

# International Development: Bringing the State Back In

Written by Chris Bailey

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CHRIS BAILEY, DEC 22 2007

NGOs have often been lauded for their efforts in international development. It was long assumed that aid money given to an NGO would be more efficient, more accountable democratically to local civil organizations, and more likely to reach the intended people and not a foreign bank account. As many states democratized, the NGOs assisting them became increasingly dependent on funding from neoliberal donors. Critics, such as Zaidi, Petras, and Kamat, have begun to argue that the NGOs themselves have become unaccountable and undemocratic. They propose bringing the state back into the development process. Yet would this solution be truly effective in light of the massive debts, dependence, and global structural imbalances faced by many developing states?

S. Akbar Zaidi argues in “NGO Failure and the Need to Bring Back the State” (1999) that the NGO development paradigm is fundamentally flawed. As a response to perceived state failure among developing countries during the Thatcher-Reagan era, a ‘new policy agenda’ formed, calling for the devolution of public services and development to private and third sector actors. NGOs were lavished with donor money and given the mandate to address the plethora of ills facing these countries in partnership with local civic groups. This external aid allowed the NGOs to grow, yet left them heavily dependent on outside funding for their survival. NGOs, Zaidi charges, became accountable to donors and not the people. They changed from being concerned about politics and policy to becoming technocratic and focusing on program implementation. These programs offered short term ‘band aid’ solutions to match the timing, interests, and availability of donor funding, which could produce the ‘green patch’ phenomenon observed by other NGO critics. Thus, Zaidi argues, funding dependence, high expectations, and an unwillingness to criticize donor or government interests doomed NGOs to large-scale failure. He notes that out of the tens of thousands of projects in South Asia, not even a few hundred resulted in widespread attention. To assume the NGO development model can succeed where the state failed is ‘wishful thinking’ but the ‘anti-state lobby.’ Unable to represent an alternative to state failure, the state itself should be reformed and not just the NGO model. Zaidi offers political reform and greater democratic accountability as the solution. A state centered holistic approach would offer macro-level solutions instead of micro ones from NGOs. NGOs and aid agencies, according to Zaidi, can play a role in this process and provide a positive source for change. His diagnosis of the inherent defects in the NGO

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development paradigm offers much to the current debate, but his solutions fail to take into account the current liberal economic environment at the global level. Zaidi's reformed state would be stronger, more accountable to the people, and able to provide public services but would still be vulnerable. Any developing state that successfully reformed its government structure would still face the problems of debt, pressure to open up the domestic market, and dependence on the same sources of international aid that led to the failure of many NGO projects. He offers up some of the 'Asian tigers' as examples of strong states. Yet many of these states that accepted IMF aid after the East Asian Financial Crisis were forced to implement 'reforms' as part of the loan conditionality, limiting their recovery and weakening their control of economic policy.

James Petras offers a Marxist perspective that parallels Zaidi's account of the formation of NGOs, the rejection of the state, and the rise of NGO donor dependence. In "Imperialism and NGOs in Latin America" (1997) and "NGOs: In the Service of Imperialism" (1999) he offers the solutions of traditional Marxist class solidarity against domestic and foreign oppression and the conversion of some NGOs into socio-political movements. Petras charges that not only are NGOs dependent on donor funding, but they have become agents of neoliberal imperialism by depoliticizing the populace and challenging workers in the state sector. NGOs 'co-opted' those that would have otherwise formed an anti-system struggle by becoming the 'community face' of neoliberalism. Many on the Left would oppose neoliberalism from above (World Bank, IMF) but not below (NGOs, micro-credit). He defines NGOs as not being truly nongovernmental because they serve the interests of outside states. NGOs thus limit the democracy of local people and instead serve overseas interests unaccountable to the local people. Petras feels only a popularly accountable welfare state could successfully implement development projects, as opposed to the NGO model which divides people into different sectors competing for the same scarce resources, undermining class solidarity. They 'crowd the market' and can prevent truly progressive movements from forming. By doing so, Petras argues NGOs have created an environment ripe for Marxist class struggles, as seen from the rise of indigenous rebels in Mexico and Brazil's MST landless peoples movement. Petras also notes that NGOs have co-opted the traditional language of the Left by focusing on identity and cultural differences over class solidarity and income inequality. Advocacy NGOs could become transformational socio-political actors and challenge the neoliberal structure and bring real change. Petras shares many of Zaidi's concerns, but through a Marxist worldview. His suggestion to promote class solidarity and socio-political movements is valid at the micro level. Movements could fill the political space many NGOs departed in the 1970s in pursuit of donor funds. Movements such as the MST have had success in securing land for peasants. Movements could also force NGOs to be more accountable and open about their actions and motivations. Socio-political movements could also put pressure on the state to reform and provide greater public services. Yet Kamat will argue that social movements can easily be countered. The state would still face the traditional neoliberal pressures and the threat of a backlash for any embrace of social movements.

