate is misplaced. Rather than an ideal-type (or, for that matter, yet another iteration of post-ist critique) the imperative is for analyses that can illuminate the shifting relations of force in the present

conjuncture—precisely because, as Gramsci points out in the epigram at the start of this essay, political dynamics can't be read off economic crises. The most important point about any concrete analysis of the relations of force, he goes on to observe, is that “such analyses cannot and must not be ends in themselves (unless the intention is merely to write a chapter of past history), but acquire significance only if they serve to justify a particular practical activity, or initiative of the will” (Gramsci 1971:185). In short, *how* one writes a history of the present—or of the present conjuncture—carries significant political stakes.

With that in mind, my task in this essay is to situate the present conjuncture in relation to a series of key turning points since the 1940s, of necessity in extremely broad brush strokes. Building on and extending earlier work, I suggest a framework for thinking about these moments of crisis and redefinition that distinguishes between “big D” and “little d” development.<sup>2</sup> “Big D” Development I define as the multiply scaled projects of intervention in the “Third World” that emerged in the context of decolonization struggles and the Cold War. “Little d” development refers to the development of capitalism as geographically uneven but spatially interconnected processes of creation and destruction, dialectically interconnected with discourses and practices of Development.

It is important to differentiate this framework from the distinction often drawn between development as an immanent process and as intentional practice (see for example Arndt 1981). In *Doctrines of Development* (1996), the most deeply historicized analysis along these lines, Cowen and Shenton contend that development in the sense of intentional intervention was present at the very birth of industrial capitalism to contain the depredations wrought by development understood as immanent process. They also maintain that “the idea of the intentional practice of development was not an invention of the post-1945 international order”; rather, “it had been invented to deal with the problem of social disorder in nineteenth-century Europe through trusteeship” (Cowen and Shenton 1996:60).

Instead of an immanent process distinct from intervention, “little d” development refers to the simultaneously creative and destructive tendencies inherent in the workings of global capitalism that require and call forth ongoing intervention.<sup>3</sup> A partial but important inspiration is Karl Polanyi's (2001 [1944]) account of capitalism's double movement, about which Cowen and Shenton are silent. In addition to insisting that “the road to the free market was opened and kept open by an enormous increase in continuous, centrally organized and controlled interventionism” (2001:146), Polanyi maintained that the unleashing of markets for labor, land/nature, and money wreaks profound havoc and generates countertendencies and demands for social protection. Far from the countermovement representing some sort of “external” intervention

in an inexorable unfolding teleology, these opposing tendencies are contained *within* capitalism. By the same token, the conditions for global capital accumulation must be actively created and constantly reworked. The conception of “little d” development with which I am working brings Polanyi’s conception of the double movement together with Gramsci’s insistence on attention to “relations of force at various levels” within an explicitly spatialized frame of understanding that owes a great deal to Lefebvre’s (1991 [1974]) relational conceptions of the production of space.

Also in contradistinction to Cowen and Shenton, I insist that interventions and claims made in the name of “big D” Development in the post-1945 period cannot be reduced to a historically continuous model of trusteeship. While such continuities are undoubtedly important, I agree with Corbridge (1997) that Cowen and Shenton’s relentless focus on continuity obscures more than it illuminates. What I am calling “big D” Development was deeply entangled in the end of colonial empires and the rise of new forms of US hegemony in the context of the Cold War. My task is to suggest how instabilities and constant redefinitions of official discourses and practices of Development since the 1940s shed light on the current conjuncture.

Polanyi is relevant here as a theorist of imperialism as well as capitalism’s double movement. One of the many contributions of Giovanni Arrighi’s extraordinary book *Adam Smith in Beijing: Lineages of the Twenty-First Century* (2007), along with Silver and Arrighi (2003), is a critical elaboration and extension of Polanyi’s theory of imperialism along Gramscian lines to highlight the distinctive geopolitical and economic reconfigurations of finance capital, industrialism, and militarism that marked the *belles époques* of British and US hegemony a century apart, as well as their limits. As I argue more fully in a companion piece to this essay (Hart, 2009), there are some significant complementarities between Arrighi and Silver’s approach and my conjunctural analysis of post-war D/developments.

## Periodizing Post-war D/developments

The modern constructive [colonial] policy advocates State intervention in promoting development... *Laissez-faire* is dead, but economic forces still remain active, everywhere, unceasingly. When a colonial power adopts a constructive policy with a view to enhancing welfare, it must first repair the ill-effects of economic forces in the past, and then bring them under control so as to prevent further damage (Furnivall 1948:313).

In his remarkably Polanyian analysis of British and Dutch colonial policy and practice since the nineteenth century, Furnivall shows

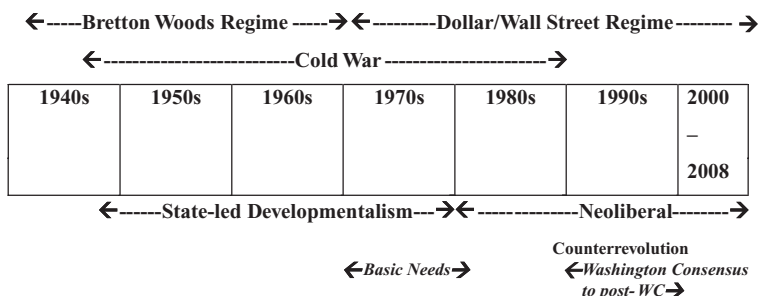
how periods of economic liberalism were invariably followed by more “protective” forms of interventionism to contain the destructive fallout. A Fabian and former colonial officer in Burma, Furnivall was writing in the period immediately prior to Burma’s declaration of independence in 1948. The “modern constructive policy” to which he refers was embodied in the Colonial Development and Welfare Act of 1940. Unlike earlier colonial grants that were limited to capital expenditure to facilitate colonial extraction, the 1940 Act focused on “development in the widest sense, and it also permitted grants for recurrent expenditure on certain services, such as agriculture, education, health and housing; beyond this it provided an additional £500,000 for colonial research” (Furnivall 1948:314). While critical of the destruction wrought by colonialism and supportive of “moderate” nationalism, Furnivall asserted that “like the time-expired convict, a people that has known subjection is in need of after-care” (p 468).<sup>4</sup> At the same time, he acknowledged “the rude challenge to western dominion in the tropics . . . [and] the general growth of discontent and unrest” (p 2) as forces driving the “modern constructive policy” of Development.

