

# Democratic Governance and Participatory Development: The Role of Development NGOs

by Henry Veltmeyer

The idea of “civil society” has achieved prominence in political and developmental discourse over the past two decades, particularly in connection with successive waves of democratization beginning in Latin America and Eastern Europe and spreading across the developing world. In normative terms, civil society has been widely seen as an increasingly crucial agent for limiting authoritarian government, strengthening popular empowerment, reducing the socially atomizing and unsettling effects of market forces, enforcing political accountability, and improving the quality and inclusiveness of governance. Reconsideration of the limits of state action has also led to an increased awareness of the potential role of civic organizations in the provision of public goods and social services, either separately or in some kind of “synergistic” relationship with state institutions.

The idea of civil society was central to the political discourse of the theorists of the eighteenth-century Scottish and French Enlightenment. In this context, it was used to differentiate a sphere independent of “government” and other distinctly political institutions.<sup>1</sup> In the 1980s, the concept of civil society was resurrected by political theorists for similar reasons—to identify a non political sphere within society. In this context, it was increasingly associated with a theoretical discourse on political participation among the community of development practitioners and analysts.<sup>2</sup> However, the focus was on nongovernmental organizations formed not within civil society but within the “third sector”—a sector differentiated from both the public sector and the private sector of profit-making organizations.<sup>3</sup> The concern here was not with advancing political participation as much as participation in the process of economic development, i.e., in the agency of grassroots organizations within ‘civil society.’<sup>4</sup> It was not until the 1990s, in the wake of democratization movements in Russia and East Europe, and in the context of a concern for the official development community to incorporate the private sector into the development process, that a “third sector” discourse gave way to a discourse on civil society.

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## CIVIL SOCIETY, DEVELOPMENT, AND DEMOCRACY

The academic discourse on civil society can be put into three ideological categories—conservative, liberal, and radical. On this ideological spectrum, “liberals see civil society as a countervailing force against an unresponsive, corrupt state and exploitative corporations that disregard environmental issues and human rights abuses.”<sup>5</sup> Conservatives, on the other hand, see in civil society the “beneficial effects of globalization for the development of democracy” and economic progress.<sup>6</sup> As for those scholars that share a belief in the need for radical change, civil society is seen as a repository of the forces of resistance and opposition, forces that can be mobilized into a counter-hegemonic bloc.<sup>7</sup>

Thus, the academic discourse of diverse ideological currents appears to converge in support of civil society, viewing it generally as an agent for change. The emergence and dynamic rise of civil society organizations in the 1980s and 1990s is offered as proof of the self-organizing capacity of civil society and the virtue of a state that is subject to powerful democratizing tendencies and forces in favor of a democratic renewal. In this process of democratic renewal—or re-democratization—nongovernmental organizations are assigned a predominant role as frontline agents of a more participatory and democratic development, to convince the rural poor of the virtues of alternative community-based or local level development and the rejection of confrontationalist politics of direct action.

NGOs in this context appear as missionaries of the good word about the marriage of convenience between the free market and democratic elections, and the virtues of social democratic action in the spaces available within the power structure as opposed to direct action against it. In this context, the NGOs are enlisted by official development agencies (ODAs) and governments as partners in the process of “sustainable human development” and “good [democratic] governance”—as watchdogs of state deviancy, as interlocutors and participants in the formulation of public policy, and guarantors of its transparency to inhibit or prevent corruption and rentierism. The institutional framework for this more participatory form of development and government would be established by the decentralization of decision-making capacity and associated responsibilities from the national to the local level, and the institution of “good governance,” that is, a democratic regime in which the responsibility for human security and political order is not restricted to the government and other institutions of the state, but is widely shared by different civil society organizations.<sup>8</sup>

The global phenomenon and explosive growth of NGOs reflects a new policy and political consensus that they are *de facto* and by design effective agents for democratic change and an important means for instituting an alternative form of development that is initiated from below and within civil society. This consensus view is reinforced by evidence that the NGO channel of ODA is dedicated largely to the purpose of political rather than economic development—to promote democracy

in the process of change, to inculcate relevant values and respect for democratic norms of behavior, and to encourage the adoption of “civil” politics (dialogue, consultations, negotiation) rather than the confrontationalist politics of direct action.

The leading role of civil society organizations in this regard foretells a reworking of “democracy” in ways that coalesce with global capitalist interests and the neoliberal agenda. Indeed, a well-placed development practitioner in the UK<sup>9</sup> has wondered aloud (and in print) whether the NGOs in this regard have not been used by the community of international organizations (ODAs) as their stalking horse and as agents of global neoliberalism. Global policy forums and institutions, especially ODAs, such as the OECD’s Development Centre, USAID, the World Bank, and the Inter-American Development Bank, as well as operational agencies of the UN, such as the UNDP, have “actively enlisted NGOs in the ‘economic reform process’ as ‘forces of democratization’ ”<sup>10</sup> or as agents of “democratic promotion,” which Ottaway<sup>11</sup> notes is a “new activity in which the aid agencies and NGOs [originally] embarked [upon] with some trepidation and misgivings” but that in the early 1990s “[came] of age.”

### CIVIL SOCIETY AND THE STATE

In the 1990s, the perception of NGOs—as “Trojan horses for global neoliberalism”<sup>12</sup>—also came of age within policy think tanks in the US, such as the Carnegie Endowment for Peace and the Harvard International Centre, concerned with the worldwide promotion of democracy. Yet, the effectiveness of NGOs in this regard is not without controversy. Indeed, it has resulted in a debate between liberals, generally disposed in favor of the NGOs, and conservatives who view ODA as a misbegotten enterprise and see NGOs as “false saviours of international development.”<sup>13</sup> Radical political economists, in the same context, tend to view NGOs as instruments, oftentimes unwitting and unknowing, of outside interests and regard both economic development and democracy as masks for an otherwise hidden agenda: to impose the policy and institutional framework of the new world order against resistance.<sup>14</sup>

This apparent convergence between the “left” and the “right” in a critical assessment of ODA/NGOs points towards several problems involved in the use of the state as an instrument of political power. From a liberal reformist perspective, the state should be strengthened but democratized in the service of a more inclusive and participatory approach towards policy design and implementation. From a neoliberal, politically conservative perspective, however, the state is *the* problem. On the one hand, it is an inefficient means of allocating the productive resources of the system. On the other hand, as Adam Smith argued, it is a predatory device with a tendency to serve special interests and used to capture rents from state-sponsored and regulated economic activities. The officials of the state, according to contemporary advocates of this view, such as the economists at the World Bank, are subject to pressures that more often than not result in their corruption. The solution is a

minimalist state, subject to the democratizing pressures from civil society, that is, groups and organizations able to secure the transparency of the policymaking process.<sup>15</sup>

And what of the state as viewed from the lens of radical political economy? The state from this perspective is an instrument of class rule and by this token, the fundamental repository of political power needed to turn the process of national development around in a socialist direction. In this context, the essence of what is now widely regarded as the politics of the “Old Left”—or the “Old Politics of the Left”—is a struggle for state power. Both the political parties and the social movements on the “Left” tend to be oriented in this direction, albeit in a different political context that has seen the emergence on the “Left” of a new perspective on a novel (postmodernist) way of doing politics—the politics of antipower, which avoids a confrontation directly against the structures of political and economic power by building on the social capital of the poor to engage in projects of local development in the spaces available within the power structure.

