

Development and Globalization as Imperialism

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ABSTRACT — Both development and globalization can be understood as imperialism — as different faces of the same dynamics arising out of a project of world domination and longstanding efforts of the United States to establish its hegemony. This paper reconstructs some of the major dynamics of international development, both as a strategic project and as an objective process of economic progress. It then turns toward the discourse on globalization and the argument that globalization is little more than a mask for the imperialist agenda of the US superpower. The paper argues that the “new imperialism” as presented and constructed by its neoconservative ideologues is based on the overt projection of political power and military force: as war rather than local development or the projection of economic power (aid, trade, investment, globalization). It concludes that NGOs and other elements of civil society have been pressed into imperial service, providing strategic assistance to the empire to quell the fire of revolutionary ferment on the southern periphery of the system, particularly in the countryside of rural development and social movements.

RÉSUMÉ — Le développement et la mondialisation peuvent tous deux être compris comme une forme d'impérialisme — comme les visages différents de la même dynamique issue du projet de domination mondiale et des efforts de longue date des États-Unis pour établir leur hégémonie. L'article reconstruit d'abord certaines des principales dynamiques du développement international, à la fois comme projet stratégique et comme processus objectif de progrès économique. Il se tourne ensuite vers le discours sur la mondialisation, l'argument selon lequel la mondialisation n'est rien de plus qu'un masque pour les visées impérialistes de la superpuissance états-unienne. Il soutient enfin que le « nouvel impérialisme », sous la forme présentée et construite par ses idéologues néoconservateurs, repose sur la projection explicite du pouvoir politique et de la force militaire : la guerre plutôt que le développement local ou la projection du pouvoir économique (aide, commerce, investissement, mondialisation). En conclusion, les ONG et les autres composantes de la société civile ont été forcées de servir l'empire, de lui offrir une assistance stratégique pour étouffer le ferment révolutionnaire dans les pays du Sud à la périphérie du système, en particulier dans les campagnes où se vit le développement rural et se trouvent les mouvements sociaux.

INTRODUCTION

The epoch-defining changes of recent years are constructed three different ways in academic discourse.¹ One is in terms of development, a project initiated after the Second World War but which, after the onset of a system-wide production crisis and a series of systemic involutions and

1. These three forms of understanding can be compared in their theoretical scope with the three meta-narratives that have dominated our understanding of the great historic transformation of society since the 18th century: modernization (from tradition to modernity or pre-modern to modern in terms of culture — the values that underpin institutional functioning); industrialization (from pre-industrial to industrial forms of economic activity and organization); and capitalist development (from a pre-capitalist to a capitalist mode of production). From a poststructuralist (postmodern/postdevelopment/postimperialist) perspective — it is hotly debated — this great transformation was essentially completed (at least in

strategic responses, was reconstituted as globalization. A second makes reference to globalization as a process designed to release the "forces of freedom, democracy and private enterprise," to quote from George W. Bush's 2002 *National Security Report*. In this conception of the transformative social change that has characterized world development in recent years, "globalization" is viewed as the irresistible and desirable outcome of economic and political adjustments to the requirements of a new world order, a process in which — to return to George W. Bush — "good" (the forces of economic and political freedom, prosperity, and peace) will vanquish "evil" (constraints on these forces, opponents of freedom, rogue regimes). A third way of understanding these changes and associated developments is as imperialism in its diverse forms. That is how these changes and developments are understood and presented in this paper. In fact, it is argued that both development and globalization can be understood in this way, as different faces of the same dynamics arising out of a project of world domination and longstanding efforts of the United States to establish its hegemony over the whole system.

This argument is constructed as follows. Part I reconstructs some of the major dynamics of international development, conceived both as a strategic (geopolitical, foreign policy) project and as an objective process of economic progress, with particular reference to the period 1948–73, the so-called "golden age" of capitalist development. Here it is argued that international cooperation for international development, in its bilateral and multilateral forms, was designed as a means of ensuring that post-colonial states in their pursuit of national development would not succumb to the lure of communism and fall prey to the model presented by the USSR. Theresa Hayter (1971) in this context defined "aid" as "imperialism," one of several available and constructed means of advancing the foreign policy and economic interests of the United States and its allies. Part II turns toward the discourse on globalization, presented by World Bank economists and others of this ideological ilk and mindset as a form of development (economic growth). In this connection it is argued that in reality globalization is little more than a mask for the imperial dream and long-term planning for world domination, a means of obfuscating the imperialist agenda of the United States superpower. Part III brings this agenda into focus but in a different form, as conceived and projected in the policies of the regime headed by George W. Bush, by a neoconservative group that surrounds him and has managed to capture the state apparatus.

The argument in this short and last part of the paper is that the "new imperialism" as presented and constructed by its neoconservative ideologues is indeed new in that it is based on the overt projection of political power and military force: as war rather than local development or the projection of economic power (aid, trade, investment, globalization). Given the unabashed transparency of the new imperialism and its call for, and reliance on, overt coercive force and unilateral action (justified in terms of advancing the forces of economic and political freedom) there is in fact no further need for the dissimulation, ideological covering, or covert operations that have characterized imperialism over the years. However, the guardians of the new world order, if not the White House neoconservatives, have discovered that the iron fist of military force still needs to be gloved in politically acceptable terms. The point is that the economics of adjustment to the requirements of the new world order (international economic integration) require corresponding politics to ensure a success-

some places) in the 1970s and/or 1980s, leading to notions of a theoretical impasse or a crisis of understanding and the exhaustion (and thus irrelevance) of associated ideologies such as liberalism and socialism used to promote social change (Booth 1985). Be this as it may, and notwithstanding a generalized attack against all forms of structuralism, the concepts of "development," "globalization," and "imperialism," and their associated understandings, have been elaborated within different forms of structuralist discourse.

ful outcome of the process involved — or, in the neoliberal conception, “good governance.” The neoliberal model of capitalist development and globalization is profoundly exclusionary and destabilizing, generating powerful forces of resistance that make the entire process ungovernable. This is where “development” comes in — or back, rather — not as a model and strategy for reviving the capital accumulation (and economic growth) process (globalization is called upon in this regard) but to provide conditions of political stability for the neoliberal world order and a local benign or human face to imperialism. The paper ends on this point, concluding that nongovernmental development organizations and other elements of civil society have been pressed into imperial service, providing strategic assistance to the empire in its concern and effort to quell the fire of revolutionary ferment on the southern periphery of the system, particularly in the countryside of rural development and social movements.

