1

Instituting the Development Project

Development emerged during the colonial era. While it may have been experienced by nineteenth-century Europeans as something specifically European, over time it came to be viewed as a universal necessity. But what *is* development?

In the nineteenth century, *development* was understood, *philosophically*, as the improvement of humankind. *Practically*, development was understood by political elites as social engineering of emerging national societies. It meant formulating government policy to manage the social transformations wrought by the rise of capitalism and industrial technologies. So development was identified with both industrial and market expansion and regulating its disruptive social effects. These effects began with the displacement of rural populations by land enclosures for cash cropping, creating undesirables such as menacing paupers, restless proletarians, and unpleasant factory towns.[1] Development meant balancing the apparent inevitability of technological change with social intervention—understood idealistically as assisting human society in its development and perhaps realistically as managing citizen-subjects experiencing wrenching social transformations.

Unsurprisingly, this social engineering impulse framed European colonization of the non-European world. Not only did colonial plunder underwrite European industrialization, but also colonial administrators assumed the task of developing, or controlling, their subject populations.

Here, development served a legitimating function, where, compared to Europeans, native peoples appeared backward. The proverbial "white man's burden" was an interpretation of this apparently natural relation of superiority and an invitation to intervene, in the name of development.

Development became, then, an extension of modern social engineering to the colonies as they were incorporated into the European orbit. Subject populations were exposed to a variety of new disciplines, including forced labor schemes, schooling, and segregation in native quarters. Forms of colonial subordination differed across time and space, but the overriding object was either to adapt or marginalize colonial subjects to the European presence. Punctuality, task specialization, and regularity were the hallmarks of the new discipline of adaptation, breaking down social customs and producing individual subjects who confronted a new, rational order, which they reproduced and/or resisted.

This draws attention to the relations of power in development. For example, in 1843, the Egyptian state (under suzerainty of the declining Ottoman, and rising British, empire) introduced the English "Lancaster school" factory model to the city of Cairo to consolidate the authority of its emerging civil service. Egyptian students learned the new disciplines required of a developing society that was busy displacing peasant culture with plantations of cotton for export to English textile mills and managing an army of migrant labor building an infrastructure of roads, canals, railways, telegraphs, and ports.[2] Across the colonial divide, industrialism was transforming English and Egyptian society alike, producing new forms of social discipline among laboring populations and middle-class citizen-subjects. As we shall see, while industrialism produced new class inequalities within each society, colonial development produced a racialized form of international inequality.

Non-European cultures were irrevocably changed through colonialism, and the postcolonial context was founded on inequality—embedded in modern ideals of sovereign nation-states, some of which were more equal than others, and in the domestic social inequalities introduced by colonialism. When newly independent states emerged, political leaders had to operate in an international framework that was not of their making but through which they acquired political legitimacy. How that framework emerged is the subject of this chapter. But first we must address the historical context of colonialism.

Colonialism

Our appeal to history begins with a powerful simplification. It concerns the social psychology of European colonialism, built largely around stereotypes that have shaped perceptions and conflict for five centuries. (*Colonialism* is defined and explained in the following insert, and the European colonial empires are depicted in Figure 1.1.) One such perception was the idea among Europeans that non-European native people or colonial subjects were "backward," trapped in their tradition. The experience of colonial rule encouraged this image, as European and non-European cultures compared one another within a relationship in which Europe had a powerful social-psychological advantage rooted in its missionary and military-industrial apparatus. This comparison was interpreted, or misinterpreted, as European cultural superiority. It was easy to take the next step and view the difference as "progress," something the colonizers could impart to their subjects.

What Is Colonialism?

Colonialism is the subjugation by physical and psychological force of one culture by another—a colonizing power—through military conquest of territory and caricaturing the relation between the two cultures. It predates the era of European expansion (fifteenth to twentieth centuries) and extends to Japanese colonialism in the twentieth century and, most recently, Chinese colonization of Tibet. Colonialism has two forms: colonies of settlement, which often eliminate indigenous people (such as the Spanish destruction of the Aztec and Inca civilizations in the Americas), and colonies of rule, where colonial administrators reorganize existing cultures by imposing new inequalities to facilitate their exploitation. Examples of this are the British use of local landlords, zamindars, to rule parts of India; the confiscation of personal and common land for cash cropping; depriving women of their customary resources; and the elevation of ethnoracial differences (such as privileging certain castes or tribes in the exercise of colonial rule). The outcomes are, first, the cultural genocide or marginalization of indigenous people; second, the introduction of new tensions around class, gender,

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race, and caste that continue to disrupt postcolonial societies; third, the extraction of labor, cultural treasures, and resources to enrich the colonial power, its private interests, and public museums; fourth, the elaboration of ideologies justifying colonial rule, including notions of racism, as well as backwardness versus modernity; and fifth, various responses by colonial subjects, ranging from death to submission and internalization of inferiority to a variety of resistances: from everyday forms to sporadic uprisings to mass political mobilization.

Such a powerful misinterpretation—and devaluing—of other cultures appears frequently in historical accounts. It is reflected in assumptions made by settlers in the Americas and Australasia about the indigenous people they encountered. In each case, the Europeans perceived the Indians and aborigines as people who did not "work" the land they inhabited. In other words, they had no right of "property"—a European concept in which property is private and alienable. Their removal from their ancestral lands is a bloody reminder of the combined military power and moral fervor with which European colonization was pursued.

In precolonial Africa, as communities achieved stability within their environment, they developed methods for survival, relying on kinship patterns and supernatural belief systems. These methods were at once conservative and adaptive because, over time, African communities changed their composition, their scale, and their location in a long process of settlement and migration through the lands south of the equator. European colonists in Africa, however, saw these superstitious cultures as static and only occupying, rather than improving, the land. This perception ignored the complex social systems adapted first to African ecology and then to European occupation of that ecology.[3] Under these circumstances, the idea of the "white man's burden" emerged, a concept in which Europe viewed itself as the bearer of civilization to the darker races. French colonial historian Albert Sarraut claimed in 1923,

It should not be forgotten that we are centuries ahead of them, long centuries during which—slowly and painfully, through a lengthy effort of research, invention, meditation and intellectual progress aided by the very influence of our temperate climate—a magnificent heritage of science, experience and moral superiority has taken shape, which makes us eminently entitled to protect and lead the races lagging behind us.[4]
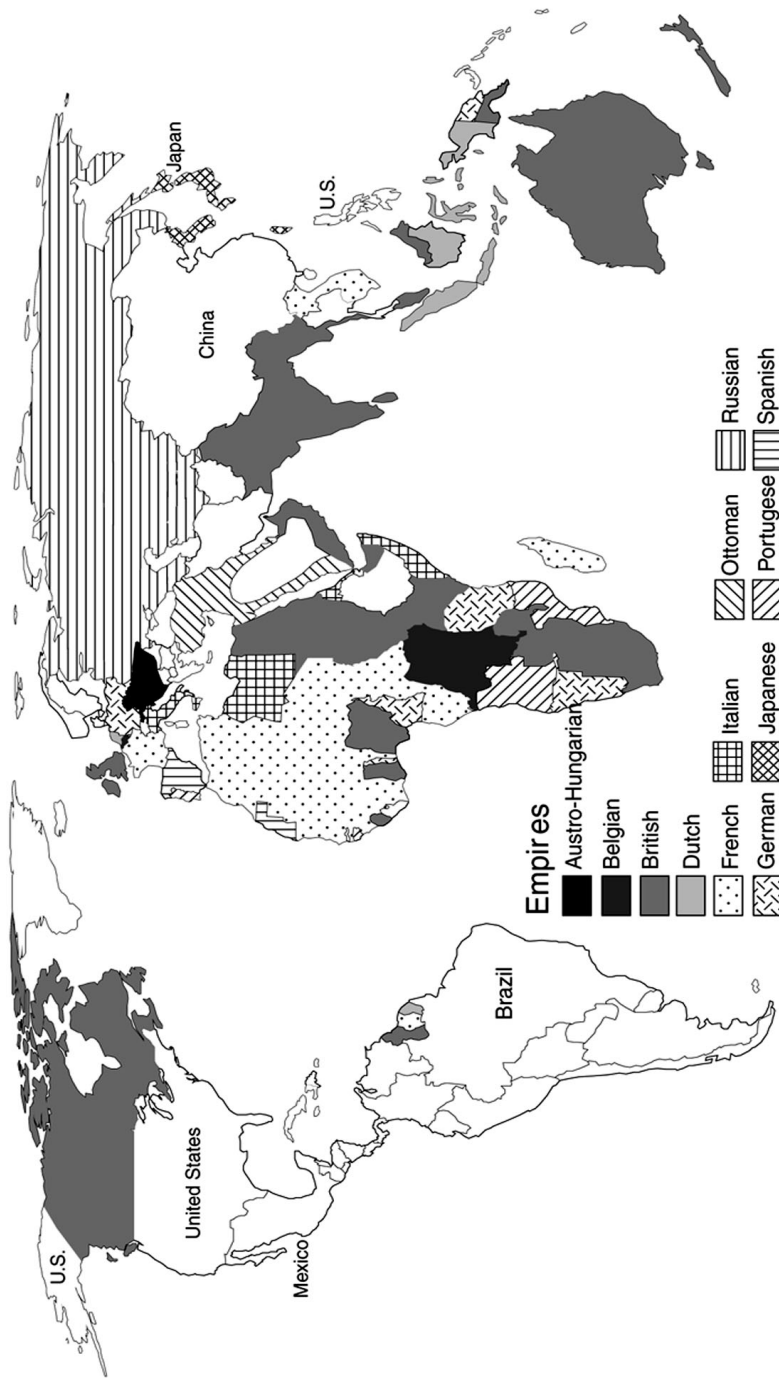
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Figure 1.1   European Colonial Empires at the Turn of the Twentieth Century