**In the more democratic context of the 1990s, many NGOs began to experience serious concerns that, in effect, they were advancing the agenda of the donors rather than that of the urban and rural poor.**

In the academic world, the politics of state power is theoretically constructed in these ways. Yet, what about the real world? In this context, and with specific reference to developments in Latin America, the main pattern of political development over the past two decades seems to have been a two-fold devolution/involution of state power. On the one hand, the policy and institutional framework for political decision making has been subjected to the Washington Consensus, with a corresponding shift of political power (*vis-à-vis* macroeconomic policy) towards Washington-based “international” institutions, such as the World Bank and the IMF. On the other hand, various democratic “reforms” have resulted in the institutionalization of the “rule of law” and the decentralization of government from the center to the local as well as the strengthening of civil society via its capacity to participate in the public policymaking process.

The latter development is characterized by, and based on, various forms of partnerships between international organizations and governments, on the one hand, and civil society organizations (CSOs) on the other. This development was not happenstance. It is based on a conscious strategy pursued by each and all of the major representative organizations of global capital and the new world economic order—the imperial brain trust, as Salbuch defines it.<sup>16</sup> Among these organizations can be found the World Bank, the regional banks like the IDB, ODAs, such as USAID and the Development Centre of the OECD, and operational agencies of the UN System, such as the UNDP, UNEP, FAO, and WHO. Each of these organizations, since the early 1990s, has pursued a partnership strategy with NGOs

and other CSOs, instituting an office to work with them and officially registering those disposed to work with them in a common agenda of democratic development, poverty alleviation, and environmental protection—an alternative form of participatory, socially inclusive and “human” (economic and social) development.

In this context, much of the current academic discourse on the role of NGOs in the economic and political development process focuses on the issue of improving their organizational effectiveness as well as their accountability and “autonomy” vis-à-vis governments and donor organizations. As for the latter, several umbrella organizations within the NGO sector have sought assiduously to ensure greater independence from both donors and the governments that hire “Private Voluntary Organizations” (PVOs) to execute their projects and programs. Generally, however, these efforts have not met with any success. More often than not, as in the case of the US, the major NGOs have not only met with resistance on the part of the donor community, but outright efforts to bring NGOs into line. In the case of USAID, in 2003, the director at the time bluntly informed an assembly of NGOs brought together by Interaction, an umbrella organization of NGOs, that they would have to do a better job acknowledging their ties to government, as private contractors of public policy, or risk losing funding. Furthermore, research indicates that many of these NGOs in recent years have become increasingly dependent on this funding.

A number of studies go so far as to argue that the presumed role of the NGO is a mirage that obscures the workings (and interests) of a powerful state (imperialism), various national elites, and the predations of private capital. Hayden argues this from a conservative perspective. I, however, argue the same point from a radical perspective on NGOs as agents of an imperialist project—private contractors of governments in the North, particularly the US, and of the South, in many cases, are only reluctantly and belatedly moving away from a somewhat skeptical, if not hostile, attitude—born of earlier experiences when NGOs set themselves as watchdogs of the state, particularly in terms of any propensities towards authoritarianism and corruption, from the perspective of an agenda to promote democracy in its relation to civil society.<sup>17</sup> In the context of widespread authoritarianism, violation of human rights, and other abuses of political power, the NGOs throughout the 1980s had no fundamental problem in assuming their intermediary role in the front line of economic and political development. However, in the more democratic context of the 1990s, many NGOs began to experience serious concerns that, in effect (by design if not intent), they were advancing the agenda of the donors rather than that of the urban and rural poor, many of whom were not oriented towards alternative development and representative democracy, but toward more substantive social change based on direct action and social movements, that is, popular democracy. In this context, the major NGOs redoubled their efforts to secure greater autonomy from donors to be able to thereby respond better to the concerns and priorities of the popular movement. As a result, they tend to find themselves caught between a widespread concern to increase their independence from their sponsors and the efforts of these sponsoring

organizations to incorporate them into the development and political process as strategic partners in a common agenda.

## NGOs AND THE NEW POLICY AGENDA

In the 1980s, organizations of international cooperation for development were fundamentally concerned with (1) converting PVOs into development agencies that could mediate between official aid providing agencies and grassroots communities in the delivery of ODA; and, in the same context, (2) promoting democracy both in the relationship between the state and civil society and in the politics of grassroots organizations—“good governance” in the official parlance.<sup>18</sup> In the late 1980s and early 1990s, however, a marked shift in practice signaled a change in discourse—from a “third sector” discourse privileging NGOs to a civil society discourse that was more inclusive, particularly in regards to profit-making enterprises and business associations that made up the “private sector.”<sup>19</sup> This shift in discourse coincided with a widespread recognition in official circles of the need to reform the structural adjustment program—to give it a social dimension (a new social policy) and to give the whole process a “human face.”<sup>20</sup> This change in discourse not only affected community-based development in terms of promoting a partnership between official development associations (donors and governments) and civil society organizations. It also coincided with a worldwide and international-level shift towards the integration of multinational corporations, charitable institutions (i.e., the Bill Gates Foundation), and UN agencies into public-private partnerships (PPPs) that supposedly embody civic responsibilities that for-profit enterprises will not pursue. The development role of these PPPs is as current in the discourse as that of civil society.<sup>21</sup>

The dominant political discourse in the 1980s reflected the political dynamics of an ideological shift from a state-centered or -led development process to a market-led form of development based on the privatization of public enterprise. A “third sector” discourse, in this context, represented a concern for an alternative, more participatory, form of development and politics predicated on neither the agency of the state (“from above”) nor the workings of the market (“from the outside”), but instead initiated (“from below”) within civil society. From the perspective of both the ODAs, the international financial institutions (IFIs), and governments; however, this discourse was problematic in various regards. For one thing, it was directed against both the market and the state, and against public *and* private enterprise. In addition, it worked against efforts of the ODAs to incorporate the private sector into the development process. The problem was twofold. One, was how to overcome widespread antipathy towards profit-making “private” enterprise to see it as part of a possible solution rather than as a major problem. Another was to convince the private sector that profits can be made in the process of social development.<sup>22</sup>

In regard to the issue of social development and profit, it remains a concern even into the twenty-first century, making it difficult for the UN’s ongoing efforts to establish its “global compact” with the private sector.<sup>23</sup> However, in regards to the

widespread antipathy towards profit-making and the private sector—the view that they are antithetical to development—a civil society discourse has proven to be both useful and effective.<sup>24</sup> It has indeed allowed the ODA community to incorporate the private sector into the development project as a strategic partner in the process of economic growth and “sustainable human development.” The perceived need for this was established by evaluation studies that suggested that NGOs did indeed provide a useful channel for ODA in political development (promotion of democracy) and capacity-building/strengthening (social capital), but an inefficient means of activating production and employment and providing financial services. In this regard, the conclusion was drawn that what was needed was a new strategy based on the agency of local governments working in partnership with ODAs and NGOs.