Writing from a very different perspective, historian Fred Cooper also locates the origins of Development in the imperial crisis of the late 1930s and 1940s, brought on by a series of militant strikes and boycotts in the West Indies and different regions of Africa, as well as national liberation movements all over the colonial world. He shows how Development “did not simply spring from the brow of colonial leaders, but was to a significant extent thrust upon them, by the collective action of workers located within hundreds of local contexts as much as in an imperial economy” (Cooper 1997:85). In the post-World War II period, Development became a means by which Britain and France sought to hang on to their African colonies. They did so in part through efforts to consolidate and manage an urban African working class. Yet colonial ambitions to create a docile class of urban citizens were thwarted by nationalist leaders, trade unionists and other anti-colonial movements, who deployed precisely these seemingly a-cultural discourses of Development in order to stake claims and demands. Beyond illuminating African decolonization struggles, Cooper’s intervention underscores how Development can operate as much as a discourse of entitlement as a discourse of control.

Proponents of the “post-Development” critique that emerged in the 1990s tell a significantly different origin story. For them, the birth of Development can be timed quite precisely: “We propose to call the age of development that particular historical period which began on 20 January 1949, when Harry S. Truman for the first time declared, in his inauguration speech, the Southern hemisphere as ‘underdeveloped areas’” (Sachs 1992:2; see also Escobar 1995:3). From the perspective of post-Development, Truman’s promise of an enlightened “West” bringing

progress to a benighted “Rest” inaugurated Development as a discursive formation through which the “Third World” came to be defined as backward, and in need of intervention and guidance along the path to modernity. Clearly the Cold War and Truman’s Point IV are crucial elements of post-war Development. Through the Truman doctrine, as Craig and Porter (2006:47) point out, “security fears powerfully linked ‘independent’ national development to active multilateralism, in ways that the US Congress would fund”. Yet there are clear limits to understandings of Development cast in terms of a power/knowledge system originating in the West that seamlessly produces subjects who define themselves as backward and underdeveloped.

More generally, I suggest, Development is most usefully understood in terms of the exercise of power in multiple, interconnected arenas, inseparably linked with the socially and spatially uneven dynamics of capitalist development. Part of what is useful about this sort of framing is its capacity to illuminate key turning points in official discourses and practices of Development since the late 1940s. It provides the basis, in other words, for a conjunctural analysis of shifts in the relationships between “big D” and “little d” development that can very broadly be periodized as follows:



In the discussion that follows, I focus on two key turning points and the connections between them: the shift in the early 1970s from the Bretton Woods system of fixed but adjustable exchange rates to what Peter Gowan (1999) calls the Dollar/Wall Street Regime, along with the rise of novel forms of finance capital and a new phase of American imperialism; and (b) the shift in the early 1980s from the post-World War II era of state-led Developmentalism to the neoliberal counterrevolution in the context of the debt crisis, along with the vastly increased powers of the World Bank and International Monetary Fund to impose loan conditionalities in much of Latin America, Africa, and parts of Asia.

While my main focus will be on the era of neoliberalism, it is important at least to touch on the multiple instabilities and pressures that emerged over the course of state-led, neo-Keynesian Developmentalism and forced a redefinition of official discourses and practices in terms of “Basic Needs” in the early 1970s. They included the limits of import substitution industrialisation (ISI); the neglect of peasant agriculture through much of the 1960s associated with the disposal of US grain surpluses; and the breakdown of the post-war international food order at the end of that decade.<sup>5</sup> Of great importance as well are the Vietnam War, and the rise of anti-systemic movements (Arrighi, Hopkins and Wallerstein 1989)—including what Watts (2001) calls Fanonite post-colonial movements:

By the 1960s the nationalist wardrobe looked worn and threadbare. A broad swath of Latin American and African regimes had descended rapidly into military dictatorship, and the first generation of political elites—whether Sukarno in Indonesia, Nasser in Egypt or Nkrumah in Ghana—were quick to abandon any serious commitment to popular democracy. From this conjuncture emerged a veritable pot pourri of guerilla impulses—there were at least 30 major guerilla wars during the 1950s and 1960s!—student-led democratic movements, worker and union struggles, and nascent “culturalisms” seen in the rise of the Muslim brotherhoods and aggressive ethnic communalism for whom corrupt state apparatuses, and a questionable record of nation-building, provided the fuel for their political aspirations. Whatever their obvious ideological and tactical differences, Maoist militants in Peru, middle-class students in Mexico City, Naxalite organizers in India and Muslim reformists in Cairo all shared a radical disaffection from the postcolonial state and the decrepit political cronyism of peripheral capitalism (Watts 2001:172).

These pressures are central to grasping the redefinition of Development, exemplified by McNamara’s accession to the presidency of the World Bank in 1968. No doubt Bob’s efforts to expiate his guilt for war crimes in Vietnam played into the new emphasis on poverty, inequality, and unemployment, but it was the conjunctural crisis that created the conditions for the shift. The intellectual ethos of Basic Needs hinged on the neopopulist claim that small-scale forms of production are relatively more efficient, and on the inversion of earlier dualisms. In place of notions that growth of the “advanced” sector would drain the swamp of surplus labor lurking in the “backward” sector, the “informal” sector came to embody all the virtues lacking in its clunky, inefficient counterpart. The simultaneous discovery of hard-working women and small peasants contributed to the mix, as did the widespread availability of Green Revolution foodgrains

technologies that seemed to promise a quick solution to the world food crisis as well as redistributive forms of production.

