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Attaché

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At TRINITY COLLEGE AND THE UNIVERSITY OF TORONTO

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A Letter From Our Editors-in-Chief

The 2009-2010 edition of The Attache Journal of International Affairs is proud to continue the line of scholarly excellence that one has come to expect from the The Attache. This year our journal features pieces that reflect a range of disciplines, methodologies, and viewpoints that reflects the talent and interests of the University of Toronto student body. Our selection process was tough this year. The pieces selected and the pieces represented here made it after rigorous and sometimes passionate debate. The pieces selected not only represent the Attache's high standard of academic excellence, but our desire to challenge conventional thought and wisdom.

The Asian economic miracle is something that has studied often by economists and political scientists alike in hopes of gleaming an understanding of what causes rapid economic growth and how that can be applied elsewhere across the globe. In his piece, Asian Industrial Policy Success and the Developmental State: A Critical Analysis, Josh Xiong challenges the "assumption that active government-led industrial policy really did act as the causal agent for rapid economic growth in East Asia." By looking analyzing the literature on South Korean, Xiong is able to create doubt about the efficacy of the Developmental state and provides a basis for further inquiry into what really jump-started the Asian economic miracle.

Much like Xiong challenged the conventional thinking on the Developmental State, Sarro seeks to shake the underpinnings of the so-called "Washington Consensus"; a consensus that has driven the International Monetary Fund (IMF) and the World Bank to deliver aid in order to reach the goals of a limited state, free trade and free market institutions. In What urban planners can teach development economists about development economics, Sarro boldly proclaims that the Washington Consensus has failed and in an interesting cross-disciplinary study, goes onto to argue that it failed for the same reasons modernist urban planning failed: both contained contempt for what they were meant to fix. In the end, Sarro calls for development policy that is based on the unique needs and conditions of each state.

Continuing Sarro's challenge to global lending institutions, Siera Vercilo localizes the analysis of foreign aid and she seeks to challenge how Canadian foreign aid is delivered. Vercilo method of inquiry is unique, building a bottom-up approach through examinations of individual aid programs in Tanzania and Kenya. Vercilo's piece argues in the end that "while Canada contributes to foreign aid with the incentive to reduce global poverty, it's wasteful mismanagement of aid, lack of coordination and participation in tied-aid makes it ineffective and in need of restructuring.

Foreign Aid programs are touted as helping those most vulnerable in countries that have often been decimated by war, economic decline and corruption. Hana Dhanji provides an inquiry into sometimes the most vulnerable groups in developing countries: children. Specifically, in Resilience Theory as a Tool for the Promotion of Successful Cognitive Development Among the High-Risk Population of Children in Developing Countries, lays out a framework for international donors in order to support the cognitive development of Children in developing countries. She provides a counter-thesis to those that argue for health intervention strategies saying that "... the efficacy of health intervention strategies should be secondary to the investment of resources into the alleviation of the root causes associated with the childhood impairment of cognitive development, and not a replacement for its serious consideration."

While Foreign aid represents one major outflow from developed economies to developing ones, outsourcing represents a much larger and privatized outflow of economic activity from the Global North to the Global South. Akhil Wadhvani seeks to come to terms with outsourcing in his piece, Outsourcing to India and Mexico: A Look Behind the Glass. By delving into critical analysis of the effects of outsourcing to India and Mexico, Wadhvani seeks to understand the effects of outsourcing on developing countries. Wadhvani provides a balanced look at both the benefits and drawbacks of outsourcing and in the process challenges conventional wisdom at both ends of the ideological spectrum. In the end, he leaves the reader with a powerful thought "concluding that economic globalization is the worst form of economic policy except all others that have been tried."

While Wadhvani examined the economic effects of globalization, Laurel Alison Reid shifts the analysis to the political realm. In particular, Reid seeks to build understanding of the growing wave of "Islamophobia" on the European continent through a comparative analysis of the immigrant experience in both Germany and France. Reid's analysis challenges how inclusive conceptions of nationhood in both Germany and France. Using case studies from Germany and France, Reid constructs for the readers to different conceptions of nationhood and challenges how inclusive they are for growing immigrant populations.

Finally, this journal turns to one of the hottest debates in international affairs today, courtesy of Sima Atri's The Legality and Effectiveness of a Preemptive Intervention in the Case of Genocide in Rwanda. The merits of humanitarian intervention have been challenged since the invasion of Iraq of 2003, but regardless Atri argues forcefully that, in the case of Rwanda, it was justified. Atri argues "that a multilateral pre-emptive military operation with the mandate to use 'all means necessary' would have been both justified and the most effective international response" to the situation in Rwanda in 1993.

These pieces are meant to spark a debate and challenge our willingness to accept the conventional thinking on a wide range of issues. They reflect not only the ability of undergraduates at the University of Toronto for scholarly inquiry but the willingness to research and dig deeper than others into trying to understand how our world works. It is our hope that the reader will come away with new insights into global issues, but also with a deep appreciation of the quality and motivation of the undergraduate student body at the University of Toronto.

Sincerely,
The Editors-in-Chief
Netila Demneri & Shiva Logarajah

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Laurel Reid

The Legality and Effectiveness of a Preemptive Intervention in the Case of Genocide in Rwanda

- Sima Atri

Abstract

The 1994 Rwandan genocide highlighted the tragic consequences of the lack of an effective international intervention. The subsequent 1999 intervention in Kosovo arguably set a precedent for states to violate traditional norms of sovereignty on humanitarian grounds – ultimately resulting in the creation of the Responsibility to Protect doctrine. This paper argues that a multilateral pre-emptive military operation with the mandate to use “all means necessary” would have been both justified and the most effective international response in Rwanda. A cursory background to the situation prior to the genocide outlines how the genocide could have been and was predicted by a range of individuals. A legal and normative justification of pre-emptive action is then offered using the UN Charter, the Genocide Convention, Just War theory, and the Responsibility to Protect doctrine. In addition, the legality of a preventive strike is outlined with reference to an important paper by Michael Doyle. With the legality determined, the argument for the ultimate effectiveness of the intervention is developed through a discussion of the value of a multinational UN-led military operation with a broad mandate. This paper concludes by posing the important question of whether such an approach would be appropriate in every case of genocide.

In 1994, Rwanda was in a state of paralysis. Caught in the midst of an inexhaustible civil war, the extremist Hutu-led government indicated signs of an impending genocide¹ against the minority Tutsi population. The international community’s inaction in spite of imminent threats culminated in a one-hundred day genocide that left almost one million dead and four million displaced. The massacre in Rwanda prompted many scholars² to highlight the tragic consequences of inaction. While this inaction may be seen to be consistent with the traditional norms of sovereignty and non-interference, NATO’s intervention in 1999 arguably set a precedent for states to violate them. Indeed, the development of this precedent is evident in the widespread acceptance of the Responsibility to Protect (R2P) doctrine.³ In light of this development, many⁴ have inquired about what would have been the most effective response to the conflict in Rwanda. This essay initiates a discussion surrounding

1 This essay uses the legal definition of genocide as written in *Article III of the Convention on Prevention and Punishment of the Crime of Genocide* (Heidenrich, John G. *How to Prevent Genocide*. Westport; Greenwood Publishing Group, 2001, 3).

2 Such as: Feil, Heidenrich, Kuperman, and Slim also see ICISS Report, pg 17.

3 Chenery, John. “Kosovo Crisis Legacy: Nations can forfeit Sovereignty”. *UNU Liaison Office*, 1999.

4 Dallaire, Orbinski, Kuperman

the use of pre-emptive action, defined as any action – whether diplomatic, economic, or military – taken to prevent an imminent threat. This paper will illustrate this viewpoint by arguing that the use of “preemptive action” – specifically, a multilateral United Nations military operation between February 21st and April 21st including a mandate to use “all means necessary”⁶ – would have been not only legal, but also the most effective option to address the 1994 Rwandan genocide. A legal and normative justification of preemptive military action will be demonstrated using the UN Charter, the Genocide Convention, Just War theory, and the R2P doctrine. The effectiveness of such pre-emptive intervention will further be illustrated in the Rwandan context by underlining its multilateral and preventive nature. This essay will conclude by posing the additional question of whether such an approach would be appropriate in every case of impending genocide.

Understanding the context within which the Rwandan genocide took place is essential in determining the legitimacy of a possible pre-emptive intervention. The Rwandan genocide resulted from an extensive history of conflict between the region’s two closely related ethnic groups: the Hutu majority and Tutsi minority. The foreign colonial presence in Rwanda exploited this division, “scientifically” proving the superiority of Tutsis.⁷ After the 1973 military coup that established the rule of the Hutu party of President Habyarimana, the government began to alienate moderate Hutus and unite extremists under “Hutu Power” and the Hutu paramilitary organization, the Interhamwe. Repression grew throughout the country. In response, Paul Kagame created the Rwandan Patriotic Front (RPF) to fight for the right of return for Tutsi refugees after a civil war that would only intermittently halt with the Arusha Peace Accords of 1993. In light of this insecure stability, the United Nations sent the United Nations Mission for Rwanda (UNAMIR). This lightly armed Chapter VI mission was led by Romeo Dallaire. It was intended to maintain the peace between the two volatile parties. Amidst the instability, on February 21st, Felicien Gatabazi, a prominent moderate Hutu and government minister, was murdered. This was the spark that set the country ablaze: his supporters murdered dozens of Tutsis and moderate Hutus in revenge, and the government initiated a massive propaganda campaign to dehumanize the Tutsi population. On April 6th, 1994, the President’s plane was shot down and roadblocks were immediately set up around the capital. In less than one hundred days, the organized massacre of 85% of the Tutsi population had occurred. The low-tech genocide was not halted by an international force, but ultimately by the Tutsi rebel force pushing the Interhamwe and government forces across the border.⁸

This definitive case of genocide introduces the questions of why there was so little support for an intervention, and what type of intervention would have been most successful.

