

THE STATE IN THE THIRD WORLD*

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Theories of 'the' state, in particular 'the' Third World state, have fallen far from their erstwhile theoretical pre-eminence. Caught up in the postulated dual 'impasse' of development theory¹ on the one hand, and of the state in international relations theory² on the other, and eroded by a growing corpus of sub-state, and indeed extra-state theories, the theory of the Third World state has not fared well in the first half of the neo-classical nineties.

Nor has the discourse in which the Third World state has been framed. If the mainstream development literature of the 1960s and 1970s presupposed a 'modernizing' or 'developmental' state and the Marxist approaches of the same period invoked the 'strong,' 'overdeveloped' and (relatively) 'autonomous' postcolonial state; and if the eighties produced rather more ambiguous concepts such as the 'rentier state,' the 'peripheral state' or the 'bureaucratic-authoritarian state;' then in the nineties the imagery has turned relentlessly negative as expressed in such coinages as 'vassal state,' 'predator state,' 'vampire state,' 'receiver state,' 'prostrate state,' and even 'fictitious state,' 'show of state' or 'collapsed state.'

The changing imagery of the Third World state reflects the new reality, particularly for states in Africa and large parts of Latin and Central American, Asia, and the Middle East as well as those Eastern European states that have now been downgraded from the Second to the Third World. Despite the formidable heterogeneity of this 'South' and the susceptibility to charges of ethnocentrism and simplification to which one exposes oneself in trying to deal with it as one undifferentiated whole, the states, or most of them, do, I think, share a common reality in their subordinate situation – their peripheralization or marginalization – within an increasingly globalized and polarized world capitalist system. This justifies the blanket term 'Third World;' and it is with this rapidly changing and evolving entity that the present contribution is concerned.

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Globalization and Neo-liberalism

The hegemonic vision of world society for the Millennium has clearly emerged in the notion of globalization. In contrast to the still aggressively anticommunist 'New World Order' that opened the nineties, the 'kinder, gentler' – and more self-evidently hegemonic – 'globalization' of the dominant international discourse is a 'postcommunist' and even '**postimperialist**' statement of a world becoming more and more unified in a progressive neo-classical and neo-liberal system proclaiming free choice, free enterprise and free labour. The end of the state-socialist challenge to hegemonic capitalism lends force to the powerful underlying myths of globalization – that it is desirable, that it is dynamic, that it is inevitable, and that, anyway, it is the only game in town.

From out of the surfeit of recent literature on globalization one central leitmotif clearly emerges: it is in its core profoundly and relentlessly **anti-state**. The overinflated, centralized and bureaucratized state is the universal villain in the neo-liberal world-view. At the state's doorstep is laid blame for the world economic crises of the mid-seventies and early eighties. Its suffocating grip is said to have held in check the many creative, entrepreneurial forces waiting to emerge. The state is everywhere depicted as an institution to be overcome, decentralized, devolved and otherwise reduced in role and status.

In its stead, the market becomes the central institution in the neo-liberal vision. To use Charles Lindblom's still-relevant terms, the 'authority relation' of the state is replaced by the 'exchange relation' of the market as the primary mechanism of social control.³ Or as Peter Self suggests, **neo-liberalism** is, at its core, 'government by the market' wherein government appears as 'a pale auxiliary of the market system.'⁴ In other words, the market is viewed not merely as a means of allocating goods and services, but as a form of social regulation. It becomes in many ways the leading principle to guide individual and collective action, corresponding with Lockean and Adam Smithian laissez-faire liberal ideology of two hundred years ago and with what became the dominant world-view in the mid-nineteenth century.⁵ (The difference is, of course, that the initial liberal project also represented a historical struggle for greater individual freedom in society against the privilege and arbitrary power of the landed aristocracy, and mid-nineteenth century liberalism underpinned an industrial revolution, while today's neo-liberalism is the core of the ideological project of big, entrenched and transnational capital.) This restoration of market pre-eminence and its internationalization presents market capitalism, or the generalized use of commodities, as the optimal strategy for economic progress and efficiency. Within it, business and commercial groups in individual states, as well as wealthier, industrialized, and indeed post-Fordist Northern states are strengthened vis-a-vis labour, the poor and

the South respectively.

Globalization thus represents a (unilateral) abrogation of the Keynesian pact or the postwar social contract between capital and labour in the advanced capitalist states – but not in the peripheral areas, where Keynesian welfare capitalism has never made it onto the agenda – according to which labour accepted capital's right to ownership and overall economic direction in exchange for social benefits, an expanding welfare state and a guaranteed level of employment security. As global economic growth slowed in the seventies, as regional capitalist competition grew within the changing international division of labour, and as a growing chorus of new social movements and other oppositional groups sought to renegotiate or even abrogate the deal, however, capital and 'its' states in the OECD area developed and are carrying out a project of dissolution of the Keynesian bloc. The 'borderless' international economy that capital has created can, piece by piece, simply declare the Keynesian compromise to be at an end, and insist on reducing wages and benefits by **delinking** them from productivity increases and allowing them to fall to their 'market' value. Job security is declared obsolete and unemployment is allowed to rise to a 'natural' level. Internationalized production eclipses Fordist mass production, at least in the less profitable sectors, which it consigns to the less-developed regions of the globe, and concentrates on 'post-Fordist' high-quality, high-technology production as well as selected sectors of still-profitable Fordist production. The 'Third Industrial Revolution' facilitates these processes by differentiating the production process, segmenting markets, globalizing finance, implementing flexible manufacturing systems, transnationalizing intra-firm management, and creating new 'circuits of power' through international **regimes**.⁹

Trade, rather than domestic mass purchasing power, becomes the driving force of the new global economy. Sales abroad, in fierce and unrelenting competition to drive down costs and therefore prices, is its distinguishing characteristic – a strategy that seems particularly dysfunctional when one considers that only about one-quarter of global trade can be considered as **GATT-governed**, unimpeded free trade.⁷ In this 'race to the bottom where each state competes against every other state to make itself more attractive to global commerce and the ambulatory well-off," part-time, low-wage employment (the '**McDonaldization**' of the work force⁸) becomes the norm for most, while a **comparatively** small, more specialized, higher-paid technocratic and managerial elite enhances its relative influence in the economy. For all, job insecurity and constant competition for fewer positions **is the** norm. Workers – like nations – who are no longer central to this internationalized division of labour, can be left to fend for themselves, without state 'interference,' in an increasingly Darwinian struggle for survival and dominance.

Of course, the perception of such harsh, debilitating effects is mitigated by the belief that economic rationality, methodological individualism, deregulation, privatization of state-owned industries, rollback of the state and elimination of **barriers** to trade will, in the long term, produce dynamic economic expansion across all sectors (after eliminating the weak or obsolete industries and trades) and all global regions, with resultant benefits to all. For Robert Reich, who can be said to represent the 'social democratic' or still somewhat socially oriented tendency in this school, the challenge is for each state to adapt to the new exigencies. Since there are no longer any national economies or national industries or national companies, 'all that remains behind are people who share a political system . . . Each nation's primary political task is to cope with the centrifugal forces of the global economy.'"¹¹

Recommodification and Democratization

From the perspective of the Third World state, the phenomenon of globalization can, I think, be usefully cast in terms of a primarily economic dimension, *recommodification*, and a very closely related, mainly political one, formal-liberal *democratization*.