While discourses and policies of Basic Needs in general fell far short of their stated aim of poverty alleviation, they were accompanied by massive resource flows. Between 1970 and 1980, according to Wood (1986:83), total flows of financial resources to “less developed countries” burgeoned from around \$17 billion to \$85 billion. Over the same period, loans grew from 79% of total resource flows to 91.4%. The most dramatic increase was in commercial bank lending and portfolio investment, which rose from \$777 million in 1970 to nearly \$18 billion in 1980. According to Wood (1986:130), medium- and long-term public debt shot up from \$75.1 billion in 1970 to \$634.4 billion in 1983. It was the so-called Volcker shock (1979–1982)—when the US Federal Reserve base rate rose from an average of 8% in 1978 to over 19% in 1982—that ushered in the debt crisis and vastly changed roles of the World Bank and IMF in Latin America, Africa, and parts of Asia.

### **From Bretton Woods to the Dollar-Wall Street Regime**

The passage from the collapse of the Bretton Woods system of fixed but adjustable exchange rates in August 1971 to the onset of the debt crisis in the early 1980s is a tale typically told in the following terms. First, the Nixon administration’s ending dollar convertibility and the devaluation of the dollar represented a defeat for a weakened American capitalism, battered on the one hand by competitive pressures associated with the economic ascendance of Germany and Japan and, on the other, by the quagmire in Vietnam and the rise of oppositional movements in the USA and beyond. Second, while the devaluation of the dollar created the conditions for the OPEC oil price rise, the escalation of oil prices in 1973 was carried out by the Gulf states as part of an anti-Israeli and anti-US policy connected to the Yom Kippur wars. Third, the flood of petrodollars pouring into commercial banks created the economic incentive for massive loans to Third World governments during the 1970s that paved the way for the debt crisis. This narrative is often linked to a related set of claims about the collapse of the Bretton Woods system presaging the decline if not the disappearance of the nation state, and the slide into a chaotic non-system driven by inexorable technological and market forces. These are precisely the ingredients of what I have elsewhere called the “impact model” of globalization (Hart 2002b).

In *The Global Gamble* (1999), Peter Gowan offers a revisionist interpretation that carries extremely important implications for grasping the current conjuncture. First, he contests the widely held view that the ending of dollar convertibility represented the decline of US hegemonic power. Instead, Gowan maintains that “the Nixon administration was



determined to break out of a set of institutionalized arrangements which limited US dominance in international monetary politics in order to establish a new regime which would give it monocratic power over international monetary affairs” (1999:19). He concedes that US capital was indeed being challenged by its capitalist rivals in product markets at the time in the context of generalized overaccumulation, but argues that “the breakup of the Bretton Woods system was part of a strategy for restoring the dominance of US capitals through turning the international monetary system into a dollar-standard regime” (1999:19).<sup>6</sup>

Gowan also maintains that the Nixon administration exercised direct influence on the OPEC oil price rise—initially with the intention of whacking Germany and Japan, and subsequently insisting that petrodollars be recycled through commercial banks:

The Nixon administration’s second step was to try to ensure that international financial relations should be taken out of the control of state central banks and should be increasingly centred upon private financial operators. It sought to achieve this goal through exploiting US control over international oil supplies. Yet as we now know, the oil price rises were the result of US influence on the oil states and they were arranged in part as an exercise in economic statecraft directed against America’s “allies” in Western Europe and Japan. And another dimension of the Nixon administration’s policy on oil price rises was to give a new role, through them, to the US private banks in international financial relations (Gowan 1999:21).<sup>7</sup>

As early as 1972, the Nixon administration planned for US private banks to recycle petrodollars to non-oil-producing states; other governments wanted petrodollars recycled through the IMF—but the US rejected this (Gowan 1999). At the same time, Gowan points out that US banks were hesitant to lend to Third World governments, and had to be provided with incentives and insurance. These included the abolition of capital controls in 1974, scrapping the ceiling on bank loans to a single borrower, repositioning the IMF to structure bailout arrangements that shifted the risk of such loans to the populations of borrowing countries, and the prising open of capital markets. While ensuring the banks would not lose, these arrangements have also meant that financial crises in the South provoked capital flight of private wealth holders that ended up strengthening Wall Street.<sup>8</sup>

In other words, the recycling of petrodollars through the private banking system to Third World governments was not simply the product of disembodied market forces.<sup>9</sup> Instead it was a key element of the re-engineering of international monetary and financial arrangements that undergird what David Harvey calls “the new imperialism.”<sup>10</sup> A related and crucially important point is that what has come to be called neoliberal globalization emerges from this analysis *not* as a set of

inexorable technological and market forces increasingly divorced from state-political controls, but as the product of deliberate power ploys that could have gone in other directions.

The shift from the Bretton Woods Regime to the Dollar/Wall Street Regime in the 1970s coincided with the defeat of the US in Vietnam—and, as Mahmood Mamdani (2004) has shown, with the shift in the center of gravity of the Cold War from Southeast Asia to Southern Africa, Central Asia, and Central America, along with a US decision to harness, or even to cultivate, terrorism in the struggle against regimes it considered pro-Soviet. In other words, the 1970s represented a moment of major reconfigurations of US military engagements with the global South as well as of finance capital.

