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BOOKS

FEATURE REVIEW

And if there was no state?: critical reflections on Bates, Polanyi and Evans on the role of the state in promoting development

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Markets and States in Tropical Africa: The Political Basis of Agricultural Policies
Robert Bates
Berkeley, CA: California University Press, 1984

Embedded Autonomy: States and Industrial Transformation
Peter Evans
Princeton, NJ: Princeton University Press, 1995

The Great Transformation: The Political and Economic Origins of Our Time
Karl Polanyi
Boston, MA: Beacon Press, 2001 (2nd ed.)

The rise of the neoliberal consensus

The 1980s witnessed a paradigmatic shift in the evaluation of the role the state should play in promoting economic growth in the developing world. Against a general sense of fatigue caused by the accumulation of international economic crises and a history of inefficient state intervention in the economy in Africa, Latin America and Eastern Europe, the state-led approach to development lost the intellectual and political legitimacy it had enjoyed since the 1930s.[1] Emboldened by the perceived bankruptcy of the model, an ascending coalition of reform-minded academics, policy makers, and political elites gained prominence by calling for a return to a market-based economy.[2] The set of neoliberal policies they advocated, which eventually converged in what came to be known as the

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'Washington Consensus', has dominated the international economic and political arena since.[3]

At its most rigid, the neoliberal school of thought is profoundly critical of the state: where development economics called upon the state to promote industrialisation and entrepreneurship through an intensive, deliberate effort, neoliberalism perceives the state as an obstacle to development.[4] Assuming that markets are the most effective mechanisms to allocate resources, neoliberal theory thus advocates a minimalist approach to the state. The disillusionment(s) that led to the abandonment of state-led development in favour of the neoliberal model of economic recovery seems to have generated a process of learning by negative association: manipulating market forces, the state creates unsustainable distortions, and it must therefore be curtailed. Or, as Albert Hirschman has put it, the backlash against development economics was so thorough that 'it was…charged with intellectual responsibility for whatever had gone wrong'[5].

Bates' *Markets* and a critique

One of the first and most influential academic studies to emerge in the neoliberal tradition was Robert Bates' *Markets and States in Tropical Africa: The Political Basis of Agricultural Policies* (1981). In this book Bates develops a highly political explanation for the failed agrarian transition in sub-Saharan Africa. Asking why governments in these countries persist in following agricultural policies that not only go against the interests of farmers at large but also have thus far failed to transform the agricultural sector, Bates analyses the role that politics have played in shaping certain economic choices. Based on a rational choice framework, his succinct, elegant and apparently persuasive argument is that the fundamental problem in Africa has been pernicious intervention of the state—through ownership or regulation—in the natural workings of the market.

According to Bates, while state elites may have attempted to make a transition to a 'modern' capitalist system, they also (and principally) have sought to consolidate their political and economic power at the expense of the large majority of the agrarian population. The most significant method they have used to achieve this is to extract surplus from the agricultural sector in order to promote industrial development. In their attempt to 'squeeze' the peasantry, state elites have pursued the twin goals of enforcing the compulsory production of agricultural products at fixed prices and maintaining food prices artificially low so as to reduce the cost of living in urban areas and preserve the support of industrial constituencies. Through government-controlled marketing boards, which were established under colonial rule and have a monopoly on the purchase and export of agricultural goods, as well as through the manipulation of exchange rates, African states and their respective (bloated) bureaucracies have succeeded in depressing the prices of export crops.[6]

The large involvement of the state in the economy has allowed individual politicians and bureaucrats to manipulate markets as a means of generating profits through non-competitive mechanisms and to use them not only to enrich themselves but also to build a basis of political support. This perverse dynamic has led to the antithesis of development. According to Bates, incumbents distribute rents in a highly selective manner in order to sustain a system of patronage and clientelism in which favours and connections can be exchanged for political support. Thus there is a political rationale to an otherwise seemingly incongruent economic logic: state intervention has engendered a predatory state composed of rent-seekers and entrepreneurs in which only the most highly organised aggregation of interests prevails, and in which the individual maximisation of self-interests takes precedence over collective goals. Or, as Bates puts it,