### **MATTERS OF GOOD GOVERNANCE AND ALTERNATIVE DEVELOPMENT**

The evolution of community-based organizations (CBOs) or grassroots organizations (GROs) within civil society illustrates the changed environment in which NGOs now operate. For Kamat, it also points towards “grave implications” of the new scenario for “development, democracy and political stability.”<sup>25</sup> CBOs are locally based organizations that champion a “bottom up” or “people-centered” approach towards development. They are, as Kumar points out, particularly vulnerable to what he somewhat surprisingly views as the “unexpected patronage” of the donor agencies. What is most interesting is that Kamat sees this patronage as “unexpected.” CBOs or GROs emerged in the post–World War II period in response to the failure of developmentalist states to ensure the basic needs of the poor, which was, in the 1970s, the declared development agenda of the ODAs and associated governments in the North. With the spread of communism and the perceived impulse of some popular organizations and governments to take the road of social revolution towards development, USAID set up, sponsored, and financed a number (about 380 in the 1960s and 1970s) of US private voluntary organizations (PVOs) to act as private contractors of the government’s foreign policy agenda. A somewhat larger number of community-based organizations in Latin America were similarly financed and sponsored.

In many cases, the leaders of these CBOs were, or had been, active in women’s or radical “Left” movements, and had become disillusioned with the politics of what would later be defined as the “old Left.” These CBOs generally favored a social rather than political approach towards development, with a concern for social justice and local issues. In this relatively apolitical context, these CBOs were aggressively courted by ODAs, such as the World Bank, that to some extent, preferred to finance and support these intermediary or local grassroots organizations directly rather than work through the Northern NGOs. More often than not, these CBOs accepted the financial support, if not tutelage, of the ODAs as a necessary evil and sometimes even as a virtue (building the capacity for self-help and social capital).

The nature of their work requires CBOs (or intermediary grassroots organizations

in the World Bank's language) to interact directly with local communities on a daily basis, building relationships of cooperation and trust designed to understand local needs and tailor projects to meet these needs. The work of such social activists and organizations—identified by Rains Kothari as 'non-party political formations'—often was and sometimes still is looked upon suspiciously by developing country governments in , many of which, according to Ottoway, are democratic in form, but not in content ('semi-authoritarian') and thus, the target of democratization efforts. In the interest of "strengthening civil society," the ODAs increasingly have turned towards these CBOs rather than the NGOs as their executing agents.<sup>26</sup> The dominant strategy, however, is based on partnership with local governments, CSOs, and the private sector—an approach facilitated by widespread implementation of a decentralization policy.<sup>27</sup> The early history of the community development movement in the 1950s and the 1960s signified the emergence of a "pluralist democratic culture" in many developing countries as well as a concern for local development within the framework of liberal reforms of national policy. Yet, the dominant trend was for economic and political development based on the agency of the central government and the state. However, in the new policy environment of "structural" free market reform, this incipient democratic culture was cultivated by the return of civilian constitutional rule, and, at another level, by widespread policies of privatization and decentralization. With the retreat of the state from the economy and its social (and developmental) responsibilities, it was left to civil society to pick up the slack—in the form of emergent self-help organizations of the urban poor and a myriad of community-based and nongovernmental organizations to deal with issues of social and economic development such as health, housing, food kitchens (*comedores* or communal dining halls), capacity building and self-employment. The formation of this civil society was a predominant feature of the 1980s.

In the environment created by the "new economic model" of neoliberal free market capitalist development, CBOs became a useful, even essential, adjunct of the policies pursued by the donor agencies such as USAID—policies designed to promote the "capacity for self-help." The failure of a state-led model of economic development, combined with conditions of a fiscal crisis and weakened state infrastructure, as well as a decline in state entitlements to the poor, led the donor agencies to channel an even greater share of official development assistance (official transfers of international resources) through CBOs and a proliferating number of NGOs. In this connection, *Financial Times* reported that the UK was increasingly inclined to fund locally based NGOs directly, bypassing its own NGOs such as Oxfam.<sup>28</sup>

The conjunction of a retreating minimalist state and the exponential increase in community-based NGOs led to the conclusion that the phenomenon was analogous to "the franchising of the state."<sup>29</sup> In this context, both the donor agencies and the IFIs recommended the privatization of both economic activity and social services—a trend that in any case was already underway—and the allocation of ODA to community-based NGOs for the same programs. Under these conditions, the



community-based “grassroots” NGOs proliferated as did the Northern NGOs anxious to occupy the spaces left by a retreating state.

### THE EVOLUTION OF GRASSROOTS COMMUNITY-BASED ORGANIZATIONS

The influx of external funds, combined with the pressure to step into the spaces vacated by the state, forced many NGOs, particularly those that had “grassroots” ties or were community-based, to restructure their activities in line with the new partnership approach of the ODAs. In the process, according to Kamat,<sup>30</sup> the organizational ethic that distinguished CBOs as “democratic” and representative of the popular will is being slowly undermined. First of all, CBOs generally have an active membership base within the communities in which they work, be they urban slum dwellers or poor peasant farmers. However, these target or client groups at the local level are themselves increasingly involved in efforts to strengthen civil society, incorporating them into decision-making processes at the local level. This form of direct or popular democracy enthralles the donor agencies and the “social Left,” but it also inconveniences the former and embarrasses the latter. On the one hand, it identifies the unique strength of NGOs, which, according to the World Bank, consists of “their ability to reach poor communities and remote areas, promote local participation, and operate at a low cost, identify local needs [and] build on local resources.” On the other hand, direct democracy is inconvenient because of “its limited replicability, self-sustainability, managerial . . . capacity, narrow context for programs and politicization.”<sup>31</sup>

In this context, NGOs are being slowly but surely transformed from organizations set up to serve the poor into what the World Bank has described as “operational NGOs”—private contractors of their policies with an apolitical and managerial approach.<sup>32</sup> First of all, the implementation of local projects calls for training in specific skills rather than a more general education that involves an analysis of social and economic policies and processes. As a result, NGO after NGO has been forced to adapt a more narrowly economic and apolitical approach to working with the poor than had often been the case. At the same time, local participation in decision-making becomes limited to small-scale projects that draw on local resources with the injection of minimal external funds for poverty alleviation and are not predicated on substantial social change in the distribution of, and access to, local and national resources. In this context, local community groups are left to celebrate their “empowerment”—decision-making capacity vis-à-vis the distribution of local resources and the allocation of any poverty alleviation funds—while the powers-that-be retain their existing (and disproportionate) share of national and local resources and the legal entitlement to their property without the pressure for radical change. In effect, the forced professionalization of the community-based NGOs, and their subsequent depoliticization, represent two sides of the same development, producing a common set of effects: they keep the existing power structure (vis-à-vis the distribution of

society's resources) intact yet they promote a degree (and a local form) of change and development.<sup>33</sup>