5 This time frame was determined by combining Dallaire’s, Doyle’s, Feil’s, Heidenrich’s and Kuperman’s recommendations.

6 All means necessary implies a Chapter VII mandated UN force.

7 Orbinski, James. *An Imperfect Offering*. Canada; Doubleday, 2008, 42.

8 Ibid 164.

Many political historians argue that limited intelligence and the remoteness of Rwanda impacted Western reluctance to intervene. Hochschild additionally draws on the West's historically unique relationship with Africa. As a 1994 *Economist* article writes: "The world did not want to know. Rwanda was too difficult, too remote, maybe too black."⁹ This imbalanced relationship between the West and Africa began in the late 1800s with the rapid and brutal colonization of the continent.¹⁰ This lack of concern for the livelihood of the vastly diverse African peoples continued as foreign powers maintained their influence on the rapid, unsustainable development of raw resource economies in spite of these countries' "independence". With power centralized in the hands of small, powerful elite groups, the political circumstances of many nations were doomed to be corrupt and unstable, and breed the type of inter-ethnic hostility that was witnessed in Rwanda. Furthermore, in Rwanda, "US and European ignorance, post-colonial power play, strategic disinterest, and cowardice"¹¹ meant that the international community only took interest when their own nationals were endangered. While thousands of French and Belgian paratroopers were sent to Rwanda to remove their nationals, "Rwandan corpses piled up along their routes."¹² The international community could only spare 270 lightly armed soldiers – an insufficient contingent hopelessly expected to bring two emotionally-charged and lawless parties to sign a ceasefire.¹³

With a presumed acceptance of the failure of the international community, it is worth suggesting a different strategy. In relation to the 1994 Rwandan genocide, a more proactive strategy of pre-emptive intervention would have had a greater chance of success. It is first necessary to consider, however, the legality of pre-emptive intervention. There are two important documents that may be used to address the issue of legality and international responsibility: the UN Charter and the Genocide Convention. Article 51 of the UN Charter states that the resort to war is permissible only under two narrow conditions: self-defense, and in response to a threat of attack that is imminent and allows no time for deliberation or choice of means.¹⁴ The Security Council also stresses the UN's responsibility to maintain international peace and security in Article 24 of the UN Charter. As it has been shown that genocides result in regional insecurity,¹⁵ it is the UN's responsibility to intervene to promote security. Secondly, in Article I of the Genocide Convention, parties agree to prevent and punish genocide, and in Article VIII, to do so through actions mandated by the

9 "Wretched Rwanda". *The Economist*, April 21st, 1994.

10 Moses goes so far as to describe this as a genocidal relationship (Moses, A. Dirk. *Empire, Colony, Genocide*. New York; s, 2008, 4).

11 Slim, Hugo. "Military Intervention to Protect Human Rights: The Humanitarian Agency Perspective". *Oxford Brookes University, International Council on Human Rights Policy*, 2002.

12 "The Bleeding of Rwanda". *The Economist*, April 14, 1994.

13 Orbinski 2008.

14 Doyle, Michael W. *Striking First: Preemption and Prevention in International Conflict*. Cloth, 2008.

15 Heidenrich 2001.

United Nations.¹⁶

However, another important source in the discussion of genocide is the R2P doctrine, which describes the appropriate responses to genocide. It emphasizes prevention as its most important dimension. It argues that in cases where a government cannot or decides not to protect its citizens against aggression, the responsibility falls on the international community and the principle of non-intervention may be yielded. Therefore, this doctrine expresses that self-defense not only applies to the defense of a country's own citizens within its borders, but also to citizens in danger internationally. R2P is only a declaration and not enforceable by law; nonetheless, it is crucial for a complete normative understanding of issues surrounding genocide prevention. To address the responsibilities promoted in R2P and in the UN Charter, therefore, one can assume that states have chosen to act both in their own self-defense and in the defense of humanity.¹⁷

Established principles of international law sanction pre-emptive action by strictly regulating the extent of the intervention. The intervention is only justifiable if the action is "overwhelming in its necessity and proportional ... [and if a state is given] no choice of means and facing so imminent a threat that there is no moment for deliberation."¹⁸ A sufficient and imminent threat may be defined as "involving a manifest intent ... or preparation to attack on the part of the opponent; in a situation in which waiting significantly magnifies the risk of great harm."¹⁹ Therefore, anticipatory uses of force by states are legitimate acts of pre-emptive action if an imminent threat is present and if a failure to do so would seriously threaten the territorial integrity, political independence, or stability of other states.

A pre-emptive intervention, however, could only be legitimized in Rwanda with evidence of the imminence of a threat in order to prove genocide claims. Throughout Dallaire's memoirs – as well as in secret intelligence from the US, Belgium, and France – indicators of imminent genocide were available as early as in February of 1994.²⁰ In the months preceding the genocide, groups of Tutsis and moderate Hutus were killed, coupled with targeted political assassinations in the capital. More revealingly, however, thousands of machetes were imported and distributed, hate propaganda spilled venomously from the commercial radio station, and the government attempted to promote military confrontations. As Dallaire describes, by February 21st with the murder of Gatabazi, "[I]f there had been any doubt before, there was certainly none now: the poisonous pot of ethnic hatred had been well stirred and was about to boil over."²¹ Although much of this information was not known publicly, detailed reports were submitted to the UN from Dallaire, and intelligence

16 "Convention on the Prevention and Punishment of the Crime of Genocide." Prevent Genocide International.

17 International Commission on Intervention and State Sovereignty. "The Responsibility to Protect". ICISS, <http://www.iciss.ca/pdf/Commission-Report.pdf>, 2001.

18 Doyle 2008, 12.

19 Walzer, Michael. Just and Unjust Wars: A moral Argument with Historical Illustration. New York; Basic Books, 1977, 81.

20 Orbinski 2008, 169.

21 Dallaire, Romeo. Shake Hands with the Devil: The Failure of Humanity in Rwanda. Da Capo Press, 2004, 189.

was available in many Western European states.²² There were also specific reports from a number of individuals of the presence of a government-sponsored “final solution”. On January 10th, 1994, an informant told Dallaire that Hutu extremists were training the Interhamwe militia for the extermination of up to a thousand Tutsis every twenty minutes, as well as planning the murder of Belgian peacekeepers to provoke a UN withdrawal.²³ Diplomats in New York City ignored this report; the UN force was neither strengthened nor mandated to utilize force to protect the vulnerable. Nevertheless, it is clear that an imminent threat existed and was known to both Rwandans and important decision-makers.

Some argue that although evidence was available, much of it was from unreliable sources and limited in nature. Indeed, Dallaire had only the mandate of a Chapter VI mission and could not run his own intelligence system.²⁴ If imminent threat could not be proven, “preventive action” – undertaken to forestall the acquisition of potentially threatening capabilities – would have instead been appropriate. A preventive war is considered justifiable in a “conflict where the adversary is so deep and unrelenting that war is ultimately inevitable, as the enemy will grow stronger over time, [it] is better to face the music sooner, when chances of military success are greater.”²⁵ Nevertheless, a preventive military strike is traditionally viewed as illegal. Michael Doyle, however, provides a strong case for its legality. He argues that the regulations surrounding traditional preemption are too strict and that using his four standards based on existing international law, it is possible to justify prevention. Therefore, Doyle creates an algorithm to justify preventive war based on lethality, likelihood, legitimacy, and legality:

$$\text{Justifiability of Prevention} = \text{Lethality} \times \text{Likelihood} \times \text{Legitimacy} \times \text{Legality}^{26}$$

This versatile equation specifically suggests that even non-imminent threats can be justifiably prevented if their lethality is great enough, and that the greater the potential harmfulness of a threatening regime, the less stringent the legal standards necessary to justify its prevention.²⁷

With the legality of the action determined, an argument must be made for the ultimate effectiveness of a pre-emptive multilateral military operation. The operation must be mandated by the Security Council in order to maintain legality under international law. Moreover, to maintain legitimacy, it must be multilateral.²⁸ Unilateral operations pose serious problems as individual states may take advantage of a situation to pursue national interests – rather than focus on the goals of genocide prevention and international security.

22 Orbinski 2008, 169.

23 Ibid 169.

24 Kuperman, Alan J. *The Limits of Humanitarian Intervention*. Brookings Institution Press, 2001.

25 Betts, Richard K. “Striking First: A History of Thankfully Lost Opportunities”. *Ethics and International Affairs*, Volume 17, No. 1, 2003.

26 This equation demands definitions found in Doyle 2008, 46.

27 Brennan-Marquez, Keil. “Striking First: Preemption and Prevention in International Conflict, A Review”. *Princeton University*, 2008, http://www.yale.edu/yjil/files_PDFs/vol34/Recent_Publications.pdf, 2.

28 Doyle 2008.

In Rwanda, when an intervention eventually occurred in June of 1994, it was a unilateral French operation. It was not immediately successful because the RPF forces and greater Tutsi population did not trust the force's neutrality as a result of their prior logistic and arms support to the Rwandan Hutu government.

In addition, a successful multilateral strike operated by the United Nations would re-legitimize the organization.²⁹ When the UN decided not to intervene to stop the genocide, and instead reduced its forces in the region in order to protect member-states' soldiers, many citizens lost faith in the organization.³⁰ UNAMIR was told to avoid all conflicts, not to intervene, and to let "the Rwandans sort things out for themselves"³¹ in order to remain completely neutral. As veto powers in the Security Council pursued their national interests and refused to recognize the situation as genocide, the United Nations voted to withdraw the majority of the force. Unfortunately, this inability to act made the UN forces "nothing more than witnesses to a human catastrophe."³²

One of the prime reasons for the UN's failure in Rwanda, moreover, was a result of its mandate. UNAMIR was sent as a Chapter VI mission – which did not have a mandate to use force, except in cases of self-defense. A more effective role for the force would instead entail a military aspect with the intent to utilize force in order to prevent genocide. This pre-emptive force, therefore, should have been sent under a Chapter VII mandate, as Dallaire repeatedly called for throughout the genocide. A Chapter VII mandate gives the UN the power to take military and non-military action to restore peace and security.³³ When arguing for a military intervention, two separate issues must be addressed: first, why a military operation would be more effective than political and economic sanctions against a regime, as well as more conservative developmental efforts; and secondly, the proportionality of the force required to eliminate the threat, using Just War theory as a guide.

A study published in the *International Studies Quarterly* analyzed the effectiveness of military action on the severity of ongoing instances of genocide. The study revealed that "only overt military interventions that explicitly challenged the perpetrator appeared to be effective in reducing the severity of the brutal policies...and altering the almost complete vulnerability of civilian targets."³⁴ Historical precedence, although limited, can further point to the successes of military interventions in reducing the impact of genocides and humanitarian conflicts. In the 1990s, genocide in Kosovo expanded out of the conflict in Yugoslavia. Amidst global calls for a humanitarian intervention, NATO intervened,

29 Doyle 2008, 63.

30 Dallaire 2004, 79.

31 Ibid, 260.

32 Ibid, 260.

33 "Article 42 – The UN Charter." United Nations. www.un.org/en/documents/charter/.

34 Yablonski, Jill. "Study shows some types of Military Intervention can slow or stop Genocide". *EurekaAlert*, August 18, 2005, http://www.eurekaalert.org/pub_releases/2005-08/bpl-sss081805.php.

bringing the genocide to an end in just over two months.³⁵ A humanitarian intervention similarly occurred in Haiti in 2004, reducing armed conflict, preventing institutional breakdown, and thwarting the further deterioration of conditions. Alternatively, other cases of intervention have had limited success because of the hesitation of UN troops to use force. A Chapter VII UN Peacekeeping force is currently present in the Congo, for example. Because there are strict regulations on UN movement, however, and the size of the force is inadequate, forces are not intervening – and thus not effectively ending the violence. This is not unprecedented, as UN missions often seem to tolerate civilian casualties over military casualties.³⁶

Moreover, while anticipatory developmental efforts often play an important role – as described throughout the memoirs of James Orbinski, MSF’s Head of Mission – it is impossible for NGOs to act effectively without stability and security. Economic and political sanctions are also often ineffective because they frequently harm civilians, and because the ruling party is usually either illegitimate or too absorbed in domestic politics to take issue with the nation’s standing in the international community.