> Government intervention…creates opportunities for conferring privileged access to commodities that have been rendered scarce in comparison to the demand for them. Privileged access is used by the elites…for direct personal gain or to create a political following. The [obvious] political attractions…help to explain why, when given a choice between market and nonmarket means for achieving the same end, African governments often choose interventionist measures.[7]

An example that epitomises how specific state policies are designed and implemented to privilege a particular pocket of society to the detriment of the collective good is the strategy of class and interest division that bureaucratic elites have pursued in the countryside in order to sustain a network of political support. Bates documents how African state elites have played a fundamental role in altering the social and economic makeup of the agrarian sector. Rational politicians and bureaucrats have systematically used their power to allocate agricultural input subsidies, secure access to land and technology, and provide subsidised credit, among other things, to promote the development of a privileged group of individual large-scale farmers who owe their position to the government and therefore have a vested interest in preserving the current system:

> The politics of pork barrel supplant the politics of class action. Debates over the fundamental configuration of policies remain off the political agenda of the African countryside, and individual rural dwellers come, as a matter of personal self-interest, to abide by public policies that are harmful to agrarian interests as a whole.[8]

For Bates, the weakness of the predatory state lies in the fact that the policies of exploitation and domination that give it meaning are unsustainable in the long run. The costs of maintaining a system based on patronage and clientelistic ties are onerous, and the ability of state actors to generate the revenues necessary to sustain it largely depends on how far they succeed in squeezing the peasantry, whose control over the land gives it a certain degree of flexibility to avoid state domination. Equally importantly, the effects of these policies, which are detrimental to a majority of the population, will eventually harm the state's political supporters as well, leading them to react.

While Bates' view of the role that the state has played in Africa accurately describes the reality in many of the countries in the region, and therefore may appear convincing and persuasive, his explanation is incomplete. To gain a deeper appreciation of the dynamics at work in the failed agrarian transitions in Africa, his argument must be situated in the context of the specific socio-political, historical and structural processes which have shaped African development before, during and after the period of colonial rule. But as it stands, Bates' theory of collective action is based on a narrow individualism that sees the state as little more than the simple aggregation of individual maximisers and largely extracts his rational actors from the realities that shape the circumstances under which they make the choices that they do. Curiously, it is not until the last chapter of his book that Bates acknowledges the importance of outside factors like repression, state-sponsored rural demobilisation, and historical legacies in constraining individual choices.

Other scholars have approached the problem of a failed agrarian transition in Africa from a comparative institutional perspective that places greater emphasis on the historical and structural context than does Bates' rational choice explanation. In this approach, the origins of institutions are problematised, while Bates treats them as largely exogenous.[9] Catherine Boone, for example, sees the weakness of post-colonial African states as rooted in the extension of the colonial system of indirect rule through local village authorities and the lack of strong political institutions rather than in the self-maximising choices of rent-seekers *per se*.[10] In her view the socio-political structure remains pre-capitalist, embedded in traditional forms of power and modes of production. Her argument adds an important dimension to a deeper understanding of the African experience not fully incorporated in Bates' work: namely, that history and (pre-capitalist) institutions have had a strong impact in shaping Africa's trajectory towards industrialisation and in limiting available choices. In Boone's words:

> the postcolonial state [in Africa]…displayed a trait that it inherited from its predecessor: immobilism…The capital logic school tends to abstract postcolonial ruling classes from historical and political context, and thus to posit the existence of coherent 'state classes'…that are unconstrained by interests and social relations reproduced outside the processes of the state.[11]

Michael Bratton, for his part, argues that in Africa power has constantly been contested and negotiated between state actors and peasants.[12] But, while both groups are autonomous agents, neither possesses enough political capacity to implement its goals. Thus, African states are weak precisely because they lack Weberian-style bureaucracies and strong institutions through which to impose their agenda. And, like Boone, Bratton finds that the roots of state weakness can be traced to the days of colonial rule: 'in postcolonial Africa…there has been little political transformation. The postcolonial state remains an exotic institutional transplant without deep roots in indigenous soil.'[13]