The ensuing colonial exchange, however, was captured in the postcolonial African saying, "When the white man came he had the Bible and we had the land. When the white man left we had the Bible and he had the land." Under colonialism, when non-Europeans lost control of their land, their spiritual life was compromised insofar as it was connected to their landscapes. It was difficult to sustain material and cultural integrity under these degrading extractive processes and conditions.

What Are Some Characteristics of Precolonial Cultures?

All precolonial cultures had their own ways of satisfying their material and spiritual needs. Cultures varied by the differentiation among their members or households according to their particular ecological endowments and social contact with other cultures. The variety ranged from small communities of subsistence producers (living off the land or the forest) to extensive kingdoms or states. Subsistence producers, organized by kin relations, usually subdivided social tasks between men, who hunted and cleared land for cultivation, and women, who cultivated and processed crops, harvested wild fruits and nuts, and performed household tasks. These cultures were highly skilled in resource management and production to satisfy their material needs. They generally did not produce a surplus beyond what was required for their immediate needs, and they organized cooperatively—a practice that often made them vulnerable to intruders because they were not prepared for self-defense. Unlike North American Indians, whose social organization provided leadership for resistance, some aboriginal cultures, such as those of Australia and the Amazon, lacked leadership hierarchies and were more easily wiped out by settlers. By contrast, the Mogul empire in seventeenth-century India had a complex hierarchical organization based on local chiefdoms in which the chief presided over the village community and ensured that surpluses (monetary taxes and produce) were delivered to a prosperous central court and "high culture." Village and urban artisans produced a range of metal goods, pottery, and crafts, including sophisticated muslins and silks. Caste distinctions, linked to previous invasions, corresponded to divisions of

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labor, such as trading, weaving, cultivating, ruling, and performing unskilled labor. Colonizers typically adapted such social and political hierarchies to their own ends—alienating indigenous political systems from their customary social functions and incubating tensions inherited by postcolonial states.

Sources: Rowley (1974); Bujra (1992).

The non-European world appeared ancestral to the colonizers, who assumed that non-Europeans would and should emulate European social organization. Development came to be identified as the destiny of humankind. The systematic handicapping of non-Europeans in this apparently natural and fulfilling endeavor remained largely unacknowledged, just as non-European scientific and moral achievements and legacies in European culture were generally ignored. Being left holding the Bible was an apt metaphor for the condition of non-Europeans who were encouraged to pursue the European way, often without the resources to accomplish this.

Western secular and religious crusades in the forms of administration, education, and missionary efforts accompanied colonial rule to stimulate progress along the European path. The problem was that the ruling Europeans either misunderstood or denied the integrity of non-European cultures. And then there was the paradox of bringing progress to colonized peoples denied their sovereignty—a paradox experienced daily by the non-Europeans. This paradox fuelled the anticolonial movements seeking independence from Western occupation. Colonial subjects powerfully appropriated European discourse of the "rights of man," raising it as a mirror to their colonial masters and adopting it as a mobilizing tool for their independence struggle.

The Colonial Division of Labor

From the sixteenth century, European colonists and traders traveled along African coasts to the New World and across the Indian Ocean and the China seas seeking fur, precious metals, slave labor, spices, tobacco, cacao, potatoes, sugar, and cotton. The European colonial powers—Spain, Portugal, Holland, France, and Britain—and their merchant companies
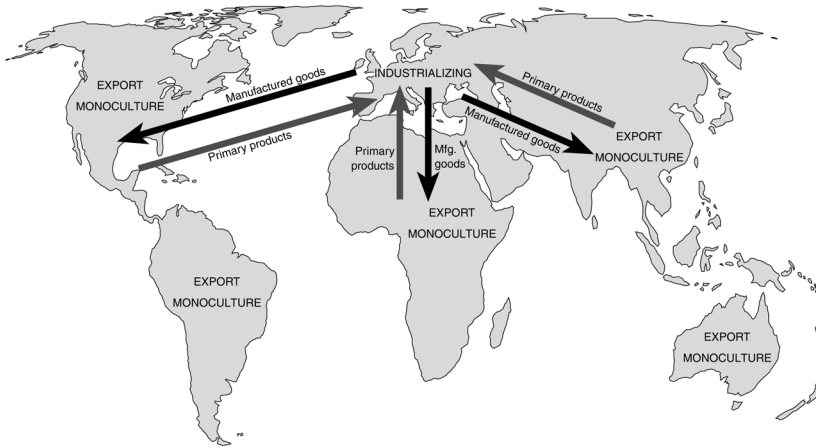
Figure 1.2   The "Colonial Division of Labor" between European States and
Their Colonial Empires

exchanged manufactured goods such as cloth, guns, and implements for
these products and for Africans taken into slavery and transported to the
Americas. In the process, they reorganized the world.

The basic pattern was to establish in the colonies specialized extraction
and production of raw materials and primary products that were
unavailable in Europe. In turn, these products fueled European manufac-
turing as industrial inputs and foodstuffs for its industrial labor force. On
a world scale, this specialization between European economies and their
colonies came to be termed the **colonial division of labor,** illustrated in
Figure 1.2.

While the colonial division of labor stimulated European industrializa-
tion, it forced non-Europeans into primary commodity production.
Specialization disorganized non-European cultures, typically undermin-
ing local crafts and mixed-farming systems and alienating their lands and
forests for commercial exploitation.

Not only did non-European cultures surrender their own handicraft
industries in this exchange, but also their agriculture was often reduced
to a specialized **export monoculture,** where local farmers produced a
single crop, such as peanuts or cotton, for export.

Handicraft destruction was often deliberate and widespread. Perhaps
the best-known destruction of native crafts occurred through Britain's
conquest of India. Until the nineteenth century, Indian muslins and

calicos were luxury imports into Europe (as were Chinese silks and satins). By that time, however, the East India Company (which ruled India for the British crown until 1858) undermined this Indian craft and, in its own words, "succeeded in converting India from a manufacturing country into a country exporting raw produce."[5] The company had convinced the British government to use tariffs of 70 to 80 percent against Indian finished goods and to permit virtually free entry of raw cotton into England. In turn, British traders flooded India with cheap cloth manufactured in Manchester. Industrial technology (textile machinery and steam engine) combined with political power to impose the colonial division of labor, as British-built railway systems moved Indian raw cotton to coastal ports for shipment to Liverpool and returned to the Indian countryside with machine-made products that undermined a time-honored craft.