I. DEVELOPMENT AS IMPERIALISM

Although it can be traced to the 18th century Enlightenment and the idea of progress, development as we know it (as a macroproject involving, or based on, international cooperation) had its birth in US foreign policy and the Cold War — in diverse efforts, orchestrated by the US State Department, to ensure that the post-colonial state in the economically “backward” areas of the developing world would not fall prey to the lure of communism or the example for rapid growth and national development set by the USSR.

A. Aid in the 1940s and 1950s: The War Against Communism

According to Wolfgang Sachs (1992) and his associates in postdevelopment theory (inter alia, Esteva and Prakash 1998), development was “invented” in the late 1940s as a form of imperialism — a means of imposing relations of domination on peoples and states struggling to liberate themselves from the yoke of colonialism. The idea of development itself is here traced back to the program of overseas development assistance (ODA) announced by US President Truman on 10 January 1949. But in its multilateral form it originates in various projects funded by the International Bank of Reconstruction and Development (subsequently known as the World Bank) in Chile in 1948 and in Brazil and Mexico the year after. The World Bank is a pillar of the Bretton Woods system designed to resurrect the global form of capitalist development and international trade (and international economic integration) characteristic of earlier epochs.²

In regard to ODA, the US government was by far the major donor, and the foreign policy geopolitical and strategic considerations of the US government the most relevant in shaping the form that it would take. From the beginning there existed an extensive internal policy debate as to the possible uses of foreign aid. The central issue had to do with how the broader geopolitical strategic interests of the United States could be served by it. Some voices were raised to the effect that it would not be in the economic interest of the United States to promote economic development in the backward areas of the world and that efforts to contain the underdeveloped countries within the Western bloc would be unrealistic and not fruitful for American interests. But the view that prevailed was that ODA was

2. In this connection, many analysts have identified the current era as a third period of economic globalization characterized by the internationalization of capital, free trade, and the integration of national economies into the world capitalist system. See Wolf (2004) and Petras and Veltmeyer (2001) for radically opposed interpretations of the dynamics of this process.

indeed a useful means of advancing the geopolitical interests of the United States (to prevent the spread of communism) without damaging its economic interests (Cohen et al. 1968).

B. Aid in the 1960s and 1970s: Reform or Revolution?

In the developing world, the emphasis of aid was on building the administrative capacity of the state and providing infrastructure for both public and private enterprise — “nation-building” in the parlance of imperial policy. In Latin America, however, as well as in parts of Asia, the main concern was to stave off pressures for revolutionary change — to prevent another Cuba (and China). To this end, the US Agency for International Development (USAID) promoted state-led reforms and the public provision of credit and technical assistance to the rural poor.

Much of ODA took a bilateral form but USAID also turned to nongovernmental organizations (NGOs) as their executing arm, bypassing governments to channel funds more directly to the local communities. These NGOs (private voluntary organizations as they were termed) not only provided a useful channel for ODA but also for various collateral services of benefit to donors, such as the strengthening of local organizations that were prepared to opt for social reform and local development rather than social revolution, and the weakening of class-based anti-systemic/anti-capitalist state organizations. In this context, NGOs were also used — somewhat innocently from the perspective of their middle-class workers — not only to elude revolution and promote economic and social development but to promote the virtues of democracy and capitalism: the use of the electoral mechanism in politics, the market mechanism (free trade, mobile capital) in economics, and reform as the modality of change.

In effect, as noted by Bombarolo, Coscio Perez, and Stein (1990) and argued more recently by Petras (in Petras and Veltmeyer 2001), many if not most NGOs have tended to serve as executing agents of US imperialism, promoting values and behaviour functional for the economic and political interests of the growing US Empire.³ In this they resembled the missionaries of the old imperialism in the promotion of change in the next rather than this world and the vocation to spread the gospel — in this case the good word about reform and democracy — and information about the evil forces (communism, revolutionary change) that were lurking the land.

The difference between the new missionaries and the missionaries of old — then again perhaps there is no fundamental difference in that more often than not they were unaware of the broader implications of their interventions — is that NGOs were not apparatuses commissioned to spread the gospel. Generally they were, as they are today, composed of well-intentioned individuals concerned to make a difference, albeit small, in the lives of people they touched with their assistance. Nevertheless, in their micro-projects and mediations between the donors and recipient organizations, they could not help but promote an alternative to the politics of revolutionary change, and it was to this end that they were contracted and funded. USAID and the broader donor community used NGOs as partners in the shared development enterprise. They helped turn local communities away from revolution and promote reform, and, in the process, create conditions that would allow the empire to advance its economic and geopolitical interests.⁴

3. Wallace (2004), perhaps more accurately, portrays NGOs not as executing agents but as unwitting “Trojan horses for global neoliberalism.”

4. As for these economic interests, a number of studies have documented the resulting penetration of US capital in the Central (and South) American countryside, in the form of its multinational corporations, extracting huge volumes of surplus capital used to create or expand markets and pay dividends to shareholders.

