Toward a Useful Consensus?

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1 Introduction

Everyone who has contributed to this **Bulletin** agrees that the publication of WDR97 has changed external perceptions of the attitude of the World Bank towards the role of government in development. To caricature a little, it seems that the Bank has shifted from a state-sceptical to a state-friendly stance: governments are now seen to be very important, and the priority is to make them work better, rather than cutting them back. That shift in itself represents a move towards consensus. The deep scepticism about the motives for and consequences of state action, that coloured Bank attitudes towards the state during the 1980s and early 1990s, was always a minority position. It was rooted above all in the discipline of economics and in American political culture. It is encouraging to find in WDR97 summaries of public opinion surveys that indicate how different Americans are from most peoples of the world in their scepticism about, and distrust of, government (p.111). The Bank has not shifted all the way from state-scepticism to that esteem and respect for the state *per se* that we associate above all with France, America's only serious contemporary rival as a self-confident missionary political culture with aspirations to remake other parts of the world in its own image. In WDR97, state action is always justified instrumentally, in terms of the benefits to human welfare it can bring about, rather than through transcendental arguments about the inherent value of the state as guardian and embodiment of a people, culture or tradition. That instrumentalist position is probably the best one from which to engage the attention of the great majority of us, who are neither deeply sceptical of nor deeply attached to the state in principle.

The previous paragraph hints at both my initial – in some senses my final – answer to the question I set out to answer here: does WDR97 provide us with a useful consensus about the role of government in development? **It does represent the basis for a reasonable working consensus, not so much by providing specific policy conclusions on which we can all agree – the Report itself makes few such claims – but rather by providing a language, a perspective, and a set of concepts and concerns which will make it easier for people with divergent views actually to debate and discuss with one another in a productive** way. I identify below some elements of this consensual framework. But let me first note that there is a price to be paid for this degree of consensus. That price is levied in two main forms:

(a) **The adoption of an eclectic perspective, based on picking good ideas from many sources, leaves the Report without a clear, unified perspective on how to think about governance problems, and without any 'default mode' practical answers to actual policy questions.** The Report tells us: 'This is how you should think about issue X, and this about issue Y', not 'This is how you should think in general about governance issues', and, even less, not 'This is probably the best policy response to issue X'. I do not see this approach as a problem; it appears to me to be the only practically useful stance for a document with this breadth of ambition. The eclecticism is usefully supplemented in the final pages (pp.162–7) with a brief regional panorama, that indicates the main governance issues faced in different regions of the developing/transitional world. More important, a number of sections provide practical frameworks for examining specific policy issues that should be directly helpful to policy advisors. I was impressed in particular by the detailed discussions of regulation, especially financial regulation, in Chapter 4; by the analysis in Chapter 5 of the advantages, disadvantages and prerequisites for governments to rely more on contracting out and other quasi-market mechanisms for public service delivery; and by the detailed examination of decentralisation, mainly from a fiscal perspective, in Chapter 7.

(b) **The drawing of a veil over the extent to which the causes and remedies of poor governance in developing and transitional countries lie outside their own frontiers.** That is the theme developed in the final section of this article.

The consequences of the eclecticism of WDR97, the dearth of clear, specific, universal policy prescriptions, and the continuing sense of 'alienation' that it may generate among some readers from developing countries, may be that the Report will generate more interest among those with an intellectual concern for development policy issues than among policymakers themselves. That does not mean it will be any less influential in the long term. It may achieve influence through forging more of a consensus among the staff of the Bank itself, and the penumbra of researchers and consultants who work around it. To see why that is the case it is useful to look more specifically at a list of issues where WDR97 appears to embody, or at least move towards, a useful, non-trivial consensus about the state and development.

2 Points of Consensus

(i) From New Political Economy to New Institutional Economics

The World Bank has never been an ideological monolith; it is however subject to, and purveyor of, intellectual fashions. In the 1980s, the Bank was one of the most influential proponents of what was then termed the New Political Economy (NPE). NPE constituted an important component of the broader neo-liberal paradigm that was then prevalent. In essence, NPE was a method of analysing politics using the procedures and models of economics, notably the assumption that people engage in political and public action principally in pursuit of material self-interest, and that they pursue this in politics according to the same rationalistic behavioural calculus that is believed to guide behaviour in market situations. Given the initial assumptions, applied NPE inevitably 'exposed' the material self-interest that 'really' lay behind public action. Politicians imposed import tariffs because they were in the pay of local industrialists who benefited from protection; governments introduced environmental protection laws so that bureaucrats and politicians could get bribes from businesses seeking exemptions, etc. NPE was the perfect intellectual tool to accompany the neo-liberal agenda, for it was virtually guaranteed to generate a 'finding' that could be used to justify cutting back the state in some sense or other: lowering taxation, shrinking the public sector, reducing the discretion and autonomy enjoyed by politicians and public servants, or scrapping regulation.