The mandate of an intervening force is an important factor to consider, as a more direct and aggressive force would have been required in order to prevent the 1994 Rwandan genocide. Just War theory – the moral theory outlining what is permissible in war – offers two conventions to regulate the legal use of force.³⁷ First, the *Jus Ad Bellum Convention* writes that there must be just cause, proper authority, right intention, a reasonable chance of success, and ultimately, that the desired end should be proportional to the means used. The *Principles of Jus ad Bello* outline that attacks must be towards legitimate targets in war and that the quantity of force is morally appropriate. Therefore, for a military force to be most effective, but remain normatively accepted, it would have to be a multilateral attack only using enough force to deter the possible threat of genocide.

The final gage of effectiveness would be the pre-emptive aspect of the intervention as opposed to a reactive or post-genocidal response. Pre-emptive responses are both more heedful of costs, and prevent the destabilizing aftermath of genocides. Had an intervention been launched as soon as it was determined that genocide would occur in Rwanda, over a million deaths could have been averted. There is much debate about the effectiveness of a reactive intervention force; yet, authors have agreed that a “robust contingent of peacekeepers with liberal rules of engagement would have had a good chance of maintaining order [in Rwanda]” with fewer troop numbers.³⁸ Kuperman, a critic of an intervention after April 6th, confidently writes that only by reinforcing peacekeeping before the outbreak of

35 Heidenrich 2001, 14,15, 16.

36 Slim 2002.

37 Moseley, Alexander. “Just War Theory”. The Internet Encyclopedia of Philosophy, <http://www.iep.utm.edu/j/justwar.htm>.

38 Kuperman 2001,108.

genocide could an intervention been successful in averting it.³⁹ Responding to the threats of genocide before the regime could begin murdering its own citizens would also prevent many of the destabilizing consequences that can lead to further conflict. As Heindrich argues, “[G]enocide insights fear and hatred on a monstrously grand scale”⁴⁰ – emotions that do not subside easily and can transcend international borders. These emotions are likely to encourage violence in the future, while the destabilizing effect of conflict encourages “cross-border guerilla warfare, massive black market trafficking, and powerful organized crime.”⁴¹ This was witnessed in the aftermath of the Rwandan genocide with the ensuing civil war in neighbouring Congo.

The Carnegie Commission on the Prevention of Deadly Conflict recently released a report determining the ideal response and its probable consequences in Rwanda. The Commission found that a modern force of 5000 troops sent to Rwanda before April 21st could have stemmed the violence in and around the capital, prevented its spread to the countryside, and created conditions conducive to the cessation of civil war.⁴² Dallaire has further repeated that “with troops and the right mandate, UNAMIR could have prevented most of the killing”.⁴³ The preemptive military force would have been even more effective in achieving stability in conjunction with long-term development.⁴⁴

The concluding question remains whether or not the method of genocide prevention argued in this essay and specific to the Rwandan genocide could be extended to address all genocides. This would be a much harder case to argue, as no general indicators of the imminence of threats or a legal threshold exist for claims of genocide. Although there were many indicators in Rwanda pointing to the imminence of genocide, many other cases of genocide appeared to be civil wars or isolated cases of murder until too late in their course, thereby greatly reducing the effectiveness of an international force. In addition, allowing unregulated use of preemptive force could excessively infringe on the national sovereignty of states. Nevertheless, the widespread acceptance of the R2P doctrine has created an understanding that if states are “unable or unwilling to protect their citizens, then the responsibility shifts to the international community to use any diplomatic, humanitarian... and when out of necessity, enforced military action”.⁴⁵ There is a need, therefore, for further research on the topic in order to determine whether general indicators exist in all cases of genocide.

It is a sobering feeling to know that had the international community paid more

39 Kuperman 2001, 108.

40 Heidenrich 2001, 13.

41 Heidenrich 2001, 17.

42 Feil 1998.

43 Ibid

44 Duffield, Mark. *Governing the Borderlands: Decoding the Power of Aid*. University of Leeds, Volume 25, Issue 4, December 16, 2009, 206.

45 ICISS 2001.

attention and not acted in self-interest, much of the slaughter and violence of Rwanda could have been averted. Although the legality of preventive action can be contested, there was extensive information proving the imminence of genocide in Rwanda. For that reason, a pre-emptive attack by the United Nations would have been both legal and mandated under the priorities agreed to in the R2P doctrine and other international regulations. A multilateral, pre-emptive, military force commissioned by the United Nations prior to the Rwandan genocide would have also been the most effective response. Kofi Annan once said: “In their greatest hour of need, the world failed the people of Rwanda.”⁴⁶ It must be ensured that future cases like Rwanda, Bosnia, and Darfur will be prevented with decisive, pre-emptive, and effective action.

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The Failures of Canadian Foreign Aid: Tied, Mismanaged and Uncoordinated

- *Siera Vercillo*

Abstract

The following report will attempt to demonstrate that Canadian foreign aid allocation through multilateral and bilateral agreements has done, and continues to do, much to hinder the efficiency with which aid promotes development. Serious consequences of multilateral institutions are in the conditions they impose on recipient governments, particularly when they conflict with domestic realities. Tied-aid for one, undermines progression in an underdeveloped economy because it distorts trade and undervalues aid usage. Additionally, Canadian bilateral agreements fail to incorporate a diverse set of objectives with local workers and experts, resulting in the mismanagement of development projects. The momentous economic malfunction of the Tanzanian wheat program is a example of the failure to provide for local needs, resulting in an assault on human rights, and forcing the country to continually be dependent on Canadian aid twenty years later. Lastly, the general consequence of mismanagement, resulting in a major increase in administrative costs, prevents taxpayer's money from properly meeting the needs of those it is intending to help. This essay concludes that while Canada contributes to foreign aid with the incentive of providing basic necessities, it's wasteful uncoordinated and mismanaged assistance, and participation in tied-aid delays any progressive development from occurring.

The effectiveness of aid has recurrently been a subject of much investigation. Though opinions are mixed, a consensus has emerged believing that foreign assistance does not sufficiently benefit its recipients. Critics in the debate - such as Peter Bauer and William Easterly - perceive aid as a political tool that distorts incentives and entrenches corrupt dictators. Although these arguments are partially correct, supporters of aid claim they are over stated. Jeffrey Sachs and others have argued that although aid has sometimes been ineffective, it has also supported poverty reduction and growth through increasing social services and ensuring a democratic process in many countries. Both critics and advocates of assistance acknowledge that aid, although necessary, has many unintended consequences. Aid is considered effective when it is able to improve the relationship

between recipient and donor countries, while also encouraging the implementation of sustainable policies to reduce poverty. The foreign aid delivered by Canada, through both multilateral and bilateral institutions, focuses on social and private development policies. Since Canadian foreign aid functions through multilateral and bilateral institutions, it often faces the challenges of unclear and uncoordinated objectives between recipient and donor countries; moreover, it suffers from a series of bureaucratic steps that generally increase administrative costs and undermine sustainable results within Sub-Saharan Africa.

The main objective of foreign aid and development assistance is to increase the general wellbeing of citizens. Since 1960, the international community has spent over \$1.6 trillion on public aid to the global south, and yet class divisions between the rich and poor within these countries are continually increasing (Chapnick 2008, 1). In 2005, the Paris Declaration on Aid Effectiveness added a series of concrete steps to encourage donors and recipients to maximize the impact of development. Some of these indicators include giving developing countries ownership of their policies, aligning donor support with recipient's strategies, harmonizing donor contributions to limit redundant delivery costs, and to promote mutual accountability (Chapnick 2008, 1). The factors listed imply that aid is effective only when it is recipient-driven and successfully managed. Effective aid also requires specific economic policies that sustain efficient markets and a supportive environment with proficient institutions (Mucavele 2010, 3). Thus, some theorists claim economic and governance conditions that "can only be generated and sustained from within African countries" are needed to bring effective or sustainable change to development (Chapnick 2008, 1). On a moral and realist ground, the developed community, including Canada, must help its partners in the developing world advance their own economies and governing institutions in a more accountable and less costly manner.

Canada has been actively involved in international development at the official level since 1950 as demonstrated through its participation in a Commonwealth assistance program: the Colombo Plan (Dmitrienko & Birn 2006, 3). The Government of Canada has emphasized the goal of development by stating the importance of it in their Budget Plan for 2007: "Increasing the amount of resources that [Canada] makes available for international assistance is a key element of effort [to reduce global poverty and contribute to international peace and security]" (Chapnick 2008, 1). Since 2000, Sub-Saharan Africa has received approximately 50 percent of all the Canadian International Development Agency (CIDA) disbursements for food aid (Chapnick 2008, 2). In 2007, the Organization for Economic Co-operation and Development's (OECD) carried out their Development Assistance Committee Peer Review of aid policy with Canada ranking ninth out of twenty-two committee members in terms of volume of aid and fifteenth in terms of percentage of GNI (CCIC 2004). However, according to CIDA, the new emphasis of aid is to be

centered on social, as well as economic development, and the eradication of poverty within developing countries.

The Canadian Multilateral Distribution of Foreign Aid

The mechanism of multilateral agreements (aid transferred by alliances groups of multiple states) in which Canada delivers aid is problematic because it undermines the decision-making capabilities of recipient countries. Multilateral aid, generally in the form of capital, circulates from Canada to many international organizations to facilitate independent activities. These multilateral institutions help set the rules for the governance of the world economy (Chapnick 2008, 5). They also influence the development agenda, set international ambitions, such as the Millennium Development Goals (MDGs), and help catalyze funding for humanitarian disasters (Jacobs & Harlan 1999). The most notable multilateral institutions are the World Bank, the International Monetary Fund (IMF) and the specialized agencies of the United Nations (UN). Funding directed toward these multilateral institutions accounts for more than one-third of Canada's foreign aid allocation (Jacobs & Harlan 1999). The usual strengths pointed out of multilateral aid are that it is deemed less politically motivated because decisions are collectively agreed upon representing the opinion of several developed and developing nations, and it is allocated to the internationally recognized poorest areas. (Buthe, Solomon & Mello de Souza 2006). Canada also promotes a greater focus on poverty reduction, aid effectiveness, and private sector development within these organizations understanding that social, and economic factors contribute to sustainable development (Buthe, Solomon & Mello de Souza 2006).