Tracing the origins of the 'self-regulating' market

If Bates' theoretical argument is limited because of its failure to address the full weight of the structural and institutional features that constrain the choices he privileges in his theoretical framework, the policy implications that may be inferred from it are at best problematic, if not seriously misleading. What follows from his analysis is that the genuine promotion of developmental goals in Africa ought to be based in practice on the reduction of the size of the state and the expansion of market forces. As it was, Bates' argument that political elites in Africa manipulate economic policies to serve their own interests at the expense of overall development resonated powerfully with the view of international financial institutions (IFIs) and other donor agencies in the 1980s and 1990s. They believed that progress lay in the adoption of structural adjustment programmes intended to unleash market forces by, among other things, eliminating government controls, promoting trade liberalisation and fostering a greater role of the private sector in Africa. Heavily influenced by the ideas of rational choice academics and intellectuals, the World Bank, for example, shifted its 'faith in the ability of the state to direct development…to a greater reliance on markets' and argued that government intervention should be 'employed sparingly and only where most needed'.[14] Thus it prescribed 'the implementation of a core set of liberalization policies that entailed the removal of obstacles to efficient markets and the reduction of state ownership, arbitrary intervention and bureaucratic delay'.[15]

However, extolling the virtues of the market in the allocation of resources does not answer an antecedent—and, incidentally, fundamental—question: where do these markets come from in the first place? In Bates' narrative, the existence of markets in Africa seems to be taken for granted, but it is questionable whether this assumption is as unambiguous as it appears. For one thing, as both Bratton and particularly Boone have pointed out, African countries continue to operate within pre-capitalist forms of authority and production. So 'free' markets need to be put in place; but how, and by whom?

Enter Karl Polanyi. Even though references to *The Great Transformation: The Political and Economic Origins of Our Time* (originally published in 1957) do not appear in Bates' bibliography or index, almost 50 years after publishing his classic work Polanyi remains highly relevant on issues regarding the role of institutions in economic and political change. In this book he sets out to explain the root causes of what he calls 'the great transformation', or the collapse of 19th century civilisation, which had rested on four pillars: the balance-of-power system, the gold standard, the liberal state and the self-regulating market. Of these, Polanyi argues, the last was by far the most important in sustaining the system—its 'fount and matrix'.[16] And it is in this book that he first warns against the dangers of 'the utopian endeavor of economic liberalism to set up a self-regulating market system',[17] eerily foreshadowing what Adam Przeworski has called the 'excessive ideological zeal' that has characterised the rise of neoliberalism over the past two decades.[18] For contrary to the simplistic assumptions of the neoliberal consensus, as Polanyi discovered long ago, the development of a self-regulating market if only the state would mind its own business is anything but given: if markets exist, it is by design, not by the sheer force of nature. Moreover, as Polanyi also noted, pursuing the myth of the self-regulating market with single-minded devotion may cause such suffering and dislocation that society may take measures to protect itself—sometimes with cataclysmic consequences.

In *The Great Transformation* Polanyi provides a compelling account of the origin and development of the 'self-regulating' market in the West. According to the author, the market economy was a momentous 19th century invention that led to a radical restructuring of the relationship between society and the market. While traditionally 'the economic system [had been] submerged in general social relations', and markets had been no more than mere 'accessories of economic life',[19] the exigencies of technological progress brought about by the Industrial Revolution (and in particular the machine) required nothing short of the total subordination of society to the market. Thus the transition from a socially embedded market to a self-regulating one involved not only a change in economic organisation, but also a social transformation of gigantic proportions.

