Nationalism and Structuralism: Two Themes in the Work of Dudley Seers

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I. Introduction

The contribution made by Dudley Seers to development studies was manifold. He is perhaps most widely recognised for the way in which, in his posthumous book on *The Political Economy of Nationalism* (1983), he attempted to move development studies beyond a paternalistic and neo-colonialist stance towards Third World countries. In the process, he evolved a particular geopolitical outlook, the originality of which is not fully conveyed by his own label of 'extended nationalism'. But in addition to the proposals for extended nationalism, Seers was responsible for a number of important contributions to the structuralist tradition in economic theory and development policy. Taking a theoretical stance in favour of structuralism, and firmly against both neoclassical economics (including 'Keynesianism') and neo-Marxism, he worked through his practical engagements in support of distributive justice, productive labour and human rights. Exploration of the twin themes of nationalism and structuralism usefully illustrates what was most distinctive about Seers' contributions to the political economy of development.

II. The Proposals of Extended Nationalism

Hans Singer pays Seers the high compliment of comparing his ideas with those of Keynes, showing that this comparison is easier to sustain than one might initially have thought. In particular, he draws a parallel between Seers' advocacy in *The Political Economy of Nationalism* of self-reliant regional blocs and Keynes' support in the mid-1930s for Imperial preference. In both cases, the rejected alternative was free trade in an interdependent world. But the 50 years between the two proposals had brought about a significant change of actors. No longer was it the British Empire that was to be self-reliant and self-sufficient (as Keynes had proposed). In the 1980s, a self-reliant regional bloc including Britain would be the European Community, gradually embracing Europe's southern periphery — Portugal, Spain and Greece — and trying to build improved relations with East Europe in the warmer climate of *perestroika*. The implications of a regional bloc called Greater Europe for the Third World are naturally different from the colonialist Anglophone and Francophone blocs envisaged by Keynes. In the latter, poor countries are linked on a preferential basis with industrial ones; in a Greater Europe (apart from the southern periphery and the ACP countries), they are not.

Louis Emmerij examines Seers' views on Greater Europe and the Third World in his Third Lecture. He concludes that 'deep in his heart' Seers 'would not have wanted a potent Europe to turn its back on the future which, to a large extent, lies in the developing countries'. Maybe. But whatever was happening deep in his heart, Dudley Seers was certainly giving every outward impression that a Europe with its back to the Third World was exactly what he thought best. And that is very much the way the world has gone since his death. Trade has been diverted wholesale from Third World suppliers like India to the newly incorporated countries of the Southern European periphery. Higher environmental standards inside Europe reduce the price of old-style polluting capital goods and make them more attractive to Third World purchasers. Aid flows to the Third World have much diminished, while taking account of all financial flows, including commercial bank lending, resources are now flowing *from* the Third World *into* Europe, the USA and Japan. Surely Dudley, the arch-dissident, had he lived, would have found something to complain about in all this?

The belief that, in the real world, extended nationalism could be the way of putting Europe on an equal footing with (all or some of) the Third World must remain unconvincing. Extended nationalism can only come about if 'national' nationalisms can be bridled, just as 'national' nationalism itself required the bridling of fierce local and parochial sentiment. Europe is immensely better placed to achieve this than Third World countries, largely because it has a much longer history of successful striving for intra-bloc economic integration [Pollard 1974: 109-29]. Compared with Europe's century-long experience of extending nationalism, Third World efforts at economic integration are very recent and still very discouraging. Even the limited ambition of creating regional free trade areas has proved too difficult for many groups of developing countries. Typically, when the industrial growth induced by falling barriers occurs, it concentrates itself in *one* of the member countries. This industrial concentration is then evaluated negatively by all the *other* countries and the arrangement breaks down. The nationalism of today's developing countries is no less fierce than that of nineteenth century Europe, but the countervailing impetus to industrialisation is very much weaker.

In such conditions, it is hard to see the retreat into a Greater Europe as a policy likely to produce a number of *equally self-reliant* blocs in a more polycentric world. Much more likely is the failure of bloc-formation altogether in the Third World, or at best the formation of blocs whose degree of self-reliance is immensely less than Europe's. Another possibility is a series of Third World blocs, with the Asian bloc dominated by Japan, the Latin American bloc by the United States and the African bloc by the new Greater Europe. A number of commentators are already suggesting that this is face of the developing countries' future.