Social Reorganization under Colonialism

The colonial division of labor devastated producing communities and their craft- and agriculture-based systems. When the British first came to India, in the mid-eighteenth century, Robert Clive described the textile city of Dacca as "extensive, populous, and rich as the city of London." By 1840, Sir Charles Trevelyan testified before a British parliamentary committee that the population of Dacca "has fallen from 150,000 to 30,000, and the jungle and malaria are fast encroaching upon the town. . . . Dacca, the Manchester of India, has fallen off from a very flourishing town to a very poor and small town."[6]

While native industries declined under colonial systems, local farming cultures lost their best lands to commercial agriculture supplying European consumers and industries. Plantations and other kinds of cash-cropping arrangements sprang up across the colonial world, producing specialized tropical exports ranging from bananas to peanuts, depending on local agri-ecologies (see Table 1.1). In India, production of commercial crops such as cotton, jute, tea, peanuts, and sugar cane grew by 85 percent between the 1890s and the 1940s. In contrast, in that same period, local food crop production declined by 7 percent while the population grew by 40 percent, a shift that spread hunger and social unrest.[7] Using revenue and irrigation policies to force farmers into export agriculture, Britain came to depend on India for almost 20 percent of its wheat consumption by 1900. Worse than the fact that "Londoners were in fact eating India's bread" was the destruction of Indian food security by modern technologies. With the telegraph coordinating speculative price hikes, grain

Table 1.1   Selected Colonial Export Crops

Colony	Colonial Power	Export Crop
Australia	Britain	Wool, wheat
Brazil	Portugal	Sugar, coffee
Congo	Belgium	Rubber, ivory
Egypt	Britain	Cotton
Ghana	Britain	Cocoa
Haiti	France	Sugar
India	Britain	Cotton, opium, tea
Indochina	France	Rice, rubber
Indonesia	Holland	Rubber, tobacco
Ivory Coast	France	Cocoa
Kenya	Britain	Wool
Malaya	Britain	Rubber, palm oil
Senegal	France	Peanuts
South Africa	Britain	Gold, diamonds

movements along a network of railways responded to London prices rather than local need. Thus, the technologies of the global market undermined the customary system of grain reserves organized at the village level as protection against drought and famine.[8]

The colonial division of labor developed European capitalist civilization (with food and raw materials) at the same time that it disrupted non-European cultures. As European industrial society matured, the exploding urban populations demanded ever-increasing imports of sugar, coffee, tea, cocoa, tobacco, and vegetable oils from the colonies, and the expanding factory system demanded ever-increasing inputs of raw materials such as cotton, timber, rubber, and jute. The colonists forced more and more subjects to work in cash cropping, employing a variety of methods such as enslavement, taxation, land grabbing, and recruitment for indentured labor contracts.

As the African slave trade subsided, the Europeans created new schemes of forced, or indentured, labor. Indian and Chinese peasants and handicraftsmen, impoverished by colonial intervention or market competition from cheap textiles, scattered to sugar plantations in the Caribbean, Fiji, Mauritius, and Natal; to rubber plantations in Malaya and Sumatra; and to British East Africa to build the railways that intensified the two-way extraction of African resources and the introduction of cheap manufactured goods. In the third quarter of the nineteenth century alone, more than one million indentured Indians went overseas. Today, Indians still

outnumber native Fijians; they make up 50 percent of the Guyanese population and 40 percent of the residents of Trinidad. In the same period, 90,000 Chinese indentured laborers went to work in the Peruvian guano fields, and 200,000 went to California to work in the fruit industry, in the gold fields, and on the railways.[9]

Colonialism Unlocks a Development Puzzle

Colonialism was far-reaching and multidimensional in its effects. We focus here on the colonial division of labor because it isolates a key issue in the development puzzle. Unless we see the interdependence created through this division of world labor, it is easy to take our unequal world at face value and view it as a natural continuum, with an advanced European region showing the way for a backward, non-European region. But by viewing world inequality as relational (interdependent) rather than as sequential (catch-up), then the conventional, modern understanding of "development" comes into question. The conventional understanding is that individual societies experience or pursue development, in linear fashion, one after the other. If, however, industrial growth in Europe depended on agricultural monoculture in the non-European world, then development was more than a national process. This means that development is an international and unequal relationship (founded on some form of colonization). Whichever way we look at it, it is questionable to think of development as an isolated national activity. This, however, was the dominant conception in the mid-twentieth century, and our task is to consider why this was so then—and why now, in a rapidly integrating world, development is increasingly linked to globalization—in addition to examining the unequal foundations of each.

Before moving to that task, it is important to summarize the unequal social structures of colonialism related to the colonial division of labor:

Development and Underdevelopment. Non-European societies were fundamentally transformed through the loss of resources and craft traditions as colonial subjects were forced to labor in mines, fields, and plantations to produce exports sustaining distant European factories. This was

a *global* process, connecting slaves, peasantries, and laborers in the colonies with European proletarians—provisioned with cheap colonial products such as sugar, tea, and tropical oils and cotton clothing. Globally, development was realized through a racialized process of colonial "underdevelopment."

Colonial Rule (New Systems of Inequality). Colonial systems of rule secured supplies of colonial labor. For example, a landed oligarchy (the *hacenda-dos*) ruled South America before the nineteenth century in the name of the Spanish and Portuguese monarchies, using an institution called *encomienda* to create a form of native serfdom. Settler colonialism also spread to North America, Australasia, and southern Africa, where settlers used military, legal, and economic force to wrest land from the natives for commercial purposes and to access slave, convict, and indentured labor. As the industrial era emerged, colonial rule (in Asia and Africa) grew more bureaucratic. By the end of the nineteenth century, colonial admin-istrations were self-financing, depending on military force and the loyalty of local princes and chiefs, tribes, and castes (especially important, where, for instance, the British presence never exceeded 0.5 percent of the Indian population).[10] Native rulers were bribed with titles, land, or tax-farming privileges to recruit male peasants to the military and to force them into cash cropping to pay the taxes supporting the colonial state.

Male entry into cash cropping disrupted patriarchal gender divisions, creating new gender inequalities. Women's customary land-user rights were often displaced by new systems of private property, circumscribing food production, traditionally women's responsibility. Thus, British colo-nialism in Kenya fragmented the Kikuyu culture as peasant land was con-fiscated and men migrated to work on European farms, reducing women's control over resources and lowering their status, wealth, and authority.[11]

Elements of the modern state were deployed in the colonies, using industrial and/or military techniques to organize schooling, labor forces, and urban surveillance; to attach rural villages to commercial estates; to supervise public health; to regulate sexual relations; and so forth.[12] While the Europeans constructed a caricatured knowledge of their subjects ("Orientalism"), institutionalized in administration, universities, muse-ums, and contemporary fiction, their exercise of power in the colonies refined methods of rule at home and abroad. In other words, colonial rule revealed the hard edge of power in the modern state.[13]

And just as the concentration of industrial labor in European factory towns produced labor organization, so these methods of rule produced

resistances among subject populations, whether laborers, peasants, soldiers, or civil servants. These tensions fed the politics of decolonization, dedicated to molding inchoate resistance to colonial abuses into coherent, nationalist movements striving for independence.

Diasporas. The displacement of colonial subjects from their societies and their dispersion to resolve labor shortages elsewhere in the colonial world has had a lasting global effect—most notably in the African, Indian, and Chinese diasporas. This cultural mosaic has reconstituted the relations and meaning of race, ethnicity, and nationality—generating ethnopolitical tensions that shape national politics across the world today—and questioned the modernist ideal of the secular state.

Decolonization

As Europeans were attempting to "civilize" their colonies, colonial subjects across the Americas, Asia, and Africa explored the paradox of European colonialism—the juxtaposition of the European discourse of rights and sovereignty against their own subjugation. In the French sugar colony of Haiti, the late eighteenth-century "Black Jacobin" revolt powerfully exposed the double standard of European civilization. Turning the rhetoric of the French Revolution successfully against French colonialism, the rebellious slaves of the Haitian sugar plantations became the first to gain their independence, sending tremors throughout the slaveholding lands of the New World.[14]

Resistance to colonialism evolved across the next two centuries, from the early nineteenth-century independence of the Latin American republics (from Spain and Portugal) to the dismantling of South African apartheid in the early 1990s. Although decolonization has continued into the present day (with the independence of East Timor in 2002 and the Palestinians still struggling for a homeland), the worldwide decolonization movement peaked as European colonialism collapsed in the mid-twentieth century, when World War II sapped the power of the French, Dutch, British, and Belgian states to withstand anticolonial struggles.