C. Foreign Aid and a System in Transition: 1973–83

The years 1948–1973 have been described as the “golden age of capitalism” (Marglin and Schor 1990). But in the late 1960s cracks began to appear in the foundations of the system. The result was an extended period of crisis and diverse strategic efforts to restructure the system as a way out. One strategic response involved a direct assault by capital on labour — attacking its share of national income to that point linked to productivity gains, its organizational capacity, and political power (Davis 1984; Crouch and Pizzorno 1978).⁵ The aim of this counteroffensive was to increase the pool of capital available for productive investment. The result was a compression of wages to the point that in many cases their value or purchasing power in 2003 was still below levels achieved in 1973 (Weisbrot 2002). In the United States, for example, wages fell 10% in as many years (1974–83) and continued to fall subsequently, particularly in the years of Reaganomics in which the individuals in the upper reaches (the top 1%) of the wealth and income hierarchy appropriated all of the proceeds of economic growth. In Latin America, the power of organized labour regarding the capacity to negotiate collective agreements for higher wages and improved conditions was so reduced that the share of labour (wages and salaries) in national income (and value added to production) in many cases fell by over 50 percentage points — from over 40% in the 1970s to below 20 after a decade and more of “structural” (neoliberal) reform. This process of income concentration, and associated conditions of wealth and poverty on the extremes of the income distribution, unfolded on a global scale but in some countries and regions the results were particularly dramatic. In Argentina, for example, even today, after more than a decade of economic restructuring and neoliberal reform the level of per capita income is still well below that achieved in 1970. And Argentina is by no means an isolated or the most exemplary case.

Other less direct strategic responses to the worldwide capitalist crisis included a process of technological conversion and productive transformation; the evolution of a new more flexible form of regulation (postfordism); a global restructuring of finance, provided primarily in the form of “official” ODA, which at the time dominated global North–South capital flows (“international transfer of resources” in official discourse); and a restructuring of national macroeconomic policy on the basis of what the World Bank economists dubbed “structural adjustment.”

Regarding financial capital flows, the dominant stream took the form of ODA, offered as a supplemental form of finance needed to stimulate economic growth. Until 1983 such official transfers of financial resources were channelled into projects designed to establish the infrastructure for economic activity and nation-building. However, after the onset of a region-wide debt crisis, official transfers began to assume a different form: loans conditioned by policy reforms oriented toward the free market and democracy (Burnside and Dollar 1997; Carothers 1999; Rodrik 1995).

Until this point the World Bank and other international financial institutions (IFIs) took the position that ODA would service development strategies that were “owned” by countries pursuing their own development path. But with the leverage provided by the debt crisis, bank lending was conditional on structural reforms designed by economists at the World Bank — reforms that were market friendly and conducive to good governance (Kaufmann, Kraay, and Zoido-Lobaton 1999; World Bank 1994).

5. The principal theatres of this class war were in Europe (Davis 1984; Crouch and Pizzorno 1978) and in Latin America, in the context of Operation Condor and other “dirty wars” waged against subversion and subversives (peasants in arms, human rights, union, and political activists), by Latin America’s military regimes at the time.

In the wake of the global production crisis in the early 1970s, US and European commercial banks initiated a lending policy that led to an explosion of private capital and debt financing. The flows involved in this form of capital would come to exceed the official resource transfers (ODA) and, for some years (particularly in the first half of the 1990s) the flow of capital associated with the multinational corporations (MNCs). The following table provides a historic picture of these capital flows as well as some of the returns on the investments involved.

Table 1. Long-Term North–South Financial Flows, 1985–2001 (in US\$ billions)

	'85–89	'90–94	'95	'96	'97	'98	'99	'00	'01
ODA	200.0	274.6	55.3	31.2	43.0	54.5	46.1	37.9	36.2
Private	157.0	547.5	206.1	276.6	300.8	283.2	224.4	225.8	160.0
FDI	76.0	268.5	106.8	130.8	172.5	178.3	184.4	166.7	168.2
Portfolio Inv.	6.0	111.5	36.1	49.2	30.2	15.6	34.5	50.9	18.5
Other	75.0	172.5	63.2	126.2	98.1	-10.7	25.5	8.2	-26.7
Net Resource Inflow	357.0	822.5	261.4	307.8	343.8	337.7	270.5	263.7	196.2
FDI Profits	66.0	96.5	26.5	30.0	31.8	35.2	40.3	45.4	55.3
Debt Payments	354.0	356.5	100.8	106.6	112.9	118.7	121.9	126.7	122.2
Net Resource Outflow	420.0	453.0	227.3	136.6	144.7	153.9	162.2	172.1	177.5

Source: IMF (2000); World Bank (2002).

These data reflect global trends in “international resource transfers,” including the eclipse of ODA by private capital flows, a dramatic decline of commercial lending in the 1980s and then again after the Asian financial crisis in 1997, and the growth of foreign direct investment (FDI) as the dominant flow of capital (the “backbone of private sector external financial flows,” as the International Monetary Fund puts it) and used primarily to acquire the assets of privatized enterprises or merge with other firms. The data also reflect the imperial agency of the world’s largest transnational corporations, the basic operating units of the Euroamerican Empire, whose operations in Latin America alone — facilitated by a process of financial liberalization — netted over US\$ 100 billion in profits in the 1990s (Saxe-Fernández and Núñez 2001). And these net resource transfers do not take into account the surplus value extracted from the direct producers and workers through wage exploitation, relations of international trade, and other means (Petras, Veltmeyer, and Vasapollo 2005).