III. The Role of the State

One cannot discuss an issue like extended nationalism for long without having to take a position on the nature of the state in the Third World. What is it that makes political leaders in developing countries adopt the policies which they profess to follow? What is likely to be the distance between the professed policies and their real behaviour? Development economists, unlike political scientists, do not usually have a conceptual vocabulary which includes regime typology, mobilisation, legitimation and institutionalisation. 'Politics' tends to remain an unanalysed black box, except at the points where it intrudes (usually painfully) on the economist's concerns. Dudley Seers' view of the state in developing countries was largely reactive in this way, a by-product of reflection on why visiting economists fail, why planning was in a crisis in the mid-1960s or why socialist governments often exhibit financial irresponsibility.

From his own experience as a policy adviser, he developed many shrewd insights into the ways in which governments work. Thus his political comments on policians' priorities, administrative incapacity and rigid departmentalism usually have a pungent realism about them. Yet Seers never tried to fashion a systematic political economy, in the sense of arguing through a specific set of links between politics and the economy and its development. If anything, he was a 'politicist' in his style of political economy, seeing nationalism as a source of political energy which could fuel the implementation of a development strategy based on (some degree of) self-reliance. He at times was quite bullish about this, concluding one article thus:

> An increasing number of governments in Africa, Asia and Latin America are determined to change their . . . structure, not merely economically but socially and politically as well. Despite many false starts and setbacks, the general picture is one of slowly accumulating experience and improving performance in policy formation [Seers 1971:32-3].

It seems that Seers was quietly optimistic about the prospects for development in countries which managed to couple nationalist ends with technocratic means.

The technocratic skills were to be supplied by a development staff, reporting to government ministers in much the same way as a military general staff does to the military top brass [Seers 1983:114-6]. In those many cases where the developing country government was a military government, this idea has an obvious neatness. For civilian regimes, the responsibility for reconciling the development staff's work with any wider political arenas that existed remained with the government of the day. Presumably such a re-conciliation was not envisaged as an impossible task, or the modest optimism about improved policy performance would not be justified.

Yet some of Seers' own experience of trying to bring technical expertise to nationalist politicians was distinctly dismaying. In a long footnote of *mea culpa*, he describes the 'fairly disastrous results for the economy and thus the political system' which followed from his advising Kwame Nkrumah that development projects could be financed with the funds of the Gold Coast Cocoa Marketing Board on deposit in London [Seers 1983:187, n.3]. No lack of aptitude in *this* pupil; no lack of willingness to apply (and extend) new lessons *here*. Unfortunately, Seers was 'applying a British economic model, without regard to local circumstances'. This whole episode is examined much more extensively in Barbara Ingham's article. The point here is that this youthful episode did not colour the general picture of the political economy of development as Seers drew it.

The realisation of the significance for development prospects of politics and politicians, plus the unsatisfactory air of inconsistency and confusion in many development economists' accounts of politics, created an opportunity which neoclassical economists have thoroughly exploited. As with many of his peers, dislike of neoclassical economics was an enduring characteristic of Dudley Seers' thought. In his earlier years, neoclassical economics was seen as the source of inappropriate internal development policies. Later on, it was as an ally of free trade and internationalism that it was distrusted. But, if anti-neoclassicism was a sustaining commitment for Seers, it would be easy to conclude that he, like Nicholas Kaldor and others, has by now lost a life-long intellectual battle. The neoclassical paradigm has undergone a major resurgence in the 1980s — and, as Jerry Meier emphasises, not least as a tool of *political* explanation. It has challenged the view of the state as fundamentally benign and developmentally effective, held (even if with reservations and qualifications) by Seers, with another which combines greater logical rigour with much less cosmic reassurance.

'The New Political Economy' uses neoclassical methods to portray the seamy side of the state in developing countries — its preoccupation with the creation and distribution of rents, its expansion of unproductive activities, its substitution of plutolatry for Platonic guardianship. The substance of this portrait is little different from neo-Marxists' accounts of the capture of the state by the bourgeoisie to serve its own class interests, but the style and ideological overtones are very different indeed. (This is one aspect of the congruence of neoclassicism and Marxism which Dudley Seers did *not* identify in his famous article (1979a)). As Jerry Meier argues in his Fourth Seers Lecture, the new political economy does offer new insights, but is limited by its tendency to allow mathematical form to constrain political and sociological content. It does have something new to say, but the outcome is very much 'all the news that fits the print'. One motive force which has long been recognised *not* to fit the neoclassicals' print is that of national identification [Barry 1970:45]. In his political analysis, just as in his economics, Seers was determined to include what is conventionally excluded. Nationalism, the force that both neoclassicals and neo-Marxists prefer to forget, was reinstated by Seers at centre stage, with the hopeful implication that it would, on balance, have positive effects for developing countries whose nationalism was strong.