After millions of colonial subjects were deployed in the Allied war effort for self-determination against fascist expansionism from Europe to Southeast Asia, the returning colonial soldiers turned this ideal on their colonial masters in their final bid for independence. Veteran Nigerian anticolonialist and later president Nnamdi Azikiwe characterized African

independence struggles by quoting Eleanor Roosevelt: "We are fighting a war today so that individuals all over the world may have freedom. This means an equal chance for every man to have food and shelter and a minimum of such things as spell happiness. Otherwise we fight for nothing of real value."[15] Freedom was linked to overcoming the deprivations of colonialism. And it took the form of the *nation*-state, understood as a product of struggle within these world-historical relations and, therefore, whose sovereign capacity to deliver development was shaped precisely by those relations (e.g., colonial division of labor, rules of the postwar international order)—as this chapter suggests.

Colonial Liberation

Freedom also involved overcoming the social-psychological scars of colonialism. The racist legacy of colonialism deeply penetrated the psyche of colonist and colonized and remains with us today. In 1957, at the height of African independence struggles, Tunisian philosopher Albert Memmi wrote *The Colonizer and the Colonized,* dedicating the American edition to the (colonized) American Negro. In this work (published in 1967), he claimed,

> Racism . . . is the highest expression of the colonial system and one of the most significant features of the colonialist. Not only does it establish a fundamental discrimination between colonizer and colonized, a *sine qua non* of colonial life, but it also lays the foundation for the immutability of this life.[16]

To overcome this apparent immutability, West Indian psychiatrist Frantz Fanon, writing from Algeria, responded with *The Wretched of the Earth* (published 1967), a manifesto of liberation. It was a searing indictment of European colonialism and a call to people of the former colonies (the Third World) to transcend the mentality of enslavement and forge a new path for humanity. He wrote,

> It is a question of the Third World starting a new history of Man, a history which will have regard to the sometimes prodigious theses which Europe has put forward, but which will also not forget Europe's crimes, of which the most horrible was committed in the heart of man, and consisted of the pathological tearing apart of his functions and the crumbling away of his unity. . . . On the immense scale of humanity, there were racial hatreds, slavery, exploitation and above all the bloodless genocide which consisted in the setting aside of fifteen thousand millions of men. . . . Humanity is waiting

for something other from us than such an imitation, which would be almost
an obscene caricature.[17]

Decolonization was rooted in a liberatory upsurge, expressed in mass
political movements of resistance—some dedicated to driving out the
colonists and others to forming an alternative colonial government to
assume power as decolonization occurred. In Algeria (much as in
Palestine today), the independence movement incubated within and
struck at the French occupation from the native quarter. The use of terror
against civilian populations symbolized the bitter divide between colo-
nizer and colonized (portrayed in Pontecorvo's classic film, *Battle of
Algiers*) and resonates today in al Qaeda terrorism against symbols of
corporate and state military power and Western affluence.

CASE STUDY

**The Tensions and Lessons
of the Indian Nationalist Revolt**

Perhaps responding to Fanon's plea for a new departure, Mahatma
Gandhi's model of nonviolent resistance to British colonialism affirmed
the simplicity and virtue in the ideal-typical premodern solidarities of
Indian village life. Rather than embrace the emerging world of nation-
states, Gandhi argued, didactically, that Indians became a subject popula-
tion not because of colonial force but through the seduction of modernity.
Gandhi's approach flowed from his philosophy of transcendental (as
opposed to scientific or historical) truth, guided by a social morality
deriving from human experience. Gandhi disdained the violent methods
of the modern state and the institutional rationality of the industrial age.
He regarded machinery as the source of India's impoverishment, not only
in destroying handicrafts but in compromising humanity:

> We notice that the mind is a restless bird; the more it gets the more it wants,
> and still remains unsatisfied. . . . Our ancestors, therefore, set a limit to our
> indulgences. They saw that happiness is largely a mental condition. . . . We
> have managed with the same kind of plough as existed thousands of years
> ago. We have retained the same kind of cottages that we had in former times
> and our indigenous education remains the same as before. We have had no
> system of life-corroding competition. . . . It was not that we did not know
> how to invent machinery, but our forefathers knew that if we set our hearts
> after such things, we would become slaves and lose our moral fibres. They,
> therefore, after due deliberation decided that we should only do what we
> could with our hands and feet.

Gandhi's method of resistance included wearing homespun cloth instead of machine-made goods, foreswearing use of the English language, and mistrusting the European philosophy of self-interest. Gandhi viewed self-interest as undermining community-based ethics in the service of a modern state dominated by powerful economic and political interests. He advocated the decentralization of social power, appealing to grassroots notions of self-reliance, proclaiming,

> Independence must begin at the bottom. Thus, every village will be a republic or *panchayat* having full powers. It follows, therefore, that every village has to be self-sustained and capable of managing its affairs even to the extent of defending itself against the whole world.

While Gandhi's politics, anchored in a potentially reactionary Hindu religious imagery, galvanized rural India, Indian nationalism actually rode to power via the longstanding Indian National Congress and one of its progressive leaders, Jawaharlal Nehru. Nehru represented the formative national state, viewing Gandhian philosophy as inappropriate to the modern world but recognizing its importance in mobilizing the independence struggle. Infusing the national movement with calls for land reform and agrarian modernization to complement industrial development, Nehru declared,

> It can hardly be challenged that, in the context of the modern world, no country can be politically and economically independent, even within the framework of international interdependence, unless it is highly industrialized and has developed its power resources to the utmost.

Together, Gandhi and Nehru are revered as fathers of independence and the Indian national state, respectively. What is interesting for us is that the struggle against empire was woven out of two strands: an *idealist* strand looking back and looking forward to a transcendental Hinduism anchored in village-level self-reliance, as well as a *realist* strand looking sideways and asserting that Indian civilization could be rescued, contained, and celebrated in the form of a modern state. An unexpected third strand appeared at the moment of decolonization as Mohammed Ali Jinnah (switching allegiance from the Congress to the Muslim League in the 1930s) led a middle-class movement to secure a new fragment state, Pakistan, in return for his support of the British war effort. The bloody partition of India in 1947 is another story that continues to reverberate

today in periodic violence between Hindus and Muslims, nuclear
tensions between the two states, and rising Islamic fundamentalism in the
militarized state of Pakistan.

Even though the world is different now than it was in the time of Indian
independence, is it possible to see that a similar choice faces the world's
peoples: between a path of centralized power, monoculture, and property
rights versus a path of multilayered powers, diversity, and citizen rights?

Sources: Chatterjee (2001:86, 87, 91, 97, 144, 151); Ali (2002:169–70).

Other forms of resistance included militarized national liberation
struggles (e.g., Portuguese African colonies, French Indo-China) and
widespread colonial labor unrest. British colonialism faced widespread
labor strikes in its West Indian and African colonies in the 1930s, and this
pattern continued over the next two decades in Africa as British and
French colonial subjects protested conditions in cities, ports, mines, and
the railways. In this context, development was understood as a pragmatic
effort to improve material conditions in the colonies to preserve the
colonies—and there was no doubt that colonial subjects understood this
and turned the promise of development back on the colonizers, viewing
development as an entitlement. As British Colonial Secretary Malcolm
MacDonald observed in 1940, "If we are not now going to do something
fairly good for the Colonial Empire, and something which helps them to
get proper social services, we shall deserve to lose the colonies and it will
only be a matter of time before we get what we deserve."[18] In these terms,
eloquent appeals to justice in the language of rights and freedom in inter-
national fora by the representatives of colonized peoples held a mirror up
to the colonial powers, demanding freedom.

A new world order was in the making. From 1945 to 1981, 105 new
states joined the United Nations (UN) as the colonial empires crumbled,
swelling UN ranks from 51 to 156. The extension of political sovereignty
to millions of non-Europeans (more than half of humanity) ushered in the
era of development.[19] This era was marked by a sense of almost bound-
less idealism, as governments and people from the First and the Third
Worlds joined together in a coordinated effort to stimulate economic
growth; bring social improvements through education, public health,
family planning, and transport and communication systems to urban and
rural populations; and promote political citizenship in the new nations.
Just as colonized subjects appropriated the democratic discourse of the

colonizers in fueling their independence movements, so leaders of the new nation-states appropriated the idealism of the development era and proclaimed equality as a domestic and international goal, informed by the UN Universal Declaration of Human Rights (1948).