Few people doubt that NPE does usefully reveal aspects of reality – but no more. It does not provide a comprehensive understanding of politics and public action, and is systematically biased in its policy implications. It has been losing intellectual ground as the novelty has worn off and the limitations of the paradigm have become clearer. NPE still has adherents in the Bank, and appears fairly prominently in WDR97. There is a classic reassertion of the core assumptions of NPE on pp. 49–50. It is the dominant influence on the content of Chapter 9, about the political economy of (economic) reform, probably to the detriment of the analysis. For much of the recent research on the political economy of (economic) reform has emphasised that the NPE approach is seriously flawed because one of its core assumptions is seldom fulfilled: the notion that people have, and believe themselves to have, an accurate understanding of the likely implications of economic reform for their own economic prospects. Much of the time, economic reform involves such radical changes in economic structures and relationships that most people, including well-informed businesspeople, feel unable to judge whether and through what mechanisms they will be among the 'winners' or the 'losers'. They are therefore unable to pursue rational material self-interest. In such circumstances, behaviour is shaped less by the informed rational calculus underlying the NPE model than by more instinctual and/or socially determined and therefore malleable judgements about whose views on economic policy are to be trusted, and which leader appears most likely to steer the country safely through the rough and unknown waters of economic liberalisation (Bates 1993; Powers and Cox 1997).

We need not, however, continue to flail away at the limitations of NPE, at least in the context of WDR97. For it has been succeeded here – as in much other recent Bank documentation and in academia more generally – by the New Institutional Economics (NIE). NIE, associated with the names of the academics Coase, North and Williamson, developed on the foundation of the observation that mainstream economics had ignored, at considerable cost in terms of realism, the issue of what we now call 'transactions costs'. The normal assumptions of mainstream economics had been that transactions between economic actors are relatively costless: they have to expend few resources in finding out about one another, negotiating, ensuring that each kept to a bargain, that goods and services were of the correct quality, etc. Once economists began to take seriously the possibility that transactions costs could be high, not only did the traditional intellectual edifice of economics begin to look vulnerable to deep criticism but, more important for our purposes, issues of social and public order became central to economists' concerns, ceasing to be peripheral considerations that could safely be assumed away. NIE is not intrinsically state-friendly. It is however order-friendly. It emphasises the economic benefits of: institutional arrangements that help bring down transactions costs; transparent, effective, accessible legal and judicial mechanisms; reliable, stable financial systems; the 'credibility' of government policies; the general stability and predictability of the institutional and policy environment; and a range of other services and practices that are, in most circumstances, best provided directly by governments or by non-government organisations dependent on government support of some kind.

NIE thus in practice helps direct attention to the effectiveness of states, and represents a move away from the NPE focus on minimising the role and size of states in relation to the non-state economy. NIE (New Institutional Economics) also has another, more subtle effect on the tone and content of debate about the state. A core concept is institutions: institutions for making markets more effective by lowering transactions costs. Quite what is meant by 'institutions' is not clear. All definitions constitute some variation on the standard sociological definition of an institution as a 'recurring pattern of behaviour', often with some qualification about being 'socially valued' or useful. All these definitions are so broad and diffuse that they exclude little; 'institution' becomes almost equivalent to 'a good thing'. However, this focus on institutions has the great advantage of making it at least appear that economists are interested in the same kinds of things as the other social science disciplines – sociology, political science, organisation theory, social anthropology – that use the term liberally. In attitude as well as in substance, the 'institutionalism' of NIE makes it easier for economists to talk to other disciplines. For example, non-economists would not normally describe the advantages of public-private national policy deliberation councils as follows: 'By embedding the voice of powerful interest groups in mutually acceptable rules, public–private deliberation councils can reduce transactions costs by reducing the scope for opportunistic behaviour' (p.117). However, it only requires a little translation effort to get the point; and that is an effort many of us will be prepared to make, if that is the only way to get World Bank economists to talk sensibly about the real world without fear of losing professional face.[1]

Although WDR97 is theoretically and conceptually eclectic, institutionalism and NIE comprise the most prominent single perspective (see especially Chapters 3 and 5), and provide a benign, state-friendly perspective that contrasts markedly with the state-scepticism of the New Political Economy. A wide range of social scientists who are sceptical or antagonistic to New Political Economy can respond positively to an agenda couched in terms of New Institutional Economics.