## **DECENTRALIZATION AND PARTICIPATION: EMPOWERMENT OR DEPOLITICIZATION?**

According to The Economic Commission for Latin America and the Caribbean, in its famous programmatic statement of an alternative to the neoliberal model (*Productive Transformation with Equity*), was designed, like the UNDP's model of Sustainable Human Development, to give the structural adjustment program a social dimension and the whole process a human face. Participation is the missing link between the process of productive transformation (technological conversion of the production apparatus) and equity (expansion of the social basis of this apparatus).<sup>34</sup> The World Bank had recently discovered that participation is a matter not only of equity, as ECLAC understood it, but also economic efficiency, since without it, projects tended to fail.

In this connection, this recognition, stated as early as 1989, did not lead the World Bank to adopt a more inclusive approach to macroeconomic policy, which, by all accounts, was profoundly exclusive and designed to benefit only those free enterprises that were both productive and competitive

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In any case, the World Bank is in essential agreement with the operational agencies of the UN system that the decentralization of government is an indispensable condition for a more democratic and participatory form of economic, social, and political development—for establishing a regime of good democratic governance. What this means in practice is political order with as little government as possible, based rather on the collaboration of civil society. On this basis, the World Bank, like the IDB, has been a major advocate of the policies of decentralization, as well as the virtues of local democracy and local development.<sup>35</sup>

The new emphasis on project implementation at the local level, provided by widespread implementation of administrative (and sometimes financial) decentralization, has had a number of effects. First, it has drawn attention away from the need for large-scale structural change in the allocation and distribution of society's productive resources. Development projects are implemented within the spaces available or left by the structures of economic and political power. Secondly,

it has resulted in a programmatic focus on individual capacities, minimizing the concern for the structural causes of poverty, rejecting efforts to deal with them in a confrontational matter and promoting, instead, pacific forms of political action, such as consultation, dialogue, and negotiations.

This rather apolitical and managerial (micro-project) approach to community development draws on the liberal notion of empowerment in which the poor are encouraged to find an entrepreneurial solution to their problems. In this context, OECD defines its approach in terms of “helping people of the world develop their skills and abilities *to solve their own problems*.”<sup>36</sup> As noted above, the World Bank adopted a strategy of empowerment and participation—at least at the level of rhetoric (without any effective or specific mechanisms for bringing about these conditions) in the interest not only of equity but economic efficiency.

This entrepreneurial or neoliberal notion of empowerment is altogether different from the critical understanding of it as a form of alternative development promoted by CBOs. In this neoliberal discourse on empowerment, the individual, as a repository of human resources (knowledge, skills, capacities to decide and act) is posited as both the problem and the solution to the problem of poverty. Of course, this is congruent with the utilitarian notion of the individual, when freed from government constraints imposed by the state, as an agent of rational choice to maximize gain and minimize or avoid losses,<sup>37</sup> diverting attention away from the issue of the state’s responsibility to redistribute market-generated incomes and the perceived need for radical change not in the direction of the market, but away from it.<sup>38</sup>

The “growth with equity” (redistributive growth/basic needs) approach of the 1970s was focused on the role of the state as an agency empowered to redistribute market-generated incomes via a policy of progressive taxation, redirecting this income to social and development programs designed to benefit not just the poor but the whole population to meet their basic needs.<sup>39</sup> However, at the level of the NGOs, this basic-needs approach included in fact, if not by design, a policy of conscientization—educating the poor about structural and political issues such as the concentration of economic and political power in the hands (and institutions) of the elite and their own political rights. In the Latin American context, *Acción Católica* was particularly oriented this way.<sup>40</sup> However, from the perspective of the donors, this approach was problematic and even politically dangerous and destabilizing since it could, in different contexts, cause the poor to reach beyond institutional and policy reform (and ‘self-help’ micro projects) towards more radical forms of change based on collective action, even social revolution.

The issue for the poor in this context was whether they should be empowered as individuals to make decisions related to local “self-help” development (basically how and where to spend poverty alleviation funds) or as part of a collective or community to take direct action against the structure (and holders) of economic and political power. There is a significant political dimension to this issue. That is, does empowerment of the poor necessarily entail a relative disempowerment of the rich, forcing them to give up some of their property and share of society’s productive

resources and associated incomes and to share with the poor their decision-making capacity or power? The politics of this question was clear enough, establishing for NGOs the role that they would come to play, not the role they would take for themselves, but in which they were cast into as private contractors of public policy.

In the context of actual developments from the 1970s, the effect has been not to empower the poor by increasing their decision-making control over conditions that directly affected their livelihoods, but rather to depoliticize grassroots organizations of the poor by inhibiting the political mobilization of forces of opposition to the “system.” At most, poor communities have been empowered to make decisions in regards to how to spend the miserable and inadequate poverty alleviation funds that come their way in exchange for a commitment to accept the existing institutionalism and the macroeconomic policies that support it.<sup>41</sup>

Studies in different countries as well as subsequent practice confirm this custom and the role of the NGOs in regard to it. For example, Mirafab traces the conversion of Mexican NGOs from organizations geared towards “deep structural change through consciousness, making demands and opposing the government” into organizations aimed at an “incremental improvement of the poor’s living conditions through community self-reliance.”<sup>42</sup> This process was not unique to Mexico. Indeed, in cases too numerous to mention, community-based NGOs moved away from empowerment programs that involved the political organization of the poor based on conscientization (education about unfair government policies or inequitable social structures). Instead, at the behest of the donors, NGOs turned towards a skills training approach to the mitigation of poverty by providing social and economic inputs (social capital) based on a technical assessment of the needs, capacities, and assets of the poor.