Concretely, this entailed a two-fold process. First, the previous moral order that held society together had to be dismantled: turning people into workers required breaking down traditional social ties of mutual help and de-legitimising paternalistic ties with the state. As these social safety nets were eroded, hunger came to play a key role in creating an incentive to work and in making self-interest the driving force of the whole system. Second, the market economy required the commodification of the means of production, namely land, labour and money, to make them available for purchase.[20] This was an 'entirely fictitious' process—it assigned monetary value where none had existed before—and the fiction had to be upheld because, as Polanyi puts it, a self-regulating market can only thrive within a 'market society' that allows the system to function according to its own laws.

But how was this transformation brought about? Here, Polanyi identifies a fundamental ideological distortion embedded in the notion of a self-regulating market. Drawing on a case study on the English village of Speenhamland, he shows that the establishment of a market economy was only possible through the conscious and deliberate involvement of the state as a machine of continuous 'control, regulation and intervention'. More than anything, Speenhamland illustrates that the development of markets was decidedly non-evolutionary and discontinuous in nature. The commodification of labour, for instance, did not occur automatically, but had to be institutionalised through political intervention: the Speenhamland Law of 1795, which reinforced the paternalistic system of labour organisation prevalent before the onset of the Industrial Revolution and effectively prevented the establishment of a competitive labour market, was repealed in 1834 in favour of the Poor Law Reform Act. That act, according to Polanyi, instituted an industrial proletariat, giving birth to the modern working class.[21] Thus, while a 'blind faith in spontaneous progress' may have held that a self-regulating economic system was the result of a natural evolutionary process inherent in markets themselves, in reality its establishment required 'highly artificial stimulants administered to the body social'.[22]

Polanyi goes on to argue that the very notion of the self-regulating market is a dystopia that 'could not exist for any length of time without annihilating the human and natural substance of society'.[23] So it immediately triggered a reaction from within society to protect itself. And while the drive to create a market society was conscious and deliberate, the backlash against it was spontaneous and unplanned. Polanyi calls this ensuing collision of opposing forces a 'double movement', whereby attempts at expanding free-market principles were met by a counter-movement bent on 'the conservation of man and nature…using protective legislation, restrictive associations, and other instruments of intervention'.[24] Ultimately, Polanyi argues, it was not the unregulated market itself but the very protective mechanisms that emerged in reaction to it that spelled the demise of 19th century civilisation.

In the end it fell to the state not only to build the self-regulating market, but also to impose limits and regulations on the market once it was established to protect workers from its most devastating effects (mainly through legislative measures like unemployment insurance and the legal recognition of trade unions). But, by that time, it was too late to salvage the system. As Ira Katznelson has noted in discussing Polanyi in relation to the New Deal, something in the link between state and market seemed particularly clumsy and inadequate. Successfully mediating state–market relations is a double-sided process that requires a fine balance between fostering market forces on the one hand and protecting the population against harmful consequences on the other. But on the eve of the 'Great Transformation', such efforts had failed. According to Katznelson:

> It was…the failure to discover workable combinations that could capture market dynamism while assuring above-threshold levels of citizen security that [led to] the collapse of liberal capitalism and mass support for illiberal bolshevism and fascism…The New Deal was the only option on offer that seemed to promise a new and more productive prospect that would not destroy markets in the name of security or create insecurity in the name of markets.[25]

Looking back at the development of the market system, it does not seem all that surprising that the state should have played such a crucial role in bringing it to life—and regulating it. For, paradoxically, for the past two centuries, the state has been the only institution capable of providing the infrastructure, power and knowledge that the economy relies on to promote the exchange of goods. No other body or agency possesses the geographical centralisation, monopoly of violence and, in particular, administrative capacity necessary to uphold such a system. In addition, as demonstrated by the case of Speenhamland in England, state power has been crucial to enforce order, specifically in relation to the emerging working classes (and, in England, the peasants who were dispossessed of their land through enclosures). Finally, the state's capacity to accumulate knowledge—in the form of a system of statistics and information as well as scientific and technological development—has also been essential to the promotion of capitalist development.