(ii) Taking political science seriously

Unlike economics, political science does not have a single dominant paradigm. Political scientists routinely differ in their approaches to the most basic issues with which they deal, including the question of the nature of states. (Are states basically mechanisms of domination? If so, who dominates and in what interest? Or are they basically mechanisms for the achievement of collective, societal goals?) To date, the only paradigm for the study of politics to have shaped World Bank analyses is the New Political Economy – but NPE owes more to economics than to political science (see above). WDR97 takes a substantial step forward in accepting that there are valid perspectives and concerns within political science beyond the narrow perspectives of the New Political Economy. There is no explicit statement of what has been taken into WDR97 from political science; it is as much a matter of tone as of content. A political science perspective is implicit at some points and explicit at others, notably in Chapter 9 on the politics/political economy of reform. While, as mentioned above, Chapter 9 is mainly shaped by the New Political Economy, serious attention is paid to a major political science, rather than political economy, variable: that is, the ways in which the organisational configuration of the state affects the scope for and fate of reforms.

By trying to take political science seriously, the authors of WDR97 have exposed themselves to both (a) the lack of basic consensus among political scientists on their analytic paradigms and (b) the limitations of the discipline as a source of direct policy advice. The discussion of the politics/political economy of reform in Chapter 9 begins to look like an attempt to implicate political scientists in the old joke about economists: that, if six economists were laid end-to-end, they would still point in all directions. Chapter 9 advances in a positive fashion the plausible argument that certain moments, including perceived national crises and honeymoon periods of new governments, are especially suitable for implementing difficult reforms. However, research fails to confirm this, and we finally learn that political science does not clearly indicate why reforming appears to be so much easier in some circumstances than others (pp.150–1). The same chapter tells us, reasonably enough, that a political system with many 'veto points' has some in-built checks on the expansion of the state sector (good), but is also likely to be especially resistant to reform (bad). The large literature on political science does not provide answers to these kinds of questions that can feed immediately into policy. And it actually has little to say over a set of issues that is of especial concern to WDR97: how to prevent the complete collapse of states in the manner of Somalia and Sierra Leone, and how to put them back together again.[2]

The treatment of the issue of corruption in Chapter 6 of WDR97 illustrates in a vivid way the potential pitfalls for the World Bank in becoming so overtly 'political'. It is difficult for the Bank to strike the right balances, whether political-diplomatic or analytical. There is a problem on the political-diplomatic front because the arguments advanced about the prevalence and consequences of corruption would have lacked persuasiveness if not backed by examples. The solution was (a) to make frequent approving mention of anti-corruption efforts; (b) to give the usual prominence to **historical** examples of rampant corruption in the US (p.102 and p.105), presumably to demonstrate freedom from any cultural bias while avoiding the risk of upsetting the current US Congress; and (c) to point the finger of guilt mainly at cases and countries that have little capacity to react: Malta, Pakistan and Ukraine

[1] See also the argument on p.116 that 'popular voice can reduce information problems and lower transactions costs'.

[2] The discussion of these issues (WDR97: 158–62) is as pragmatically sensible as any I have seen. However, it appears to owe little to academic political science.

(p.100). The current regimes known to be tainted by serious corruption but endowed with capacity to retaliate against the Bank – from the US across to China, with many in between – naturally receive no mention. To expect anything else would be naive. The point is worth mention because the credibility of the Report's presentation of the corruption issue cannot be divorced from the credibility of its analysis. And that analysis, while far from naive or simplistic, is open to challenge.