The dynamics of this conversion process vis-à-vis the role of the NGOs can be summarized as follows. “Operational NGOs”—to use the World Bank’s language—that established an instrumental relationship with their constituencies in the marginal communities of rural and urban poor, allow development experts to proceed as if the demands of the people are already known and predefined—demands such as roads, electricity, midday meals, birth control for women, micro-credit and poultry farming. In this context, Kamat notes “empowerment and participation are simulated by NGOs and their donor agencies even as their practices are increasingly removed from the meaning of these terms, which is to say, they are decapitated or disempowered in regard to bringing about the changes needed to improve their access to society’s productive resources.”<sup>43</sup>

The popularity of micro-credit or micro-finance projects in the practice of development can be understood in a context where the state is no longer primarily responsible for creating employment, let alone for improving the access of the poor to society’s productive resources such as land. In the context of the early 1980s, there was a strong push to both privatize the means of production and to deregulate markets, liberating the private sector from government constraint as well as emphasizing its role in regards to economic development. In this climate, even the state’s

responsibilities and funding in the area of social development (education, health and welfare, and social security) were cut back, shifting the former to the level of local governments and cutting back the latter in the interest of balancing the government's national accounts and budget. Empowerment of the poor in this context means self-help—helping GROs help themselves.<sup>44</sup>

Rather than assisting the poor in improving their access to society's productive resources, the poor are not assisted in gaining greater access to society's productive resources, such as land (natural resources), financial capital (credit) or physical capital (technology). The poor are expected, with assistance, to build on their own social capital to enhance their own capacities vis-à-vis their livelihood security, achieving the sustainability of their livelihoods.<sup>45</sup>

Microcredit programming and projects<sup>46</sup> are well-suited to this neoliberal context in which risks are shifted to individual entrepreneurs, often poor women who are forced to compete for limited resources and opportunities in a very restricted market environment. The promise of livelihood security—and local development—thus translates into optimal utilization of one's own capacities and resources rather than working against the system. In this connection, Kamat<sup>47</sup> concludes that the democratization that NGOs represent is more symbolic than substantive. For the most part, they are engaged in producing a particular kind of democracy that coincides with, and can function, within a neoliberal economic context.

In this context, GROs that do not function within the operational NGO formula for implanting and managing development projects in a technical and professional manner and that are instead engaged in the politicization of development issues such as livelihood security, health, and education are delegitimized as anti-national and anti-development, as agents of the agenda set by the donors rather than the local communities. These organizations, funded and mandated by multilateral or bilateral donors, are usually concerned with making globalization work for the poor—an agenda adopted by all of the organizations of international cooperation. One of many, and all too typical, such programmatic efforts to present this agenda is outlined by Torres<sup>48</sup> on behalf of the ILO.

### **DEMOCRACY AND DEVELOPMENT: A TROUBLED MARRIAGE (NOT MADE IN HEAVEN)**

In the 1980s, an idea emerged that economic development, in the context of the globalization agenda of economic liberalization, either required or would bring about a process of political liberalization or democratization. Indeed, subsequent “developments” did appear to provide support to this notion of a marriage of convenience, if not strategy, between capitalism (in the form of the free market) and democracy in the form of free elections.<sup>49</sup> However, this idea of an organic link between *capitalism* and *democracy*, between economic and political liberalization, was not, in fact, new. It was a revision of an understanding that dominated the science of political development in the 1950s and 1960s. In this literature, it was frequently

argued that authoritarian forms of government, particularly military dictatorships, such as the Pinochet regime in Chile, were better able to take the actions that would lead to an economic growth process. In any case, this understanding was reversed in the 1980s in the context of a widespread transition from one form or another of an authoritarian state—a widespread process of democratic renewal.

To cite just a few examples of the thinking about the connection between capitalism and democracy before the advent of a neoliberal approach, Walter Galenson, in 1959, claimed that the “more democratic a government,” the “greater the diversion of resources from investment in consumption.”<sup>50</sup> Karl Schweinitz similarly argued that if less developed countries “are to grow economically, they must limit democratic participation in political affairs.”<sup>51</sup> Joseph La Palombrana, another well-known exponent of the dominant modernization school of political thought, argued that “if economic development is the all-embracing goal, the logic of experience dictates that not too much attention can be paid to the trappings of democracy.”<sup>52</sup> The conclusion drawn by these and other theorists of political development and policymakers at the time was clear. In the words of Samuel Huntington, “political participation must be held down, at least temporarily.”<sup>53</sup>

At the same time, many of these same scholars assumed, or would argue, that whereas authoritarian forms of government were needed to generate economic growth, they would also self-destruct as a result of their own success. That is, economic development could generate conditions that might allow democracy to take hold. This, in fact, is a basic tenet of political modernization theory—that democratization is the likely end result of societies undergoing a universal process of development. This idea, incipient in many studies on political development in the 1950s was widely disseminated, even popularized, by Seymour Lipset in his 1960 book *Political Man*. While doubts and concern lingered in the wake of this argument advanced by Huntington, Lipset, and others, later developments in Chile set their minds at rest. General Augusto Pinochet’s military dictatorship was viewed as a case of the most sweeping economic reforms in history and a paradigm of successful economic reforms. In fact, the new economic model, constructed by the World Bank as a guide to polices of structural adjustment, was based on this experiment in neoliberal economics in Chile. Subsequent developments of a democratic regime (albeit after nineteen years of dictatorial rule—the last case of democratic transition in Latin America) and the most successful case of economic liberalization and liberalism in the region proved the point and validated the idea that economic liberalization would result in political democratization.<sup>54</sup>

Yet, the 1960s notion that dictatorships, often if not generally, promote economic development (see also the case of Brazil, Taiwan, and South Korea in this regard) was abandoned in the 1980s in the context of a neoliberal model that equated political and economic liberalization. First, the proposition that political democratization and economic development tend to go together has turned out not to be true. History has simply thrown up too many counter-examples. Secondly, while the first round of authoritarian government experiments with neoliberal economics—in the context of

military dictatorships in the southern cone of South America—all crashed and burned, the second round of these experiments was instituted by a series of democratically elected regimes formed under conditions of region-wide debt crisis that provided the World Bank and the IMF the leverage needed to push governments in the region to use the new economic model as a guide to economic policy reform.

In the space of a few years, from 1983 to 1989, virtually all regimes, mostly democratic in form, either out of conviction or (more often) under duress, turned towards a program of free-market structural, neoliberal reforms. In the beginning of the 1990s, with the last of the generals having returned to their barracks, those few governments that had not turned neoliberal did so, implementing, in the case of holdout countries such as Argentina, Peru, and Brazil, some of the most radical programs of structural adjustment seen to that date.

In each case it might appear that a process of democratic renewal led to economic liberalization at the level of macroeconomic policy. However, the sequence of developments and the dynamics involved do not support neoliberal thought. What can be concluded from a brief review of historical developments in the region is that the IFIs in the early 1980s were in a position to impose the Washington consensus on macroeconomic policy and, at the same time, to push for a renewal of democracy in the region. Democracy was defined at two levels: (1) a respect for the rule of law and the virtue of free elections in the constitution of regimes and (2) the strengthening of civil society as a means of providing greater accountability of elected officials and public participation in the formulation of public policy. In regard to the former, the historic record shows a relatively dismal record in generating the expected economic growth and greater success, albeit not intentionally, in generating movements of political protest against neoliberal policies. As for the latter, the historic record points towards a mixed record manifest in the emergence of semi-authoritarian regimes that adopt the shell of democracy, but disrespect its content.