In the wake of the debt crisis that erupted in 1982, Asian, African, Latin American, and Middle Eastern countries became sharply bifurcated according to “how well the state concerned coped with the volatile and often savage dynamics of the new Dollar/Wall Street Regime” (Gowan 1999:48). Those countries that had taken the borrowing course became entrapped by debt, and hauled through the stabilization (IMF) and structural adjustment (World Bank) wringer. In many Latin American countries, the 1980s became known as the “lost decade”. For many in Africa, the 1980s were the start of an ongoing nightmare with average incomes plummeting 30% in real terms between 1980 and 1988 (Ghai 1991). A number of East Asian countries, in contrast, were able to avoid the debt trap. The reasons for these divergent trajectories are subject to intense debate. In the early phases of the neoliberal counterrevolution, key figures in the World Bank invoked rapid East Asian growth as incontrovertible evidence of the superiority of “the market” over “the state” (see for example Balassa 1981; Kreuger 1981). This interpretation came under fire from a number of academics who invoked Chalmers Johnson’s (1982) notion of the “developmental state” to assert the powerful role of the state in East Asian accumulation.<sup>11</sup> It was in the context of growing tension between the USA and Japan over the deregulation of financial markets that the battle over the interpretation of East Asian “miracles” moved into top gear, culminating in the World Bank’s publication of *The East Asian Miracle* in 1993. Funded by Japan, this awkward, heavily vetted text conceded to state intervention in East Asian economies, but held firmly to a “market-friendly” interpretation. Robert Wade’s (1996) fascinating account of the production of this text illuminates how key figures within the Bank sought to fend off the Japanese challenge to neoliberal orthodoxy, and the larger configurations of power within which this challenge unfolded. The story of *The East Asian Miracle*, he argues, shows the determining force of US values and interests in the functioning of the Bank. Yet this influence does not simply reflect direct pressure from US government officials. It operates primarily through

the Bank's reliance on world financial markets and "the self-reinforcing congruence between the values of the owners and managers of financial capital and those of the US" (Wade 1996:35).

Any effort to grasp the present meltdown must pay close attention to how the shift to the Dollar/Wall Street Regime and the US-sponsored neoliberal counter-revolution have played out through interconnections between the US and different regions of the global South over the past 30 years. The rapid rise of East Asia and more recently China have fed escalating US demand for cheap industrial products and credit, feeding in turn into the largest debt overhang the world has ever known. At the same time, the prising open of capital markets in much of Africa and Latin America, parts of Asia and the former Soviet Bloc has produced a massive re-routing of surplus capital to the USA. Rather than just a one-sided plunder, Gowan (2002:139) points out, the opening up of capital markets has had real appeal to the propertied classes in these countries, enabling them to transfer their assets to Wall Street and other financial centers and live as rentiers rather than risking their wealth in local investment. At the same time, of course, this process has been riddled with tensions and contradictions—and it is to some of these contradictions and their interconnections that we now turn.

## The Laboratory of Neoliberalism

The neo-liberal ideological wave that inundated the United States following the election of Ronald Reagan, and Great Britain under the Thatcher government . . . began in Chile in 1974 not simply as a set of economic measures, but rather as a broad, revolutionary ideology . . . In the context of violent change in political power structures, it was used by the new military rulers as the requisite substance for radical transformation of the state (Valdés 1995:5).

When the CIA-sponsored military coup headed by Augusto Pinochet overthrew socialist president Salvador Allende's government on 11 September 1973, a group of 50–100 Chilean economists trained at the University of Chicago since the late 1950s were waiting in the wings. Funded by US government representatives in Chile who sought to combat "socialist ideology", the so-called Chicago boys were the product of close connections between conservative forces in Chile and key figures in the Department of Economics at the University of Chicago (Valdés 1995:49). By 1975, the Chicago boys had launched what was then the most radical free market strategy anywhere in the world.

At the height of Keynesian influence in the post-war period, the University of Chicago became a bastion within whose walls neoliberal tenets were forged. In *Capitalism and Freedom* (1982:vi), Friedman and Friedman recalled how, in the 1950s, "Those of us who were deeply

concerned about the danger to freedom and prosperity from the growth of government, from the triumph of the welfare state and Keynesian ideas, were a small beleaguered minority regarded as eccentrics by the great majority of our fellow intellectuals". At the same time his colleague Harry Johnson spoke of "the small band of the initiate" who "kept alive the understanding of the fundamental truth through the dark ages of Keynesian despotism" (cited by Valdés 1995:60). Key Chicagoans also participated in the Mont Pelerin Society, an exclusive band of brothers (and apparently one sister) established in 1947 by Freidrich von Hayek, Keynes' right-wing rival since the 1930s who moved to the University of Chicago in 1952. Its purpose, articulated by Hayek in no uncertain terms, was to "win the battle of ideas". The Mont Pelerin Society, in turn, spawned a plethora of conservative think tanks with global reach (see also Cockett 1994; Desai 1994; Peck 2008). In his glowing history of the Society, R.M. Hartwell deploys military metaphors to describe how, at the height of the Keynesian onslaught, the Society "saved the flag" and "renewed the attack" (Hartwell 1995:203).

While the discrediting of Keynesianism in the 1970s was of course bound up with broader economic crises, the Chilean coup provided the opportunity for a frontal assault on both Keynesian and Development economics. The Chicago boys received direct and active backup support from their mentors: "Key figures like Milton Friedman, Hayek himself, and Arnold Harberger, a Chicago economist married to a Chilean who was the spiritual godfather of many of the Chicago Boys, appeared in Chile, often to throw their weight behind their proteges at crucial moments" (O'Brien and Roddick 1983:57).<sup>12</sup> Thus, at precisely the moment that global financial arrangements were in the process of being reconfigured, Chile provided the testing grounds upon which neoliberal economic doctrines gained traction—and from which they were picked up and used in other parts of the world. When the debt crisis hit in the early 1980s, IMF and World Bank economists made extensive use of the Chilean "success"—along with the twisted interpretation of East Asian "miracles" mentioned earlier—to set in place the harsh stabilization and structural adjustment policies of the 1980s in many other parts of Latin America and Africa.

In his compelling analysis of the connections between Chile and New Zealand, Len Richards observes that:

Neoliberalism arrived in New Zealand, like Chile, as the result of a "calculated bid" to implant it, but it arrived at its destination via the Trojan Horse of the 1983–90 Labour Government rather than at the point of a gun. The role of the Labour Party was crucial. The implementation of policies that attacked the very mechanisms of class compromise in New Zealand would probably have required . . . some form of dictatorship if not carried out by what is putatively the working class's "own" political party (Richards 2003:130).