This same paradox has become increasingly evident in countries in Africa and other regions in the developing world that have struggled with the implementation of market-orientated reforms prescribed by IFIs since the 1980s. Contrary to the neoliberal assumption—also implicit in Bates' treatment of African markets—that markets would function well on their own if only they were freed from political intervention, the experiences of these countries suggest that an undifferentiated call to reduce the size and reach of the state may be counterproductive. Clearly, as Bates points out, the kind of state involvement that African markets have been subject to has been particularly pernicious. But what has become ever more apparent is that, while the state needs to reduce itself as part of the reform package, it also somehow needs to be strong enough to undertake the necessary reforms in the first place and to successfully insulate technocrats from societal pressures. Recognising this tension, in 1997 the World Bank dedicated its annual *World Development Report* to a reconsideration of the role of the state in the economy. In essence, the Bank's position towards the state became less hostile, arguing that 'the state is central to economic and social development'—albeit 'not as a direct provider of growth but as a partner, catalyst and facilitator'.[26]

The state as problem—and solution?

Which brings us to Peter Evan's 1995 book *Embedded Autonomy: States and Industrial Transformation*—and to another critical shortcoming in Bates' methodology and argument in *Markets*. In *Markets* Bates bases his discussion and conclusions about the political roots of underdevelopment in sub-Saharan Africa only on cases of failed state intervention. But if he does not look at variation in state performance, how can he be sure that state intervention is inevitably doomed to fail? What if there are successful examples of state-led development? And if so, what are the mechanisms that help explain such outcomes? While Bates is silent on this matter, in *Embedded Autonomy* Evans offers a useful framework for understanding the factors that account for successful state intervention in promoting a transition to industrialisation in the developing world.

Starting from the premise that 'an effective state…[is] an essential prerequisite of the formation of market relations',[27] Evans analyses the role of the state in promoting the evolution of the information-technology industries in Brazil, India and South Korea in the 1970s and 1980s. Heavily influenced by the work of Polanyi and Weber, among others, Evans develops a comparative institutional approach that seeks to explain developmental outcomes along two variables related to the nature and quality of the state: internal state structure and the nature of state–society relations. For him, the key to successful intervention lies in a fundamental characteristic of the developmental state: its 'embedded autonomy'.

Following Weber, Evans argues that the developmental state is autonomous insofar as it has a rationalised bureaucracy characterised by meritocracy and long-term career outlooks, traits that make civil servants more professional and detached from powerful rent-seeking groups attempting to influence them. However, the state cannot be too insulated from society because it runs the risk of becoming excessively aloof and unable to identify and act on societal needs. Thus, it must also be embedded in society, that is, '[connected to] a concrete set of social ties that binds the state to society and provides institutionalized channels for the continual negotiation and renegotiation of goals and policies'.[28] While Bates would perhaps interpret this connection between state and social actors as the capture of state structures and a haven for rent extraction, for Evans it is an opportunity for successful development. Linked to internal coherence, embeddedness not only enables the state to provide collective goods and formulate long-term goals based on the information and feedback it acquires from society, but it also keeps the state in check by ensuring it does not act on behalf of state interests alone. However, as Evans admits, embedded autonomy can be a highly exclusionary arrangement, where the state is linked not to society at large, but to dominant groups within it, especially among the industrial class.

For Evans, South Korea is the quintessential example of the developmental state, producing the best developmental outcomes. Brazil and India are intermediary cases where 'islands of excellence' thrive amid oceans of inconsistent and poorly executed policy decisions. In Brazil the main problem lies in the lack of a meritocratic bureaucracy, while in India both the bureaucracy and the business classes have remained rather insulated from one another, and therefore lack the dense links that embeddedness calls for.[29]

Curiously, however, of these three cases, the South Korean state also happened to be the most authoritarian during the timeframe Evans analyses, while India enjoyed a long (if imperfect) democratic tradition, and Brazil was fully enmeshed in a democratisation process in which a strong labour movement played an important role. So one may wonder if democratic politics somehow constrain the developmental state or impinge upon its actions. As Ronald Herring has argued in the case of India, that country has faced 'terrific obstacles…in managing…[its] political economy…with one arm tied behind its back by its commitment to liberal democracy'.[30] This is a discussion Evans does not engage in, except to say that, by its very success, the developmental state may, in the end, be its very own 'gravedigger': having successfully nurtured strong business and working classes through its policies, these then turn upon the state to demand greater political freedoms and, ultimately, democracy. The trouble is that, in much of the developing world, democracy has been established without the prior achievement of such developmental success. It would have therefore been interesting if Evans had addressed the challenges confronting a developmental state in a democratic context more directly. Polanyi pinned his hopes for freedom and security in the New Deal—but the question remains: what kinds of arrangements are necessary at the start of this century to achieve both economic development and democracy?