D. The Imperialism of Foreign Aid and Debt

With the onset of the debt crisis, creditors lined up behind the World Bank and the International Monetary Fund (IMF) and capital in the form of loans dried up. Table 1 suggests that in the 1980s, more than US\$ 350 billion was diverted from the developing countries (primarily Latin America) to the head offices of the commercial banks — a capital drain that led directly to a “decade lost to development” in Latin America. As of 1995, virtually no new loans have been extended to developing countries by the commercial banks, while another US\$ 800 billion were lost to development due to policy reforms set by the World Bank as a conditionality of further “aid” (Burnside and Dollar 1997; Mosley 1999; World Bank 1998). Saxe-Fernández and Núñez (2001) documented a huge net outflow

from Latin America to the American and European centres of the empire by diverse means, primarily financial mechanisms of surplus transfer. The United Nations Conference on Trade and Development (UNCTAD 2004) has extended this study to all developing societies on the periphery of the world capitalist system. According to UNCTAD, in 2004 alone the developing countries made a net financial contribution of close to US\$ 240 billion to the rich countries of the North.

These policy reforms and their dynamics have been subjected to considerable study, particularly as regards their socioeconomic impacts (see, for example, Collier 1997; Gwin and Nelson 1997; Veltmeyer and Petras 1997, 2000). They are based on what has become known as the “new economic model” or, more revealingly, “neoliberalism,” a doctrine that argues the need for countries to integrate their economies into a single global economy. These policies include the privatization of public enterprises; liberalization of trade and financial flows; deregulation of product, capital, and labour markets; and downsizing of the state, particularly as regards economic and social programming. The point of these structural reforms, aimed at substituting the institutions of private enterprise for the state, is to unleash the forces of economic freedom from their tethers, allowing them to operate with as few constraints as possible (Bulmer-Thomas 1996).

The 1990s saw the global spread of a virus that first affected Mexico and then Southeast Asia in mid-1997. By most accounts caused by the volatile and deregulated movement of hundreds of billions of dollars in capital in search of short-term profit, the Asian financial crisis devastated economy after economy in the region, stalling talk (and much writing) about the “economic miracle” of rapid growth in parts of Asia.

The financial crisis resurrected the spectre of a more generalized economic crisis, even a collapse of the system. Under these conditions the multinational commercial banks again pulled out, leaving a vacuum only partially filled by FDI (the privatization bonanza was largely over), leading to another half decade lost to development (ECLAC 2002). Official aid flows in this context were minimal and largely unproductive, as were FDI flows, destined as they largely were to the purchase and acquisition of privatized assets. The results of these developments are not hard to find. They are exemplified in the experience of Argentina, hitherto the strongest economy in Latin America but now in the throes of a far-reaching crisis and in default on its debt payment obligations to its external creditors, incurring the wrath of the IMF.

E. Alternative Development and Imperialism in an Era of Globalization: 1983–2003

ODA, as noted, originated as a policy for meeting the strategic foreign policy requirements of the US state. In retrospect it can quite properly be described as an imperial policy in the service of a long-established project of world domination and hegemony.⁶ Subsequently, with the agency of the NGOs, the development project was constructed as a means of defusing pressures for revolutionary change within its client states. The history of the US state intervention in Central America — one of the more successful arenas for the projection of US state power — testifies that more often than not development did not work. True, no other Cuba emerged in the region but this was the result not so

6. In academic and political circles there is much talk and writing today about the “new imperialism,” with reference to a project of empire building constructed by a group of neocons that have surrounded and entered the administration of George W. Bush. The literature on this is becoming voluminous. However, there is considerable evidence that this project, even in its projection of naked military power and resort to unilateral action and pre-emptive strikes, is not at all new, that it can be traced out in virtually every administration in the 20th century, both republican and democratic, liberal and conservative, and not least in Clinton’s administration (Leffler 2004).

much of the operations of USAID as the projection of military force and the extensive "aid" provided to counterinsurgency forces in the region.

In the 1980s an entirely new context was created for ODA by a new neoliberal project of globalization based on a program of free market policy reforms. In this context the development project was not abandoned but it was restructured — designed as an alternative, more participatory form of development based on the partnership of intergovernmental ODA organizations and nongovernmental organizations that would mediate between the donors and the grassroots in the execution of a new generation of development projects targeted at the problem of poverty. The actual flow of funds channelled through these NGOs, many of which were unwittingly converted into agents of the new imperialism — bearers of the gospel about free market capitalism and democracy — was actually very modest (less than 10% of the total) but enough to induce many organizations in the popular sector to turn away from direct collective action against the system and to opt for a participatory form of local development.

This form of development is predicated on the accumulation not of natural, physical, and financial assets but of "social capital," which, unlike the accumulation of other forms of capital, requires neither political confrontation with the power structure nor substantive change (Knack 1999; Woolcock and Narayan 2000). Development in this form is predicated on changing not the structures of economic and political power but rather how people feel about themselves and their capacity for action, and is oriented toward empowerment, providing the poor with a sense of participation and involvement in decision-making (albeit limited to decisions as to how to spend the meagre poverty alleviation funds that come their way or financing their micro-enterprises). It is in this context that Heloise Weber (2002, 146) could write of micro-finance and microcredit as a "coherent set of tools that may facilitate as well as govern the globalization agenda." From "the perspective of the architects of global development," she writes, "the micro-credit agenda (and thus, the 'poverty alleviation' strategy of the World Bank — 'Sustainable Banking with the Poor') ... is conducive to facilitating policy changes at the local level according to the logic of globalization ... while at the same time advancing its potential to discipline locally in the global governance agenda" (Weber 2002, 146).

F. Foreign Aid as a Catalyst of Regression

Until the 1980s, ODA was the dominant form of "international resource flows." The rationale for ODA was an assumed incapacity of developing countries to accumulate sufficient capital to finance their development. The provision of supplementary finance was deemed to have a catalytic effect, generating conditions that would reduce poverty and stimulate economies to grow. However, more than 50 years of experience has demonstrated that aid more likely serves the interests of the donor country and that ODA functions as do other forms of "resource flows" — as a mechanism of surplus transfer, a catalyst not of development but of regression.