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In "The Privatization of public interest: theorizing NGO discourse in a neoliberal era" (2004) Sangeeta Kamat explores how NGOs have shifted from a top-down social democratic ideology to a bottom-up liberal ideology. NGO debates frequently differ over if eroding the power of the state to strengthen civil society promotes or threatens democracy. The social democratic state was fragmented by private interests and corruption. For NGOs, civil society represented the best way to represent the people and they now compete with the state to serve the public interest. And within the third sector itself advocacy NGOs compete with community based organizations for donor funding and the community development NGOs are accused of 'franchising the state.' A weak state, Kamat warns, open to trade and liberal democracy would not have an equal democratic society of social welfare and equal protections. She notes how the advocacy NGOs and grassroots movement organizations allied with Left parties, championed by Petras, can be crowded out in a liberal structure where common interest is formed by the sum of private interests in the pluralist approach offered by liberal global governance. Kamat also reflects Zaidi's view that NGOs are becoming more technocratic and professional and less political. Much as the 'new policy agenda' privatized public industry, NGOs and the public interest were themselves sold out. Privatization has concentrated power, leaving even less room for democratic accountability. In Kamat's view, NGOs strengthen liberalism but undermine a democratic civil society, redefining the relationship between the individual and collective, private and public. Kamat ends her piece by asking if neither the NGO nor the state represent the public interest, who does? Kamat adds to the debate on the decline of the state and the capture of NGOs by liberal interests as described by Zaidi and Petras. She is however much less hopeful about any reform of the state due to the privatization of public interests. To do so would require the emergence of new actors. Her discourse also notes the decline of social democratic states and parties and their embrace of neoliberal policies such as the third way. If the public interest has been auctioned off to different bidders, how can it be recovered? Or has liberalism triumphed? If neoliberalism is a global force beyond one state, doesn't that imply that it must be challenged at the global level, and not the state level?

Each of the three authors interpret the fall of the state and capture of NGOs as part of an overarching neoliberal process. Zaidi's proposal to strengthen the state implies that NGOs and donors would support this process. As the example of East Asia after the financial crisis shows, even strong states are vulnerable to external neoliberal pressure and dependence on world financial institutions. Petras favors Marxist solidarity with advocacy NGOs and grassroots movements, but Kamat fears this would be drowned out by liberal pluralism, the sum of many private interests in the state. All provide evidence that the state must be strengthened in order to ensure development, yet external forces exist to oppose the re-establishment of a strong state. As Stephen Gill has noted in his theory of New Constitutionalism, many states have locked in neoliberal reforms to prevent future changes if a change of government occurred. Also debt ensures that many countries remain dependent on the world financial institutions and subject to their conditions. Giving the state additional resources would just shift the reliance NGOs have on

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external donors to the state, leaving it even more dependent than with the NGOs coming in and perhaps even less able to develop independent policies. Ultimately reforming the state requires reform of an international system that currently favors neoliberalism. The grassroots movements favored by Petras, at the global level, could indeed apply pressure for change. But most likely it will take a major global disaster or the mass failure of neoliberalism and the subsequent shock in the global economic system to invite the need for reform. Only then could the state be realistically reformed and “brought back in” to the development process.

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