Argentina with Carlos Menem as President, Brazil with Fernando Cardoso as President, and Chile, under various post-Pinochet democratic *concertación* regimes, at different points in the 1990s, were viewed as paradigm cases of successful economic development brought about by a democratic regime on the basis of the Washington consensus on macroeconomic policy. That is, they are viewed as good examples of a trend towards the marriage of liberal democracy and free market capitalist development in the broader context of globalization. The experience of these countries, as well as Mexico towards the end of the 1990s, laid to rest the notion of a necessary tradeoff between democracy and development. Although, the flame of lingering doubts has been rekindled by developments in Argentina after 1998 with five years of the country's deepest and most severe economic and political crisis and the experience of countries that are in a process of transition from socialism to capitalism.

In regards to this process of transition, the problem—for neoliberal thought vis-à-vis the organic link between capitalism and democracy—is that after a decade of democratic reforms and untrammelled free market capitalist development, Russia

and Eastern Europe have failed to recover a level of economic development achieved in earlier decades within the institutional confines of a socialist model. At the same time, several countries in Asia, notably China, have made explosive advances in the level of economic growth, with growth rates of 10 percent annually, sustained for over a decade, on the basis of a model of capitalist development, but within the framework of a non-democratic form of political development. Indeed, the experience of China has resurrected the specter of modernization theory, that economic development is best advanced on the basis of a non-democratic form of government. That is, China has revived the idea that it is possible to embark on a program of economic liberalization without, at the same time, provoking or turning towards a similar process at the political level. Despite the continuing, at times heated, rhetoric on this issue both in academic and official policymaking circles, the jury, as it were, is still out. Although it could be pointed out that China, having made the judgment that the country could be inserted into the global economy under favorable conditions and a positive outcome has turned towards a capitalist model of economic development without liberalizing either the political system or, more to the point, the economy.

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**Both globalization and development as geo-strategic “meta-projects” can be unmasked as disguised forms of imperialism, which raises serious questions about the role of nongovernmental organizations in the process.**

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As for countries in other parts of the developing world that have undergone a process of democratic renewal and that have instituted all the trappings of liberal or representative democracy at the national level, the promoters and guardians of democracy have discovered that in many cases, ranging from Venezuela in South America to Senegal in Africa, democracy is encountering a new challenge: the emergence of semi-authoritarian regimes that pay lip service to these forms of democracy while disregarding their substance in practice.<sup>55</sup>

For a number of scholars, such as those connected to the Carnegie Endowment for International Peace and the *Harvard International Review*, the emergence of so many fragile democracies, failed states, and semi-authoritarian regimes in the Third World represents a development dilemma: democracy or bust.<sup>56</sup> The dilemma is this. On the one hand, as noted by Amartya Sen, winner of the 1998 Nobel prize for economics, “the most important thing that . . . happened in the 20<sup>th</sup> century [was] democracy.”<sup>57</sup> On the other hand, the value of democracy to many developing countries is by no means clear. Democracy and development are not necessarily correlated and the proposed marriage between elections (democracy) and the free market (capitalism) might very well not work.

The possible dysfunctionality of combining democracy and capitalist development



arises precisely in the context of widespread implementation of the new economic model. In this context, the experience of many countries with democracy and capitalism has been nothing less than disastrous. In Argentina, the result was a country pushed to the brink of financial crisis and a situation of economic regression rather than development.<sup>58</sup> Nevertheless, the experience of so many developing countries in the 1990s does not argue for an abandonment of democracy as a preferred form of political development. In fact, the problem is that this form of development—the institution of democratic regimes—combined with pressures arising out of efforts to join the globalization project, allowed for an assault on the capacity of these states to make policy and the efforts of developing countries' regimes to institute democracy.

In this regard, there is clear and substantial evidence that macroeconomic policy for many of these countries was set and designed in Washington and imposed on these regimes as a condition for accessing the financial resources of the global economy. In addition, the policy of privatization implemented under these conditions has, in a number of cases, not only diminished the capacity to advance a process of economic and social development, but also resulted in a process of denationalization in regards to control over the country's stock of natural resources.<sup>59</sup> In effect, decision making in critical areas was transferred to international organizations and financial institutions that are profoundly undemocratic in that they are not in the least representative of the populations affected by their policies and actions; their actions are far from transparent, and they are not accountable to any electorate.

In this context, Chan argues that "developing nations themselves must determine the best form of governance and the best economic policy that will drive their economies forward."<sup>60</sup> The problem is that this would require a substantial change in the behavior of institutions that at one level insist on good democratic governance, but at a different level undermine the institution of substantive (as opposed to formal) democracy. That is, the issue is the failure of regime leaders to respect the substance as opposed to the form of democracy; it is the contradictory workings of international institutions set up and controlled by the self-appointed guardians of the "new world order."<sup>61</sup> As Przeworski notes, under conditions that prevail in the global economy, the marriage of democracy and free market capitalist development provides a flawed blueprint for action by developing country regimes. It might very well be that these regimes would choose a different development path or an alternative institutional and policy framework for their national development.

## **TOWARDS A CONCLUSION: NGOS AND THE IMPERIAL AGENDA**

The institution of a democratically elected regime and the rule of law are parts of the democratization/good governance strategy currently pursued by many developing countries under the aegis of the World Bank and other international development organizations. Other critical dimensions of this strategy include: (1) affecting a change in the power relationship between civil society and the state; (2) strengthening civil society in regard to its capacity to participate in the formulation

of public policy; and (3) empowering the poor via the accumulation of their social capital.

The major institutional or structural means for bringing about democratization in this form has been decentralization, a policy instituted by many countries across the world in the 1980s. Decentralization has taken diverse forms, but most often involves a delegation of government responsibilities and policy making capacity from the center to lower levels of authority. Ironically, in the early 1970s, it was Augusto Pinochet who pioneered this policy, as well as the package of sweeping economic reforms used by the World Bank to construct its neoliberal program of structural adjustment reforms. It was in regards to this policy of decentralization that Pinochet spoke of “teaching the world a lesson in democracy” and what the World Bank came to define as “good governance,” which was rule by social consensus based on the participation of people and local communities in decisions that relate to conditions that directly affect them.<sup>62</sup> At issue in this policy is popular participation, conceived of by ECLAC as the missing link between the neoliberal concern with productive transformation and the principle of equity promoted by structuralists and social reformists.<sup>63</sup> In the 1980s, this idea of popular participation would be enshrined in the notion of good governance as well as treated as a fundamental principle of project design and the delivery of both development assistance and government services. Popular participation in this view and World Bank programming is seen as a matter not only of equity, but also of efficiency, as well as, good governance.

Behind this notion of good governance is a concern to establish the political conditions needed to implement the new economic model of free market capitalist development—to ensure the capacity and the political will of national governments to “stay the course” (structural adjustment, globalization) and thereby enhance the stability of the “new world economic order”. Of course, even more important, are the operational and political conditions needed to subjugate the local (national) economies and emerging markets to the dictates of global capital in its corporate and financial forms. This is the agenda of US or Euro-American imperialism. As we have shown, it is this agenda that defines the ideology of globalization and the agency of organizations involved in the international development project. Both globalization and development as geo-strategic “meta-projects” can be unmasked as disguised forms of imperialism, which raises serious questions about the role of nongovernmental organizations in the process.