The former concept, *recommodification*, I borrow and develop from Claus Offe's important analysis of the welfare state which, a decade ago, he saw as threatened by the power of capital because it was implicated in a 'primary contradiction' from which it could not extricate itself: on the one hand, the capitalist economy, with the profits, revenues, etc. that it generates, was historically necessary to make the welfare state work in the first place; but state intervention increased the scope of decommodification (or autonomous, unregulated spheres of social action). However, **decommodification**, while it brought greater social peace and increased mass purchasing power, was in the longer term also a limitation on capital's sphere of action, flexibility and profitability and hence a threat to its power. Capital's (logical) response was to re Commodify, a process which 'seeks to decrease the scope and importance of decommodified political and administrative power by resuscitating 'market forces,'" mainly by means of wresting functions and powers from the state and 'privatizing' or abolishing them.

Subject to some obvious qualifications mainly related to scale and sovereignty, the re Commodification process has many parallels in the international order. From about the early 1950s onward, the Third World had managed, through collective actions and the selective use of relevant fora such as **UNCTAD** or the **UNGA**, to carve out for itself certain spheres in which it was at least partially protected from imperialist penetration and the international market. The Keynesian or social democratic strategy that led to the assertion of a New International Economic Order aspiring to

establish floor prices for commodities or at least partly curb multinational corporations' powers;²² or the **Bandung** movement toward implementing collective policies aimed at overcoming underdevelopment; or the limited privileges and special advantages that the Third World countries had obtained within the international trading system, notably the Generalized Scheme of Preferences;" or in particular the Non-Aligned movement (G-77) which sought to keep the South relatively free from Cold War entanglement and at times threatened to evolve into an anti-imperialist and thus **anti-North** movement – all these in some measure were about creating a 'decommodified' sphere for the Third World, beyond the direct reach of international capital, and as such represented a challenge to Northern hegemony, albeit mainly a potential rather than imminent challenge. And all have, in greater or lesser degree, been undermined, countered and rolled back within the framework of neo-liberal globalization. The reassertion of Northern power is perhaps best symbolized by the wholesale elimination of special trade concessions in the wake of the 1994 GATT agreement as well as the 1992 Rio Conference which, among other things, imputed much of the onus for pollution to the Third World with its blame-the-victim assertion of the **principle** that poverty is a major contributor to environmental degradation.

In the globalized international political economy, trade has clearly emerged as the main instrument of recommodification, of deepening the subjection of the South to the dominant capitalist order. The neo-liberal doctrine of free trade, which historically has always been the ideology of the economically powerful, negates **practically** all forms of extra-market action and pressures the economies of the periphery to make accommodations with, or adapt to, the central global accumulation processes.

The imperative for 'freer' trade reinforces the recommodification offensive against the Third World state. Economic planning is banished to the realm of the past, and with it subsidies and price controls. In their place are substituted the laws of supply and demand. State-sponsored industrialization and economic diversification are likewise replaced by export-led development based on the principle of comparative advantage. Applied to the South, comparative advantage signifies further economic specialization in the production of raw materials and/or cheap labour within the framework of the New **International** Division of Labour. In place of indigenous ownership and control – the 'indigenization' drive of a decade ago – comes unrestricted foreign investment.

The institutions and 'regimes' of the internationaleconomy, particularly the World Bank and **International** Monetary Fund, act to enforce this recommodification process. They have instrumentalized the debt crisis of the 1980s as perhaps the major disciplining mechanism of the nineties. Conditions for debt postponement and, especially, new loans are tied to

integration into the new world economy in a variety of ways, so that, in Robert Cox's words, 'governments' accountability to foreign creditors [comes] to outweigh accountability to their own **citizens,** which requires them to ensure 'freedom for transnational movements of capital, facilities for the development of international production, devaluation of national currencies, raising of domestic prices, and allowing increased **unemployment.**'¹⁴ Conditionalities imposed on new loans to Third World countries, particularly in the form of Structural Adjustment Programmes (**SAPs**) have been especially effective in this respect, in that they have induced debtor countries to divert resources from domestic production of goods and services to production for export in the manner described above. More recently, the **GATT Uruguay** Round, the WTO it established, and the enhanced global trade regime it foreshadows will surely increase the transnational corporations' powers and reduce the sovereign space of Third World **countries.**¹⁵

Basing himself expressly on the World Bank ethos of the late eighties, Richard Sklar, a senior American Africanist, writes that 'The spirit of capitalism in Africa has now emerged from a long shadow of ideological distrust, attributable mainly to its historical association with colonial rule. Its growth will surely invigorate the African bourgeoisie and shape its nature as African societies begin to free themselves from oppressive **statism.**'¹⁶ What counts, in this Sklarian prescription, is to create an 'enabling environment' for capital – presumably international capital, since not only is African capital in short supply, what there is of it is largely held abroad as flight capital. Making the system work is then merely a matter of honest administration, stability, law and order, and an adequate infrastructure. These assumptions in turn fit neatly into the neo-liberal concept of democratization which will be examined presently.

Sklar's plea is, I think, one of the most succinct, and indeed eloquent formulations of the neo-liberal, anti-statist recommodification project as applied to the Third World (although substantially there is nothing in it that one does not encounter in the World Bank literature). It is also, in all its important elements, wrong: there is little 'spirit of capitalism' in Africa, where pre-colonial societies were characterized by collectivist and cooperative forms of social organization rather than rugged individualism; the economies are not growing, but shrinking – what is growing is foreign capital penetration; to talk of a vigorous African bourgeoisie is patently absurd; and making capitalism work in Africa, or anywhere in the South for that matter, clearly requires much more than a wider infrastructure and honest administration. But the strength of neo-liberal orthodoxy lies not in its correspondence with actual reality in the Third World, but in its potent ideological force as both a reflection of the current widespread scepticism – on both left and right – about the efficacy of the state, and as the

theoretical core of world hegemonic discourse.

I argued earlier that this global recommodification process is closely connected with the prescriptions for formal-liberal democratization. The term 'democratization' has to be prefixed with this rather awkward combination of adjectives in order to distinguish it from the post-1989 international movements for greater emancipation and participation at the grassroots. The literature on the new social movements, popular uprisings, and participatory action research, as well as on the 'indigenous voice', discusses that form of democratization. Here I mean the hegemonic variant of democratization which is prescribed *for* the Third World.