Although multilateral forms of aid seem ideal to promote sustainable development, in reality once aid is disbursed, incentives fade and recipient countries fail to honour previous conditions agreed upon. Serious consequences of multilateral institutions are found in the conditions they impose on recipient governments, especially when conditions conflict with domestic realities (Buthe, Solomon & Mello de Souza 2006). The World Bank, for example, is accused of using its vast resources and conditionality to control the economies of developing nations, often undermining the sovereignty and democratic process of member governments (Buthe, Solomon & Mello de Souza 2006). Tied aid is the practice of requiring the recipient "to spend a proportion of the aid given on goods and services produced by the donor nation" (Gillies 1987, 188). This strategy is intended to create employment opportunities, promote export industry domestically through securing increased sales, and allowing domestic firms to penetrate new markets. The United States, Canada and Spain have been the greatest tiers of aid (Strengthening Canada Effectiveness). Tied aid, however, avoids the prospect of subsidizing future competitors in other countries with domestic tax dollars. Additionally, through forcing aid money to be spent on the donors'

goods, competition in the market for the provided goods is diminished, allowing firms to charge uncompetitive prices, resulting in excess costs of between 15-30 percent (Pratt 1994, 187). The recipient countries are thus receiving a lesser value for their aid money. Tied aid also distorts trade by subsidizing domestic producers or uncompetitive firms in declining industrial sectors. Goals of poverty reduction and sustainable development are in these ways hampered. Tied aid acts as a mercantilist device that deepens international protection and retards economic restructuring (Gilles 1987, 5).

Refusing to implement appropriate plans or conditions for sustainability in Canadian food assistance programs in Ethiopia is a common problem within general multilateral policies. For example, in 2003, 13 million Ethiopians required extensive food assistance. Despite a 30-year history of receiving food assistance, the country's food security has steadily worsened. Solely, relief food aid, while effective in saving lives and relieving short-term hunger, cannot achieve sustainable food security. By 2002, the United Nations World Food Program's development in Ethiopia had reduced food shortages by 40 percent for 1.4 million people in 800 communities (Kehler 2004). Today, however, other long term unintended consequences resulting from multilateral investments (and the conditions they impose) have been realized from the development community in Ethiopia. A specific example would be the forced alteration of the Ethiopian subsidized fertilizer policy. Because of the neoliberal conditions imposed by the World Bank and IMF to scale down the role of the state and allow for the provision of market-oriented policies, the Ethiopian government privatized fertilizer, a necessary ingredient for growing crops in the temperamental region. Consequently, the elimination of this fertilizer subsidy under pressure from the World Bank and IMF led to skyrocketing prices, such that fertilizer is becoming unattainable for even better off farmers in Abiyo. This policy elimination has had a negative and discouraging effect on farmer's efforts to produce more food. Following the record relief requirements of 2003, Ethiopian Prime Minister Meles Zenawi called a meeting between the government and UN agencies, including donors and NGOs, requesting support to move from the current model of short-term relief to multi-year development. The government proceeded with legislation, drastically curtailing the mandates of the relief bureaucracy and overhauling the structure of agriculture and rural development.

The Canadian Bilateral Distribution of Foreign Aid

Bilateral agreements (aid transferred from one single state to another) are also a troublesome method of aid distribution because they allocate funds towards projects based on pre-conceived notions of what is needed, with little input and coordination from recipient countries. Direct country-to-country aid accounts for almost half of all Canadian aid (CIDA 2002). Bilateral aid is normally provided not in capital, but in Canadian goods

and services, and is effective in that it has the ability to provide important technical assistance, build institutions, and develop close relationships with recipients (CIDA 2002). A Canadian example of a bilateral agency is CIDA - and in their 2005 International Policy Statement they extended the list of focus countries from 9 to 25 that will now receive two-thirds of bilateral aid by 2010 (CIDA, 2002.) There also have been some important shifts in sector priorities in Canadian bilateral aid disbursements to Sub-Saharan Africa between 2001 and 2005, centered primarily on poverty-focused sectors. As a proportion of total bilateral aid to Sub-Saharan Africa, basic education has increased from 7.3 percent to 11.8 percent, representing the largest single specific sectoral focus (CIDA 2002). Of the total commitments, 48 percent will be allocated through direct contributions to ministry budgets and 42 percent through donor-pooled funds (CIDA 2002). As of September 2005, CIDA lists 36 program-based initiatives in Sub-Saharan Africa.

The main problem with bilateral aid is that because the interests of donor countries influence development policy, their objectives of aid are different from recipient countries, causing unsustainable poverty reduction results (Pronk 1992). Recipient governments are often left out of decision-making processes and obligated to follow donor countries' policies. The geographical and political separation between donor and recipient countries causes a misunderstanding of the incentives and objectives of foreign aid and, because of this lack of information about aid impact, donors often implement unneeded projects. Since the projects or policies implemented do not reflect local priorities and rarely involve recipients at the government or non-governmental level, donors ultimately raise funds for their own priorities. Additionally, this is especially evident when a project has multiple managers in a few years. Since there is no well-defined priority of the development project, when managers change, policies also change, preventing any long-term growth from taking effect. The multiple objectives of foreign aid and specific projects that exist between recipient and donor countries imply short-term tradeoffs that hinder sustainable development.

An example of this unspecific objective problem within bilateral aid occurred when CIDA launched a \$100 million dollar wheat production project in Tanzania to feed its bakeries and reduce the demand for imported wheat. This program is considered a success by Canada because it provided more wheat for the country, producing more food and opportunities for employment, making Tanzania less dependent on importation. According to Tanzanians, however, this project is considered a failure because pastoralists and villagers were driven off 100,000 acres of their land to make way for wheat and tractors; "inter-tribal relationships were poisoned, people were beaten, imprisoned and killed, and land disputes continue to this day" (Canada's Policy-Agricultural Biotechnology and Developing Countries 2005, 9.). The Working Group on Canada's Policy with Regard to

Agricultural Biotechnology and Developing Countries claims that this project is not only an assault on human rights, but also that it is a momentous economic failure with the farms still dependent on Canadian aid twenty years after their establishment (Canada's Policy-Agricultural Biotechnology and Developing Countries 2005, 10.) The Working Group believes that there must be a collaboration within and between donor and recipient governments in the region to outline an objective in order to solve these issues. In the choices made for the state wheat farms, Canadians and Tanzanians implemented the policies based on different objectives. While political factors, however, have meant that this project was implemented in one of the world's poorest countries, the wheat farms have not affected the poorest people within Tanzania. As stated by Freeman, "we have seen, in both production and consumption, the wheat project has bypassed ninety percent of Tanzanians who live in the rural areas" (Freeman 1982, 503)." In reality, this project, while deemed successful by the Canadian government, was not sustainable for long-term development of food production.

General Consequences - Increasing the Administrative Cost

Another problem with Canadian multilateral and bilateral aid is that they are too bureaucratic and lack coordination with other donors - resulting in significant amounts of aid dollars to be wasted on administrative costs. Donors impose high costs on recipients, who must review countless documents, and fill out countless forms to donor missions per year (Easterly & Birdsall 2008, 436). For example, the Tanzanian government has to prepare over 2000 reports to donors and 1000 delegations every year (Easterly & Birdsall 2008, 325). Additionally, donor countries are not harmonized with multiple donors financing similar projects each with its own independent design, implementation, monitoring and evaluation systems (Easterly & Birdsall 2008, 437). Such a lack of harmonization leads to duplication and higher administrative costs for recipients. Taxpayers, advocacy groups, parliamentarians, executive branch officials, and aid agency managers all impose conflicting goals for development objectives. During the early 1990s, donors in Tanzania were simultaneously implementing fifteen separate health projects, all of which required funding and a different conflicting path to the delivery and quality health care (Easterly & Birdsall 2008, 317). Another example is in the Tanzanian Primary Education Development Plan, which, in 2002, was a failure of bilateral donors to harness capacity building and provide textbook grants. More specifically, the donors gave money with the assumption that one ministry was fulfilling the tasks. In reality, there were three ministries, and because of this, too much money was being dispersed to local administration and only 20 percent of textbook grants were given to the intended students (Easterly & Birdsall 2008, 184).

In addition, since donors only supply a small share of total aid through a specific

project, their stake in development, including capacity building, is reduced allowing them to be concerned only for the success of individual projects. Knack and Rahman, in their study, outline the association between rising fragmentation and declining bureaucratic quality in high aid countries within Africa. For example, Tanzania generally has a high index of 0.92 with more than 80 aid agencies and 7000 projects over time (Easterly & Birdsall 2008, 184). High indexes reflect donor specialization in sectors, but according to Knack and Rahman they do not actually specialize. Therefore, they suggest that donors with a small share of aid focus more on the delivery of projects even at the expense of government capacity. For example, the management of donor visits became such a large problem in Tanzania that the country was forced to declare a mission holiday - a four-month period to take a break from visiting delegations to focus on budget preparation (Gupta 1999, 177). This is significant because it demonstrates the reality of donor management bombardment, so much so that it has forced an actual legislative change within the Tanzania government.

Conclusion

Consequently, Canadian aid is ineffective because of the multilateral and bilateral institutional problems that lack specific objectives and coordination, causing a great loss of money in bureaucratic costs and unsustainable results. The problems of unsustainable results and a loss of funds are demonstrated in the examples of Tanzania's wheat development project, where farmers are still dependent on Canadian aid twenty years later, and in Ethiopia's implementation of the United Nations World Food Program, where short-term gains became long-term losses. Both critics and advocates of aid discuss different solutions to the problems outlined. Generally, through maintaining responsible corporate governance where donor countries are accountable to citizens, increasing local participation and creating conditions to promote legitimacy will facilitate the Canadian focus on successfully implementing poverty reduction strategies and further sustainable results.

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Outsourcing to India and Mexico: A Look Behind the Glass

- Akhil Rajesh Wadhwa

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Introduction

The importance of outsourcing has front-lined *pari pasu* with the contentious new order of the global political economy. In his book *Wikinomics*, Don Tapscott headlines, “[O]utsourcing is essentially reweaving the social, political, and economic fabric that binds our planet, with long-term consequences that are as or more profound than those of the industrial revolution”.¹ This dynamic is represented by empirical data; “In 2005 foreign direct investment (FDI) flows to developing economies reached \$274 billion, up 13 percent from 2004 and 53 from 2000.”² If we were to extrapolate, India and Mexico, two of these developing countries received a staggering 14.5 percent (39.6 billion) and 6.3(17.2 billion) percent of the total.

Countries such as the United States, where businesses are subcontracting their operational functions offshore, will see 3.3 million jobs and \$136 billion in wages moved to such countries such as India, China, and Russia by 2015.³ However, the impact of outsourcing on the economies receiving subcontracts has been overlooked by academics. It is imperious to write off outsourcing as beneficial to these economic sectors. As the World Bank creates its structural adjustment policies, it is better to adopt a country specific analysis in order to address the research question. This paper will address the impact of outsourcing across sectors on recipient countries’ economy by undertaking a case study approach. India and Mexico are two notable examples where changes in structures, institutions, and attitudes as well as the acceleration of economic growth have been augmented by outsourcing. With an evaluative approach, the impact of outsourcing on India’s tertiary service sector, and Mexico’s primary and secondary sectors of agricultural and manufacturing will be examined from the 1980s to the present. These case studies allow an examination of the

1 (New York: Portfolio, 2006) 59

2 , Guillermo De La Dehesa, *What Do We Know About Globalization?* (Malden: Blackwell Publishing, 2007) 187.