### Notes

<sup>1</sup> On this point and the evolution of ‘civil society’ as a concept see, inter alia, Thomas Carothers, *Aiding Democracy Abroad: The Learning Curve* (Washington: Carnegie Endowment, 1999).

<sup>2</sup> Inter-American Development Bank, *Modernization of the State and Strengthening of Civil Society* (Washington DC, 1996); David Booth, “Popular Participation, Democracy, the State in Rural Bolivia” (Dept. of Anthropology, Stockholm University, 1996); John Friedmann, *Empowerment: The Politics of Alternative Development* (Cambridge: Blackwell, 1992).

<sup>3</sup> Thomas Carroll, *Intermediary NGOs. The Supporting Link in Grassroots Development* (Kumarian Press, 1992); Michael Edwards and David Hulme, *Making a Difference: NGOs and Development in a Changing World* (London: Earthscan, 1992).

<sup>4</sup> Charles Reilly, *The Democratization of Development: Partnership at the Grassroots* (Arlington: Inter-American Foundation, 1989).

<sup>5</sup> Sangeeta Kamat, "NGOs and the New Democracy: The False Saviours of International Development," *Harvard International Review*, Spring 2003, 65.

<sup>6</sup> Sangeeta Kamat, "NGOs and the New Democracy: The False Saviours of International Development," *Harvard International Review*, Spring 2003, 65.

<sup>7</sup> Adam Morton, "The Antiglobalization Movement: Juggernaut or Jalopy?" in Henry Veltmeyer, ed. *Globalization/Antiglobalization* (Aldershot: Ashgate, 2004).

<sup>8</sup> Banco Interamericano de Desarrollo (1996). *Modernización del estado y fortalecimiento de la sociedad civil*. Washington DC; BID—Banco Interamericano de Desarrollo (2000). *Desarrollo: más allá de la economía. Progreso económico y social de la América Latina*. Washington DC: BID; OECD, *Final Report of the Ad Hoc Working Group on Participatory Development and Good Governance* (Paris, 1997). "Good Governance and Sustainable Human Development," *Governance Policy Paper*. <http://magnet.undp.org/policy>; World Bank (1994). *Governance. The World Bank Experience*. Washington DC: World Bank.

<sup>9</sup> Wallace, Tina (2003), "NGO Dilemmas: Trojan Horses for Global Neoliberalism?" *Socialist Register 2004*. London: Merlin Press.

<sup>10</sup> Sangeeta Kamat, "NGOs and the New Democracy: The False Saviours of International Development," *Harvard International Review*, Spring 2003, 65.

<sup>11</sup> Marina Ottaway, *Democracy Challenged: The Rise of Semi-Authoritarianism* (Washington DC: Carnegie Endowment for International Peace, 2003), p. vi.

<sup>12</sup> Wallace, op. cit., vi. .

<sup>13</sup> Sangeeta Kamat, "NGOs and the New Democracy: The False Saviours of International Development," *Harvard International Review*, Spring 2003, 65.

<sup>14</sup> Bretón de Zaldivar, Victor, "The Contradictions of Rural Development NGOs: The Trajectory of the FEPP in Chimborazo," in *Rural Progress, Rural Decay: Neoliberal Adjustment Policies and Local Initiatives*, eds. Liisa North and John Cameron (Bloomfield CT: Kumarian Press, 2003); V. Chhotray, "The Negation of Politics in Participatory Development Projects, Kurnool, Andhra Pradesh," *Development and Change*, 36 (2), 2004; Wallace, op.cit.

<sup>15</sup> On this see Anne Krueger, former chief economist at the World Bank and currently Acting Manager-Director of the IMF, and other exponents of 'the new political economy' as well as the World Bank, which has swallowed whole and widely disseminated this 'theory' of the state. Krueger is a leading exponent of the 'new political economy', a approach that represents, at a theoretical level, the neoconservative ideological offensive of capital against labor under conditions of systemic crisis. The 'new political economy' emphasizes the superiority of the world market, freed from government constraint and interference, as an engine of economic growth and development, and the private sector as the driver of this engine. Within this Political Economy Framework—for example, D.A. Rondinelli, J. McCullough and W. Johnson, "Analyzing Decentralization Policies in Developing Countries: A Political Economy Framework," *Development and Change*, 20 (1), 1989: 57-87—the central focus of analysis has been on the propensity of governments towards rentierism, the economics of corruption, the role of governance in economic development, and the economics of decentralization in 'Less Developed Countries', as well as the need to manage the eruption of ethnic tensions and violence, i.e., the problem of 'governability'.

<sup>16</sup> Adrian Salbuchi. *El cerebro del mundo: la cara oculta de la globalización* (Córdoba: Ediciones del Copista, 2000).

<sup>17</sup> Robert Hayden, "Dictatorships of Virtue? States, NGO and the Imposition of Democratic Values," *Harvard International Review*, Summer 2002, 56-61.

<sup>18</sup> OECD, *Final Report of the Ad Hoc Working Group on Participatory Development and Good Governance* (Paris, 1997).

<sup>19</sup> Diana Mitlin, "The NGO Sector and its Role in Strengthening Civil Society and Securing Good Governance," in Armanda Bernard, Henry Helmich and Percy Lehning, eds., *Civil Society and International Development* (Paris, OECD Development Centre, 1998).

<sup>20</sup> Joanne Salop, "Reducing Poverty: Spreading the Word," *Finance & Development*, 29 (4), December 1992.

<sup>21</sup> Thanks to a UAZ colleague Guillermo Foladori for pointing this out.

<sup>22</sup> "The idea here, points out Guillermo Foladori, in a comment on this issue, 'is to separate the market

driven orientation from its ethical consequences. Humanizing Corporations with a new ethic would overcome “market insanities”. In relation to the second part, there are signs that it was some of the corporations that developed the idea and implemented it before it became a world public policy.’

<sup>23</sup> United Nations Development Programme, “*Good Governance and Sustainable Human Development*,” <http://magnet.undp.org/policy>, 1996.

<sup>24</sup> The agenda of incorporating the private sector into the development process has been considerably enhanced.

<sup>25</sup> Sangeeta Kamat, “NGOs and the New Democracy: The False Saviours of International Development,” *Harvard International Review*, Spring 2003, 65.

<sup>26</sup> Marina Ottaway. *Democracy Challenged: The Rise of Semi-Authoritarianism* (Washington DC: Carnegie Endowment for International Peace, 2003).

<sup>27</sup> Dennis Rondinelli, “Implementing Decentralization Programs in Asia: A Comparative Analysis,” *Public Administration and Development*, (Syracuse) no. 3 (1983): 181-207.

<sup>28</sup> In 1999 up to 50 percent of USAID would be so channeled. Similarly, *Financial Times* (July 2000)

<sup>29</sup> Sangeeta Kamat, “NGOs and the New Democracy: The False Saviours of International Development,” *Harvard International Review*, Spring 2003, 65.