Democracy, in this sense, turns out to be the political form most compatible with recommodification and the new globalism. If the bureaucratic-authoritarian type of regime with some measure of relative autonomy was long thought to be more appropriate to ensure the maintenance of international order, now the exigencies of the era of structural adjustment and conditionalities are thought to require a **(liberal-)democratic** facade to compensate for the delegitimizing effects of shrinking state services and intra-societal polarization. Jan Black shows that, in Latin America, military withdrawals from power coincide with declining **GNPs** and that 'redemocratization' is also accompanied by growing indebtedness and serious erosion of national economic sovereignty.¹⁹ In other words, the call for democratization of the South, at this particular juncture, represents an admission that 'development' has actually failed, since the once-prevalent 'modernization' theory saw rapid development – with its improved standards of literacy, education and material well-being – as prior to democracy; but as a consequence of neo-liberal globalism the former is a 'chimera' and 'democratization is now advanced as a condition for development and no longer as its delayed **product**.'²⁰ To want to impose democratization on the South in this way thus signifies (a) that rapid development is no longer on the agenda for the South, so that (b) at least non-antagonistic relations can be established **that** reinforce the **North-South** status quo, while (c) imported liberal-democratic structures forestall the threat of indigenous popular democracy which would be anti-imperialist and hence, in some measure, anti-North.

A formal-liberal variant of democracy is clearly what is envisioned for the South, one that 'signifies conservatism without stagnation and reform without **revolution**,'¹⁹ since this allows for (and justifies) both tolerance of social inequality and a separation of economic from political democracy. What is democratized, is the form, not the substance of democracy, which in Latin America and Africa especially, allows the military to remain 'more or less on **call**.'²⁰ Indeed, the African and South American transitions from military **rule** of recent years have been decreed and carried out by the military elites themselves, albeit with some prompting from advanced

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capitalist powers and international agencies, thus ensuring that the same social structures, income differentials and power distributions are carried over into the civilianized regimes.

All this helps to explain why the main source of pressure for **formal-liberal** democratization largely emanates from outside Third World **societies**.²¹ It is therefore not surprising to learn that recently democratized regimes in Latin America 'are weak civilian regimes, with limited political agendas, narrow support, significant exclusion of popular sectors from the political arenas, [in which] external constituencies, both economic and military, enjoy *de facto* veto power and hold the key to regime support.'" Gills and Rocamora perhaps best capture what is at issue here with their concept of 'low-intensity democracy,' which they see as a kind of 'half-way house' between the earlier unstable democratic regimes and the more recent 'counter-productive' military dictatorships. Low-intensity democracy offers a 'stability that pre-empts more radical change by incorporating broad popular forces in electoral participation', because these conservative civilian regimes 'can better pursue painful and regressive policies' than can more authoritarian governments.'" Thus, the 'democracy' that neo-liberalism envisages is essentially a weak and literally decontextualized replication of the structures of Western liberal democracy, and political liberalization amounts to a complementary strategy, along with recommodification, to maintain a hegemonic structure of domination."

Two further concepts infuse and augment the neo-liberal democratization project, namely 'civil society' and 'good governance.' Although both have intellectual pedigrees going back at least to Aristotle (in the latter case) and **Hegel** (in the former), their 're-functioning' into components of the globalization orthodoxy only became possible with the collapse of state-socialist Communism. The demise of an anti-capitalist alternative has enabled the West to impose expressly political conditions, in addition to longstanding economic ones, on Third World aid and loan recipients, while the implosive nature of Communism's collapse lent force to the contention that all forms of socialism were inefficient, bureaucratized and undemocratic. 'Good governance,' as a form of commodified regime management, and a renewed 'civil society' as a countervailing force of multiple extra-state groups thus link economic and political liberalism into an ideologically effective support for neo-classical **globalism**.²⁵

Seen in this way, civil society (which resembles the 'political culture' approach of modernization theory), with its voluntarist ethos and emphasis on groups and associations as the primary movers in social progress, is both an alternative to the state, in particular in the economic sphere, and a substitute for it, particularly in the decommodified spheres of welfare, education and health. And good governance by analogy advocates

economic **efficiency** via privatization of state services and enterprises in the spheres of parastatal management, public projects and intra-societal redistributive measures – but *not* in the areas of infrastructure, law and order, or incentives for private enterprise. Competitive elections are a major mechanism for restoring good governance and encouraging civil society, as are separation of powers, pluralism and public service accountability, which together amount to the replication of the democratic capitalist systems of the West. Every new association formed, every state function dismantled, is heralded as a victory for pluralism and democracy.

The two concepts are thus entirely consonant with, and indeed largely rooted in, World Bank and IMF prescriptions. They coincide with donors' and lenders' concepts of a Third World able to accept and administer aid on Northern terms and conditions as well as to repay debts and obligations fully and punctually. They are also, in the context of the North-South 'dialogue,' key elements in the anti-state discourse of neo-liberalism. Civil society is to be liberated from the fetters of state power, while good governance does away with large state sectors and functions. The more the state can be discredited in this way, the more justified is the devolution of its powers 'downwardly' into the private sectors and 'outwardly' into the transnational sectors of capital. Of course, the reality is that, in the Third World, where very little organized economic activity has existed outside the state, 'civil society' develops *within* the ambit of the state. As Bjorn Beckman points out, civil society is 'situated in rules and transactions which connect state and society,' particularly in the 'public service nexus.'²⁵ The reality is also that good governance translates unambiguously into a formal liberal democracy that vindicates adaptation and subordination to the globalized world order.

Market and State

For the peoples of the Third World, the neo-classical projects of **recom-**modification and democratization have little to do with their own historical or socio-economic situation, except of course in as much as they are induced to conform to them or have them imposed upon them. These projects are formulated by, and fit the special conditions of, the advanced capitalist countries whose agenda they mirror. At the periphery these projects are experienced as the simultaneous processes of selectively dismantling all or part of certain institutions and functions of the state and internationalizing the political economy. But while all this dismantling and internationalization is accomplished more or less explicitly, the neo-liberal project *implicitly* proceeds to re-mantle the state, as it were, in order to ensure its own realization. For instance, the institutions of the peripheral capitalist state – analogous to those of advanced capitalist states'' – that promote debt management, accumulation, structural adjustment, and

surplus extraction have expanded considerably in recent years, while those concerned with popular rights and needs have clearly contracted. In addition to **the** military, the winners include state executives and bureaucracies, and departments of trade and finance, while ministries of labour or health and welfare institutions have atrophied. Something like a theory of the changing Third World state can therefore be inferred from the very negation of the state advanced by neo-liberal prescriptions, a theory which may be developed with the aid of eight closely related propositions:

1. *Markets, in a general and profound way, need states.* Without 'third-party enforcement' of contracts by the state and in the absence of the 'non-contractual elements of contract' such as infrastructure and enforcement, markets cannot flourish. New contract law, internationalized legal systems, appropriate judicial and enforcement agencies, and other state-backed instruments to encourage and interlink market forces, are essential here. Even multinational capital relies on a state-based system to ensure the predictability and reliability of transnational interactions. But, as Drache and Gertler write about market-driven change in general:

The deeper reality is that the continuing drive for maximizing accumulation, whether for the few or in the name of national development, leads step by step to a crippling social dependency for the many. Liberal society has no way to redress the fundamental inequality in the transfer of power and wealth that results when private property is made sovereign. Thus at the centre of even a reborn, postmodern liberal society there remains a chronic, deeply rooted instability. Market rights work to suppress the democratic and libertarian possibilities inherent in liberalism."

Thus states and markets are closely, almost symbiotically, bound together. The free market must, as it were, be planned for.