It is a testimony to the intellectual independence of the WDR team that they did not adopt a blanket stance against corruption of all kinds, but made a distinction between 'predictable' and 'unpredictable' corruption – the latter having the more adverse developmental consequences (p.103). Making that distinction constitutes a risk for the World Bank: any talk that might be taken to indicate that some corruption is 'tolerable' could undermine the effort that the Bank has made to gear itself up to tackle the corruption issue.[3] But it was necessary to recognise varieties of corruption if the Report was to be analytically credible: as the authors observe, 'some countries that rank high in surveys of the level of corruption have also excelled in economic growth' (p.103). The WDR team have dealt with this by using survey data that they accumulated themselves from 39 countries to show that development, defined as gross investment rates, is greatest when corruption is both lowest and most predictable (Figure 6.1). Readers will excuse my scepticism about the reliability of the argument. It is based on averages for four groups of countries, where corruption is respectively: low and predictable; low and unpredictable; high and predictable; high and unpredictable. We know that many development variables interact with many others, and that the fact that variable A tends to be correlated with variable B in cross-national samples is no evidence that they even directly affect one another. And the data on the incidence of corruption, based as it is on a set of **opinion** surveys of private sector business, must be treated with some reserve. Do I detect similar reservations about the conclusions in the Report itself, which goes on to say: 'Countries that have so far achieved high rates of economic growth despite serious corruption may find themselves paying a higher price in future' (p.103). Warning sinners that they will suffer for their misdeeds in the next world suggests resigned acceptance of the fact that are enjoying the fruits of sin in this one.

My major quarrel with the analysis of corruption is not however about numbers. It is rather that, having raised in a serious way the issue of 'types of corruption', the Report deals with it in an economistic fashion, and fails to indicate that some political scientists have a different, possibly more policy-relevant analytical approach. Let me illustrate this in relation to Japan, **the** star in the post-World War Two economic firmament, but a country whose politics are, at some levels, riddled with corruption: 'First-rate economy; third-rate politics' (Woodall 1996: 3). The point lies in the phrase 'at some levels'. The leading, internationally competitive sectors of the Japanese economy have been largely insulated from clientelism and corruption. It is in relation to these sectors that Japan Inc. manifests itelf: the admired senior public service; the sense of a common national project; productive co-operation between sectors of private business and state agencies, etc. By contrast, the non-traded, protected sectors – notably agriculture, distribution and retailing, public works – are enmeshed in corrupt, clientelistic networks that incorporate public servants, politicians, voters and interest groups and consume many public resources (Woodall 1996). The Japan case suggests a lesson for rulers that is more practical than 'try to make your corruption predictable'; it is: 'try to stamp corruption out from key economic sectors, and permit it elsewhere so that you can reap the political benefits without doing major economic harm'.

But I can already hear other political scientists disagreeing with me. That takes us back to the point of departure: in taking political science seriously, the World Bank opens itself to endless dispute among political scientists themselves.

(iii) A new approach to the public sector and public sector reform

The treatment of the related issues of public sector reform and the organisation of the public sector in

[3] The World Bank's more recent 'manifesto' on corruption is even more open about the possible causes and patterns of corruption (World Bank 1997: 14–17).

WDR97 is impressive. There is little here that is strictly new to specialists inside or outside the Bank; most of the ideas have been in the air for some years at least. However, they are put together such that they add up to an approach that is both distinctive and plausible. Partly because the key ideas are scattered – mainly in chapters 5 and 7 – no two readers are likely to summarise them in exactly the same way. I was particularly struck by the following:

(a) The endorsement of the argument that the World Bank's public sector reform specialists have been making privately: that the conventional approach to this issue has not worked (pp.95–6). The conventional approach comprises essentially five steps: a public service census; the establishment of a central register of information about public service employees; the elimination from salary rolls of 'ghost workers'; compensated redundancies for excess workers; and use of the resultant 'savings' to increase salaries for the remaining staff, beginning with 'decompression', i.e. higher salaries for senior staff. This strategy, that has often involved large fee payments for foreign consultants, has in most cases simply foundered in the face of the opposition of public service employees and their unions. It is helpful that WDR97 makes it clear that continuing to bash heads against brick walls is not a good idea, however compelling the argument that the walls need to come down. We do not have an agreed alternative approach to public sector reform, and WDR97 does not offer us one. There is, however, a widespread view that a more co-operative strategy in relation to public service workers and unions is more likely to move governments toward their goals.