The Chilean experiment also played directly into the rise of Thatcherism and Reaganism. Following their Chilean “victory”, key Chicagoans exercised their influence on Reaganism through their insertion into channels of connection between capital and the state. Dezalay and Garth (2002:81) describe how the “core of the economic brain trust that in 1981 would introduce the nation to Reaganomics” had met regularly at the Bechtel Corporation since the 1970s. The meetings were convened by the CEO of Bechtel George Schultz, former professor at the University of Chicago business school, who went on to become secretary of the treasury in the Ford administration, and secretary of state under Reagan. Schultz’s “brain trust” included Friedman, his fellow Chicago economist George Stigler, and Walter Wriston of Citibank—the leading recycler of petrodollars to the Third World in the 1970s and a key architect of the IMF bailout arrangements that saved the banks, and ushered in programs of stabilization (IMF) and structural adjustment (World Bank) over huge swathes of Africa and Latin America.

In short, neoliberal forms of capitalism did not simply arise in the “core” and spread from there to the “periphery”. Instead they are more usefully seen as the products of power-laden practices and processes of spatial *interconnection*. These processes also underscore how the installation of neoliberal forms of capitalism articulates with the political structure of the state, the balance of political forces, and forms of class and non-class struggle in ways that are historically and geographically specific, *as well as* spatially interconnected.

While Chile was the laboratory for neoliberal economic policies, it was also an important locus in the emergence of the international human rights movement in the mid-1970s that gathered force over the 1980s. Dezalay and Garth (2002) provide a compelling account of how, reacting to revelations of the role of the CIA in the fall of Allende, a group of activist members of Congress and US academics sought “to put the country on the side of the angels, by using human rights as the touchstone of US foreign policy” (Dezalay and Garth 2002:129). They show how the human rights movement took shape through interconnected “palace wars” in the USA and key Latin American countries, and contributed to the move away from military regimes in Argentina, Brazil, and Chile. This new transnational orthodoxy of power encompassed *both* neoliberal economics *and* liberal human rights. Hence, for example, the observation by Dominguez that “Chilean democracy accomplished what Pinochet’s Chicago Boys never could in an authoritarian context: it bound the nation’s future to the market by means of a nation’s consent” (cited by Dezalay and Garth 2002:177). At the same time, as a number of observers have pointed out, the authoritarian resonances of the Pinochet era remained powerfully evident in relations between capital and labor.<sup>13</sup>

The human rights movement also helped to propel the massive burgeoning of NGOs all over the world in the 1980s, many of which took upon themselves the mantle of “global civil society”, helping to implement neoliberal reforms while also managing some of the destructive fallout. Craig and Porter (2006:61) report that by 1988 the rapidly growing number of NGOs provided approximately US\$5.5 billion in financing, compared with the World Bank’s US\$4 billion, going on to note that “After a long courtship, World Bank financing of NGOs jumped by more than 300 percent in 1989.” The intertwining of neoliberal economic policies with liberal discourses of democracy and human rights in the 1980s are crucial to grasping the conjuncture in the early 1990s when Fukuyama and others celebrated the global convergence on market capitalism and liberal democracy.

### Renovating Neoliberalism?

Elsewhere (Hart 2001, 2002a) I have traced some key processes through which the market orthodoxy that seemed so firmly entrenched in the early 1990s gave way to far more overtly interventionist moves to contain disruptive tendencies, with multilateral and bilateral aid agencies actively reasserting and extending their mission of trusteeship in the name of Development, good governance, participation, social capital, and so forth. At the risk of oversimplifying, these disruptive forces include the so-called IMF bread riots in many parts of Africa and Latin America in the 1980s that were subjected to harsh stabilization and structural adjustment measures; myriad environmental movements fighting against the destruction of nature; struggles unleashed by the privatization of water and other basic services; the rise of militant land movements such as the *Movimento Sem Terra* in Brazil; the disruptions that accompanied the Asian financial crisis, and of course the anti-capitalist/anti-globalization movements that burst onto the international stage in Seattle in 1999. In addition, as Paul Lubeck (2000), Michael Watts (2003), and others have suggested, the rise of Political Islam understood as an “anti-systemic movement” is intimately linked with the implosion of the secular nationalist Development project.<sup>14</sup> These dynamics go a long way towards explaining the paradox to which Henry Bernstein calls attention:

Freeing the market to carry out the tasks of economic growth for which it is deemed uniquely suited rapidly escalated into an extraordinarily ambitious, or grandiose project of social engineering . . . [T]he terrain of development discourse and the range of aid-funded interventions have become ever more inclusive to encompass the reshaping, or transformation, of political and social (and, by implication, cultural) as well as economic institutions and practices (Bernstein 2005:116).

This reincarnation of what Furnivall (1948) might call a “modern constructive policy” of Development differs in some important ways from the Basic Needs thrust of the 1970s. Whereas the rhetorical focus of the latter was on the relative efficiency of small-scale forms of production, what Mohan and Stokke (2000) call “revisionist neoliberalism” is marked by a convergence on “the local” as both more efficient and more democratic. The turn to “the local” has gone hand in hand with the invocation of “civil society” understood—in good liberal fashion—as a distinctively separate sphere from “the market” and “the state”, and a key site for the production of social capital. While the World Bank in alliance with NGOs (and increasingly with philanthropic organizations like the Gates Foundation) have been on the forefront of expertise and knowledge production, these “third way” shifts have emanated from multiple sources and sites in the global North and South that are often deeply interconnected with one another.

In seeking to grapple with these shifts, a number of us have turned to Polanyi (2001 [1944]) whose account of capitalism’s double movement seems to be unfolding before our very eyes.<sup>15</sup> Yet, while Polanyi’s insights are indispensable, his analysis is also limited by what Burawoy (2003) identifies as his Durkheimian conception of society.<sup>16</sup> Among other problems, this has enabled abstracted (and dare I say disembodied) readings of Polanyi that hamstring our capacity to grapple with the current conjuncture. In one common interpretation, Polanyi has served as the handle for a mechanistic hydraulic model in which “top-down” neoliberalism automatically calls forth “bottom-up” resistance. Yet, as Burawoy (2003:240) points out, this “optimistic” reading of Polanyi is made possible by his inadequate conception of society.