2. *Markets, in the Third World, must for the most part be established with state power.* To more fully align domestic markets with international markets, large parts of the state – mainly the agencies dealing with entitlements and enablements, or, as Willy Brandt once put it from a social democratic perspective, 'in the things that really matter . . . justice, education . . . health . . . and the environment'" – must be dismantled. Selective shrinkage of the social-needs and decommodified parts of the state can be accomplished most readily – that is, with least popular resistance – through the internationalization of the state on terms and conditions laid down by the dominant economic powers. The World Bank, IMF, GATT, certain UN agencies and the great array of IFI's (International Financial Institutions) and multinational corporations become a kind of transnational ersatz state in laying down the rules and regulations within which the local state is required to operate in the sphere of international capital accumulation. Indeed, transnational corporations, unable to achieve complete control over economic sectors and branches in countries of the South, may actually acquire a strong interest in the establishment of 'a

more bureaucratically capable, entrepreneurially oriented state apparatus²⁸ to ensure that contracts are **carried** out and the regulations enforced in a reliable, predictable manner. A relatively— though selectively —strong state is needed, for instance, to vouch for loans made to domestic capitalists in joint-venture or compradore undertakings. Physical infrastructures, communications and a sense of continuity and stability must be present for transnational collaboration to succeed. Leo **Panitch** writes that capitalist globalization 'involves a shift in power relations within states that often means the centralisation and concentration of state powers as the necessary condition of and accompaniment to global market discipline.'²⁹ Thus, the 'relative autonomy' once ascribed to the Third World state becomes, in a period of recommodification, radical subsumption under the exigencies of the international marketplace, while its ruling groups more and more become the local (and subordinate) executive committee for administering the interests of transnational capital.

3. *The local state therefore becomes, more than hitherto, a law-and-order-state.* With the partial exception of perhaps a half-dozen states in Asia, Third World and ex-Second World states have enforced, or been forced to enforce, IMF conditionalities and **GATT** trade regulations at the expense of their poor underclasses, thus polarizing domestic politics even further. The ability to facilitate, and provide the institutional framework for international capital accumulation becomes the key to domestic public power, thus making local constituencies increasingly less relevant. For Latin America as for other areas of the South, the past two decades of IMF conditionalities have brought declines in living standards, per capita incomes, urban wages, state expenditures on health, and food consumption; only morbidity rates have **risen**.³⁰ A variety of oppositional movements have developed in response to deteriorating conditions, ranging from new social movements to peasant uprisings and urban revolts. Debt repayment and loan conditionalities reduce funds available for domestic **(re)investment** and bind Third World states to austerity programmes that both further enrich creditor institutions and impoverish populations in debtor countries. Since cheap labour is a principal comparative advantage in the Third Worlds, and since wages and benefits must be rolled back in order to maintain levels of extraction and, perhaps, attract more foreign capital, labour repression becomes increasingly important, even as declining living standards lead to further delegitimation. A, or perhaps the, primary task of the local state, in this context, is therefore to maintain law and order and ensure the continued reproduction of favourable conditions for capital both at home and in its transnational forms. This repressive-coercive function, of course, conflicts with the prescription for democratization, as has been shown above, but remains absolutely central to the changing role of the state in the Third World.

4. *The neo-liberal insistence on free trade, in particular, ensures the need for strong state authority.* To opt for an export-oriented strategy by definition means downplaying domestic concerns and popular needs. Driving down prices by reducing wages and benefits must create popular unrest, even while repealing state policies aimed at achieving economic stability and providing a 'buffer' against externally-induced economic fluctuations increases the need for political intervention to overcome the state of chronic vulnerability that necessarily develops. Furthermore, and as hinted at above, the pursuit of comparative advantage means **overconcentration** in a few, readily exploited, profitable sectors at the expense of balanced economic growth. Now mobile and flexible, transnational capital can sell off, de-emphasize or abandon unprofitable sectors or industries and move on to other parts of the globe. To forestall such actions, the local state is under pressure to offer tax write-offs, investment incentives, subsidized labour and a variety of other concessions, all of which further erode its autonomy, even while enhancing the centrality of its repressive domestic function. If the First-World state at the centre, particularly in the hegemonic countries, has the expansion of capitalism as its primary task, the peripheral state exists mainly to secure the conditions for world-market-dependent reproduction, and hence to facilitate penetration and extraction by international capital.

5. *The abiding 'structural heterogeneity' of Southern states – which neo-liberalism would absolutize – is a huge barrier to class compromise and regional alliances.* It reflects the contradiction between the transnational level at which capitalism operates and the national level at which political consent is organized.³³ Unable to control the processes of accumulation, the local state is left to maintain internal and external class domination. As such, it is the instrument of 'adjustment' to the demands of global accumulation. For this reason, as Samir Amin argues,³⁴ the projects of democratization and civil society are almost impossible to realize in the current conjuncture. Nef and Bensabat's picture of the 'receiver state' is most apposite here: the Latin American state in particular 'has become the executor and debt collector of a bankrupt economy on behalf of transnational creditors'. In fact, its central role has manifestly changed from that of promoting development and – and least in theory – protecting political and economic sovereignty, to that of 'facilitating surplus extraction and international **subordination**'.³⁵ And, paradoxically, because this is so, the neo-liberal ideology of anti-statism enjoys a wider resonance, as we have seen.

6. *The continued application of neo-liberal solutions simultaneously creates the need for a strong state while crippling the capacities that the state needs to carry out these solutions.* During the 1980s, the South managed to increase its exports in order to repay its debts to its Northern

creditors. It did so in the face of deteriorating **terms** of trade, as well as slow growth and rising protectionism in the North. These surpluses, exacerbated by capital flight from the South, resulted in a massive redistribution of wealth from South to **North**.³⁸ The trade-driven international economic system, one might conclude with C. Douglas Lummis, thus does not accidentally create inequality but produces it systematically. It is a system that 'generates inequality and . . . runs on inequality.' For this reason, he concludes, economic development is an antidemocratic force and as such primarily a political problem rather than an economic one³⁹ – soluble, if at all, within the purview of the state, not the international **neo-liberal** economy.

7. Unequal competition and worsening terms of trade must in the long run become destabilizing and hence dysfunctional to capital. Indeed, **Samir Amin's** 'Empire of Chaos' – his counterpoint to the New World Order – assumes that the South, under the conditions of the present global conjuncture, cannot continue indefinitely to reproduce on an extended **scale**.³⁸ Moreover, the continued polarization of classes into the extremely rich and secure and the extremely poor and insecure creates a growing legitimacy deficit. If not regulated and contained, the market will again work to suppress the limited democratic potential inherent in liberalism. Hence the globalized New World Order, like nineteenth century *laissez-faire* capitalism, will have to recreate the state or replace it with some other regulating mechanism in order, as it were, to save capital from itself. For the interests of capital as a whole, and of the hegemonic states that represent it, would certainly be 'better served by the existence of strong and internally stable and coherent allies, than by a proliferation of volatile and unpredictable **dependencies**.'³⁹ The exigencies of global accumulation, however, conflict here with political rationality.