The evidence is clear. After two decades of rapid growth within the Bretton Woods system the development process stalled precisely in areas subject to structural adjustment and dependence on FDI, commercial bank lending, and ODA. Parts of the Third World — to be precise, a group of newly industrializing countries in East and Southeast Asia — continued to experience high rates of economic growth, and with this growth a substantial improvement in social and economic conditions. However, it is clear enough that these countries neither pursued a neoliberal model nor were subjected to the SAP. In Latin America and sub-Saharan Africa, structural reforms and ODA were (and are) associated with a decided deterioration in social economic conditions that includes a

dramatic growth in the inequality in the distribution of wealth and income and a substantial increase in the number of people living and working in conditions of abject poverty.

By the end of the 1990s, an estimated three billion people, close to 44% of the world's population, were identified as unable to meet their basic needs and an estimated 1.4 billion were forced to subsist on less than a dollar a day. Some of this abject poverty is rooted in longstanding structures of economic exploitation and social exclusion but a large part either originates in, or is exacerbated by, the policy reforms attached to ODA. In this context, aid can indeed be viewed as a catalyst of underdevelopment and regression rather than growth and development.

The historic record could not be clearer. In the neoliberal era of globalization and structural adjustment, the conditions of this regression are the direct result of the policy conditionalities of ODA. In a brief on corporate globalization and the poor, Mokhiber and Weissman (2001) report on a study by the Center for Economic and Policy Research (CEPR) where 72% of 89 countries in their survey experienced a decline in their per capita income of at least five percentage points from 1960–1980, a period governed by state-led development, to 1980–2000, an era dominated by the “new economic model” of free market capitalism. The only developing countries that did well in the latter context were those that ignored the policy prescriptions of the IMF and the World Bank. The CEPR estimates that 18 countries would have doubled their per capita income if they had stayed on their earlier development path.

II. GLOBALIZATION AS IMPERIALISM

A. Crisis and Restructuring under a New Economic Model

One aspect of the class war unleashed by capital in the 1970s was a direct assault on labour. Another was a turn toward a new economic policy agenda based on a neoclassical economic theory that held up the world market as the fundamental engine of economic growth and the private sector multinational enterprises as its driver. In the orthodoxy of development theory in the 1950s and 1960s the absence or weakness of the capitalist class in economically backward countries required the state to step in and assume the function of capital (investment, entrepreneurship, management) and a leading role in the economy. With reference to this idea the pioneers of development economists designed a model that was highly functional for governments in the developing world. It emphasized the need for, and resulted in a policy emphasis on (1) nationalization — state takeover of firms in strategic industries — as well as the need for state enterprises not just in the area of infrastructure, utilities, and social programming but in the leading or strategic sectors of the economy; (2) the regulation of economic activity and commodity, capital, and labour markets; (3) import substitution based on the protection of domestic industry from outside competition; (4) an inward orientation of national production; and (5) increased programming in the areas of economic development and social welfare.

Under conditions of a by-then decade-long and system-wide production crisis, a growing fiscal crisis, and an impending debt crisis, this model succumbed to the attacks on it from the Right, which had achieved state power in the Southern cone of South America in the 1970s and managed to capture the state power in the United States, the United Kingdom, and elsewhere in the developing and developed world. On the basis of several Latin American experiments with the “most sweeping economic reforms in history,” economists at the World Bank designed a new economic model intended to halt and reverse a decade-long trend toward the slow but steady incorporation of the working class and non-capitalist producers into the economic and political development process.

This model, dubbed and subsequently known as “neoliberalism,” prescribed a package of policies (presented as structural reforms) that make up what Williamson (1990) has termed the “Washington Consensus.”

B. The Economics of Adjustment: Globalization in Theory, Neoliberalism in Practice

The new economic model, and the policy reform program derived from it, was presented by the World Bank as a development program, i.e., as the only way of moving forward, placing countries on the path of economic growth and prosperity, and, in the process, providing necessary and possible conditions for attacking the problem of widespread poverty. However, it was clear enough that the agenda behind these policies was not economic development but rather globalization, the creation of a new world economy based on economic freedom within the policy and institutional framework of the new world order. The first clear reference to this agenda was in 1996 at a conference convened by the US Council for Foreign Relations, a major part of what Salbuchi (2000) dubs the “‘braintrust’ of the system” (Ostry 1990). At this point globalization was presented not as it would be some years later — as a process (i.e., as the inevitable outcome of the workings of a system that did not allow for any alternatives) — but as a project with desirable outcomes (economic growth, etc.).

The object of this consensus was to create a system in which, to paraphrase George W. Bush’s 2002 *National Security Report*, the forces of economic and political freedom could flourish, vanquishing the enemies of freedom and obstacles such as government regulation, capital controls, and restrictions on the movement of goods and capital. The necessary condition for this “development” was the structural adjustment of national economies to the requirements of this new world economic order (adoption of the specified structural reforms in their national policy) and thus their integration into the world economy. By the end of the decade in Latin America all but four countries were more or less — to various degrees and unevenly in regard to different policies in the program — integrated under conditions of privatization and financial liberalization, so much so that private capital (the IFIs and MNCs) had managed to achieve dominion over the global economy, generating an enormous influx and reflux of capital. The bulk of this capital — more than 95%, it has been estimated — is either speculative or unproductive in nature, used to acquire privatized and other firms or speculate on exchange rates or futures contracts rather than productive investment in new technology.