3 John C McCarthy, et al., “3.3 Million US Services Jobs To Go Offshore ,” 11 11 2002, [Forrester Research](#).

three primary sectors in an economy. When asked his view on the research question, Senior Fellow in International Economics at the Council on Foreign Relations Jagdish Bhagwati responded, “I cannot imagine why increased exports through outsourcing of services to India and Mexico should harm, instead of help them!”⁴ The evidence that countermands Bhagwati’s argument should be examined too. Each view outlined will attempt to explain the effects of outsourcing on the economies receiving subcontracts within the paradigm of the rational-choice theory. Utilizing this theory, it is possible to model economic behavior and thus predictions can be made about future actions. It is important to also identify the problems of the research question itself, to acknowledge the validity of the arguments made by the proponents and opponents as to appreciate the context in which each school of thought emerged.

Case study: Mexico

In essence the activity of outsourcing, a result of the North American Free Trade Agreement (NAFTA), is agreed to be beneficial for the Mexican economy. However, along with the trade agreement has come negative economic externalities. President Carlos Salinas’ brainchild, NAFTA, was enacted in 1994 establishing a continental market.⁵ Thomas Oatley aptly characterizes the Mexico’s deliberations with NAFTA: “Mexico’s experience with NAFTA has generated a debate that parallels the broader debate about the relationship between trade openness and economic development.”⁶ John Cavanagh and Sarah Anderson are critics of NAFTA, arguing that Mexico’s experience with NAFTA has had a deleterious effect on the local economy. These opponents use studies that document the failure of Mexican workers employed in outsourced manufacturing industries to realize real wage gains. Furthermore, the benefits of outsourced jobs to Mexico are offset by the consequences of Mexican farmers being harmed by cheaper imported agriculture products and pollution.⁷

Jamie Serra, Mexico’s former secretary of trade and J. Enrique Espinosa, a chief NAFTA negotiator, defend NAFTA by citing rising Mexican exports to the United States along with American outsourcing to Mexico. Outsourcing from companies in the United States has increased levels of Mexican productivity, allowing real wages in manufacturing industries to rise. Cavanagh and Anderson both dismiss their counterparts by citing these factors excluding free trade. I shall argue that the activity of outsourcing has led to an increase of direct investment and increase in economic activity within the agriculture and

4 Jagdish N. Bhagwati, Outsourcing: A Look Behind the Glass Akhil Wadhwa (21 February 2009)

5 Thomas Oatley, The Global Economy: Contemporary Debates. (New York: Pearson Education, Inc., 2005) 33.

6 Ibid.

7 Thomas Oatley, The Global Economy: Contemporary Debates. (New York: Pearson Education, Inc., 2005) 34.

manufacturing sectors. Yet in the particular case of Mexico, their failed strategy of import substitution industrialization, and their agrarian reform and other mercantilist economic policies, and a combination of quotas and high tariffs resulted in the liberalization of its economy with NAFTA.⁸ Although NAFTA marked increased figures of outsourced economic activity, several negative consequences were described.

Happily Ever NAFTA?

John Cavanagh and Sarah Anderson accept the premise that the investment from outsourcing has increased since NAFTA, and international competition has augmented the Mexican labor productivity; however, they suggest that ‘workers, communities, and the environment have suffered from the agreement’s flaws.’⁹ According to these authors, the liberalization of the Mexican economy, which made way for outsourcing, has resulted in four negative consequences: declining real wages, worsening agricultural conditions from imports, worsening environmental conditions, and a polarized wealth gap. The case for declining real wages in Mexico is made in Carlos Salas’ Global Policy Network study. This study notes that a 50 percent growth in labor productivity in Mexico did not prevent an 11 percent slide in real manufacturing wages between the years of 1994 to 2001. Conditions in Mexico’s rural and agricultural areas have become even tougher since NAFTA as U.S. corn imports increased 18-fold between 1993 and 2000. According to the World Bank, this resulted in an unmitigated rise in the rural poverty rate from 79 percent in 1994 to 82 percent in 1998.¹⁰ Cavanagh and Anderson go on to claim that outsourcing equips employers to possess more power in order to suppress workers as the government becomes desperate for foreign investment. An example of this is noted in the case of the company Duro Bag Manufacturing in Rio Bravo, Mexico. This U.S. owned plant produces bags for Hallmark and witnessed a demonstration in June 2000. This resulted in a local police beating and arresting those involved. Cavanagh and Anderson also make a case for the effects of trade liberalization on environmental degradation: ‘The Mexican government’s investment in environmental protection has declined in real terms by about 45 percent since 1994’.¹¹ This same study cites that Mexican air pollution has nearly doubled. Finally, outsourcing has also propagated an increase in the wealth gap. A 2002 International Monetary Fund working paper by Ana Corbacho and Gerd Schwartz demonstrated that increasing incomes at the top due to specialized outsourced jobs from the United States explain why inequality in Mexico was higher in 2000 than in any year since the mid-1980s.

8 John Cavanagh et al. *The Global Economy: Contemporary Debates* (New York: Pearson Education, Inc. , 2005) 35.

9 *Ibid.*

10 John Cavanagh et al. *The Global Economy: Contemporary Debates* (New York: Pearson Education, Inc. , 2005) 35.

11 *Ibid.* 36

The Proof Is In The Paycheck

Jaime Serra and J. Enrique Espinosa, advocates of the NAFTA agreement, issue an *argumentum ad hominem* quoting Cavanagh and Anderson: “the accord has boosted investment trade, just as the negotiators promised, [and] the increased international competition may have helped fuel the dramatic rise in labor productivity rates during the 1990s.”¹² They solidify the latter arguments by citing the increased levels of trade, and a rise in FDI. Mexican exports are nearly double those of the rest of the Latin American countries put together. Foreign direct investment to Mexico has increased dramatically. Pre-NAFTA, the average annual flow of FDI into Mexico was approximately \$3.47 billion, and after its inception in 1994 the average has exceeded \$13 billion. Labeling Cavanagh and Anderson’s evidence as ‘weak and casuistic’, they respond to these arguments regarding Mexico’s real wages, agriculture, environment and income distribution. According to Serra and Espinosa, the assertion that real wages have declined in Mexico is based on a ‘biased’ selection of dates; ‘the base years they use (1981 and 1994) happen to be years in which the Mexican peso was historically overvalued, a condition soon corrected by mass devaluations.’¹³ This is not to discount the fact that the International Monetary Fund working paper by Ana Corbacho and Gerd Schwartz may reflect the same limitation. Careful analysis reveals that from 1994 to 1996, Mexican firms that exported more than 80 percent of their total sales paid between 58 and 67 percent higher wages than the average wage rate.¹⁴ Addressing the issue of corn imports, Serra and Espinosa disputes the facts presented: ‘Firstly, the average duty for U.S. corn imports into Mexico has been 177.4 percent (\$0.1695), and the sector will not be fully liberalized until 2008. Secondly, NAFTA’s system is set up as such that only a certain quota of a product may enter duty-free, all imports exceeding that quota subjected to Mexican tariffs.’¹⁵ Noting this, it is concluded by Serra and Espinosa that the poverty of a Mexican farmer, although a pressing issue, cannot be attributed to NAFTA. Serra and Espinosa establish a link between declining investments by the Mexican government in environmental protection and budgetary constraints – a problem that has little to do with NAFTA but more so with governmental regulation. In defense of trade liberalization, Serra and Espinosa assert: ‘Finally, the serious inequality of Mexico’s income distribution remains a secular problem, fundamentally explained by deep educational and cultural factors rather than by specific trade regimes.’¹⁶ Their logic is simple: trade liberalization tends to improve income distribution as blue-collar wages and jobs respond more positively to exports than white-collar wages and jobs do.

12 John Cavanagh et al. *The Global Economy: Contemporary Debates* (New York: Pearson Education, Inc. , 2005) 37.

13 Ibid.

14 Ibid.

15 Ibid.

16 John Cavanagh et al. *The Global Economy: Contemporary Debates* (New York: Pearson Education, Inc. , 2005) 38.

Case Study: India

The case for outsourcing in the Indian IT sector has been so successful that it has convinced Thomas Friedman that the world is essentially flat; i.e. the economic playing field has been leveled. Championing the success story of the free-market in India, Friedman argues, '[T]he U.S. has lost some service jobs to India, total exports from U.S. companies to India have grown from \$2.5 billion in 1990 to \$4.1 billion in 2002. What goes around comes around, and also benefits [the developed world].'¹⁷ This *quid pro quo* situation, Friedman writes, has been augmented by the dot-com bust. 'The dot-com boom laid the cable that connected India to the world, and the bust made the cost of using it virtually free and also vastly increased the number of American companies that would want to use that fiber-optic cable to outsource knowledge work to India.'¹⁸

Jeffrey Sachs, another proponent of India's 'success story', aptly characterizes the effects of outsourcing in his statement that 'not only are the Indian IT workers providing valuable goods and services to United States consumers, but they are also sitting at terminals with Dell computers, using Microsoft and SAP software, Cisco routers, and dozens of other empowering pieces of technology imported from the developed countries.'

¹⁹ Sachs notes that as outsourcing to India grows, its consumers opt for a growing array of U.S. and European goods and services for their homes and businesses. Withal, Sachs issues a warning discussing four major challenges in sustaining such rates of economic progress. Economic reforms need to be extended, infrastructure reforms need to occur, investment need to be made in health and education, and new sources of income need to be found in order to pay for infrastructural and social investment. The arguments for outsourcing's success in India as proposed by Sachs and Friedman may be summed up to three contributing factors: market liberalization, education and infrastructure. This success will be assessed with two case studies examining rising GDP (See figure 1), reduction in poverty (See figure 2) and rapid urbanization (See figure 3). The parameters on the impacts of the linear process of global trade and economic integration will be examined starting from the 1980s to the re-regulation period in the 1990s and 2000s.

Fortune Favors the Prepared Mind

The success story of India's outsourcing may be attributed to economic liberalization and their subsequent access to foreign capital. In Mexico, the 1990s marked a series of economic reforms in India as the government abandoned its previous strategy of tariff barriers and import quotas coming under fire from its domestic industrial lobby. Jeffrey Sachs notes, 'Suddenly Indian producers could buy capital goods and intermediate inputs

17 Thomas L. Friedman, "The Other Side of Outsourcing," (2004 The New York Times: 20 February 2009)

18 The World is Flat, (Strand: Penguin Books, 2005) 133.

19 Jeffrey D. Sachs, The End of Poverty (New York: The New York Press, 2005) 16

on work markets at competitive prices, making it possible for them to sell their own finished goods on world markets at lower prices as well. In order to increase foreign investment, the government bundled a package liberalizing the number of approvals needed, the percentage of a company that could be foreign owned, and the range of sectors in which foreigners were permitted to invest.²⁰ The previously protected infant industries were now open to global competition and ownership.