8. The neo-liberal project aims directly at discrediting and dismantling the state in the Third World. Indeed, as argued at the outset, anti-statism is what, in many ways, defines the neo-liberal project. While globalization in fact internationalizes many of the main functions of the Third World state – investment, production decisions, fiscal policies, etc. – and subordinates Third World economies to the international capitalist order which is dominated by the North, it simultaneously substitutes (also largely Northern-dominated) international agencies and organizations for the state. In these processes, a number of scholars rightly **purport** to see a form of recolonization via **internationalization**.⁴⁰ The neo-liberal project conceals its advocacy of massive state power behind an anti-state ethos. To discredit the state is to discredit the one agency capable of organizing and articulating nationalist aspirations in the South and of developing resistance to neo-liberal intrusions. It advances its prescription for weakening the Third World state both 'from above' where state-policies are pre-empted and

state elites are co-opted, and 'from below' where organized labour is bypassed or declared irrelevant, and poor, marginal or oppositional groups are fragmented and set into competition with each other. Third World states so debilitated by competition and by surplus drainage are then less likely, and less able, to unite or combine against the forces of neo-imperialism.

This, then, is the anti-state project of neo-liberalism. Examined in context, it appears as remarkably simple, and in this simplicity lies much of its operational as well as ideological effectiveness. For instance, 'neo-liberal theory has no need for any knowledge about the demands and aspirations of the particular social groups affected in order to offer its solution. The medicine is supposed to work anywhere anytime. If not now, later.'⁴¹ Neo-liberalism's reductionist certitude and assertive universality, made possible and lent legitimacy now by the absence of any threat from a competing anti-imperialist power bloc, lends it considerable force. To realize it, no qualitative transition is needed, no fundamental social change, but simply the 'abolition of as much state as possible.'⁴² Yet even as it theorizes 'the' peripheral state away, the neo-liberal variant of globalization in reality makes it essential, if only to manage and execute its agenda. *Vis-à-vis* the North it prescribes globalization and 'complex interdependence' while for the South, having pre-empted (via internationalization) the crucial state functions, it prescribes a kind of internationalization that rests on state-level and inevitably state-centred solutions of recommodification and democratization.

State and Class

Even more than in the First World, the state in the Third World denotes a category of class power, namely the structural power of an (external and internal) capitalist class standing in a fundamentally antagonistic relationship to labour. Bearing in mind that 'class', like 'the state', has been pushed aside by the dominant paradigm and marginalized by the sub- and supra-state theories just mentioned, it is important, when 'keeping the state in' (which the following section advocates) to keep classes in *too*.⁴³ Class power in the Third World still stands in roughly isomorphic correspondence with state power; that is, the greater the control of a class, or class coalition, over state institutions, assets and revenues, the greater is its economic power likely to be – so much so that, in relation to the Third World state, one is justified in speaking, with Hartmut **Elsenhans**, of a 'state class'⁴⁴ – a class whose linkages and dependencies extend outward (in the form of economic and political dependence) and inward (as a relation of political domination) and who therefore operate 'their' state at the sub- and supra-national levels. Although globalization aspires to reduce the relative strength of state classes in favour of – postulated – commercial or industrial bourgeoisies, in reality the structurally given fusion of

economic and political power in the Third World ensures that the respective dominant classes remain undifferentiated, at least in this respect.

Peripheral capitalist classes lack the socio-economic 'base' to sustain and develop a relatively autochthonous capitalism and so heavily rely on political means, in collaboration with their external class allies, to create the preconditions for, and to promote, private accumulation. The role of the state now, as before, is crucial and includes (a) harmonization of state policies and state institutions with the requirements and processes of international capital; (b) organization of distribution (because production is pre-organized and directed externally) in the interests of these endogenous and exogenous classes; (c) execution of the regulatory, disciplinary, and law-and-order functions described earlier; (d) mediation between fractions (or segments) of domestic capital, particularly arranging for **the** growing power of its middleman and comprador fractions and corresponding decline of its 'national bourgeoisies.' This state class, to follow Petras for a moment, is thus best conceived as a precarious coalition of 'collaborator classes' whose function 'is to organize the state and economy in accordance with core definitions of the international division of labour.' It assumes a 'double role - exploitation within the society and exchange outside the society.'" In a sense, therefore, the Third World state in the era of globalization has intensified its role in terms of what **Miliband** first identified as an ersatz 'means of **production**.'⁴⁶

In terms of class (re-)formation this unmediated link between economics and politics is a major distinguishing feature of the peripheral state within the larger state system. If at the core, the state has managed to maintain some measure of 'relative autonomy' from the economically dominant classes and fractions within and without, even in the face of globalization, the peripheral state more than ever fuses class power and state power. The classical distinction between governing class and ruling class is rendered all but irrelevant where the 'governing class' amounts to the coalition of elite groups and segments (and their external collaborators) able to achieve hegemony over the state at a given time. These are, in the globalization conjuncture, those fractions that have a vested interest in surplus exportation and hence structurally perpetuated underdevelopment. The ongoing struggle for state power is therefore simultaneously a struggle for the means of distribution and consumption which only political domination can confer.

But the local elites at the periphery do not accumulate within the confines of the borders of the state. Peripheral (state) capital stands in a subordinate relationship to capital at the centre, and reproduction processes at the periphery, mediated by the world market, are overwhelmingly determined by valorization processes emanating from the centre. Peripheral capitalism, in a word, functions as an element of surplus production for the

core. Neo-liberalism glorifies and vindicates this, and class formation in the South centres upon it. But the peripheral state elites must master the resultant conflicts between accumulation and legitimation and between the need for some degree of domestic political sovereignty and the fact of international economic dependency, and it is here that the contradictions between economic power and political power will have to be enacted and resolved. For the local ruling class, in the globalized economy, will always lack a firm basis of national legitimacy, since it owes its existence in large measure to an external bourgeoisie-with whom it collaborates to the detriment of basic needs and popular interests. The one possibility for the state class to escape from this cycle of delegitimation – namely, to deliver material progress via economic development – is precluded by the fact of the dependent, externalized economy that expropriates and exports any surplus. The peripheral state class cannot ally itself, either totally or as a combination of segments, with the popular classes since any strategy promoting mass economic well-being or development would, *ipso facto*, undermine the basis and rationale of the peripheral state. The state class, in a word, has a vested interest in suppressing basic human needs and in perpetuating the existing international division of labour and of power.

Because this is so, and owing to this class's objective 'transmission-belt' functions vis-à-vis international capital, the state-compradore elites are growing progressively isolated from the societies they govern and repress, as their accumulation function more and more overwhelms their legitimation function. Here, the role of coercion remains central, despite the implementation of various liberal-democratic shells. The 'silent veto,' backed by their repressive power of the recivilianized militaries, therefore remains crucial to the successor elites who rule, in greater or lesser degree, at the military's pleasure.