(b) The strong support – that in part echoes and reflects the conclusions of the Bank's 1993 'East Asian Miracle' study into the secrets of East Asian economic success – for 'public service fundamentals': meritocratic recruitment and promotion; rewarding pay, especially at senior levels; the autonomy of public service from routine political interference; and the need for strong policy formulation capacity at senior levels (Chapter 5). This is a considerable advance over the Bank's 1992 statement on 'Governance and Development', that was silent on these critical issues (Moore 1993: 41). The case was much strengthened by drawing on the recent research organised by Peter Evans and James Rauch that provides the kind of evidence likely to appeal especially to Bank economists: that attention to these 'public service fundamentals' is associated with better economic performance over a wide cross-national sample. Given the general orientation of the World Bank in favour of market solutions to public policy issues, it is both a little surprising and pleasing that its public sector management specialists have always been cautious about the Anglo-American-New Zealand enthusiasm for the New Public Management – the programme to introduce market surrogates, competition and contracting into public administration. WDR97 is very balanced about the New Public Management, pointing out above all that it will not work until the more fundamental problems of weak states are tackled first: poor quality of public service staff; lack of meritocratic practices; personal and financial indiscipline and corruption; and absence of accountability (pp.87–9 and 96–8).

(c) The recognition that questions of morale and *esprit de corps* are often central to good public sector work performance, that these concerns are often neglected by reformers focused too narrowly on pay issues, and that there is considerable scope to improve public sector performance by paying attention to questions of morale (pp.92–8).

(d) More generally, what I would term an 'intelligent eclectic' approach to issues of public sector organisation (p.7). The reader will find the following messages: none of the doctrinally shaped approaches to this issue (e.g. New Public Management) will contribute more than elements of a solution; there are a wide range of positive experiences from all categories of country (e.g. Ceara state in Northeast Brazil) from which useful lessons may be learned; and that there are some simple conceptual schemas (e.g. Figure 5.4 on p.87 and Table 5.1 on p.88) that are very helpful in thinking analytically and practically about how to tackle concrete questions. I cannot think of an important, relevant piece of analytical or research work on public sector organisation and management that conspicuously has been neglected in preparing WDR97.

(iv) Conceding industrial policy

The outdated 'states versus markets' debate that WDR97 consciously attempts to leave behind (p.25) revolved above all around different approaches to industrial policy. To summarise crudely, 'statists' argued that poor countries could and should pursue activist industrial policies, designed to promote particular sectors, technologies, products or processes, while neo-liberals argued for strict hands-off and neutrality, on the grounds that 'state intervention' would generally make things worse. The main battle over this issue in the World Bank was fought in the early 1990s, under the stimulus of Japanese government funding of the 'East Asian Miracle Study'. That study conceded that, in some circumstances, industrial policy of the type advocated by statists had been effective. The debate then shifted to a more nitty-gritty level: in what circumstances could different types of industrial policy be effective? The general formulations in the 'East Asian Miracle Study' did not resolve those questions. I think WDR97 leaves us in about the same general position (pp.72–5). By locating the question in a chapter focused mainly on economic regulation, the authors have attempted to direct attention to pragmatic questions about relative state capacity. Their distinction between three different categories of industrial policy – 'investment coordination, network thickening, and picking winners' (p.72) – is practically helpful. But there remains considerable latitude to disagree about what the authors' 'real' conclusions are.

(v) Balance about civil society

Since 'civil society' in Eastern Europe was seen to be directly responsible for the massive political changes that began there in 1989, the concept has dominated much discussion about development issues. It has been heavily promoted by development NGOs, whose funding has grown fast until recently, and who have often been very happy to identify themselves as the organisational embodiment of 'civil society'. WDR97 appears to have struck a reasonable balance between (a) recognising the potential benefits of strengthening civil society in relation to the state and (b) scepticism about the more extreme claims on behalf of development NGOs and the misplaced notion that civil society organisations generally arise, thrive, and contribute to well-being independently of any support from or co-operation with state agencies (Chapter 7). This is all of a piece with the insistence on the costs as well as the benefits of that other great panacea, decentralisation (p.11).