The UN declaration represented a new world paradigm of fundamental human rights of freedom, equality, life, liberty, and security to all, without distinction by race, color, sex, language, religion, political opinion, national or social origin, property, birth, or other status. The declaration also included citizenship rights, that is, citizens' rights to the **social contract:** Everyone "is entitled to realization, through national effort, and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality."[20]

Decolonization and Development

Decolonization gave development new meaning, linking it to the ideal of sovereignty, the possibility of converting subjects into citizens, and the pursuit of economic development for social justice. Already independent Latin American states adopted similar goals and, in fact, offered a new model for national industrial development.

Latin American political independence occurred in the 1820s as the older Spanish and Portuguese empires declined. During the nineteenth century, Latin American commercial development centered on the prosperity gained through agricultural and raw material exports to Europe. Because of the profitability of export agriculture, Latin American political systems came to be dominated by powerful coalitions of landowners and urban merchants. The Latin American republics clothed their oligarchic regimes with the French and U.S. revolutionary ideologies of **liberal-nationalism,** which informed nineteenth-century European nation building via national education systems, national languages and currencies, and modern armies and voting citizens. These ideologies also informed the twentieth-century movements in Asia and Africa for decolonization, which occurred as the United States reached the height of its global power and prosperity. Eager to reconstruct the post–World War II world to expand markets and the flow of raw materials, the United States led an international project, inspired by a vision of development as a national enterprise to be repeated across a world of sovereign states.
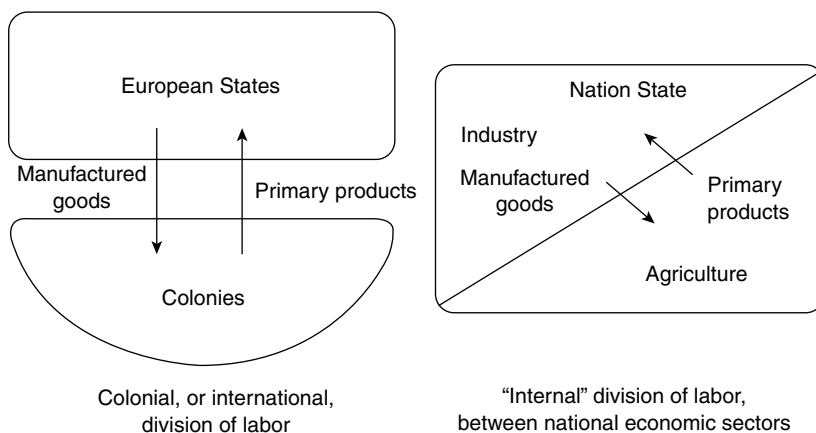
Figure 1.3   Distinguishing between an International and a National Division of Labor

U.S. development modeled this vision, being "inner directed" as opposed to the "outer-directed" British imperial model (based on its role as "workshop of the world"). The U.S. anticolonial lineage was compelling: the revolt of the North American colonies against British colonialism in the late eighteenth century, followed by a "civil war" against the last vestige of colonialism in the slave plantation system of the Old South. The New South was incorporated into a new national model of economic development, built on the interdependence of agricultural and industrial sectors. The division of labor between industry and agriculture, which had defined the global exchange between colonial powers and their colonies, was now internalized within the United States. Chicago traders, for instance, purchased midwestern farm products for processing, in turn selling machinery and goods to those farmers. City (industry) and countryside (agriculture) prospered together. The difference between the colonial and the national division between industry and agriculture is illustrated in Figure 1.3.

Postwar Decolonization and the Rise of the Third World

In the era of decolonization, the world subdivided into three geopolitical segments. These subdivisions emerged after World War II (1939–1944) during the cold war, dividing the capitalist Western (**First World**) from the

communist Soviet **(Second World)** blocs. The **Third World** included the postcolonial bloc of nations. Of course, there was considerable inequality across and within these subdivisions, as well as within their national units. The subdivision of the world is further explained in the following insert.

In this era, the United States was the most powerful state economically, militarily, and ideologically. Its superior standard of living (with a per capita income three times the average for Western Europe), its anticolonial heritage, and its commitment to liberal domestic and international relations lent it the legitimacy of a world leader, and it was the model of a developed society.

How We Divide Up the World's Nations

Division of the nations of the world is quite complex and extensive, and it depends on the purpose of the dividing. The basic division made in the early postwar era was into Three Worlds: The First was essentially the capitalist world (the West plus Japan), the Second was basically the socialist world (the Soviet bloc), and the Third was the rest—mostly former European colonies. The core of the Third World was the group of nonaligned countries steering an independent path between the First and Second Worlds, especially China, Egypt, Ghana, India, Indonesia, Vietnam, and Yugoslavia. In the 1980s, a Fourth World was named to describe marginalized regions. The United Nations and the development establishment use a different nomenclature: developed countries, developing countries, and least developed countries. A relational interpretation sees a division between the developed and the underdeveloped worlds. The **Organization for Economic Cooperation and Development (OECD)** *represents the industrial states. In the 1970s, the oil-producing countries formed a producer cartel, becoming the* **Organization of Petroleum Exporting Countries (OPEC).** *At the same time, a group of rapidly industrializing Third World countries became known officially as* **newly industrializing countries (NICs)**. *Alongside this group and overlapping it are the* **new agricultural countries (NACs)**, *specializing in agro-industrial exports. Other groupings include the* **Group of 7 (G-7, or G-8)** *states (the core nations of the First World) and the* **Group of 77 (G-77)** *states (the collective membership of the Third World that formed in the mid-1960s).*

Ranged against the United States were the Soviet Union and an assortment of other communist states in Eastern Europe. The Second World was considered the alternative to First World capitalism.

The Third World, the remaining half of humanity and most of whom were still food-growing rural dwellers, was regarded as impoverished in standard comparative economic terms.

Frantz Fanon added political and cultural dimensions to the notion of impoverishment when he termed these people the "wretched of the earth." Whereas the First World had 65 percent of world income with only 20 percent of the world's population, the Third World accounted for 67 percent of world population but only 18 percent of its income. Many observers believe that much of the gap in living standards between the First and Third Worlds was a result of colonialism.[21]

This economic disparity between the First and Third Worlds generated the vision of development that would energize political and business elites in each world. Seizing the moment as leader of the First World, President Harry S. Truman included in a key speech on January 20, 1949, the following proclamation:

> We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas. The old imperialism—exploitation for foreign profit—has no place in our plans. What we envisage is a program of development based on the concepts of democratic fair dealing.[22]

The following year, a Nigerian nationalist echoed these sentiments:

> Self-government will not necessarily lead to a paradise overnight. . . . But it will have ended the rule of one race over another, with all the humiliation and exploitation which that implies. It can also pave the way for the internal social revolution that is required within each country.[23]

Despite the power differential between the United States and the African countries, the shared sentiments affirmed the connection between decolonization and development, where sovereign states could pursue national economic growth with First World assistance. The program of development pursued by new nations, dependence in independence, marked the postcolonial experience.

President Truman's proclamation confirmed this understanding in suggesting a new paradigm for the postwar era: the division of humanity between developed and undeveloped regions. This division of the world

projected a singular destiny for all nations. Mexican intellectual Gustavo Esteva commented,

> Underdevelopment began, then, on January 20, 1949. On that day, two billion people became underdeveloped. In a real sense, from that time on, they ceased being what they were, in all their diversity, and were transmogrified into an inverted mirror of others' reality: a mirror that defines their identity . . . simply in the terms of a homogenizing and narrow minority.[24]

In other words, the proclamation by President Truman divided the world between those who were modern and those who were not. *Development/modernity* became the standard by which other societies were judged. It was a new and specific ideal of order (e.g., the bureaucratic state, industrial production, rational law, specialization, professionalism, technical innovation, price-based value) that, given the concentration of wealth and power in the First World, came to seem like order itself, assuming the status of a master concept. This was a way of looking at the world, a new paradigm. It assumed that with the end of the division of the world between the colonizers and the colonized, modernity was there for the taking by the underdeveloped world.

This new paradigm offered a strategy for improving the material condition of the Third World. It was also a strategy for reimposing order in the world, inscribing First World power and privilege in the new institutional structure of the postwar international economy. Development was simultaneously the restoration of a capitalist world market to sustain First World wealth, through access to strategic natural resources in the ex-colonial world, and the opportunity for Third World countries to emulate First World civilization and living standards. Because development was both blueprint for the world of nation-states and a strategy for world order, we shall call this enterprise the **development project.** The epithet *project* emphasizes that development is something pursued and incomplete, rather than an evolutionary outcome.