In any case, as Evans documents, in all three countries the computer industry was relatively underdeveloped and was not an obvious prospect for expansion, given the small size of their respective domestic markets and the global dominance of international conglomerates such as IBM. By the 1990s, however, they each had a competitive IT sector. This was possible, Evans argues, because of conscious, well thought-out, and well executed state intervention. In all three cases the state went beyond its role as custodian or facilitator (which, incidentally, are the roles IFIs find the easiest to accept) and played the far more involved and promotional roles of midwife and/or husbandry, albeit with different levels of success.[31] Along the way, it implemented all kinds of selective (interventionist) mechanisms, including what Evans refers to as a 'greenhouse of tariffs',[32] tax policy, protective tariffs, import controls, subsidised credit and the subsidisation of research and development, all in the name of helping entrepreneurial groups develop a competitive edge. As Shahid Yusuf has put it, at their best, successful market outcomes in these late developers were the result of 'a clear-headed manipulation of incentives by the visible hand' of the state.[33]

But how can we tell whether the state is adequately embedded at a certain moment in time and determine if such embeddedness (combined with the right dose of autonomy) will yield developmental outcomes? Evans remains remarkably vague on this question, revealing an important methodological weakness in his argument. For while his concept of 'embedded autonomy' is compelling, it is also analytically fuzzy. In a way Evans' argument comes to rest on a certain circularity. Because embeddedness is so loosely defined, it can mean anything, from the warm and extremely tight links binding bureaucrats and *keiretsu* executives in Japan to the more detached, authoritarian relations between Kuomintang officials and the business sector in Taiwan. But such a broad definition does not allow us to determine *a priori* whether or not a particular developmental outcome (either positive or negative) was the result of embeddedness: we are reduced to concluding that there was embeddedness when state intervention ended up being successful—otherwise it was probably missing. As illustrated by the meltdown of the Asian markets in the 1990s and the ensuing debates to determine what caused it, this lack of analytical clarity makes it difficult to draw a line between what constitutes embedded autonomy and what, in the eyes of critics of state intervention, is just good old crony capitalism.[34] For these detractors, the roots of the Asian crisis lay in improper state interference with the unfettered interplay of market forces—and the distinction between these two forms of market manipulation (ie 'embedded autonomy' and 'crony capitalism') is at best superficial.

Despite his use of ambiguous terminology, however, Evans convincingly shows that qualitative differences in state intervention do exist and that they do matter. As the dust around the Asian crisis settles and affected states are on their way to recovery, it has become obvious that the progress achieved by the developmental state over the past few decades is not about to become undone. In this respect, Evans' insight that the study of the role of the state in promoting development needs to be more nuanced and allow for success as well as failure remains as important as ever. As Atul Kohli has put it, Evans' argument constitutes a 'giant step' in development thinking and practice because it persuasively demonstrates that:

> the neoliberal orthodoxy…is simply not borne out by historical evidence and…when comparative evidence is examined closely, it turns out that states have played both positive and negative economic roles. Instead of ideological simple-mindedness…therefore, this more complex view provides a much better frame for…[assessing deliberate development efforts]…in post-World War II experience.[35]