India's labor-intensive manufacture sectors benefited from the macroeconomic liberalization on the whole in the same way China did. However, India developed a niche for itself, and proceeded to become a hub of large-scale service sector exports in information technologies. Thomas Friedman attributes this phenomenon to the robust educational infrastructure set in place in 1951 by India's first Prime Minister Jawaharlal Nehru. Nehru set up the Indian Institutes of Technology (IIT), which were capitalized upon when foreign companies were allowed to invest in the IT sector.²¹ For its first fifty years, one in four graduates of these institutes worked in the Silicon Valley resulting in a countrywide brain drain. However post liberalization, small Indian-owned businesses with a considerable 'cachet' for quality in the industry started to emerge. Sachs remarks, 'Microsoft itself began to invest heavily in Indian software engineers, who were already legion in the company, and in India itself, as a place to write software, often at the cutting edge.'²²

India's success has been based on new forms of communication infrastructure and not traditional means of transportation and trade. Sachs notes, 'The port facilities were crowded, poorly managed, and hard to access'²³. Thomas Friedman attributes the success story of the Indian IT sector to an execution of a preexisting infrastructure. As American companies rushed to lay down fiber-optic cable, the Dot-com boom crashed and Indians became the 'second buyers of the fiber-optics companies', benefiting from the resulting overcapacity in fiber optics. The impending 'millennium bug' crisis looming over American companies catalyzed the inauguration of a new relationship between the two countries as Indian IT firms remedied American computers at a fraction of the cost. According to Friedman, 'it demonstrated to so many different businesses that the combination of the PC, the Internet and fiber-optic cable had created the possibility of a whole new form of collaboration and horizontal value creation: outsourcing.'²⁴

In his documentary, "The Otherside of Outsourcing", Thomas Friedman notes that with favorable policies for attract FDI has contributed to the countries political stability. Friedman bases his argument in the heavy lobbying from the private successful business

20 Jeffrey D. Sachs, *The End of Poverty* (New York: The New York Press, 2005), 178

21 Thomas L. Friedman, *The World is Flat*, (Strand: Penguin Books, 2005) 127.

22 Jeffrey D. Sachs, *The End of Poverty* (New York: The New York Press, 2005) 179

23 *Ibid.*

24 Jeffrey D. Sachs, *The End of Poverty* (New York: The New York Press, 2005) 131.

sector that successfully ended the Kargil war in 1999. This concept is known as “the McDonalds theory”, which stipulates that ‘no two countries that are part of a global supply chain will ever fight a war against each other as long as they are each part of the supply chain’.²⁵ Jeffrey Sachs, although a proponent of the economic success in India, discusses four areas that India must address. Although the IT sector has been a well-documented success, Sachs is cautious due to the fact that while ‘Liberalization has allowed key sectors of the Indian economy remain hamstrung by the systems put in place a century early.’²⁶ Withal, it is suggested that basic infrastructural reform is imperative. If a 7 percent per year growth in the economy is to be sustained, more funding will be required for technical institutes, such as the IITs. Lastly, with the fiscal deficit is at 6 percent of the GDP in 2005, funding must be raised to catalyze a professional base.²⁷

The Indian Growth Miracle

In their case study, economists Gerald M. Meier and James E. Rauch demonstrate that the Indian economy has been supplemented by three determinants: rising share of investment in the GDP, the high levels of population growth, and rising levels of productivity.²⁸ Furthermore, the acceleration in the indian economic growth has not been “immiserizing”, i.e. where economic growth could result in a country being worse off than before the growth. A concept coined by Jagdish Bhagwati, which he explained via personal communication, “I could easily build models where, owing to imperfections, trade expansion could paradoxically harm India--- as an example of what I have called “immiserizing growth”, but the relevant question is whether such models are plausible for thinking about the problem at hand.”²⁹ Meier and Rauch’s case study argues that the growth has not been immersizing, going on to show that there has been, ‘a 7 percent decline in the urban and 20 percent decline in the rural poverty gap between 1983 and 1988, followed by a further 20 percent decline in both the urban and rural poverty gaps between 1988 and 1994.’³⁰ (See figures 2 and 3 for general trend) Robert Hunter Wade accepts that that the Indian GDP has increased along with urbanization, but argues that poverty has not reduced. ‘If the figures are taken at face value India’s average purchasing power parity income rose from 0.3 of the world average in 1990 to 0.45 in 1998, or 15 percentage points in only eight years.’³¹ Interpreting the available data with suspicion, Wade disputes, “India’s purchasing power is even more unreliable than those for the average developing

25 “The Other Side of Outsourcing.” 2004. The New York Times. 20 February 2009

26 Jeffrey D. Sachs, *The End of Poverty* (New York: The New York Press, 2005) 181

27 *Ibid.*

28 Gerald M.Meier. and James E. Rauch. *Leading Issues in Economic Development* 8th ed (New York: Oxford University Press, 2005) 52.

29 Jagdish N. Bhagwati, *Outsourcing: A Look Behind the Glass* Akhil Wadhwa (21 February 2009)

30 *Leading Issues in Economic Development* 8th ed (New York: Oxford University Press, 2005) 53.

31 “Case Study: India.” *Global Political Economy*. (Oxford: Oxford University Press, 2005) 305.

country, because of its non-participation in the international price comparisons on which the PPP calculations rest.³² Citing another study by Jha and Deaton, he concludes that inequality has been increasing in recent years in India, and that consumption by the poor did not rise as fast as average consumption. The limits of quantitative data in Wade, Jha and Deaton's case studies are insufficient to make any claims of significance. While these case studies do allow for a general framework to understand the impact of economic re-regulation on poverty and inequality in India, the question arises as to whether these static figures and predetermined rules are an accurate reflection of the Indian economic state.

Conclusions

Caveat lector, with the issue of outsourcing being widely debated, there has been a rise of what economist Paul Krugman calls 'pop internationalists'.³³ These people speak impressively about international trade while ignoring basic economics and misusing economic figures. For this purpose it is imperative to discuss a couple of limitations when examining the effect of outsourcing on subcontracting nations primary, secondary and tertiary economic sectors. John Cavanagh and Sarah Anderson, both representatives of the Institute for Policy Studies in Washington, may lack the economic background to conduct case studies. It has not been made clear whether their data has been interpreted from other studies or has been conducted by the institute itself. Similarly, Jamie Serra, the former secretary of trade, and J. Enrique Espinosa, an economic advisor and NAFTA negotiator were representatives of the Carlos Salinas administration. The validity of their claims comes into question as their data may be skewed to support the administration. Furthermore, the macroeconomic data for India, as discussed by Robert Hunter Wade may lack an appreciation of the geographical background. Considering the fact that much of the economic data being published has been researched by western academics, their case studies' predetermined rules and figures may lack the appropriate knowledge that local economists may have of the region. For example, New York Times reporter Thomas Friedman's view on globalization may be criticized for using rhetoric based on extrapolating personal experience and select case studies as an analytical tool to describe the world in general. The question arises whether his 'globalization' is rhetorically effective, but is it accurate as a tool for research? The case for outsourcing remains till date to be highly contentious. Examining the country-specific case analyses of India and Mexico has proved that along with outsourcing comes a plethora of negative economic externalities. Despite this, the global political economy seems to be following the trend of economic globalization. Based on the *ceteris paribus* nature of economic case studies, we may extrapolate from Winston Churchill's logic, concluding that economic globalization is the worst form of economic

32 "Case Study: India," Global Political Economy. (Oxford: Oxford University Press, 2005) 306.
 33 Paul Krugman, Pop Internationalism (Cambridge: The MIT Press, 1996)

policy except all the others that have been tried.

Appendix

Figure 1³⁴

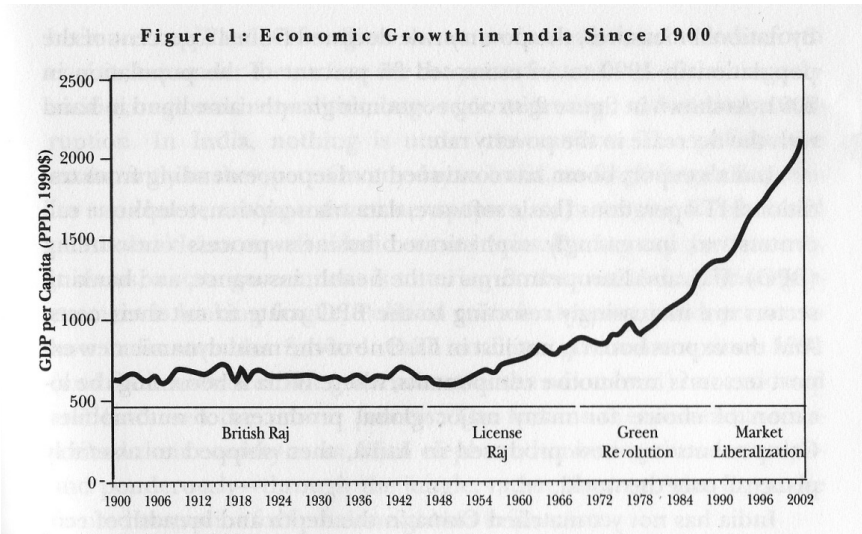
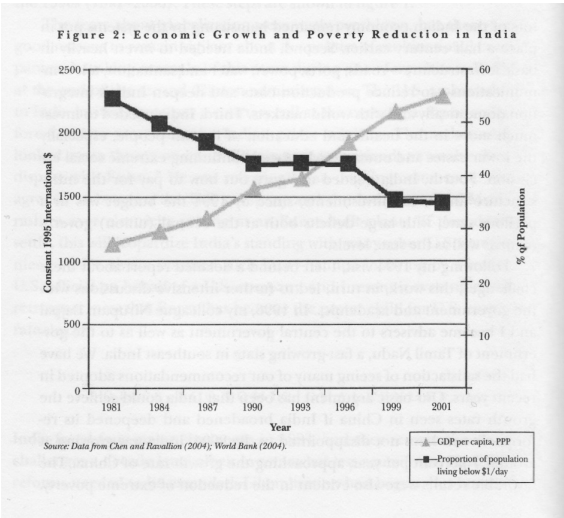
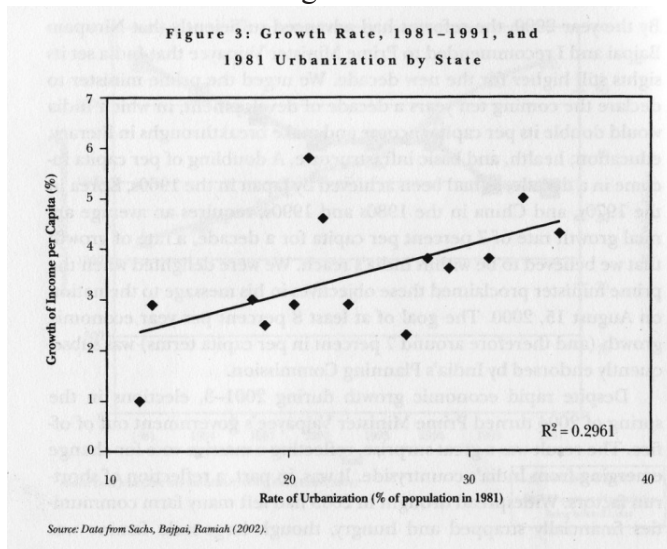
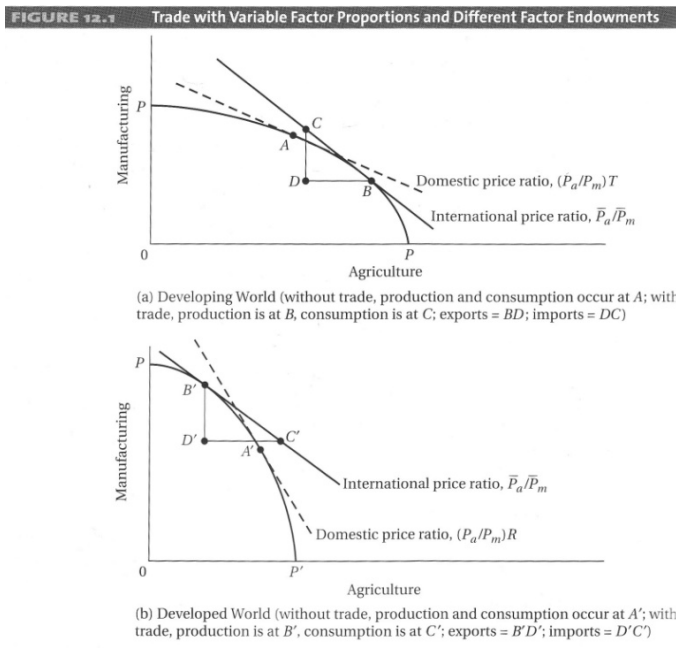