The power of the new development paradigm arose in part from its ability to present itself as universal, autonomous, and therefore uncontentious. The naturalization of development ignores the role of colonialism. In a postcolonial era, Third World states could not repeat the European experience of developing by exploiting the resources and labor of other societies. Development was modeled as a national process, initiated in European states. Its aura of inevitability devalued non-European cultures and discounted what the West learned from the non-European world. Gilbert Rist observed of postcolonial states, "Their right to self-determination had been

acquired in exchange for the right to self-definition," [25] suggesting that they chose the fork in the road that proceeded toward a common (but Western-centered) future for the world and further legitimized (or naturalized) it. Of course, each state imparted its own particular style to this common agenda, such as African socialism, Latin American bureaucratic authoritarianism, or Confucianism in East Asia.

Ingredients of the Development Project

The development project was a political and intellectual response to the condition of the world at the historic moment of decolonization. Under these conditions, development assumed a specific meaning. It imposed an essentially economic understanding of social change. In this way, development could be universalized as a market culture common to all. Its two universal ingredients were the nation-state and economic growth.

The Nation-State

The **nation-state** was to be the framework of the development project. Nation-states were territorially defined political systems based on the government-citizen relationship that emerged in nineteenth-century Europe. Colonialism exported this model of political power (with its military shell), framing the politics of the decolonization movement, even where national boundaries made little sense. For example, the UN Economic Commission for Africa argued in 1989 that African underdevelopment derived from its arbitrary postcolonial geography, including 14 landlocked states, 23 states with a population below 5 million, and 13 states with a landmass of fewer than 50,000 hectares each.[26] The following insert illustrates the effects of these arbitrarily drawn boundaries, which continue to reverberate in world affairs of the present.

How Was Africa Divided under Colonialism?

The colonial powers inflicted profound damage on that continent, driving frontiers straight through the ancestral territories of nations. For example, we drew a line through Somalia, separating off part of the Somali people and placing them within Kenya. We did the same by

(*Continued*)

(Continued)

splitting the great Masai nation between Kenya and Tanzania.
Elsewhere, of course, we created the usual artificial states. Nigeria con-
sists of four principal nations: the Hausa, Igbo, Yoruba, and Fulani
peoples. It has already suffered a terrible war which killed hundreds of
thousands of people and which settled nothing. Sudan, Chad, Djibouti,
the Senegal, Mali, Burundi and, of course, Rwanda are among the
many other states that are riven by conflict.

Source: Quoted from Goldsmith (1994:57).

During the 1950s, certain leading African anticolonialists doubted the
appropriateness of the nation-state form to postcolonial Africa. They
knew that sophisticated systems of rule had evolved in Africa before
colonialism. They preferred an interterritorial, pan-African federalism
that would transcend the arbitrary borders drawn across Africa by colo-
nialism. But the pan-African movement did not carry the day.
Geopolitical decisions about postcolonial political arrangements were
made in London and Paris where colonial powers, looking to sustain
spheres of influence, insisted on the nation-state as the only appropriate
political outcome of decolonization. Indeed, a British Committee on
Colonial Policy advised the prime minister in 1957, "During the period
when we can still exercise control in any territory, it is most important to
take every step open to us to ensure, as far as we can, that British stan-
dards and methods of business and administration permeate the whole
life of the territory."[27] Some Africans who stood to gain from decoloniza-
tion formed an indigenous elite ready to collaborate and assume power in
the newly independent states.

CASE STUDY
Blaming the Victim? Colonial Legacies and
State Deformation in Africa

Debates rage over Africa's global marginalization. Is the colonial legacy,
or the instability of African states and societies, to blame? Is Africa's
impoverishment a consequence of the political framework bequeathed by

colonialism or the inability of Africans to embrace development? Was the nation-state an inappropriate political unit for Africa? Questions, posed in history, do not have simple answers. What we can do is consider how colonial rule may have shaped the ways in which postcolonial states emerged, limiting possibilities.

Collaboration with colonial rule by indigenous elites was inevitable following the colonists' practice of cultivating local elites as go-betweens to facilitate rule over subject populations. If such direct rule failed, indirect rule was used, based on the fracturing of "native" into several ethnicized minority identities called "tribes." The consequences were often debilitating—nurturing despotism and/or ethnic conflict. Fanon represents the African economic elites as a caricature of their Western counterparts, given their secondary role in servicing colonial exploitation of African resources. The colonial state in Africa was an alien, centralized apparatus of power. It managed land distribution, labor supply, taxation relationships, and the exporting of commodities, often organizing political authority along tribal identity lines. This coercive and fractious context shaped forms of postcolonial rule, where African elites reproduced arbitrary forms of authority, relying on their position in the state to accumulate wealth (not unique to Africa but pronounced) and sometimes cultivating ethnically driven conflict.

If modern Africa is characterized by fractious civil societies, where constructive recycling of social wealth is hampered by colonial legacies, can we say that African societies are simply at an earlier stage of *sequential* development, or is this more of a *relational* question that addresses Africa's world-historical positioning?

Sources: Ake (1996:2–7); Fanon (1967); Mamdani (2003).

Pan-Africanism was unsuccessful; nevertheless, it did bear witness to an alternative political and territorial logic. As historian Jean Suret-Canale wrote in 1970,

> Like most frontiers in Africa today, those inherited by Guinea from the colonial partition are completely arbitrary. They do not reflect the limits of natural regions, nor the limits of separate ethnic groups. They were shaped in their detail by the chances of conquest or of compromise between colonial powers.[28]

In addition, some of Guinea's rural areas were in fact attached as hinterlands to urban centers in other states, such as Dakar in Senegal and

Abidjan in the Ivory Coast. Considerable cross-border smuggling today is continuing testimony to these relationships. The pan-Africanists proposed regional political systems in which colonial states would be subsumed within larger territorial groupings—such as an East African federation of Uganda, Kenya, and Tanganyika (Tanzania).[29]

Fierce civil wars broke out in Nigeria in the 1960s and in Ethiopia in the 1970s, states such as Somalia and Rwanda collapsed in the early 1990s, and at the birth of the twenty-first century, conflict in the Congo among armies of six different nations threatened a more general repartition of Africa. These eruptions all included ethnic dimensions, rooted in social disparities and cross-border realities. In retrospect, they suggest that the pan-African movement had considerable foresight. Furthermore, ideas about the limits to the nation-state organization resonate today in the growing macro-regional groupings around the world.

Economic Growth

The second ingredient of the development project was economic growth. Planning for development focused on economic transformation. The emphasis on economic growth allowed the application of a *universal quantifiable* standard to national development. The UN Charter of 1945 proclaimed "a rising standard of living" as the global objective. In national accounting terms, this "material well-being" indicator is measured in the commercial output of goods and services within a country: capita gross national product (GNP), or the national average of per capita income. While per capita income was not deemed the sole measure of rising living standards (health, literacy, etc.), the key criterion was measurable progress toward the goal of the "good society," popularized by economist and U.S. presidential adviser Walt Rostow's idea of the advanced stage of "high mass consumption."[30]

In the minds of Western economists, development required a kind of jump-start in the Third World. Cultural practices of wealth sharing within communities—which dissipated individual wealth—were perceived as a *traditional* obstacle to making the transition. The solution was to introduce a market system based on private property and wealth accumulation. A range of modern practices and institutions designed to sustain economic growth, such as banking and accounting systems, education, stock markets and legal systems, and public infrastructure (transport, power sources), was required. Rostow coined the term **take-off** for this transition.

CASE STUDY
Development as Internal Colonialism, in Ladakh

Ancient Futures: Learning from Ladakh, by Helena Norberg-Hodge, is a romanticized but telling description of how a traditional society (Buddhist in this representation) is transformed by the introduction of money. This was a society in which human relations were ordered by the rhythms of nature, high on the unforgiving steppes of the Himalayas. Work was performed collectively as Ladakhis built their annual and daily cultural rituals around the harvest cycle and viewed personal fulfillment as possible only through community life and reverence for the natural universe. Learning, or what we call education, was integral to cultural rituals and the work of manipulating a harsh environment. Extended kin relations and social cooperation ordered the lives of individuals and, according to Norberg-Hodge, produced a sense of joy in the satisfaction of essential needs through the community.