It is important to remember, of course, that the 'economic miracle' that led to the successful industrial transformation of Korea (as well as of the other East Asian tigers) is to a large extent the result of different historical, political, social and geopolitical structures pertaining to each country. As Evans argues in *Embedded Autonomy*, the genesis of the developmental state is historically contingent, its creation 'depend[ing] on specific institutional endowments and the character of surrounding social structure'.[36] Nevertheless, when these cases are compared to the largely failed agrarian transitions in most of Africa and Latin America, one of the most important factors to stand out is the existence of a fully committed developmental state in East Asia, and the lack of a similar counterpart in either of the other regions. What seems to distinguish the state in Korea (and Taiwan and Japan for that matter) from the majority of African and Latin American countries is an efficient bureaucracy that closely approximates the Weberian ideal but that also has developed deep roots in society. This insight may well turn the interpretation Bates offers in *Markets* of the problems plaguing African development on its head, and points to a different set of policy recommendations. As Evans suggests, '[it could be] the scarcity of bureaucracy that undermines development, not its prevalence'.[37]

Hence, Africa's real challenge may lie not so much in its ability to implement the kinds of free market reforms embraced by IFIs and other aid agencies, but rather in developing a modern bureaucracy in the Weberian tradition that has the capacity to act on behalf of society as a whole. Significantly, for Weber the process of bureaucratisation occurs naturally, given that the role of bureaucracies is so indispensable. But as Evans notes, developing an efficient bureaucratic system can be a 'daunting task'.[38] In the case of Africa, the problem runs deeper than merely adopting different policies or 'reforming' the predatory behaviour of self-maximising bureaucrats. Boone's and Bratton's respective analyses of the failed agrarian transition in Africa point to the necessity of dismantling both those socio-political structures that have been preserved since the days before colonialism and those that were appropriated during colonial rule before effective political and economic institutions could be developed. The success achieved by Korea and other East Asian countries, and in more qualified terms by India and Brazil, has shown how a developmental state aggressively promoted and pursued this process. In this sense, while the state in less successful developing countries has in fact been part of the problem as described by Bates, if we have learned anything from Polanyi, it is that it cannot be left behind in attempts at finding a solution.

Polanyi's arguments about the self-regulating market and the counter-movement it engendered ring a strangely contemporary note. In an era as ideologically charged as our own,[39] in which the discourse favouring open markets and free trade in a context of globalisation has become the mantra of development thinking and policy making, the problem Polanyi identified of reconciling the demands of the free market with the need for minimal social cohesion and protection seems particularly pressing. Signs of double movements unfolding all over the world are becoming increasingly evident—and we know from the historical record that the outcomes of such clashes may sometimes turn out to be disastrous. The crowds of anti-globalisation activists that gathered in Seattle and Genoa against the World Trade Organization (WTO) and other IFIs, bringing people together who otherwise have little in common, are only one example. While what they stand against is pretty clear, what they stand for (along with what their agenda for progressive change may look like) is less so. But they are angry and disillusioned and frustrated and unwilling to take more of the same without a fight. This sense of collective frustration can be particularly detrimental to fragile democracies. To a large extent, the election of Hugo Chávez in Venezuela in 1998 and the political and economic stalemate that has gripped the country since then are the products of a clash between the exigencies of a free market economy and the measures society has taken to protect itself. On a more optimistic note, Luis Ignacio da Silva (Lula) won the presidency in Brazil in 2002 with the promise that market ideology would not be allowed to reign supreme, as a majority of voters felt it had under Lula's predecessor. What else the future holds in this ongoing confrontation between markets and society is unclear, but Polanyi's warnings ought to be well heeded.

Notes

1 See Albert Hirschman, *Essays in Trespassing: Economics to Politics and Beyond*, New York: Cambridge University Press, 1981, p 7.

2 Among the strongest advocates of state retrenchment in favour of greater reliance on the market were the conservative-leaning governments of Ronald Reagan in the USA and Margaret Thatcher in the UK. For further reading on the rise of neoliberal economic and political thought, see Adrian Leftwich, *States of Development: On the Primacy of Politics in Development*, Cambridge: Polity Press, 2000.