This ruling coalition has been fortified, in the neo-liberal era, by the addition of **many** sectors from the middle classes. For, to the extent that the middle classes have not been decimated by austerity and conditionalities, they have in large measure, abandoned their **former** opposition to authoritarian military governments that led them to form alliances with labour and the poor, and have been coopted, via the provision of formal liberal democracy, into centrist and conservative parties where they have melded with the ruling coalition to preserve the existing distribution of economic **power**.⁴⁷ The defection from opposition of these sectors of the middle class may turn out to be one of the most salient developments in the era of globalization, and contributes further to the class polarization of the Third World state.

Keep the State In!

It is important, finally, to recall that there is nothing immutable, or even

intrinsically sustainable, about the hegemonic ideology at a given time. Dominant paradigms do, after all, shift, and such shifts are themselves part of a political process relating to the constellation of power and conflicts at a particular historical moment. The specific conjuncture of forces and ideas of our time has produced neo-liberalism and globalization as the dominant paradigm. It is a mark of its universal acceptance that this paradigm, despite its mainly implicit concern with the state, has for the time being succeeded in banishing state theories from the mainstream of scholarly and political discourse, at the same time launching whole new areas of academic enterprise revolving around neo-classical economics, neo-liberal globalism, democracy and democratization, the revival of civil society and the prescription for good governance.

The interesting political theories to have emerged since the fall of **state-socialist** Communism in Central and Eastern Europe, among which I would include the new localism, certain kinds of concepts of civil society, most of the post-modernist variants (notably post-materialism, **post-colonialism**, post-structuralism, post-imperialism and post-modernism itself), new social movements, socialist and radical feminism and even post-Marxism, are in this sense also in accord with the *Zeitgeist*: ***they remain at the sub-state level and therefore cannot point the way, either theoretically or practically, beyond the current neo-liberal globalist paradigm.***

To be sure, these theories are, in the main, important and innovative and do highlight many of the deficiencies of the centralized state, the arrogance of the paternalist world-view, the 'logocentricism' and Eurocentrism of existing and past development theories, the emancipatory and gender limitations of socialism, and much else that is wrong or misguided about state and supra-state theories. In their almost infinite variety and diversity they are evidence that globalization also begets heterogenization, at least at the sub-state level, and the multifarious search for niches, sub-group individuality, self-protection and self-affirmation that they embody, are surely the main fora for contemporary progressive social thought. By giving, or imputing, voice to hitherto marginalized groups and gender, they contribute in important ways to the assertion of identity, the search for alternative means of self-realization, and the possibility of a multiplicity of localized resistances and counteroffensives to hegemonic power. **As** such they may well hold the key to a future strategy of transforming domestic power in such a way as to overcome the problem of delegitimated, dysfunctional and effete elite rule in the Third World state, alluded to in the previous section. The 'postmodern rebellion' in Chiapas, for instance, aims not at taking state power and using it to transform the economy and society; it aspires instead to incite a broad popular movement that will somehow 'transform the country from the bottom up.'" But by failing to

engage with neo-liberalism on its own terrain – a terrain which includes supra- and sub-state dimensions as well as the state itself – these theories, and the movements they depict, however internally consistent and politically sound they may be, abandon overall ideological hegemony to the currently dominant forces and **discourses**⁴¹.

By the same token, standard supra- and inter-state theories (dependency and world-systems theory on the left, neo-realism and complex interdependence on the right) have not successfully probed and analyzed the sub-state level so essential to the explanation of state and supra-state phenomena.

The conceptual morass suggested here is well illustrated by a very recent work purporting to deal comprehensively and theoretically with the Third World state but which can only posit what the authors call a 'state-in-society' (as opposed to a more politically grounded state-against-society) perspective. They conceive of the Third World state as merely one social force among many, and not necessarily the dominant one, thus **relativizing** the role of the state and largely factoring out the part played by the international economy and transnational elite **interactions**.⁴² Another fairly recent study of governance in Africa rightly observes that the African state centralizes and consolidates power and uses it to extract society's economic resources, 'yet it spends much of what it obtains on itself and lacks the capacity to spur the country's development as a whole'^{7*} – as if the state were able to control more than a fraction of the surplus so generated; as if, indeed, there were no 'external estate' guiding the international institutions and 'regimes' that – with the more or less willing assent of the local elite – **systematically** underdevelop the Third World State. These examples underline the point made at the outset, namely that an adequate theory of the Third World state is both a scholarly and practical necessity. Such a theory, if it is to stand against neo-liberal globalism, must be located 'at the intersection of external and internal dynamics, particularly in the operation of a world capitalist economy and in class conflict both at the world system and nation-state **levels**.'⁴²

Although embedded in the same global economy as all the other component units of the international system of states, Third World states at the periphery of this system **are** differently affected and have different prospects and strategies than the dominant capitalist states. Neo-liberal theory ignores or denies this, preferring to conceive the Third World state as a homogeneous, proto-Western construct that need only follow the existing capitalist development model of free enterprise and individualism in order to achieve growth and **development**.⁴³

To be sure, the **real** state in the Third World **is** in difficult straits. In Africa and parts of Latin America it has so decayed and contracted that the void is being filled in part by external agencies, especially **NGOs** and aid

agencies, in part by incipient new social movements, and in part by informal and ad hoc vigilante and resistance groups, as well as organized crime. Third World societies, in the era of neo-liberalism, are increasingly polarizing into more and less powerful, rich and poor. The elites in such states are generally becoming more parasitical, more repressive and less 'attached' to the societies under their control, while their objective function of surplus extraction and hence of perpetuating underdevelopment hardly qualifies them as a progressive or visionary vanguard to guide the ongoing struggle for sovereignty, parity in the world state system, and economic development in the international economy.

Yet the 'failure of the Third World state' may not be a failure of state intervention per se. Perhaps 'the main problem was a lack of effective, coherent, nationally focussed and democratically controlled state **intervention**.'¹⁴ This may or not be so; and much scholarly endeavour needs to be devoted to this question. But in any case there is no credible evidence that more market and less state is a viable prescription for the Third World. On the contrary, strong state power is likely to be needed to make the hard decisions of internal distribution and domestic power sharing arrangements while controlling and regulating the scope and scale of external investment and intervention, and maintaining sufficient sovereignty to control the recommodification pressures emanating from without.

Nowhere, in the past century or so, has any state actually 'modernized' or 'developed' in accordance with the neo-liberal prescription for a weak or invisible state. Quite the reverse: material development, as measured by various quantitative indices such as levels of production or amounts of consumption, has only been accomplished within the framework of development strategies in which the state's role has been determining. The observation applies to states as diverse in time and space as Bismarckian Germany, post-Meiji Japan, the Soviet Union and the 'Gang of Four' Newly Industrializing Countries in East Asia. In the competitive and unforgiving world economy of the nineties, concerted action, administrative competence and political will are prerequisites for development of any kind, and it is difficult to see any agency other than the state shaping and driving such an attempt. Nor, despite the pseudo-theories of the Huntingtons, Diamonds, **Lipsets** and di **Palmas**, does liberal democracy logically figure in such development except toward the end of the process, as a kind of top-dressing. The reality of the 'development state' has been an authoritarian allocation of investment and **sectoral** values, iron labour discipline, extensive social repression, and inequitable (though converging over time) distribution of intra-societal wealth in order to achieve effective capital accumulation and deployability. In his examination of 'developmental states' – states with consistent average economic growth of four per cent or more during the past three decades – Adrian **Leftwich** shows that

they have concentrated political power at the top to achieve stability and continuity; are led by relatively **uncorrupt** and determined elites who rotate freely between government, the bureaucracy, military and business and remain relatively autonomous from special interests and groups whom they coopt or marginalize; impose discipline while disregarding liberal and human rights; and established their authority before foreign capital was able to penetrate decisively. He concludes that:

The distinguishing characteristic of development states, then, has been that their institutional structures (especially their economic bureaucracies) have been developmentally-driven, while their developmental purposes have been politically driven. In short, fundamentally political factors have shaped the thrust and pace of their development strategies through the structures of the state.³¹

Today, the Third World state is diminished, and more subordinate than at any time since the colonial era. Its elites are more externalized and its hold on national sovereignty more tenuous than ever. Even so, the state remains by far the largest employer, at least in the 'formal' sectors of the economy, the primary location of class formation and domination – and the sole institution available with sufficient potential strength to negotiate, and if necessary to grapple, with international capital.

'The' real state in the Third World thus remains the major, and perhaps only, framework within which the important social and political issues can be dealt with in the context of a world system permanently stacked against peripheral societies and economies, while the theoretical state is probably the only conceptual framework capable of developing a counter-hegemonic project sufficiently comprehensive to challenge neo-liberal globalization. Without the state, therefore, there can be no large-scale, long-term **emancipatory** project for the **South**.³² After all, 'insofar as there is any effective democracy at all in relation to the power of capitalists and bureaucrats, it is still embedded in political structures which are national or subnational in **scope**.'³³

Only the state can offer a feasible agency capable of aggregating the multifarious counter-hegemonic forces in the peripheral state. Only **state-economic** power in the South has any prospects of standing up to, negotiating with or countering the pervasive economic power of international capital (and then only tenuously and probably necessarily in concert with other state capitals in the South). No doubt too, only the state, in combination with other states, can forge collective emancipatory projects directed against the hegemonic powers. And certainly any strategy for democratic or radical change, in a globalized world of states, must start from the state.

Without a real state, and a real state theory, then, the South would appear to have no way forward, out, or back. The question that needs to be posed, therefore, is not: state or market? but: what kind of state, and whose state?

NOTES

1. See **Frans J. Schuurman (ed.)**, *Beyond the Impasse: New Directions in Development Theory* (London: Zed) 1993, esp. ch. 1.
2. See Fred **Halliday**, *Rethinking International Relations* (Vancouver: UBC Press) 1994, ch. 4.
3. See his *Politics and Markets: The World's Political-Economic Systems* (New York: Basic Books) 1977, esp. chs. 2 and 3. Time has, I think, shown the relative insignificance of his third category of social control, namely persuasion and preceptorial systems; in any case 'states' and 'markets' certainly constitute the perceived antinomy in which the globalization debate is at present conducted.
4. Peter Self, *Government by the Market? The Politics of Public Choice* (Boulder, Colo.: Westview Press) 1993, p. 63.
5. On this, see Gerald Berthoud, 'Market' in Wolfgang Sachs (ed.), *The Development Dictionary: A Guide to Knowledge as Power* (London: Zed) 1992.
6. See Philip G. Cerny, 'Globalization and the Changing Logic of Collective Action,' paper presented to annual conference of British International Studies Association, University of York, 19–21 December 1994, pp. 23–4 and pp. 19–20.
7. About 25% of such trade takes place within global companies, 25% is bilateral trade and 25% is barter trade; see Hans Glatz and Häas Moser, 'Der europäische Integrationsprozess und die Rolle Oesterreichs' in H. Glatz & H. Moser (eds.) *Herausforderung Binnenmarkta: Kopfüber in die EG?* (Vienna: Fachverlag an der Wirtschaftsuniversität) 1989, p. 17.
8. Michael Valpy, *The Globe & Mail*, Toronto, 7 December 1994, p. 2.
9. Robert Cox, 'New Policy Directions for the State' in D. Drache & M. Gertler (eds.), *The New Era of Global Competition: State Policy and Market Power* (Montreal: McGill-Queens University Press) 1991, p. 340.
10. This is a quotation from Reich's contribution to the panel on 'Globalization and the Nation-State,' as edited and reproduced in *Review '90/Outlook 91* (Ottawa: North-South Institute) 1991, p. 18; for a more systematic account of his views of globalization, see his *The Work of Nations* (New York: Vintage Books) 1992.
11. John Keane, 'Introduction' to Claus Offe, *Contradictions of the Welfare State*, John Keane (ed.), (London, etc.: Hutchinson) 1984, p. 26.
12. Concerning which, see William D. Graf, 'Anti-Brandt: A Critique of Northwestern Prescriptions for World Order' in *Socialist Register* 1981 (London: Merlin) 1981; or W. D. Graf, 'From Brandt to Brundtland and Beyond: Hegemonic-Ideological Aspects of the North-South Dialogue in the 1990's,' in *Journal of the History of European Ideas*, Vol. 15, No. 1–3 1992, pp. 399–406.
13. On which, see Nassau A. Adams, *Worlds Apart: The North-South Divide and the International System* (London: Zed) 1993, pp. 192–3.
14. Cox, *op. cit.*, pp. 338–9.
15. On this, see Manfred Bienefeld, 'Is a Strong National Economy a Utopian Goal at the End of the Twentieth Century?,' Carleton University School of Public Administration Working Paper Series 1994, pp. 15 and 35.
16. Richard Sklar, 'Social Class and Political Action in Africa: The Bourgeoisie and the Proletariat' in D. E. Apter and C. G. Rosberg (eds.), *Political Development and the New Realism in Sub-Saharan Africa* (Charlottesville and London: University Press of Virginia) 1994, p. 123. For a further critique, see my review in *Candian Journal of Development Studies*, Forthcoming 1995.
17. Jan Knippers Black, 'Elections and Other Trivial Pursuits: Latin America and the New World Order,' *Third World Quarterly*, Vol. 14, No. 3, 1993, p. 545.
18. Samir Amin, 'The Challenge of Globalization: Delinking,' in The South Centre (ed.), *Facing the Challenge: Responses to the Report of the South Commission* (London: Zed) 1993, p. 137.