Others deploy Polanyi to maintain that what he called “enlightened reactionaries” have successfully engaged in conservative projects of social containment.

Reading Polanyi through Regulation theory, Porter and Craig (2004), for example, argue that a range of such reactionaries—which can include functionaries in international financial institutions, central governments, NGOs, “ordinary left voting constituents”, and so on—rally to mitigate the social disruptions of market-led liberalization: “Each in various ways contests and regulates the market orientation, giving it a human face or policy limit” (Porter and Craig 2004:391). Far from challenging the neoliberal capitalist global order, they maintain, this re-embedding movement serves to reinforce the agents of global capitalism. At least for the time being, it represents a “triumph of the technical and consensual over the political and contested...since it offers many avenues to deflect and redirect politically alert critique or grassroots activism”; accordingly, “the poor are left very much within local framings, where their vulnerabilities, lacks and needs are apparent, but where they must

seize on opportunities to participate in structures of national and global competitiveness” (Porter and Craig 2004:411–415).

An alternative—although complementary—view is that neoliberalism (especially in its revisionist form) often works as a seductive cultural project. In this view, which draws heavily on Nikolas Rose’s (1999) neo-Foucauldian conception of neoliberal (or advanced liberal) governmentality, neoliberalism represents a *new modality* of government predicated on interventions to extend an “enterprise model” and market logic to all forms of conduct. In addition, this process of “responsibilization” often goes hand in hand with new or intensified invocations of “community” as a sector “whose vectors and forces can be mobilized, enrolled, deployed in novel programmes and techniques which encourage and harness active practices of self-management and identity construction, of personal ethics and collective allegiances” (Rose 1999:176).

While describing what are undoubtedly important dimensions of official projects, Regulationist and neo-Foucauldian accounts are severely limited by their reliance on ideal types. Neither attends to struggle, acquiescence, negotiation, and contestation as active constitutive forces in multiple, interconnected arenas.<sup>17</sup> By the same token, neither can come to grips with the slippages, openings, and contradictions that are crucial to any effort to grapple with possibilities for more far-reaching social change. The limits of both formulations—either singly or in combination—emerge with great clarity from Nancy Postero’s brilliant book *Now We are Citizens* (2007) on what she calls neoliberal multiculturalism in Bolivia. This richly detailed historical ethnography based on her extended engagements with Guaraní Indian residents of Bella Flor, a peri-urban community on the outskirts of Santa Cruz, turns around the Law of Popular Participation (LPP). Implemented in the mid 1990s in response to increasingly confrontational marches, strikes, and mass mobilizations in many regions of Bolivia, the LPP redirected a substantial proportion of public spending from national to municipal governments, and recognized indigenous groups as legitimate participants. The intent was “to pass some of the responsibility for governing onto the citizens themselves, make the population more governable, and soften the costs of painful economic policies” (Postero 2007:161).

Postero shows how, while the LPP initially acted as a palliative, new forms of activism emerged as a consequence of Guaraní participants’ contradictory engagements with the institutions and practices of the LPP. On the one hand they were subjected to “new techniques of the self”, with technocratic NGOs promoting “a bureaucratic, professional indigeness” in combination with transparency, efficiency, and rational participation (2007:186). Yet Guaraní’s participation in these new forms of local government also brought them face to face with



ongoing racism and massive corruption by political elites, whose positions were strengthened by the LPP. At the same time LPP reforms fell far short of addressing material deprivation and wrenching processes of urbanization and social disintegration on the edges of an expanding city. Emphasizing that neoliberal rationalities of rule were only part of the conditions in which Guaranís found themselves, Postero points out that:

focusing on the acquiescence and the internalization of the logic of responsabilization can obscure the other equally strong forces and discourses at work. The discourse and rationalities of neoliberalism are powerful, but so are the ongoing discourses of race and class as well as long-term patterns of state–civil society opposition. While one discourse may create Bolivian neoliberal subjects responsible for their own governing, the other reminds those subjects that they are lazy Indians. One creates a citizen expecting to benefit from the state’s resources, and the other empowers the traditional *patrones* (masters) to continue their control. (Postero 2007:187)

*Now We are Citizens* makes three important sets of contributions that extend well beyond Bella Flor. First, it enables powerful new understandings of the Bolivian revolution that brought Morales and the *Movimiento al Socialismo* (MAS) to power in 2005. Postero argues that the October 2003 gas war—a decisive moment in this revolution—demonstrated in part how both the inclusions and the exclusions of the LPP and other reforms “enabled citizens, particularly indigenous citizens, to act against the continuing limitations of state-sponsored multiculturalism and the costs of neoliberal economic policy” (2007:220). She emphasizes that this was not simply an “Indian uprising”, but the coming together or articulation of multiple grievances which gave rise to a new Bolivian public “that presented the state with demands based on experiences of race and class discrimination . . . raising its demands in the language of citizenship, rights, and democracy” (2007:5).

Second, especially when read in conjunction with Mark Goodale’s *Dilemmas of Modernity: Bolivian Encounters with Law and Liberalism* (2009), Postero’s work illustrates the limits of neo-Foucauldian and Regulationist analyses of neoliberalism, as well as the relational and processual understandings made possible by critical ethnography. Together they enable us to grasp the historically and geographically specific forces that fed into the Bolivian revolution, while also reflecting on its wider interconnections, reverberations, and implications.<sup>18</sup>

Finally, recent Bolivian history serves as a reminder that poor populations in large regions of the global South have for several decades been subject to the agonies of economic contraction now convulsing Europe and the USA. At the same time, it exemplifies the contradictions

that have accompanied the ascent of rapacious forms of finance capital backed by the military might of the USA; the transformation of the IMF into a public insurance organization for financial operators and speculators in the ongoing financial blow-outs; and arrangements that have forced poor populations in many parts of the South to shoulder the burden of adjustment while at the same time enabling property-owning classes in these countries to transfer their assets to Wall Street and other destinations. What is so significant about Bolivia is how palliative measures designed to contain popular discontent fed into a far more radical project of social change. Bolivian experience is also of great significance when situated in relation to diverse but interconnected forces at play in other parts of the world. While crises of capitalism hold out progressive possibilities, they also carry significant dangers—including the rise of new forms of fascism, racism, and xenophobia. In concluding, let me suggest how the sort of conjunctural analysis of D/development outlined in this essay might speak to some key challenges thrown up by the conditions in which we now find ourselves.