Figure 2³⁵



34 Jeffrey D. Sachs, The End of Poverty (New York: The New York Press, 2005) 131.
35 Ibid.

Figure 3³⁶Figure 4³⁷

36 Jeffrey D. Sachs *The End of Poverty* (New York: The New York Press, 2005) 184.

37 Michael P. Todaro, *Economic Development* 9th ed. (Boston: Pearson Addison Wesley, 2006) 592.

Asian Industrial Policy Success and the Developmental State: A Critical Analysis

- Yingchen (Joshua) Xiong

Introduction

A great deal of attention has been paid to what is commonly termed the “Asian economic miracle” – the rapid economic growth of once less-developed countries such as Japan, South Korea, Taiwan, and Singapore in the 1960s, 70s, 80s, and 90s. This is in part because the phenomenon has been associated with a developmental state¹ and active government-led industrial policy. While such a connection’s legitimacy may be debated, no doubt it has encouraged many policymakers to investigate the underpinning framework behind the industrial policy in question. The logical conclusion to such endeavors is that successful identification of the contributing policies would give a blueprint for replication in other less-developed nations. Of course, this “conclusion” is based on the assumption that active government-led industrial policy really did act as the causal agent for rapid economic growth in East Asia. If this assumption is proven wrong or cast into serious doubt, the desired policy replications would be for naught. In fact, Easterly (2009) stimulates such debate when he claims there is an “Asian Success Mythology.”²

This paper will attempt to shed light on the skepticism of the association between the Asian economic miracle and government-led industrial policy and provide a clearer answer on the efficacy of such industrial policy with regards to one country: South Korea. It will do so through a conceptual survey of the literature both defending and scrutinizing the developmental state in South Korea to rule out cross-cultural and cross-national variables. It will review the within-country data over a broad range of time instead of attempting or referencing a cross-country regression. The main methodology employed in this paper will be analysis of literature that measures the efficacy of industrial policy in targeted industries. The paper affirms the skepticism of the efficacy of the developmental state due to the greater explanatory power and specificity of the critical literature, primarily when it comes to infant industry protection. Nonetheless, due to the lack of further investigation, it will not find in favor of any other alternative explanations for Korea’s economic success, nor will it conclusively negate any positive role government actions might have played in Korea’s economic growth.

Before a review of the arguments takes place, it is necessary to clearly define the

1 See: Johnson (1982). “In states that were late to industrialize, the state itself led the industrialization drive, that is, it took on developmental functions. These two differing orientations toward private economic activities, the regulatory orientation and the developmental orientation, produced two different kinds of business-government relationships.”

2 Easterly, W. *Asian Success Mythology*. Retrieved February 20, 2009, from http://blogs.nyu.edu/fas/dri/aidwatch/2009/02/asian_success_mythology.htm

terms of discussion. What exactly is meant by this commonly assumed “active government-led industrial policy”? If we are to take the “developmental state” as our common moniker of reference, then we are approaching a government-led industrial policy that includes import substitution, tariffs, and the protection and nurturing of infant industries through fiscal incentives, financial stimulus, and direct state management.³ At the same time, not all aspects of such an industrial policy can be viewed equally on a political level. For example, some infant protection policies – tax cuts and cheap credit – may be seen as more geared towards a neoliberal vision of development than more autarkic methods like protective tariffs and import quotas.

Proponents of the developmental-state theory with regards to Korea have argued a few key points. First, there has been a tremendous amount of state activity that aimed at facilitating rapid economic growth in Korea. Second, on the assumption that exports made up far too small of an initial base to provide sufficient growth, economic expansion came from investment. Third, due to the need to overcome ‘coordination failure’ and high levels of uncertainty, the state used industrial policy to facilitate physical capital accumulation. Fourth, there was both rapid physical capital accumulation and growth since the beginnings of developmental-state industrial policy, implying the latter caused the former. This paper has reviewed the substantial in-country, cross-period evidence to break down the argumentative structure illustrated above.

The Developmental State and Korean Economic Growth

Opponents of neoliberal interpretations of Korean economic growth point to the import substitution of nondurable consumer goods and export promotion of labor-intensive goods in the 1960s, vigorous promotion of heavy and chemical industries in the 1970s⁴ (Kim and Leipziger, 1993), and R&D promotion in the 1980s, as evidence of an existent interventionist or developmental state (Heo, 2001). Throughout this period, the Korean state was also active in ‘investment management’, as it suppressed consumption to promote a higher level of general savings for the purpose of capital accumulation. More importantly, in matters of industrial policy the Korean state erected high entry barriers to new domestic competitors in the selected export industries, and created a strong regulatory machinery to oversee production results (Chang, 1993). Proponents hence point to the concurrent economic growth in the period from 1960 to 2000 as a general vindication of the interventionist policies. Nonetheless, they also use theory to buttress their claims.

3 “The developmental state — a term coined by American political scientist Chalmers Johnson — refers specifically to the approach Japan took to development after the Second World War. This model involved a small, elite and very powerful bureaucracy that directed planning and industrial policy. The approach was focused on expanding overseas markets for domestically produced goods, and involved import substitution and tariff protections. It also involved the state-led suppression of workers’ rights in an effort to keep costs down.” See: (Coetzee, 2009).

4 Mainly through export subsidies, preferential loans for exporters, and import tariffs exemptions for production inputs of said industries.

Chang (1993) makes the case that in a late developing country such as Korea, in which labour is educated and cheap but physical capital is scarce, there are many costs of risk and uncertainty associated with building new, capital intensive industries. One such cost is the period of ‘learning’ when new technology is acquired, because it is not at all guaranteed that time spent ensuring the imported technology works will be fruitful. To compensate such costs, greater incentives in the form of entry barriers and rents need to be provided. In a free market, these extra rents and entry barriers do not exist. As Chang (1993, pp. 15) notes, “in a late-developing country, the state, as the ultimate guarantor of property rights, has to create some ‘restraints of trade’ and provide rents to those who are developing new industries (or even set up those industries itself). And this is exactly what the states in many late-developing countries, from Germany and Japan down to Korea and other currently developing countries, have tried to provide through tariff protection and other forms of state-created rents like subsidies and preferential loans.”

Rodrik, Grossman, and Norman (1995) provide a variation on this argument. Assuming Korea’s main function of growth was capital accumulation and other production factors, as Krugman (1995) asserts, the conditions for industrial economic takeoff through capital accumulation were not present in 1960. While Korea had a skilled labour force – implying higher return to the utilization of capital by labour – it hosted an investment environment that presented high returns only when there was coordination among investors. That is, individual investment into its fledgling capital-intensive industries would not have been profitable unless there was a high level of capital transferred into those industries due to matters of scale (Rodrik et al., 1995, pp. 77-80). This ‘coordination failure’ of investment was solved by the Korean government’s provision of overwhelming incentive for private entrepreneurial investment in industry, such as “credit subsidies, tax incentives, administrative guidance and public investment.” (Rodrik et al., 1995, pp. 77-80).

Concurrent with this coordinated policy was then a large amount of capital accumulation and growth in heavy industries. In the 1970s, Korean manufacturing attained a growth rate of around 20 percent per year. Industries with government support as part of the Heavy Chemical Initiative had a 50 percent higher growth rate than unsupported industries. From 1970-1985, Korean manufacturing had a very high capital accumulation rate of 14.5 percent, with supported Heavy Chemical Initiative industries possessing higher rates than unsupported industries.⁵ (Yoo, 1994, pp. 155-157)

Rodrik et al. make the eventual connection that government efforts to correct coordination failure lead to the success of a few key corporate giants. For example: “The shipbuilding industry is a good example. Without personal involvement and encouragement from President Park, Hyundai would not have embarked on or completed what eventually became one of the world’s best shipyards. The government guaranteed the firm’s external

5 See Yoo, tables 7.5 and 7.7.

borrowing, provided extensive subsidies for infrastructure, and supplied financial guarantees.” (Rodrik et al, 1995, pp. 86) However, Rodrik et al. only present us with a few case studies. A more overarching analysis of the industries at hand, or at least of a representative sample, would be more helpful for his case.

One specific flaw of Rodrik et al’s argumentation is the theory that export growth was a consequence of government-facilitated capital accumulation. This theory is based on the idea that exports accounted for only a small percentage of Korea’s initial economic base – around five percent – so that rapid economic growth could not have started out from such a small source. Moreover, export growth does not necessarily lead to economic growth, whereas capital accumulation bears a direct relation to GDP expansion. But this chain of logic – that capital accumulation led to growth, and government intervention led to capital accumulation – would be broken if it were theorized that exports and outward orientation were what lead to growth. While this paper will not delve into this separate debate, it is important to note that alternative explanations exist that poke holes in the case for a developmental state-led Korean growth formula. For example, cross-country regression analysis of Asian countries that included Korea suggests causality between strong export performance and per capita income growth (Pack & Page, 1994). Krueger (2004) reinforces this point by arguing that tremendous export growth levels of 30 percent, caused by neoliberal reforms of import bias elimination and exchange rate adjustment, were responsible for the rise in per capita income.