19. Alicia Puyana, 'New Challenges for Developing Countries,' in The South Commission (ed.), *ibid.*, p. 284.
20. Black, *op. cit.*, p. 547.
21. See Atul Kohli, 'Democracy amid Economic Orthodoxy: Trends in Developing Countries,' *Third World Quarterly*, Vol. 14, No. 4, 1993, p. 678.
22. Jorge Nef and Remonda Bensabat, 'Governability' and the Receiver State in Latin America: Analysis and Prospects' in A. R. M. Ritter, M. A. Cameron and D. H. Pollock, *Latin America to the Year 2000: Reactivating Growth, Improving Equity, Sustaining Democracy* (New York, etc.: Praeger) 1992, p. 168.
23. Barry Gills & Joel Rocamora, 'Low Intensity Democracy,' *Third World Quarterly*, Vol. 13, No. 3, 1992, pp. 504-5.
24. A point made by S. Qadir, C. Clapham and B. Gills, 'Democratization in the Third World,' *Third World Quarterly* Vol. 14 No. 3, 1993, p. 13.
25. This point is made, in relation to the concept of good governance, by Adrian Leftwich, 'Governance, Democracy and Development in the Third World,' *Third World Quarterly*, Vol. 14, No. 3, October 1994, p. 369.
26. Bjorn Beckman, 'The Liberation of Civil Society: Neo-Liberal Ideology and Political Theory,' *Review of African Political Economy*, November 1993, p. 29.
27. On this see Leo Panitch and Ralph Miliband, 'The New World Order and the Socialist Agenda' and Robert Cox, 'Global Perestroika,' both in *Socialist Register 1992* (London: Merlin Press) 1992.
28. D. Drache and M. Gertler, 'Introduction' to Drache and Gertler (eds.), *op. cit.* p. xvi.
29. The full quote is: "People tend to think that [in Latin America] the state is too big. I believe that in the things that really matter, it is too small. In other words, justice, education and health – which are the real functions of the modern state – and the environment. Meanwhile, the state was too big in other areas.' See *Review 90/Outlook 91*, *op. cit.*, p. 17.
30. Peter B. Evans, 'Transnational Linkages and the Economic Role of the State: An Analysis of Developing and Industrialized Nations in the Post-World War II Period,' in P. B. Evans, D. Rueschemeyer and T. Skocpol (eds.), *Bringing the State Back In* (Cambridge, etc.: CUP) 1985, p. 199.
31. Leo Panitch, 'Globalisation and the State,' *Socialist Register 1994*, p. 64.
32. See Frans J. Schuurman, 'Modernity, Post-Modernity and the New Social Movements' in Schuurman (ed.), *op. cit.*, ch. 9.
33. The point is made by Ronaldo Munck, 'Political Programmes and Development: The Transformative Potential of Social Democracy' in Schuurman (ed.), *op. cit.*, p. 117.
34. Samir Amin, 'Preface' to Peter Anyang'Nyongo (ed.), *Popular Struggles for Democracy in Africa* (London: United Nations University and Zed Press) 1987, p.5.
35. Nef and Bensabat, *op. cit.*, p. 162.
36. For details see Michael Dolan, 'Global Economic Transformation and Less Developed Countries' in R. O. Slater, B. M. Schutz and S. R. Dorrr (eds.), *Global Transformation and the Third World* (Boulder: Lynne Rienner) 1993, pp. 264-5.
37. C. Douglas Lummis, 'Development Against Democracy' in *Alternatives 16* (1991), pp. 54 and 59.
38. Samir Amin, *Empire of Chaos*, trans. by W. H. L. Anderson (New York: Monthly Review Press), 1992.
39. Bienefeld, *op. cit.*, p. 5.
40. For instance, David B. Moore, 'Development Discourse as Hegemony: Towards an Ideological History – 1945–1995,' in D. B. Moore and G. G. Schmitz (eds.), *Debating Development Discourse: Institutional and Popular Perspectives* (London: Macmillan) forthcoming 1995, p. 10; and 'Commentary: States, Markets and Africa's Crisis,' *Review of African Political Economy* November 1993, p. 155 and ff.
41. Beckman, *op. cit.*, p. 25.

42. C. Colclough and J. Manor (eds.), 'Introduction' to *States or Markets? Neo-liberalism and the Development Policy Debate* (Oxford: OUP) 1993, p. 329.
43. Which the contributions to the much-cited P. B. Evans, D. Rueschemeyer and T. Skocpol (eds.), *op. cit.* (Cambridge, etc.: CUP) 1985 generally fail to do.
44. Hartmut Elsenhans, *Abhängiger Kapitalismus oder bürokratische Entwicklungsgesellschaft: Versuch über den Staat in der Dritten Welt* (Frankfurt: Campus) 1981, chapter 1.
45. James Petras, *Critical Perspectives on Imperialism and Social Class in the Third World* (New York: MRP) 1978, p. 36.
46. Ralph Miliband, *Marxism and Politics* (Oxford: OUP) 1977, p. 109.
47. Gills and Rocamora, *op. cit.*, pp. 516-7 (with special reference to their case-study countries of Argentina, Guatemala, the Philippines and South Korea).
48. Roger Burbach, 'Roots of the Postmodern Rebellion in Chiapas,' *New Left Review*, No. 206, 1994, p. 113.
49. It is, however, worth stressing that the actual transformative potential of the new social movements and popular struggles has by no means been exhausted. An analysis of Carolyn Merchant's eco-feminist theory of women and ecological revolutions, Manuel Castell's theory of urban social movements, and James O'Connor's eco-Marxist theory of struggles relating to the conditions of production suggests that such sub-state groups have a strong and 'direct interest in preventing capitalist commodification of communal relationships, the environmental and public space' (Craig Benjamin and Terisa Turner, 'Counterplanning from the Commons: Labour, Capital and the 'New Social Movements'' in *Labour, Capital and Society*, 25:2 [1992] p. 222) and as such may be of incalculable importance in 'restructuring' the internal power relationships in Third World states.
50. See the (anonymous) 'Introduction,' Joel Migdal's 'The State in Society: An Approach to Struggles for Domination,' and Atul Kohli and Vivienne Shue's 'State Power and Social Forces: On Political Contention and Accommodation in the Third World,' all in J. S. Migdal, A. Kohli and V. Shue (eds.), *State Power and Social Forces: Domination and Transformation in the Third World*. (Cambridge: CUP) 1994.
51. Michael Bratton and Donald Rothchild, 'The Institutional Bases of Governance in Africa,' in G. Hyden and M. Bratton (eds.), *Governance and Politics in Africa* (Boulder and London: Lynne Rienner) 1992, p. 263.
52. Joel Samoff, 'Class, Class Conflict and the State in Africa,' *Political Science Quarterly*, Vol. 97, No. 1 (Spring 1982), p. 115.
53. The contributions to Colclough and Manor (eds.), *op. cit.*, and especially Manor's 'Politics and the Neo-liberals,' underline this point; see esp. p. 306 ff.
54. Manfred Bienefeld, 'Structural Adjustment: Debt Collection Device or Development Policy?' Carleton University School of Public Administration Working Paper Series 1994, p. 9.
55. Adrian Leftwich, 'Governance, the State and the Politics of Development,' *Development and Change*, Vol 25, No. 2, 1994, pp. 379-81.
56. The point has wider applicability. To follow Ralph Miliband, despite globalization and interdependence, 'the nation-state must remain for the foreseeable future the crucial point of reference of the Left. This is not a matter of clinging to an 'obsolete' notion of sovereignty but simply to assert the right of a government seeking to carry out a programme of radical social renewal not to be stopped from doing so by external forces.' *Socialism for a Sceptical Age* (Cambridge: Polity Press) 1994, p. 179. Clearly, the 'counter-hegemonic' power of the weak, whether of weak classes or weak societies and economies, is best sewed through the collective power of the state.
57. Panitch, 'Globalisation and the State,' *op. cit.*, p. 87.