Studies by Saxe-Fernández, cited above, have established some of the outcomes of the process, which, in the 1990s, was extended to Argentina, Brazil, and Peru, three of the holdout countries relatively slow to get on the globalization train but once they did moved with alacrity and speed (Veltmeyer and Petras 1997, 2000). The negligible economic growth and increased social inequalities in the distribution of global (and national) incomes, and conditions of poverty and wealth at the extremes of this distribution, are, of course, well known.⁷ They have been subject of considerable study and the facts are well established albeit with diverse interpretation.⁸ However, what Saxe-

7. The statistics related to these trends, if not their connection to globalization, have been acknowledged by one of the foremost defenders of the new economic model (neoliberalism, globalization): Martin Wolf (2004), chief economics commentator of the *Financial Times*.

8. Wolf (2004), like other hyper-globalists and apologists for free market capitalism, argues that non-globalization (the failure or refusal of a government to enter the process of international economic integration) is as much, if not more, at fault than globalization-inducing/supportive policies. However, there is a broad consensus in the academic community and key operating agencies of the UN that the increased social inequalities and the polarization of wealth and income, and new forms of poverty, can be directly attributed to the new economic model of neoliberal reforms. After all, they have been in place for over two decades in many countries and a decade or more in most.

Fernández established is a pronounced trend toward asset denationalization and a system that allowed the MNCs to generate an enormous pool of capital and siphon off financial resources in the form of profit on direct investments, interest on bank loans and portfolio investments, royalty payments, not to mention labour exploitation and unfair trade. According to UNCTAD (2004), taking a global view, this process in 2004 generated a net outflow of capital from the developing countries on the periphery of the system to the tune of US\$ 239 billion.⁹

C. Capitalism and Democracy: A Marriage of Convenience or Strategic Necessity?

Before the advent of globalization, the idea held by most political scientists in the liberal tradition was that authoritarian regimes provided better conditions than democratic ones for implementing economic growth-producing policy reforms. For their part Samuel Huntington and his associates (Crozier, Huntington, and Watanuki 1975) had established the politically destabilizing effects of too much democracy, generating as it did expectations on which the system could not deliver and thus conditions of political instability. However, within the framework of the neoliberal model, the contrary idea was advanced and took root: that political liberalization and democracy would provide better conditions for economic liberalization (Dominguez and Lowenthal 1996; Rueschmeyer and Stephens 1992). The idea of democracy in this context was closely tied to the aversion of neoclassical/neoliberal economists (and the new political economy of Krueger and her associates at the World Bank and the IMF) toward government, viewing it, as Adam Smith did, as a predatory device open to corruption and giving rise to “rentierism” — the use by groups to advance their special (personal) rather than the public interest. It was also tied to the conception of a minimal state, denied its propensity toward interference in the market economy. Democracy, in this context, was conceived of in two ways, the one manifest in the rule of law and the institution of political elections,¹⁰ the other in the emergence (and strengthening) of a civil society able to participate in the policy-making process, ensuring transparency and the accountability of publicly elected officials (Bhagwati 1995; Dominguez and Lowenthal 1996; Kaufmann, Kraay, and Zoido-Lobaton 1999).

At first (in the 1980s), the call and push for democracy in the direction of civil society — for democratizing the society-state relation — took the form of promoting nongovernmental organizations in the “third sector,” i.e., civil organizations without a profit orientation or motive. Governmental and intergovernmental organizations such as the Organisation for Economic Co-operation and Development (OECD) and the World Bank turned toward and funded these organizations, converting them into their agents and leading to a proliferation of intermediary

9. Table 1 also points toward an enormous outflow of productive and financial resources from the developing countries to those at the centre — a veritable hemorrhage of the system's lifeblood. In this regard it is estimated that over the last decade, just in Latin America, outflows of capital in the form of various types of return on investments (profit repatriation, interest payments on debt and equity investments) were in excess of \$750 billion (ECLAC, 2002). These transfers represent a huge drain of potential capital that could have been used to expand production in the developing countries. Even ODA in this connection has served as a mechanism of capital drain: in 2002 repayments by the developing countries to the World Bank exceeded total outlays of new financial resources. According to ECLAC (2002) over \$69 billion in interest payments and profits were remitted from the region to the US home offices of the multinational corporations and banks in just one year. Saxe-Fernández notes that if we were to take account of the billions in royalty payments, shipping, insurance, and other service fees and the billions more illegally transferred by Latin American elites via US and European banks to overseas accounts, the total pillage for 2002 was closer to \$100 billion. And this is in just one year in one part of the US Empire.

10. In Latin America this process unfolded in a short, well-defined timeframe of 10 years, from 1979 (Ecuador) to 1989 (Chile). This process was theorized by political scientists like Larry Diamond (1999) as a process of democratic transition — the return to civilian constitutionally elected regimes — and consolidation.

organizations vis-à-vis governments and international organizations on the one hand, and local communities and grassroots organizations on the other. In the 1990s, however, there was a decided shift in the official discourse, and belatedly in the academic discourse, away from third sector language toward the strengthening of civil society. As Mitlin (1998) has determined, this shift in discourse reflected a concern and shared interest of organizations involved in the development project (international cooperation for development) in a more inclusive approach toward economic and social development — one thus supportive of a strategy, formulated in 1989 by the United Nations Development Programme (UNDP), designed to bring business associations and private capitalist enterprises into the development process at the level of poverty-reducing, employment-generating micro-projects and the institution of good governance.

D. The Politics of Adjustment and Globalization: Bad Government, Good Governance

Ethan Kapstein, Director of the US Council of Foreign Relations (CFR), was one of the first to sound the alarm about the potentially destabilizing effects of globalization in its neoliberal form. As Kapstein (1996) saw it, excessive inequalities in income distribution — and access to world society's productive resources — resulting from economic globalization would generate politically destabilizing forces of social discontent and political resistance, making it difficult for democratic regimes in this world to stay the course of neoliberal policies and rendering the process as virtually ungovernable. Since Kapstein's warning, others — particularly, but by no means exclusively, economists at the World Bank — have echoed this concern, giving rise to a system-wide search for a new institutionality (architecture) that could establish good governance: order with as little government as possible (World Bank 1994).