The nature of human relations changed dramatically when the Indian state built a road into this remote territory in the 1980s. Initially for military purposes, the new infrastructure introduced the market culture. Ladakhis now experienced transformations through formal education and commercial pressures associating money with fulfillment. Tourists appeared to have endless amounts of money without having to work for it. This they spent on cultural artifacts, which once defined Ladakhi social life. Young people drifted off the farms into Leh, the capital city, where they embraced the culture of consumerism with its media images of machismo for men and submission for women. The new education system schooled Ladakhi children in Western rationality, implicitly denigrating local culture and teaching them skills inappropriate for returning to that culture and often unrealizable in the emerging but unstable urban job market. Material items that were once simply exchanged for each other via community patterns of reciprocity now commanded a price in the new marketplace. Food prices, for example, were now governed by invisible market forces. The accumulation of money by individuals became the new rationality, discounting the custom of barter and sharing of skills and wealth. New and unequal social divisions emerged: urban/rural, Buddhist/Muslim, men/women, young/old, worker/professional, and so forth.

Modernity fundamentally altered the rationality of Ladakhi behavior: from collectivist to individualist, creating sharp divisions among people.

Invidious distinctions emerged, starting with Ladahki self-denigration when exposed to Western paraphernalia and the embrace of the market at the expense of customary practices. This parable returns us to the question in the Introduction about business versus culture: Must modernity involve the subordination of meaning to profit?

Source: Norberg-Hodge (1992).

As we learn from the case of Ladakh, the use of the *economic* yardstick of development, however, is fraught with problems. Average indices such as per capita income obscure inequalities among social groups and classes. Aggregate indices such as rising consumption levels, in and of themselves, are not accurate records of improvement in quality of life. Running air conditioners measures as increased consumption, but it also releases harmful hydrocarbons into the warming atmosphere. Hamburger consumption may improve national growth measures, but public health may suffer, and intensive resource consumption—of water, grain, and forestland—may compromise the quality of life elsewhere or in the future. Economic criteria for development have normative assumptions that often marginalize other criteria for evaluating living standards relating to the quality of human interactions, physical and spiritual health, and so forth. The emphasis on converting human interactions into measurable (and taxable) cash relations discounts the social wealth of nonmonetary activities (natural processes, people growing their own food, performing unpaid household labor and community service).

The principal shortcoming of the economism of development theory is its inability to acknowledge that states are first and foremost instruments of rule: Whether they can successfully "develop" their societies depends on their social structures and on historical circumstances, rather than the predictions of development theory and/or natural processes of development. Rule is accomplished in a variety of ways—via direct political domination (from state violence to education monologues to development discourses that impose definition and direction on cultural activity), via economic force (land expropriation, market competition, currency and price manipulation), via gender and ethnic relations that assign hierarchical identities and unequal opportunities to subject-citizens, via institutional rationality that devalues customary knowledges and practices, and so forth.

Under these circumstances, development is realized through inequality, and one universal form of inequality is the patriarchal state. Bina Agarwal describes the Malaysian state in these terms, where

Islamisation is backed by an autocratic "modern" State and . . . is observed to be used increasingly "as a source of moral education." Here Islamic movements are led exclusively by male religious specialists, and there "is a drive to emphasize the roles of women as wives and mothers, encourage them to forgo employment (where traditional culture emphasized work ethics for both sexes), tailor their reproductive choices to State directives, and curb their sexual independence (which has grown with their increasing absorption in urban industry since the early 1970s)."[31]

This "national mother" syndrome is deeply embedded in modern, patriarchal states.

The Development Project Framed

Perhaps the most compelling aspect of the development project was a powerful perception by planners, governmental elites, and citizens alike that development was destiny. Both cold war blocs understood development in these terms, even if their respective paths of development were different. Each bloc took its cue from key nineteenth-century thinkers. The Western variant identified free enterprise capitalism as the high point of individual and societal development and was based in Jeremy Bentham's utilitarian philosophy of common good arising out of the pursuit of individual self-interest. The Communist variant, on the other hand, identified the abolition of private property and central planning as the goal of social development. The source for this was Karl Marx's collectivist dictum: "from each according to their ability, and to each according to their needs."

It is noteworthy that although the two political blocs subscribed to opposing representations of human destiny, they shared the same modernist paradigm. *National industrialization* would be the vehicle of development in each.

National Industrialization: Ideal and Reality

"National industrialization" had two key assumptions. First, it assumed that development involved the displacement of agrarian civilization by an urban-industrial society. For national development policy, this meant a deliberate shrinking of the size and share of the agricultural sector as the manufacturing and service sectors grew. It also meant the

transfer of resources such as food, raw materials, and redundant labor from the agrarian sector as agricultural productivity grew. Industrial growth would ideally feed back and technify agriculture. These two national economic sectors would therefore condition each other's development, as in the U.S. case discussed earlier in this chapter and illustrated in Figure 1.3.

Second, the idea of national industrialization assumed a *linear direction* for development. The goal of backward societies, therefore, was to play catch-up with the West. The Soviet Union's premier, Joseph Stalin, articulated this doctrine in the 1930s, proclaiming, "We are fifty or a hundred years behind the advanced countries. We must make good this distance in ten years. Either we do it or they crush us."[32] Stalin's resolve came from the pressures of military (and therefore economic) survival in a hostile world. The Soviet Union industrialized in one generation, "squeezing" the peasantry to finance urban-industrial development with cheap food.

The industrial priority dominated the development vision. Across the cold war divide, industrialization was the symbol of success in each social system, and beyond the ideological rivalry, each bloc shared the goals of the development project. Indeed, leaders in each bloc pursued industrial development to legitimize their power; the reasoning was that as living standards grew and people consumed more goods and services, they would subscribe to the prevailing philosophy delivering the goods and support their governments. Development is not just a goal; it is a method of rule.

CASE STUDY

National Development and the Building Blocs of the Global Economy

The cold war compelled leaders of each bloc to accelerate economic growth to secure their rule. Each system promoted its preferred industrial model, supported by economic aid and access to markets or resources, in the United States and the Soviet Union, respectively. These competing spheres of influence were, in effect, political and economic empires, dividing the world.

In the Second World, the Soviet system of self-reliant industrialization and collectivized agriculture was extended to East Central Europe. The goal was to reduce Eastern Europe's traditional agricultural exports to Western Europe and to encourage industrial self-reliance. In 1947, the

Council for Mutual Economic Assistance (COMECON) was established. It coordinated trade among the members of the East European bloc, exchanging primary goods for manufactured goods, and it also planned infrastructural energy projects for the bloc at large.

In the First World, much of the postwar economic boom depended on integration among market economies. Documents from the U.S. State Department and the Council for Foreign Relations reveal World War II plans for organizing the world according to Grand Area Planning, involving an investment sphere "strategically necessary for world control," including the entire Western Hemisphere, the former British empire, and the Far East. The United States opened these areas via export credits (reconstruction loans tied to imports of U.S. technology) and by encouraging foreign investment as (multinational) firms outgrew national borders.

In this way, economic integration "internationalized" domestic economies, either through patterns of foreign ownership or through the interdependence of commodity chains. The question that lies just below the surface in both the development and the globalization eras is the following: How can the empire of a superpower be reconciled with the ideals of a system of sovereign nation-states? Is it because of inequality among states, where some are more equal than others, or because an imperial power gets to define the rules of an unequal international order, or both?

Sources: Chomsky (1981); Kaldor (1990:62, 67).

The competitive—and legitimizing—dynamic of industrialization framed the development project across the cold war divide and propelled member states in the same general direction. Third World states climbed on the bandwagon. The ultimate goal was to achieve Western levels of affluence. If some states chose to mix and match elements from either side of the cold war divide, well and good. The game was still the same— catch-up. Ghanaian President Kwame Nkrumah claimed, "We in Ghana will do in ten years what it took others one hundred years to do."[33]

Economic Nationalism

Decolonization involved a universal nationalist upsurge across the Third World. Such nationalism assumed different forms in different countries,

depending on the configuration of social forces in each national political system. Nevertheless, the power of development was universal. Third World governments strove to build national development states—whether centralized like South Korea, corporatist like Brazil, or decentralized and populist like Tanzania. The **development state** organizes economic growth by mobilizing money and people. On the money end, it uses individual and corporate taxes, along with other government revenues such as export taxes and sales taxes, to finance public building of transport systems and to finance state enterprises such as steel works and energy exploration. On the people end, it forms coalitions to support its policies. Sometimes, state elites have used their power and the development ideal to accumulate wealth and influence in the state—whether through selling rights to public resources to cronies or capturing foreign aid distribution channels. In his study of the postcolonial Indian state, Sugata Bose remarked, "Instead of the state being used as an instrument of development, development became an instrument of the state's legitimacy."[34]

Just as *political* nationalism sought to regain sovereignty for Third World populations, so *economic* nationalism sought to *reverse the effects of the colonial division of labor.* Third World governments were interested in correcting what they perceived as underdevelopment in their economic systems, encouraging and protecting local efforts to industrialize with tariffs and public subsidies and reducing dependence on primary exports (increasingly viewed as "resource bondage").