IV. 'Structuralism' versus 'Monetarism'

The revival of the neoclassical paradigm has by no means been confined to the neoclassical economics of politics. The re-establishment of 'monetarism' as the prevailing philosophy of macroeconomic management has proceeded apace in developed and developing countries alike. This debate involved Dudley Seers quite closely, especially with regard to the developing countries of Latin America. Here again, it would be misleading to interpret the revival of monetarism in developing countries too simplistically. The terms of the debate have changed markedly over the last 30 years, and this in itself rules out simple verdicts of victory or defeat.

Monetarism in the 1950s and the early 1960s consisted of a policy package with money supply control, fiscal deficit reduction, devaluation and the removal of internal price controls as the ingredients. The package was implemented in Chile (1956-58), Argentina (1959-62) and Uruguay (1959-62). Its results were mixed — lower inflation but with loss of output, employment and income equality [Foxley 1983:13]. The structuralist counter-attack explained this lack of success in terms of the bottlenecks and rigidities that existed in agriculture, foreign trade and the government sector, and argued that inflation would only respond over the longer term to policies aimed at removing such rigidities. Dudley Seers, at this time working with the Economic Commission for Latin America (ECLA), was much impressed with Latin American structuralist economists like Osvaldo Sunkel and Anibal Pinto. In a famous article (1962), he publicised for Anglo-Saxon readers this novel approach to inflation and the development process.

Structuralist views gained strong influence in Chile under Frei (1965-70) and Allende (1970-73) and in Peru under Velasco (1969-75). But a critique of orthodoxy does not itself constitute a set of alternative policies. What happened in both the earlier Chilean and Peruvian cases was that short-term stabilisation problems were more or less ignored. Massive and chronic excess aggregate demand and huge balance of payments deficits produced a combination of economic crisis and political instability [Sutton 1984:61-2]. Herein lies the origin of Seers' interest in the question whether socialist governments have some special talent for financial irresponsibility that other kinds of governments cannot match (1981a).

After the 1973 Pinochet coup in Chile, the monetarist-structuralist debate could never be quite the same again, and indeed it was not. The monetarists of the 1970s seized on the structuralist point that orthodox stabilisation has to be complemented by longer-term institutional changes. It was this borrowed insight that led to programmes of trade liberalisation, financial liberalisation and exchange rate liberalisation increasingly becoming the recommended medium-term successors to short-term monetarist stabilisation programmes. Radical institutional changes — towards the unfettered operation of market forces — were seen as necessary to sustain and render more effective traditional monetarist stabilisation measures. In some cases — especially Chile — labour legislation, social welfare programmes and political changes were also elements in this neo-conservative version of structuralism. As with the IMF mission to the UK in 1976, the technocratic solution of short-run financial difficulties in Latin America heralded projects of radical institutional change with neo-conservative content.

Given that the old style of structuralist policy had in 'round one' created (with the help of external pressures) its own economic crises, it is not surprising that structuralism, too, underwent some further development in the 1970s. Seers spoke scathingly of the monetarism-structuralism debates of the late 1970s as like 'the re-run of an old film' (1981b:1). But, although much was familiar from the 1950s, an important section of the script was being re-written. Structuralists began to take a broader view of the 'structures' which prevent monetary control from achieving the textbook effects of devaluation. In addition to the previously identified bottlenecks on the supply side, attention was now also focused on wage bargaining systems, non-competitive pricing rules in the non-agricultural sector and their interaction — effectively drawing on the implicit contract theory of Arthur Okun (1981) and other Anglo-Saxon macroeconomists whom Dudley Seers was inclined to dismiss rather easily as ignorant and parochial. The new definition of 'structure' was not a simple reference to trade union power, which Seers rightly saw as an insufficient argument to account for secular inflation in, for example, Brazil after 1964. Nor was it just a reference to the practice of indexation. Indexation after all merely formalises, extends and makes visible the implicit contracts that provide the inertia in the inflationary process, once it has been begun by distributional conflicts.