(vi) Combining a soft heart and a hard head

The World Bank is generally outflanked by other UN agencies, notably UNICEF and UNDP, in overt concern for the poor and expressed distaste for economic and social inequality *per se*. The implicit competition is manifested in the increased resources that the Bank and UNDP put into preparing and publicising their respective annual lead publications, the 'World Development Report' (Bank) and the 'Human Development Report' (UNDP). The Bank, financed through borrowing on the world's capital markets, could not afford to adopt the same 'welfareist' stances as organisations like UNDP and UNICEF, that are grant-funded. However indirectly, the Bank is ultimately concerned about the state and governance because it needs reliable, viable states to take its loans and either repay them or guarantee that they will be repaid. It would not, therefore, have been surprising if WDR97 had ended up being hard-hearted about the state, and the imperatives of governance, revenue, and efficient use of public resources, to the exclusion of serious concerns about poverty and inequality. It certainly does not focus on these issues of poverty and inequality to the same extent as the Human Development Reports. And even a hard-hearted political scientist might argue that WDR97 does not give a strong enough message that deep socio-economic inequality is itself a major reason why some states are regarded as illegitimate by many of their citizens, and thus a cause of civil and political unrest and of poor governance. However, WDR97 does make a set of powerful, soft-hearted arguments from a hard-headed perspective: the cases that (a) a great deal of public spending on health, education, housing and other social services is inefficiently concentrated on the non-poor, and needs to be distributed more equitably even in terms of the logic of efficiency; and (b) that many governments of poor countries simply need to spend more on health and education (Chapter 3, p.52).

3 Some Potential Points of Difference and Controversy

I list below four concerns about the content of WDR. They are inter-related. All in some way concern the international dimensions of questions of governance in poor countries. The most general point is that these international dimensions have been neglected and/or unsatisfactorily treated. One consequence is that the actual contributions of rich countries and 'the international system' to causing these governance problems is glossed over.

(i) Is WDR backward looking?

The nature, extent and rate of globalisation, and the implications for the power and autonomy of the national state, are among the most hotly-debated public issues of our time. Let us simply note that those people who take the globalisation thesis seriously will find at least two reasons to suggest that WDR97 has focused too much on the past and not enough on the future. One is that the focus on the potential for abuse of state power may now be somewhat dated, on the grounds that states are losing power to international capital markets and to the 'controllers of capital'.[4] The other is that economic globalisation is already bringing increased economic volatility and insecurity – and, probably, inequality – to much of the world's population; that this is likely to have adverse social and political consequences; and that states need to be strengthened to develop the capacity to protect and insure their citizens against the worst instability without undermining the positive economic consequences of integration into global markets (Rodrik 1997).

(ii) Sharing the blame for poor governance?

Leaving aside their specific content, World Bank documents like WDR97 tend to attract criticism and controversy for two broad reasons. One is that they have an ambiguous status. They are not formal policy statements, but give, and are intended to give, strong signals about the Bank's position. But it is not always clear where these signals are directed. Sometimes the implicit purpose is to try to convert the Bank itself to a new position, while appearing to talk only about what happens 'out there'. The other reason is that these documents are almost entirely non-reflective: they rarely comment on how the Bank's own (quasi-formal) views have changed, appearing to leave the Bank in the position of always being the critic and the source of wisdom, never the apologetic self-critic. There is certainly no reflective self-criticism by the Bank in WDR97. In other ways too it conveys the impression that responsibility and blame for poor governance lies almost entirely within the boundaries of developing/transitional countries:

(a) Leaving aside a much-merited but brief criticism of aid donors on pp.83–84, there is scarcely any discussion of the international dimensions of poor governance. I briefly outline under point 3 below a case that the international causes – and potential remedies – are more significant than is implied in WDR97.

(b) The authors of WDR97 have paid little heed to the conservative tendency within the World Bank that is worried that its growing involvement in governance issues leaves it vulnerable to a legal challenge that it has exceeded its mandate by becoming involved in overtly 'political' issues. Instead, the Report is fairly littered with references to specific country experiences and lessons, some respectful and admiring, other neutral and factual, but many distinctly unflattering and liable to generate antagonism: the references to the enormous size of extra-budgetary funds in Nigeria (p.83), the large number of cabinet ministers in the Cameroon, Malawi and Senegal (p.150), and the ways in which the governments of Malta, Pakistan and the Ukraine exercise executive influence over judicial decisions (p.100).