Import-Substitution Industrialization

Economic nationalism was associated with Raul Prebisch, an adviser in the 1930s to the Argentine military government and then founding director of the Argentine Central Bank. During the world depression of the 1930s, trade links weakened around the world. In Latin America, landed interests lost political power as shrinking primary export markets depleted their revenues, leading Prebisch to implement a policy of industrial protection. Import controls reduced expensive imports of manufactured goods from the West and shifted resources into domestic manufacturing.[35] In 1951, Prebisch was elected executive secretary of the UN **Economic Commission for Latin America (ECLA).** ECLA was central to the early formulation of a Third World posture on reform of the post–World War II global economy.

Import-substitution industrialization (ISI) largely framed initial economic development strategies in the Third World. Governments pursued ISI policies of discouraging imports through exchange rate manipulation and tariffs and by subsidizing "infant industries." The idea was to establish a cumulative process of domestic industrialization. For example, a domestic auto industry would generate parts manufacturing, road building, service stations, and so on, in addition to industries such as steel, rubber, aluminum, cement, and paint. In this way, a local industrial base would emerge.

ISI became the new economic orthodoxy in the postwar era.[36] While promoting economic nationalism in form, in substance it eventually encouraged direct investment by foreign firms.

Foreign Investment and the Paradox of Protectionism

When states erected tariffs in the mid-twentieth century, multinational corporations hopped over and invested in local, as well as natural resource, industries. For Brazil, in 1956, foreign (chiefly U.S.) capital controlled 50 percent of the iron and rolled-metal industry, 50 percent of the meat industry, 56 percent of the textile industry, 72 percent of electric power production, 80 percent of cigarette manufacturing, 80 percent of pharmaceutical production, 98 percent of the automobile industry, and 100 percent of oil and gasoline distribution. In Peru, a subsidiary of Standard Oil of New Jersey owned the oil that represented 80 percent of national production, and Bell Telephone controlled telephone services. In Venezuela, Standard Oil produced 50 percent of the oil, Shell another 25 percent, and Gulf one-seventh. In what Peter Evans has called the "triple alliance," states such as Brazil actively brokered relationships between foreign and local firms in an attempt to spur industrial development. In contrast, several decades later, in a different world, Evans's model of development became that of South Korea, where the state used its financial controls and business ties to nurture strategic domestic investments.

Sources: de Castro (1969:241–42); Evans (1979, 1995).

Development Alliance

To secure an expanding industrial base, Third World governments constructed political coalitions among different social groups to support rapid industrialization. In Latin America, for example, this coalition building formed a **development alliance.**[37] Its social constituency included commercial farmers, public employees, urban industrialists, merchants, and workers dependent on industrialization. Manufacturers' associations, labor unions, and neighborhood organizations signed on. Policymakers used price subsidies and public services such as health and education programs, cheap transport, and food subsidies to complement the earnings of urban dwellers and attract them to the cause of national industrialization.

The development alliance was a centralized and urban political initiative because governments could more easily organize social benefits for urban than for rural dwellers. Providing these social services was a way of keeping the social peace through ensuring affordable food and legitimizing the plan. The development alliance was also a vehicle of *political patronage,* whereby governments could manipulate electoral support. Mexico's Institutional Revolutionary Party (PRI), which controlled the state for much of the twentieth century, created corporatist institutions such as the Confederation of Popular Organizations, the Confederation of Mexican Workers, and the National Confederation of Peasants to channel patronage "downward" to massage loyalty "upward."

Employing these kinds of political patronage networks, development states aimed at shifting Third World economic resources away from specialization in primary product exports.

They redistributed private investment from export sectors to domestic production, and some states used mechanisms such as a development alliance to redistribute wealth at the same time. Brazil is often cited as a model of the former strategy, where the state fostered private investment without much redistribution of wealth. Brazil established a development bank to make loans to investors and state corporations in such central industries as petroleum and electric power generation.

Brazilian import substitution catered largely to the demand of relatively affluent urban consumers as well as the growing but less affluent industrial workforce. As local manufacturing of consumer products grew, Brazil had to import manufacturing technologies. When the domestic market was

sufficiently large, multinational corporations invested directly in the Brazilian economy—as they did elsewhere in Latin America during this period. Latin America characteristically had relatively urbanized populations with expanding consumer markets.[38]

By contrast, the South Korean state centralized control of national development and the distribution of industrial finance. South Korea relied less on foreign investment than Brazil and more on export markets for the country's growing range of manufactured goods. Comprehensive land reforms equalized wealth among the rural population, and South Korean development depended on strategic investment decisions by the state that produced a development pattern in which wealth was more evenly distributed among urban classes and between urban and rural constituencies.

Whatever the form, the power of "development" was universal. Political elites embraced the development project, mobilizing their national populations around an expectation of rising living standards. In turn, political elites expected economic growth to legitimize them in the eyes of their emerging citizenry.

In accounting for and evaluating the development project, this book gives greatest attention to the Western bloc. There are several reasons for this focus:

- Western affluence was the universal standard.
- Western history proposed and realized the concept of "modernity" and theories of development.
- Much of the Third World was fully exposed to the Western development project, and today this extends to the countries of the now-defunct Second World.
- Western development is viewed in the post–cold war era as the only game in town that is eligible for multilateral financial assistance.

Summary

The development project arose in a specific historical context in which the West represented itself as a model for the future of economic growth. The idea of development emerged during the colonial era, even though it contradicted the practice of colonialism. Our brief examination showed that colonialism had a profoundly disorganizing impact on

non-European societies through the reorganization of their labor systems around specialized export production. It also had a disorganizing social-psychological effect on colonial subjects. But part of this impact included exposure of non-European intellectuals, workers, and soldiers to the European liberal discourse on rights, fueling anticolonial movements for political independence.

The political independence of the colonial world gave birth to the development project. Colonialism was increasingly condemned as individual countries sought their own place in the sun. Finding that place meant (1) accepting the terms of the development project and (2) finding ways to realize those terms in specific national contexts. Those terms included acceptance of the discursive and institutional relationships that reproduced international inequalities. Third World states may have become individually independent, but they also were defined collectively as "underdeveloped," within an imperial world.

Newly independent nations responded by playing the catch-up game—on an individual basis but, as the next chapter shows, within an international framework. The pursuit of rising living standards inevitably promoted Westernization in political, economic, and cultural terms as the non-European world emulated the European enterprise. The influential terms of the development project undercut Frantz Fanon's call for a non-European way, qualifying the sovereignty and diversity that often animated the movements for decolonization. It also rejected the pan-African insight into alternative political organization. Both of these ideas have reemerged recently, and they have a growing audience.

Third World elites, once in power, had little choice but to industrialize. This was the measure of independence from the colonial division of labor. It was also the measure of their success as political elites. The mirrored image of the West was materializing, both in the direction of Third World development and in an international development community emerging through aid and trade ties between First and Third World peoples.

The development project came under increasing scrutiny during the 1990s, losing considerable credibility among members of Third World (now southern) states. It has had quite mixed success, and there is a growing reaction to its homogenizing thrust. Ethnic or cultural identity movements have begun to reassert their political claims in some parts of the world. There is also a growing movement to develop alternative livelihood strategies beyond formal economic relations—to explore new ways

of community living or simply to recover older ways of life that preceded the specializing thrust of modern commercial systems. These movements express a loss of faith in the ideals of the development project.

The remainder of this book explores how these ideals have worked out in practice, how they have been reformulated, and how a new project has emerged out of these changes. The next chapter examines the development project in action.