As a result of the new, extended concept of 'structures', the structuralism of the 1980s shifted another characteristic position of the 1950s — namely, that only *long-term* policies can remove inflation and that all short-term interventions are doomed to failure. Appealing to a variant of the isolation paradox, that all parties to the implicit contracts preferred lower inflation, but *not for themselves first*, a rationale was created to try to neutralise inertial structures 'at a stroke' (to coin a phrase). This rationale was the basis of the rash of 'heterdox shock' policies adopted in Argentina (1985-87, the 'austral plan'), Peru (1985-87) and Brazil (1986-87, the 'cruzado plan'). Ironically, all of these policies produced dramatic short-term success, but broke down in the medium-term because they were inherently unsustainable — just like the original monetarist policies. They also attacked the propagation mechanism of inflation rather than the underlying pressures — again just like the original monetarism. Yet they were, as Lance Taylor [1988:121] rightly says, 'based on the structuralist approach' to inflation.

Dudley Seers performed a signal, but undervalued, service to the economics profession in channelling the work of Latin American structuralist economists into the Anglo-Saxon literature in the 1960s. He was, however, not very sensitive to changes in the terms of the Latin American inflation debate. After the fall of Allende, both monetarism and structuralism have been evolving in dialectical fashion, as they learn both from their own encounters with an intractable reality *and* from each other's misadventures in the illusive laboratory of life. At the same time, the point that some *deeper* structure than the propagation mechanisms continues to fuel Latin American inflation is very much in tune with Dudley Seers' 1960s approach to inflation.

V. 'Structuralism' versus 'Keynesianism'

'From my perspective', Seers declared, 'Keynesian economics is actually a variant of the neo-classical position' [1983:31]. Without pausing at this point to debate whether this classification is profound or eccentric, it must be noted that, by implication, Seers' intellectual opposition to Keynesianism was no less than to monetarism. He found the intense arguments between Keynesians and monetarists in the late 1970s irrelevant and infuriating in their exclusiveness. He did not so much wish a plague on both their houses as refuse to acknowledge that they were living in separate houses.

Seers' critique of Keynesianism focused on three major issues — the Harrod-Domar model of growth; the use of national accounting methods for development planning, and the internationalism of the Bretton Woods arrangements, which Keynes helped to design. The content of the critique has been discussed elsewhere, and it has been suggested that it was somewhat exaggerated, and somewhat misdirected, if the target was the historical Keynes, rather than the more nebulous 'Keynesian consensus' of the 1950s [Toye 1987:34-9]. But it was at the latter, in all probability, that the critique *was* aimed. The historical Keynes, one could argue, had been reabsorbed into the post-war 'neoclassical synthesis', and the process of disentanglement did not really acquire much momentum until the publication of Axel Leijonhufvud's *On Keynesian Economics and the Economics of Keynes* in 1968. Meanwhile, textbook or bastard Keynesianism was taught almost everywhere as macroeconomics, and as Seers pointed out, the usefulness of this apparatus in the formulation of development policy was limited. It allowed some very important development issues to be glossed over and ignored.

Rosalind David's provisional bibliography of Dudley Seers' writings in this *Bulletin* reveals the extent to which he researched in statistical terms the issues of growth and distribution for Britain in the late 1940s while at Oxford. This professional formation was highly significant for his mature work in overseas development. Basically, it was the statistician in Dudley Seers who guided his steps as an economist. He knew from first-hand experience the many conventions and assumptions used in the production of national income figures. With this knowledge, it was impossible for him to accept that growth rates of income per head could be reliable indicators of improved welfare in developing countries. Yet projections of such growth rates were the near-universal targets of development planning.

One particular problem of measurement which is relevant in developing countries centres on the extent of the 'unofficial' economy. Considerable production and income-generation in developing countries takes place beyond the purview of the official bodies for regulating economic activity, and beyond the reach of the tax authorities. This production and income naturally tends to escape the attention of the official statistician as well. Yet, as Seers saw, there was no reason to suppose that unofficial economic activity was either negligibly small or parasitic and non-developmental in character. In the excitement of the discovery of the informal sector, the opposite assumption was sometimes made — i.e. that the informal sector was very large and pregnant with dynamic potential. This is by no means necessarily true, to the chagrin both of the 'small is beautiful' enthusiasts and of the ideologues of corner-shop entrepreneurship. But Seers' leadership of the ILO Employment Missions to Colombia and Ceylon in the early 1970s nevertheless started to add this whole new dimension to development policy. The informal sector, composed of the working poor who could not afford the luxury of Keynesian unemployment, remains today an important focus for study and action [Streeten and Associates 1982:13].