### Some Challenges of the Conjuncture

The world is a unit, whether one likes it or not, and . . . all countries, when they remain in certain structural conditions, will pass through certain “crises” (Gramsci 1995:220–221).

In the epigram at the start of this essay, Gramsci warns against reading politics off economic crises. There is now a huge body of analysis and debate on the economic dynamics responsible for the meltdown, but far less attention to “the relations of force at various levels”. Gramsci used this phrase to refer to reciprocally interconnected economic and political relations that are linked in turn with what he calls the relations of military forces, both technical and “politico-military” (1971:175–185). In addition—and directly connected to his emphasis on militarism—Gramsci insisted that analysis of relations of force cannot be limited to the national level, but must focus on how “international relations intertwine with internal relations of nation states, creating new, unique and historically concrete combinations” (1971:182); and that “this relation between international forces and national forces is further complicated by the existence within every State of several structurally diverse territorial sectors, with diverse relations of force at all levels” (1971:182).

Over the past 30 years “new, unique, and historically concrete combinations” have indeed taken shape that far exceed what could have been imagined in the late 1970s. Instead of what was widely seen at the time as the collapse of US hegemony, we have witnessed a

fundamental reconfiguration in relations between the US and different regions of Asia, Africa, Latin America and the Middle East that have simultaneously strengthened and undermined US economic and political dominance. Intense debates are underway over whether US global hegemony is now in terminal crisis—and whether the ascent of China (and India) is opening the way for a reversal of power relations between the global North and South, and the emergence of an alternative to capitalism as we have known it.<sup>19</sup> In one of his final essays, co-authored with Lu Zhang, Giovanni Arrighi argued that the backfiring of the neoliberal counterrevolution has created conditions favorable to the emergence of a new Bandung—a claim that is provoking intense debate, especially among those who assert the emergence of an “empire of capital” that cuts across any North–South divide. Yet it is also important to recall that Arrighi insisted that the future is wide open, and that any alternative will be crucially shaped by what he called anti-systemic movements of protest and self-protection.<sup>20</sup>

Of great importance in grappling with these questions and debates in present conjuncture is the coincidence of the economic meltdown with the implosion of the neoconservative Project for a New American Century, and the reappearance of US liberal internationalism in the guise of “smart power”. First articulated by Suzanne Nossel in *Foreign Affairs* in 2004 as an attack on the Bush administration, “Smart Power” asserts the imperative for a liberal internationalist strategy to reclaim and refurbish tattered US hegemony, as well as insisting that military power and humanitarian endeavors can be mutually reinforcing. In her confirmation hearings, as we saw earlier, Hillary Clinton emphasized Development along with Diplomacy and Defence as key elements of the Obama administration’s vision of smart power.<sup>21</sup> The reappearance of Development in US foreign policy discourse hand in hand with militarism is central to Dennis Blair’s redefinition of “security” in his *Annual Threat Assessment* (2009), which focuses on efforts to maintain US financial and political dominance in relation to Chinese incursions into Africa and Latin America. Also of significance is a revival of US military strategy towards Vietnam-era counterinsurgency in Central Asia as well as “ungoverned” spaces in Africa: “The recent establishment of the US Africa Command (Africom) and the growing presence of Special Operations forces in places like Mali, Chad and Somalia hint at what might be in store” (Klare 2009:4).<sup>22</sup> In short, Development forms a key element in the latest round of liberal internationalism, inextricably linked with US militarism and deeply implicated in politico-economic relations between China and the USA.

A central theme in this essay has been that Development is not just about the domination of the Rest by the West. Rather, it emerged from the crisis of imperialism in the late 1930s as part of an effort to deal with challenges from below, signaling in effect the impending end

of colonial empires. In the immediate post-World War II era, French and British Development projects aimed at holding on to African colonies overlapped with those emerging from new forms of heavily militarized US hegemony, Pax Americana, and the Cold War. Since the 1950s, official discourses and practices of Development have undergone constant redefinition, under pressure from anti-systemic movements along with the contradictions thrown up by global capital accumulation and geopolitical force fields. Born out of anti-colonial movements, appropriated by multiple social forces, and intertwined with the vagaries of capitalism and imperialism, projects of Development have always been shot through with tensions and contradictions—and these are likely to multiply and amplify in the conditions in which we now find ourselves.

A central challenge of the present conjuncture is grasping how these tensions and contradictions are being produced in practice—and how they hold open the possibility for something different to emerge. If it is in concrete, everyday practice that these tensions are produced, then it is in practice that we must look for them. This is precisely the importance of critical ethnography combined with what I have called relational comparison (Hart 2002; 2006b). Far more than just an empirical method, critical ethnography is a means for advancing from the abstract to the concrete, in the sense of concrete concepts that are adequate to the concrete in history.

In this essay I have drawn heavily on work in Bolivia both because recent Bolivian history embodies the possibilities of social change, and because this work exemplifies what seems to me the promises of critical ethnographic practice. As in many other parts of the world, (neo)liberal ideologies, policies, and forms of rule in Bolivia have been deeply entwined with interconnected historical geographies of racialized dispossession. Postero's (2007) ethnography illuminates far more than just a neoliberal rationality of rule or conservative re-embedding strategy operating in the idiom of Development. Neoliberal projects helped create conditions in which histories, memories, and meanings of specifically racialized forms of dispossession erupted in the present, crystalizing around struggles over the control of natural resources. Working in another region of Bolivia, Goodale (2009) shows how marginalized campesinos appropriate and vernacularize expectations of modernity. In so doing, he argues, they do not simply become conscripts of the very episteme that would apparently liberate them. Instead, they combine "the grandeur of human rights discourse with indigenist imagery from selected moments in Bolivian history, gestures toward redistributive modes of production, and direct democracy" (2009: 170).