3 The term 'Washington Consensus' was originally coined by economist John Williamson when he proposed a list of policy recommendations that countries willing to reform their economies should undertake. Williamson, 'What Washington means by policy reform', in Williamson (ed), *Latin American Adjustment: How Much Has Happened?*, Washington, DC: Institute for International Economics, 1990.

4 It was President Reagan who once famously declared, 'Government is not the solution. Government is the problem.'

5 Hirschman, *Essays in Trespassing*, p 19.

6 Since peasants have control over the land they cultivate, however, manipulating food prices has not always proven an easy task. Peasants can-and often do, according to Bates-escape the demands the state imposes on them through a variety of tactics, which include altering their production mix, selling their products through unofficial channels or leaving the countryside to become workers. In any case, the state as a whole loses important sources of revenue.

7 Robert Bates, *Markets and States in Tropical Africa: The Political Basis of Agricultural Policies*, Berkeley, CA: California University Press, 1984, p 102.

8 *Ibid*, p 118.

9 See, for example, Howard Stein & Ernest J Wilson III, 'The political economy of Robert Bates: a critical reading of rational choice in Africa', *World Development*, 21 (6), 1993, pp 1035–1053.

10 Catherine Boone, 'States and ruling classes in postcolonial Africa: the enduring contradictions of power', in Joel Migdal *et al* (eds), *State Power and Social Forces: Domination and Transformation*, Cambridge: Cambridge University Press, 1994.

11 *Ibid*, pp 132–133.

12 Michael Bratton, 'Peasant–state relations in postcolonial Africa: contradictions of power', in Migdal *et al*, *State Power and Social Forces*.

13 *Ibid*, p 252.

14 World Bank, *World Development Report 1991*, New York: Oxford University Press, 1991, pp 31, 49.

15 Reginald H Green, 'A cloth untrue: the evolution of structural adjustment in sub-Saharan Africa', *Journal of International Affairs*, 52 (1), 1998, p 211.

16 Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, Boston, MA: Beacon Press, 1957 and 2001, p 3.

17 *Ibid*.

18 Adam Przeworski, 'The neoliberal fallacy', *Journal of Democracy*, 3 (3), 1992, p 47.

19 Polanyi, *Great Transformation*, pp 67, 68.

20 *Ibid*, p 73.

21 *Ibid*, p 101.

22 See *ibid*, pp 76, 57, also ch 12.

23 *Ibid*, p 3.

24 *Ibid*, p 132.

25 Ira Katznelson, notes on keynote speech at a conference on Karl Polanyi held at Columbia University on 27 April 2001, p 2.

26 *World Development Report 1997*, quoted in Leftwich, *States of Development*, p 51.

27 Peter Evans, *Embedded Autonomy: States and Industrial Transformation*, Princeton, NJ: Princeton University Press, 1995, p 29.

28 *Ibid*, p12.

29 *Ibid*, p 61.

[30] Ronald J Herring, 'Embedded particularism: India's failed developmental state', in Meredith Woo-Cumings (ed), *The Developmental State*, Ithaca: Cornell University Press, 1999, p 334.

[31] Midwifery involves the state creating a protected environment that can foster the emergence of selected industrial sectors. Through husbandry the state continues to nurture these sectors so that they can compete internationally.

[32] Evans, *Embedded Autonomy*, p 13.

[33] Shahid Yusuf, 'The East Asian miracle at the millennium', in Joseph Stiglitz & Shahid Yusuf (eds), *Rethinking the East Asian Miracle*, New York: Oxford University Press/World Bank, 2001, p 7.

[34] See, for example, TJ Pemple (ed), *The Politics of the Asian Economic Crisis*, Ithaca, NY: Cornell University Press, 1999.

[35] Atul Kohli, 'Embedded autonomy: states and industrial transformation', *The American Political Science Review*, 90 (3), 1996, p 670.

[36] Evans, *Embedded Autonomy*, p 35.

[37] *Ibid*, p 40.

[38] *Ibid*, p 40.

[39] Not because the spectrum for debate is necessarily broad, but rather because the model embracing neoliberal globalisation seems to have trumped all others, at least rhetorically.