Scepticism about methods of measurement led him on to scepticism about the GNP per capita concept. The abstraction which it required from income *distribution* was obviously worrying for anyone who saw development as something that should benefit the mass of ordinary people and the poor, as well as the already rich. The reinstatement of distributional issues alongside aggregate growth became perhaps the major preoccupation of the IDS under Dudley Seers' leadership. His written contribution to the joint IDS/World Bank volume *Redistribution with Growth* [Chenery *et al*, 1974] was only a small case study of Cuba, but his intellectual influence dominated the whole project.

Apart from the abstraction from distribution, the GNP concept had other major deficiencies. Its definition of output and income was largely (though not exclusively) related to market processes, and its valuations relied either on market prices, or proxies for market prices. Again, this created various exclusions. One was household drudgery — the long and heavy unpaid physical labour which poverty imposes in the domestic sphere. This normally falls with disproportionate severity on women in developing countries. The way was thus opened for the feminist critique of development theory and policy, although this was not a path which Dudley Seers himself followed with any great interest or vigour. Another exclusion is all those aspects of the environment which have not already been appropriated as private or public property — water, air, wild animals, trees, tranquillity. This neglect of externalities by economists opens the way to the 'green' critique of development policy. This was another new direction in the subject which Dudley Seers facilitated without himself breaking the new ground.

Culture and its contribution to the spirit of the nation was perhaps the most egregious exclusion, in Seers' view, from the national accounts. Since so much of the will to develop had cultural roots, a form of accounting which could not trade off cultural gains against material losses was hopelessly limited for aiding development strategy formulation. This limitation was seen as being all of a piece with the internationalist outlook of post-war Keynesianism. And so he completed the circle — from nationalism to structuralism and round to nationalism again.

This long list of important exclusions was sufficient to convince Seers of the impossibility of using measured changes in the Keynesian aggregate of income, output and expenditures as reliable indicators of changes in the level of welfare. Yet he did not move to a more fundamental disagreement with Keynesian assumptions, such as to the individualism and subjectivism embraced by 'Austrian' theorists who also denied the welfare significance of aggregate growth [e.g. Kirzner 1981:119]. Dudley Seers retained his allegiance to the idea of development, not just positively as a real time sequence of choices and consequences, but also normatively as a social state to be striven for by politicians and people. The answer to his question 'what are we trying to measure?' was 'development'. He never asked the further question: 'how could development, in the comprehensive sense that I wish to use the concept, ever in principle be measurable?'. Perhaps it was as well that he did not, because otherwise he might have become more of a radical conservative in old age than was actually the case.

VI. Conclusion

Dissenters come in two varieties, the penny-plain and the twopence-coloured. Dudley Seers was undoubtedly one of the latter. He had the wish to provoke, to be (literally) disagreeable. All this was part of his genuine charisma. This makes for an exciting intellectual life, but also a dangerous one. One danger — and here one is reminded of Joan Robinson's lifetime dance of the seven theoretical veils — is progressing by over turning every conventional wisdom and finally being left with nothing to do except pronounce the subject itself dead and buried. Dudley Seers (1979b) in a late paper on the birth, life and death of development economics ran close to this caricature of the radical thinker.

But there is another side of the story. His attempt to marginalise Keynesianism, firstly in 1963 by declaring it a 'special case' relevant only to developed, industrialised countries, and secondly in 1977 by declaring it not even relevant there, was far from unsuccessful. In the 1980s, the OECD economies began to realise that they, too, had serious supply side problems, structural bottlenecks and pervasive, hidden sources of inefficiency in production. At the very moment when the critics of development economics were (like Dudley Seers himself in his Joan Robinson moods) declaring the subject defunct, structuralism popped up again, just as he had said it would back in 1963, as part of the explanation for stagflation in the industrialised economies in the 1980s. If structuralism is a heresy, as the orthodox economists have pronounced it, it is surely a resilient and flourishing one at the moment. Dudley Seers may not have changed the whole course of economic theory, but the key ideas with which he worked still have a surprising (if sometimes ironical) life of their own.

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