In short, these Bolivian studies are significant both for the light they shed on one of the most remarkable ruptures of the neoliberal era, and in illustrating the capacity of critical ethnographies to come to grips

with the contradictory dynamics that hold open possibilities for social change. They also show how these possibilities rest crucially on specific but interconnected historical geographies as well as on how memories and meanings of the past are reconfigured in the present in and through everyday situated practices. Precisely because politics can't be read off economic structures and crises, such specificities and interconnections will be crucial to any effort to produce a different politics, and to forge alliances across registers of difference.

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## Endnotes

<sup>1</sup> See for example McDonald and Ruckert (2009) and a recent issue of *Development Dialogue* (no. 51, 2009) entitled "Postneoliberalism: A beginning debate".

<sup>2</sup> Hart (2001; 2002a; 2004). This essay also incorporates part of Hart (2006a).

<sup>3</sup> It seems to me that Cowen and Shenton deploy a rather narrow conception of immanent development that operates at a very high level of abstraction, in part to underscore Marx's sharp critiques of both the utopian socialists and List. For a useful discussion of Marx's conception of immanence in terms that are deeply critical of a teleological interpretation, see Gramsci (1971:399–402, 449–452).

<sup>4</sup> See Pham (2005) for a fascinating account of Furnivall's ambivalent views on colonization and Burmese independence.

<sup>5</sup> For an interesting take on import substitution industrialisation, see Maxfield and Nolt (1990). Friedmann (1982) provide an extremely useful analysis of the global structure of foodgrain production and distribution, and its breakdown in the late 1960s and early 1970s.

<sup>6</sup> He notes, for example, that "The August 1971 decision to 'close the gold window' meant that the US was no longer subject to the discipline of having to try to maintain a fixed par value of the dollar against gold or anything else; it could let the dollar move as the US Treasury wished and pointed towards the removal of gold from international monetary affairs. It thus moved the world economy on to a pure dollar standard" (Gowan 1999:19–20).

<sup>7</sup> The denomination of oil in terms of dollars is, of course, one of the key reasons why the US has been able to run huge deficits with the rest of the world.

<sup>8</sup> For example, during the debt crisis of the early 1980s, the capital outflow from Argentina, Mexico, and Venezuela has been estimated at \$58.8 billion (Gowan 1999:35).

<sup>9</sup> While borrowing from Wall Street was both easy and economically rational in the conditions of the 1970s, borrowing governments failed to grasp that the entire macroeconomic framework could be transformed by "*political decisions about the dollar price and interest rates of the US government transmitted through the world economy by the DWSR [Dollar Wall Street Regime]*" (Gowan 1999:48; italics in original).

<sup>10</sup> Indeed Harvey draws directly on Gowan in his analysis of how the shift from the Bretton Woods regime to the Wall Street/US Treasury/IMF regime has served as a "formidable instrument of economic statecraft to drive forward both the globalization process and the associated neoliberal domestic transformations" (Harvey 2003:129). In

a forthcoming essay I discuss more fully some important distinctions between Harvey's new imperialism and Arrighi's (2007) analysis of US hegemony.

<sup>11</sup> They include Amsden (1989), Castells (1992), Evans (1995) and Wade (1990). Yet the construction of East Asian debates in terms of "states versus markets" fails to recognize how East Asian strategies "are based on an explanatory framework which analyses national patterns and processes within a global context, and a nationalist normative framework which seeks national economic development through rapid industrialization" (Gore 1996:78).

<sup>12</sup> Harberger was a key figure in the discrediting of Development economics. As a junior faculty member in the Department of Economics at Boston University in the early 1980s, I observed the dismantling of Development economics at first hand.

<sup>13</sup> See for example the collection edited by Winn (2004).

<sup>14</sup> Elements include what Watts calls the "decrepit rentier capitalism" associated with the oil boom; the petro-bust of the mid 1980s that brought IMF/World Bank-led austerity and neoliberal reforms crashing down on a number of Middle Eastern and West Asian states; and the complex geopolitics of the region: "The historical confluence of these powerful forces—all saturated with an American presence in the form of oil companies, global regulatory institutions, foreign investment, and military commitments—crippled, one might say destroyed, a secular nationalist project that was, in any case, of shallow provenance" (Watts 2003:8).

<sup>15</sup> For example, Hart (2001, 2002a, 2004), Jessop (2002), Peck and Tickell (2002).

<sup>16</sup> Thus Burawoy draws on Gramsci to complement Polanyi, while others turn to Weber or neo-Gramscian Regulation theory.

<sup>17</sup> For an illuminating discussion of the uses and limits of concepts of governmentality, see Li (2007). Despite their protestations to the contrary, Rose, O'Malley and Valverde (2006:92) concede that the tripartite division of liberalism, welfarism and advanced liberalism has tended to become formalized into a typology and chronology in which explanation entails placing every program, technology, and strategy under this general covering law.

<sup>18</sup> As I argue more fully in a forthcoming paper, they also compel us to pay serious attention to questions of liberalism not only in Bolivia, but also more generally.

<sup>19</sup> Much of this debate has been shaped by the work of Giovanni Arrighi (2007, 2009), whose theorizing on imperialism and hegemony I discuss more fully in a forthcoming *festschrift* in his honor.

<sup>20</sup> See the postscript to the second edition of *The Long Twentieth Century* published in 2009.

<sup>21</sup> Jenny Greenburg, whose PhD project focuses on the relations between Development and militarism, has pointed out that tendencies in this direction were evident in the late Bush era.

<sup>22</sup> Initiated by the Bush administration in 2007, Africom was opposed by a number of African governments. For a discussion of how the Obama administration is promoting Africom, see Volman and Minter (2009).

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