Good governance in this context is predicated on a collaborative approach toward the politics of structural adjustment and globalization among the stakeholders in the process of economic and political development (Bardhan 1997; Blair 1997; Messner 2001; UNDP 1996; World Bank 1994). What this means in practice is the engagement of civil society as a strategic partner in the process of securing the political conditions needed to implement an unpopular program of structural reforms (neoliberal policies). Second, it means a process of municipalization: shifting government administrative responsibilities from the central to local governments, converting municipalities into an agent of economic and political development (BID 1996; Blair 1995, 1997; Mayorga 1997; Reilley 1989; Retolaza 2003; Sánchez 2003).

Third, it means the agency of nongovernmental organizations in turning the rural poor away from confrontational politics and the direct action of social movements toward alternative development, to seek improvements in their lives (micro-projects) within the local spaces available within the power structure rather than challenging, and seeking to change, this structure. It means, in effect, reliance on a development strategy based on the accumulation of social capital, an approach that does not require or entail substantive (i.e., structural) social change (radical reform or social transformation). This means the empowerment of the poor: making them feel engaged, positive about themselves and their situation, able to act on decisions that affect their lives and livelihoods (how to spend poverty alleviation funds, identify and prioritize their needs and potential micro-projects, access micro-finance or set up micro-enterprises). It means imperialism in one of its diverse forms, on one of its many fronts.

III. THE NEW IMPERIALISM

Both the project of international cooperation for development and globalization were constructed and have functioned as macro projects designed to serve the foreign policy objectives of the US state, which are to advance the interests of capitalist enterprise: the “forces of freedom,” to quote George W. Bush. In the immediate post-Second World War institutional context of the Bretton Woods world order, the UN system prevented — in fact it was constructed to discourage — any one country, no matter how powerful, from acting on a possible impulse toward world domination. The system of checks and balances, and institutional constraints, in fact worked for decades to do so, to inhibit or prevent the resurrection of the imperial dream and to hold in check an obvious drive of the United States to dominate the world capitalist system. But the fall of the Berlin Wall and the subsequent collapse of the USSR-led socialist bloc changed all this, setting in motion a new form of imperialism based on “an honest and organised coercive force,” a force that would not be afraid to name itself, and that, in the words of Robert Cooper, foreign policy advisor to Tony Blair, would not hesitate to “revert to the rougher methods of an earlier era — force, preemptive attack, deception, whatever is necessary to deal with ... old-fashioned ... states outside the postmodern continent ...” (Cooper 2002, 7). “In the jungle,” Cooper adds — i.e., in the “pre-modern world of developing countries” and failed states — “we must ... use the laws of the jungle” (2000, 7).

The collapse of actually existing socialism, and the emergence of the United States as the sole superpower in world affairs, occurred in a situation of continuing crisis, intra-imperialist competition, the emergence of new markets and potential economic powers in Asia, as well as a series of setbacks for the United States’s empire-building efforts in the Middle East and elsewhere. Under these conditions, and in this context of several conservative republican administrations of the US state (from Reagan to Bush Sr.), a group of neoconservatives began in earnest to hatch a plan for world domination. The new world order was more or less in place, as were its self-appointed guardians, the brain trust of the system (the US Council on Foreign Relations, the World Economic Forum at Davos, etc.). What was needed was a strategy for achieving US domination and hegemony.

From diverse accounts it is possible, with hindsight, to outline an evolution of this process and to identify some of its turning points. Some five years prior to Ronald Reagan’s assumption of the presidency, a group of neoconservatives (neocons) formed the infamous Committee on the Present Danger. Of its original 61 directors, 29 eventually found positions in the Reagan administration. Key members of this group included current Defence Secretary Donald Rumsfeld, George P. Schultz (who became Reagan’s secretary of state), William Kristol, and several hawkish academics who personify the contemporary neocon such as William Kristol and Richard Pipes, a member of a secret team outside the Central Intelligence Agency (“Team B”) organized by then-CIA director George Bush Sr. This cabal was later joined by Paul Wolfowitz, who would join Richard Perle as an assistant to Dick Cheney as Secretary of Defence in the Bush Sr. administration, and who shared Cheney’s concern with the Middle East and the geopolitics of oil.

Media coverage of US policy toward Iraq and the Persian Gulf has tended to debunk the notion that oil had anything to do with it or, for that matter, with the Iraq war, but, according to McQuaig (2004) and others, it actually had a lot to do with it, and with various plans for global domination cooked up by the neocons. In point of fact the United States and the Middle East have been embroiled in a tug-of-war over oil ever since the 1970s, since the oil crisis and the formation of the Organization of the Petroleum Exporting Countries (OPEC). However, at the time the prospect of seizing control of Arab oil fields by force was considered politically not feasible. Still, the idea of Middle East dominance was very attractive to this group of hard-line Washington insiders. During

the Clinton years they were active in conservative think-tanks, designing projects such as the Project for a New American Century that included plans for gaining control over the region's oil fields, and to attack Iraq and Afghanistan, long before 9/11. But they had to bide their time — until the advent of George W. Bush.

With the added complement of Condoleeza Rice and Colin Powell, authors of the Defence Guidance Planning (DGP), a document that outlined the need for the US to assert its power unilaterally ("when collective action cannot be orchestrated") in the service of global American Empire, the neocon noose around the neck of US foreign policy was set to be tightened.

