

The new love affair with the state – some thoughts

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Here are a few comments for the workshop, largely based on the Sri Lankan experience. However comments have a general relevance for the current debates on the state within aid agencies.

After being neglected during the heyday of neo-liberalism, aid agencies have begun to focus on the state due to two reasons. First, there is recognition that dependence on markets alone will not promote capitalism in the global south. The state has something to do with it. The experience of the East Asian countries, where an interventionist state played a significant role in promoting capitalism, has been a sobering experience. The publication of the World Bank annual report in 1997 devoted to the role of the state in development marked this shift.

The set of ideas that is identified under the term good governance has been the response of aid agencies to this new found interest on the state in the area of development. The basic objective of good governance is to promote a liberal democratic state. The strategy is to design institutions so that procedures associated with a liberal democratic state become a reality. It is hoped that this process of institution design will bring about a state that will promote capitalism and social justice. When it comes to political agency that can bring this about, much hope is played on 'civil society'. By and large, for aid agencies what constitutes this civil society are NGOs who depend on donor funding for their activities.

It is possible to question these ideas in all the dimensions mentioned above. Capitalist growth has largely been not because of liberal democratic states, although many of these states might have institutional trappings of liberal democracy. What is more important is 'autonomy' and 'effectiveness' of states. Both these terms reflect state-society relations and the ability of the state to be free from the influence of social forces that can retard capitalist development. The establishment of liberal institutions per se will not achieve this. These institutions can be captured by sectional interests who have other agendas.

This discussion is relevant for the question of social justice within a capitalist framework. For example, in Sri Lanka there is a range of welfare oriented policies that have been established for a long time. From the time of independence these covered areas such as education, health, subsidies in areas such as transport, essential commodities and protection of paddy growing small holder peasantry. However by the beginning of the seventies it was clear that the biggest beneficiaries of these policies were an intermediate class largely from rural areas. Even now welfare debates are dominated by their interests, and state institutions have been captured by them. Hence institution designing per se will not suffice. A focus on the politics behind these institutions is essential.

Finally the effectiveness of the agency of donor supported civil society is highly questionable. Specially in countries like Sri Lanka, where there is a well developed multiparty system whose influence can be seen even in the remotest villages, there is no way of ignoring these political forces. In such a context, what donor supported organisations identified as the civil society alone can do is very limited. This is not to argue that they are not relevant at all. But they have to develop strategies taking into account the influence that mainstream politics has in society.

The second issue that has highlighted the importance of the state is insecurity created at global level due to conflicts originating in the global south. In the post cold war period these sources have become the principal sources of instability. Therefore they have become a security issues for the developed countries. In the post 9/11 world, this issue is on top of the policy agenda of developed countries. As a result there is a merger of development issues and security issues within aid policies.

The table below summarises a variety of responses in this situation of new security concerns

Focus	Agenda of developed capitalist countries	Agenda in the global south
Tackling only violence	A counter insurgency strategy. Focus on security of developed capitalist countries.	Counter insurgency strategy supporting the existing order.
Good governance and conflict resolution	A containment strategy	Reconstituting states of global south on the basis of liberal blueprints. Failed states and liberal imperialism.
Tackling structural factors	Support for the relevant social forces in the global south. Reforms at the global level for this purpose	Democratic development state with state security on the basis of principles of human security. Refocusing on the welfare states in the context of global capitalism is an important aspect of this strategy.

The policies of donor countries and corresponding political objectives in the global south depend on the focus of interventions in the context of the merger between security and development. The left hand column highlights possible focuses that policies can have. What is going on on the ground can be a mixture of these strategies. The most desirable strategy is what is represented in the bottom right hand corner.

I would like to end this brief note with some comments on a fundamental issue that any type of intervention by donors needs to take into account. Foreign aid from its modest beginning of being a source of capital that was lacking in the developing countries has grown into an industry with a wide ranging agenda. Currently its interest covers almost all aspects of social life in developing countries. In other words it is trying to be an agency that can reform entire societies, including the behaviour of individuals. What is more, sometimes it sees itself as the main agent of social transformation.

This is just nonsense. What is missing is the importance and an understanding of political forces within countries of the global south. Although in the globalised world, of which foreign aid is a part, it is difficult to understand politics of social transformation by only looking at social forces within states, it is also naïve to believe that external interventions are the determining factor. The worst examples of interventions backed by such an ideology are seen in Iraq and Afghanistan. Therefore, while working at global level, we need to have a focus on political forces within countries of the global south.

The real difficulty is that such an understanding cannot be realised on the basis of sweeping generalisations that, for example, cannot understand the difference between Afghanistan, Sudan and Sri Lanka. Notions such as 'local ownership' cannot help either. This is a simplistic reduction of a complex political issue to project language used by aid agencies. Nothing short of an understanding of historical transformations that these societies are going through will suffice. This in turn poses new demands to aid agencies, especially on the question of how these agencies can develop an institutional memory of the societies in which they are operating. Unfortunately this is woefully lacking despite the fact some of them have been in these societies for decades. No amount of fly by night consultants can fill this gap. Aid agencies need to invest much more in developing a substantial knowledge base of the societies that they are working in.