<sup>30</sup> Sangeeta Kamat, “NGOs and the New Democracy: The False Saviours of International Development,” *Harvard International Review*, Spring 2003, 66.

<sup>31</sup> Sangeeta Kamat, “NGOs and the New Democracy: The False Saviours of International Development,” *Harvard International Review*, Spring 2003, 66.

<sup>32</sup> Heloise Weber, “Global Governance and Poverty Reduction: The Case of Microcredit,” in Rorden Wilkinson and Steve Hughes, eds.. *Global Governance: Critical Perspectives* (London and New York: Routledge, 2002).

<sup>33</sup> It has been pointed out (by my colleague Guillermo Foladori, for one) that this perspective on NGOs is overly generalized to include reference to NGOs in several ex-USSR countries for example, that should not be identified with this trend. This is true enough. The NGOs are not all the same and subsequent analysis should be more specific. Nevertheless, I hold to the above statement as a working idea that is certainly applicable to many NGOs that operate in the Latin American context.

<sup>34</sup> ECLAC—Economic Commission for Latin America and the Caribbean). *Productive Transformation with Equity*, (Santiago: ECLAC, 1990).

<sup>35</sup> BID—Banco Interamericano de Desarrollo (1996). *Modernización del estado y fortalecimiento de la sociedad civil*. Washington DC; Blair, H (1995). “Assessing Democratic Decentralization,” A CDIE Concept Paper. Washington DC: USAID; OECD (1997). *Final Report of the DAC Ad Hoc Working Group on Participatory Development and Good Governance*. Paris. Rondinelli, D. A. (1989), “Implementing Decentralization Programs in Asia: A Comparative Analysis,” *Public Administration and Development*, 3 (3): 181-207; Rondinelli, D. A., J. McCullough and W. Johnson (1989), “Analyzing Decentralization Policies in Developing Countries: A Political Economy Framework,” *Development and Change*, 20 (1): 57-87; Rondinelli, D. A., J. R. Nellis and G. S. Cheema (1983), “Decentralization in Developing countries: A Review of Recent Experience,” *World Bank Staff Paper*, No. 581. Washington DC: World Bank; UNDP (1996). “*Good Governance and Sustainable Human Development*,” *Governance Policy Paper*. <http://magnet.undp.org/policy>; World Bank (1994). *Governance. The World Bank Experience*. Washington DC: World Bank.

<sup>36</sup> OECD, Final Report of the DAC Ad Hoc Working Group on Participatory Development and Good Governance (Paris: OECD), 30.

<sup>37</sup> This notion, the *homo oeconomicus* in the theoretical discourse of microeconomics, is the basis not only of neoclassical economics and neoliberal thought but of a model of political behaviour and the functioning of the state elaborated by Anne Krueger and associates—the ‘new political economy’.

<sup>38</sup> Foladori (May 24, 2004) observes in this connection that ‘Even under neoliberal empowerment at least two “living standard” outcomes could arise: a) raising individual capabilities that lead to improving living standards, b) developing organizational capabilities, which in turn are politically unpredictable’.

<sup>39</sup> Paul Streefen, “Basic Needs: Some Unsettled Questions,” *World Development*, Vol. 12, No. 9, 1984; Irma Adelman, “A Poverty Focused Approach to Development Policy,” in J. P. Lewis and Kallab, *Development Strategies Reconsidered* (1986).

<sup>40</sup> *Ibid.*

<sup>41</sup> Neil Middleton and Phil O’Keefe, *Redefining Sustainable Development* (London: Pluto Press, 2001).

<sup>42</sup> Mirafab in Sangeeta Kamat, “NGOs and the New Democracy: The False Saviours of International

Development,” *Harvard International Review*, Spring 2003, 69.

<sup>43</sup> Sangeeta Kamat, “NGOs and the New Democracy: The False Saviours of International Development,” *Harvard International Review*, Spring 2003, 65.

<sup>44</sup> Deepa Narayan. *Empowerment and Poverty Reduction: A Sourcebook* (World Bank, Washington DC, 2002).

<sup>45</sup> UNRISD (2000), “Civil Society Strategies and Movements for Rural Asset Redistribution and Improved Livelihoods,” UNRISD—Civil Society and Social Movements Programme, Geneva, UNRISD.

<sup>46</sup> Roberto Martinez Nogueira, “los pequeños proyectos: ¿microsoluciones para macroproblemas?” in Roberto Martinez Nogueira, (ed.), *La trama solidaria, pobreza y microproyectos de desarrollo social*. Buenos Aires: GADIS, Imago-Mundi, 1991.

<sup>47</sup> Sangeeta Kamat, “NGOs and the New Democracy: The False Saviours of International Development,” *Harvard International Review*, Spring 2003, 65.

<sup>48</sup> Victor Torres. *Sistema de desarrollo local, Sisdel* (Quito: Ediciones Abya-Yala, 2002).

<sup>49</sup> Jorge Domínguez and Abraham Lowenthal, eds., *Constructing Democratic Governance: Latin America and the Caribbean in the 1990s—Themes and Issues*, (Baltimore: John Hopkins University Press, 1996).

<sup>50</sup> Quoted in Adam Przeworski, “A Flawed Blueprint: The Covert Politicization of Development Economics,” *Harvard International Review*, Spring 2003, 42.

<sup>51</sup> Adam Przeworski, op. Cit., 42.

<sup>52</sup> Ibid.

<sup>53</sup> Michel Crozier, Samuel Huntington and Joji Watanuki, *The Crisis of Democracy: Report on the Governability of Democracies to the Trilateral Commission* (New York: New York University Press, 1975) 1-220.

<sup>54</sup> Torres, op. cit.

<sup>55</sup> Ottaway, op. cit.

<sup>56</sup> Yu Ping Chan, “Democracy or Bust? The Development Dilemma,” *Harvard International Review*, Fall 2001, 36-39.

<sup>57</sup> Amartya Sen, *Development as Freedom* (New York: Alfred & Knopf, 1999).

<sup>58</sup> James Petras and Henry Veltmeyer, Argentina: *Entra desintegración y la revolución*. Buenos Aires (Editorial la Maza 2002)

<sup>59</sup> Saxe-Fernandez, 2002).

<sup>60</sup> Yu Ping Chang (2001), “Democracy or Bust? The Development Dilemma,” *Harvard International Review*, Fall 2001.

<sup>61</sup> Salbuchi, op.cit.

<sup>62</sup> World Bank, *Sub-Saharan Africa: from Crisis to Sustainable Growth* (Washington DC: World Bank, 1989); World Bank, *Governance. The World Bank Experience* (Washington DC: World Bank, 1994).

World Bank. *Governance. The World Bank Experience*. (Washington DC: World Bank, 1994).

<sup>63</sup> ECLAC—Economic Commission for Latin America and the Caribbean. *Productive Transformation with Equity*, Santiago: (ECLAC, 1990).

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