There are reasons to welcome such transparency and openness: if the World Bank is to become more involved in making political judgements, let it be explicit. Also, the view could be taken that the influence of aid donors, the World Bank and other international financial institutions is, in any case, in decline as private capital flows to poor countries increasingly dwarf diminishing aid resources (except for much of Africa), and that it is pragmatically sensible to focus on the potential remedies to poor governance that lie within the grasp of developing countries themselves, side-stepping the role of 'international' influences. However, there are at least two groups of people who will not rest content with the implicit 'blame-and-reponsibility-lies within-developing-countries' stance: those who see the international dimension as central to explaining and remedying poor governance in low income countries (see below); and those who refuse to read WDR97 as a stand-alone document, and would like

[4] For an extensive review of recent literature on this topic, see Cohen (1996).

to see the World Bank discuss its own responsibility for the problems it diagnoses. Whether and how the Bank is actually responsible for those problems is of course highly contentious, and not a subject that can easily be resolved here. However, it is likely that many people will have a similar reaction to that of one of my professional colleagues, who shall for present purposes go unnamed:

> By supporting the denigration of the public sector and the public service for so many years, the Bank has contributed to loss of morale and thus to the very problems that WDR97 now addresses. The least it could have done is to acknowledge that its own position and advice on these issues has changed substantially.

(iii) Is poor governance an 'internal' problem?

In its discussion of state-as-bureaucratic-system, WDR97 pays justified attention to the role of performance incentives. There is some recognition of the incentive issue when the state is viewed more as a political system, notably the mention on p.150 of the role of external threat in encouraging governments to reform. However, as a political scientist, I find that less importance has been paid to this issue – the issue of the incentives that shape the behaviour of government elites – than is needed if we are to gain a fuller understanding of the underlying causes of poor governance in some poor countries. The simple fact is that many of the poorest and least effective states have been 'externally-oriented' for decades, often since their emergence as independent states. By 'externally-oriented', I mean that the governing elites have much more incentive to please external agents (other states, large transnational companies) than to build or maintain legitimacy among their own citizens. This is not the consequence of 'imperialist conspiracy', or simply the result of the Cold War. It is a structural consequence of underdevelopment: the existence of a penumbra of poor states whose elites remain in power through some combination of (a) military support from wealthy states (b) large natural resource based revenues, frequently managed by transnational corporations, that leave them independent of citizens-as-taxpayers, and (c), especially over the last two decades, levels of development aid exceeding half of government income that also shift *de facto* accountability from citizens to aid donors. There is wide scope to debate what could be done about this situation. I take the view that different methods of aid giving can at least alleviate the perverse political consequences of very high levels of aid dependence of weak states (Moore, forthcoming). The general point here is that WDR97 pays inadequate attention to the structural causes of poor governance that arise from the international state system. One might justify this on the grounds that aid donors can do little, and developing countries should be told that these are their problems. If however one believes that aid is currently part of the problem and potentially part of the solution, the case for silence on this issue is less strong.

(iv) The international system

WDR97 does devote one of its chapters (Chapter 8, 'Facilitating International Collective Action') to the international dimensions of governance. That chapter is unsatisfactory in two senses. First, it feels rather 'thin': the discussions of international capital flows, international co-operation in agricultural research, refugees, aid and international environmental policy are not engaging or exciting, and indeed sound a little platitudinous. Second, the underlying political paradigm is so different from that underlying the remainder of the Report as to provoke comment. There are two main explanations within political science for the existence of states. The critical view is that they are instruments through which one section of the population dominates and exploits the other. The establishment view is that they are instruments for the achievement of collective goals. The issue is not posed in these terms in WDR97, but in practice both paradigms are represented: the New Political Economy (see above) embodies one variant of the critical view, while most of the discussion about policy is predicated on the establishment assumption that governments are there to make things better for all of us.

If both critical and establishment views are valid in relation to individual states and their relationships to their citizens, should the same not be true of the international, inter-state system? Should we not expect to find that the co-operation and interactions of states serve both to advance collective, global interests and, at the same time, to advantage some states more than others? Should not poorer, weaker states be just as wary of the motives and behaviour of those who dominate the international system as, according to WDR97 and New Political Economy, weaker citizens should be wary of those who dominate their national states? And where does the World Bank itself fit into the system? WDR97 discusses international collective action purely in terms of collective gains.

What are we to make of all this? Just an oversight? Too difficult to deal with? If I were from a developing country, I would have probably picked up on a pattern of discourse in WDR97 rather more quickly than I did: causes and remedies to poor governance lie out there in poor countries; rich and powerful countries and influential international institutions are either neutral or eager to be part of the solution if they are permitted; they are rarely part of the problem. What else would you expect the World Bank to say? It already has enough problems with the US Congress without provoking more. But, if it is really these kinds of political pressures bearing on the Bank that explain the limited and one-sided treatment of the international dimensions of governance in WDR97, any consensus that it does achieve will leave many people outside.

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