The project of global American empire — the neocon plan for world domination, for a new imperialism that would not "hesitate to use [coercive] force if, when and where necessary," and do so unilaterally — was at least a decade in the making, hatched within the George W. Bush presidency, if not earlier. In 1992, *The Washington Post* made public a secret Pentagon document, the infamous Wolfowitz Report.¹¹ The paternity, even the very existence, of the report was denied then and thereafter but it nevertheless aroused controversy, especially among the United States's allies. It anticipated what would later be asserted by Kohl and Feldstein (quoted by Harvey 2004): "We must discourage the other industrialized nations from challenging American leadership and from bringing into question the economic and political established order. We must keep such a military supremacy that potential rivals will be dissuaded from aspiring to a larger regional or global role."

By 2000 the neocon cabal found the perfect puppet for their plans of global domination in George W. Bush and were able to codify the 1990 DGP document into official US policy. Having seized state power through the election of George Bush Jr., they began to plot in earnest the invasion of Iraq. The rest, as they say, is history.

CONCLUSION

Globalization has been presented as a form of development, the best if not only way of bringing about economic growth and placing countries on the road toward a future of prosperity. But both the project of international cooperation for development and globalization are shown to be masks for an entirely different project: US imperialism. As a point of fact, over the post-war years since the late 1940s, imperialism has taken the most diverse forms, the explanation of the most diverse dynamics of worldwide developments. It first emerged in the form of a system designed to ensure the economic dominance of the United States and advance the economic interests of its economic enterprises. In this system the economically backward countries were cast in the role of exporters of raw materials needed for the industrial centre of the empire.

In the same context imperialism also took the form of international cooperation for international development, a policy designed to ensure that the economically backward countries of the post-colonial world would pursue a capitalist path for their national development, sticking to a system set up to advance the economic and geopolitical interests of the United States, the hegemony of the post-

11. Wolfowitz was also the lead author of the notorious *Project for a New American Century*, a sort of *Mein Kampf*, written in 2000, proposing the unilateral projection of US political and military power in the service of empire to help the United States carry out its global responsibilities and its imperial burden, to free the world, and to secure the new American world order. The document *Project for a New American Century* was drafted eight years after the Wolfowitz report. It draws much of its inspiration and its policy recommendations from this report and like it, is saturated with the belief in the moral and military supremacy of the United States. As for the 1992 Wolfowitz report, it asserted explicitly that the United States had to maintain a military machine so powerful as to discourage local or global rivalries. To maintain its supremacy, America had to forcefully terminate the proliferation of nuclear, chemical, or biological weapons in Iraq and in North Korea.

war era. Soon thereafter, in the 1960s and 1970s, imperialism took the form of integrated rural development, a policy designed as a means of defusing pressures for revolutionary change as well as creating local conditions for the penetration of US capital.

In the 1970s, under conditions of a system-wide crisis the entire liberal world order was under threat of falling apart, necessitating an overhaul of the economic model used to guide national economic policy, a model that assigned the predominant (political) role of allocating the productive resources of the system, and determining who gets what, to the nation-state.

In the 1980s a major strategic response to the crisis took the form of a new economic model used to launch a program of structural reforms in national policy that would usher in a new era, and create a new world in which national economies are integrated into a uniquely global economic system that would liberate the forces of economic and political freedom. The new world order was designed to create optimum conditions for liberating the constraints of the nation-state on the mobility of capital — on its capacity to find emerging markets and penetrate and dominate them (capital control and regulation of trade and markets) — and thereby accumulate more capital. The new world order also created conditions for several new forms of imperialism — from the imperialism of aid to the domination of trade and investment — based on a new world order, a new international division of labour, a process of economic globalization, and a Washington Consensus on correct policy. Under these conditions, the nation-state was restructured to better meet the new requirements of global capital and the nongovernmental organizations of civil society were enlisted in the service of empire, to participate in the construction of a good governance regime and thereby help advance the imperial project, to ensure the political and economic order needed for another round of economic imperialism.

In the 1990s we saw a decided shift in the dominant form of imperialism. The US economy, on the basis and by means of a multifaceted restructuring of the system,¹² was well on the road toward economic recovery and a renewal of the imperial project. But the US project of world domination was in jeopardy, beset by all sorts of countervailing forces and difficulties. Despite advances in its Central American backyard and increased influence in the less important Balkan states of Kosovo, Macedonia, and Serbia, US political and economic power throughout the 1990s was in decline in key areas of the world with a series of reverses and setbacks in other parts of the empire, particularly in the Middle East/Persian Gulf region, Latin America, Asia, and Europe (Petras 2001).

Under these conditions, as well as the advance of a neoconservative counterattack, the project of the new imperialism was designed and put into motion. By most accounts it is a form of imperialism that is not afraid to be named and hide itself behind development or globalization; disposed to use whatever means at its disposal: the coercive apparatus and power of military force. The UN was designed as a bulwark against a unilateral quest for world domination, to force any world power to act multilaterally within a system of checks and balances, and to create an institutional mechanism for settling inter-imperialist conflicts. However, with the emergence of the United States as a sole superpower, the self-appointed defender of the forces of freedom, the constraints of this system by and large have been superseded or ignored.

In the 1990s, imperialism in its various forms, from the covert and overt projection of state power, from local development to war, from the war against poverty to the war against Iraq and interna-

12. This restructuring process took a number of forms, each contributing conditions of a US recovery from what Brenner (2000) has termed the "long crisis," a capitalist production crisis that ended the "Golden Age of Capitalism" or what French historians have termed "the thirty glorious years" (Marglin and Schor 1990).

tional terrorism, can be viewed as a multifaceted effort to escape its constraints. The multiple and heavy costs of this effort and ultimate consequences warrant a closer look and further study, as do the forces of resistance generated in the process, forces that have been mobilized by diverse anti-systemic social movements. The weight and meaning of these forces, and their political dynamics, are of particular importance to an assessment of the outcome of the imperialist project. Scholars and activists should focus their attention and analysis on the resulting process.

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