The more problem with many of these claims is that they do not convincingly argue causality between the active state policies and the actual performance of Korean industry – they simply point to the existence of such policies. With little empirical data that effectively isolate extraneous variables, we are left with only assertions of a correlation between an existent interventionist state and economic success. There is a great deal of theory justifying the claim that such a relationship was productive, but it is not clearly backed by data.

Poking Holes in the Edifice: Efficiency and Productivity

Proponents of the developmental-state led industrial growth theory of Korea have no doubt encountered intellectual opposition. Their arguments are vulnerable to cross-period industry data within Korea questioning the effectiveness of the policy. If the weak chains of causality can be weakened further with reasoned skepticism, then the debate is swayed in the skeptics’ favor.

Krueger (1993) points to the follies of the Heavy Chemical Initiative⁶ in the 1970s as the first hole in the structure. One way of confirming this is to measure the productivity of industries that had active government support on the model of the developmental state against the productivity of unsupported industries. Panagariya (2001) suggests the results should come out in favor of the unsupported industries.

Yoo (1994) does exactly this by measuring the capital efficiency of HCI industries in the 1970s and comparing them to non-HCI industries. This is important, given that capital accumulation was such a prime argument of the developmental state proponents. The methodology is simple: calculate the value added of labour, subtract that from the total industry value-added, and factor the remainder value-added – the capital value-added – into a ratio with the capital stock. The results show that capital efficiency was lower in the HCI industries than in the non-HCI industries. Adjusted efficiency⁷ for these two groups showed the HCI attained an average of 23 percent efficiency and non-HCI attained an average of a little bit above 28 percent efficiency.⁸ Yoo (1994) explains this phenomenon by pointing to the government policies of protection and financial and tax incentives for investment. Because of such an environment, capital easily accumulated in HCI industries. The efficiency losses result from a disproportionately high capital to labour ratio in the 1970s – one higher than the non-HCI group. Evidently, the law of diminishing returns applies to capital, as overabundance meant a lot of under-utilized capital.

Export competitiveness is another measure of industrial policy success. Yoo (1994) shows that Korean export market share rose from 1974 to 1978. After 1978, export market share declined and then fluctuated. In contrast, six competing countries with export compositions similar to South Korea had a combined market share that accelerated after 1978.⁹ Yoo (1994, pp. 163) argues this negates the possibility of world demand hurting Korean exports and instead blames the decline in export competitiveness on internal policies. It is noticeable that the non-HCI industries, which were also the export-dominant light industries, had a declining market share after 1978 while the HCI industries exhibited smooth expansion of market share from 1970-1983.¹⁰ Yoo believes government-induced capital transfer into the HCI industries meant scarce capital for traditionally export-oriented non-HCI industries. If there had been more investment in the export-oriented sector, it might have been more competitive.

At the same time, proponents can concede the efficiency losses but still point to government intervention as the only way growth-inducing capital accumulation could

6 HCI for short. This can be equated to what Rodrik means by government led 'coordination' and what Chang means by government provided rents and government erected barriers to competitive entry.

7 Excluding the chemical and tobacco industries, because both had exceptionally high capital efficiency caused by monopoly power.

8 See Yoo (1994, pp. 160-163). Table 7.9, data from 1970-1978.

9 See Yoo (1994, pp. 163-165) Table 7.10.

10 See (Yoo, 1994, pp. 165) table 7.11.

have existed. However, Yoo (1994, pp. 163) shows that in the 1980s, the trends were reversed: non-HCI industries began to accumulate capital at a rapid pace, despite a lack of industrial policy incentives. Clearly, rapid capital accumulation could have existed without government intervention. Moreover, if non-HCI industries could accumulate physical capital without government assistance, then the coordination failure Rodrik et al. (1995) lament may not have existed to begin with.

Lee (1996) attacks another aspect of the developmental state, which is its imposition of import controls and protective tariffs in the name of coddling infant industries. He tests the impact of protectionist and activist government policies from 1963 to 1983 on three factors: growth rate of sectoral value added, growth rate of capital stock, and total factor productivity.

The results show that barriers to trade had a significant negative effect on the value-added growth of the industrial sector under consideration. “A 10 percent increase in non-tariff barriers, on average, was associated with a 1.4 percent to 2.5 percent decrease in the growth rate of value-added per year” (Lee, 1996, pp. 9). Those same barriers were also detrimental to physical capital accumulation, one of the key components of the developmental-state theory.¹¹ On that point, we find that industrial policy in terms of financial and tax incentives – critical aspects of the developmental state – did not have a significant effect on total factor productivity. For example, tax incentives for favored industries helped to increase physical capital accumulation, but they did not have any significant effect on the growth of output. This is relevant given the proponents of the developmental state stress the direct relationship between increases in capital and output growth. At the same time, non-tariff barriers were found to have a strong negative influence on physical capital accumulation. Moreover, on Total Factor Productivity growth – the assumed best measure of overall economic growth – neither tax nor financial incentives had any particular significance, while non-tariff barriers had a significantly negative effect on TFP growth rates (Lee, 1996, pp. 10-11).¹²

Protectionist trade policies – one form of developmental state industrial policy – only served to weigh down any benefits that the developmental state purported to bring. The muted efficacy of tax and financial incentives with regards to output growth are not surprising given the difficulty in picking infant industries to begin with. Moreover, even though tax incentives increased capital accumulation, the lack of TFP growth may be explained through a disparity between the society’s technological savvy and the pace at which it is technologically expanding. Capital accumulation may have proceeded much faster than the acquisition of knowledge and skill to use it effectively, thus undermining productivity within the capital-expanding protected industries and leading to disappointing

11 See (Lee, 1996, pp. 9) panel 4.

12 See (Lee, 1996, pp. 10-11) panels 5 and 6.

TFP growth (Young, 1993).

Even under the assumption of effective industrial policy for capital accumulation, and output and productivity growth, there is a structural and political downside to government-led investment in industries (Auty, 2008). For example, the phenomenon of ‘policy capture’ – politically induced subsidies continuing long after infant industries have matured, or the prolonging of maturation dates – may inflict greater costs to the public purse than is warranted or justified by the benefits of government-led capital accumulation in infant industries. Preferential treatment breeds more preferential treatment as the receivers of such benefits will establish lobbies to vigorously fight for their preservation. It was found that the targeted infant industries in Korea had technological and commercial maturation rates of two decades. That is, it took two decades for these industries to be able to make the most efficient use of their existing technology and be able to compete economically with international firms. This is in contrast with the neoliberal standard of five to eight years – the middle ground between expectations of five years and expectations of twenty – as a reasonable length of time for sector maturation before public transfer costs outweigh infant industry benefits (Auty, 2008, pp. 214-215).

Analysis and Conclusion

As have been addressed before, the first two points do not prove to make a sufficient case for the developmental state. No doubt much government activity occurred during Korea’s 40 year expansion, but it can be argued that no causal relationship can be inferred. Furthermore, there is still an ongoing debate as to whether Korean growth was export-led or if export growth was simply a consequence of domestically driven growth. Rodrik et al. (1995) take the latter view, but it is not the only valid view to take.

Even if the benefit of the doubt is given to the second point, the third point encounters serious contention. As mentioned before, Yoo (1994) provides evidence of non-HCI industries experiencing rapid capital accumulation in the 1980s, in spite of the earlier transfer of physical of capital away from export-oriented industries to selected HCI industries. If there was a coordination failure, it does not seem likely that the non-HCI industries could have replicated HCI behavior at a later time without major government assistance. But given that capital is dynamic and not fixed over time, it is still likely that the third point holds if proponents can prove a link between the growth of HCI industries and possible technological spillover onto non-HCI industries at a later time.

What is relevant to consider is whether the fourth point – that industrial policy caused capital accumulation, and accumulation yielded to growth – holds against evidence. Lee (1996) weakens both links to the fourth point. First, it was found that neither fiscal nor financial policy had any significant benefits for TFP growth, while the protectionist

package that came with the developmental state had significant negative effects on TFP and value-added growth. Moreover, although fiscal incentives of the industrial policy did stimulate capital accumulation, this did not translate into TFP growth. Furthermore, Yoo (1994) makes the point that it is likely Korean growth occurred in spite of industrial policy. For one, non-HCI industries were more capital efficient than industrial policy targeted HCI industries, suggesting that the rapid capital expansion promoted by the state was not fit for the premature infant industries. Second, HCI industries expanded at the expense of export oriented non-HCI industries, inducing a fall in Korean market share. Factoring in Auty's (2008) policy capture argument, the fourth point does not hold up to scrutiny very well.

Having conducted such a rigorous analysis, this paper finds in favor of the skeptics when answering the question of how prominent a role developmental-state industrial policy played in Korean economic growth. If the various pieces of critical literature – capital efficiency, productivity, and policy capture – are amassed together, then there is a cogent argument to doubt the less-substantiated assertions of industrial policy proponents when it comes to Korean development. It should be noted that this paper only bolsters the case for skepticism. It does not argue that industrial policy was wholly negative, only that the link between industrial policy and growth is seriously flawed.

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Resilience Theory as a Tool for the Promotion of Successful Cognitive Development Among High-Risk Population of Children in Developing Countries

- Hana Dhanji

Abstract

The term ‘resilience’, as understood in the field of social psychology, is the capacity to overcome circumstances of adversity, trauma or loss, in a manner that exhibits positive adaptation one’s environment. Extending beyond the simple demonstration of the ability to return to one’s previous mental, emotional and physical state pursuant to an environmental stress, resilience refers specifically to the ability of a person to gain benefit from an experience of adversity that leaves him or her positively altered in a meaningful way. Children at high-risk of cognitive maladaptation in developing countries are among those who experience conditions of war, famine, death, social collapse and general socioeconomic or interpersonal disadvantage. The study of the factors that contribute to resilience in spite of such circumstances incorporate four primary areas of investigation: (1) the intersection between resilience theory and the theories of social ecology and reciprocal determinism which emphasize the effects of one’s interaction with people and the environment as being significant to the development of human beings; (2) the known protective factors and risk factors that may contribute or impede normal cognitive development examined at the level of the individual, family and wider community; (3) the psychosocial and biological barriers to achieving resilience among children in high-risk areas of developing countries; (4) the phenomenon of ‘neuroplasticity’ among children suggesting that brain development in continuous throughout life, and that cognitive maladaptation resulting from impoverished living conditions is not a fixed trait.

The methodical examination of each, integrating historical and theoretical background to the research with recent case studies from Brazil, China and Guatemala, allows for the appropriate assessment of the impact that a health promotion strategy aimed at increasing access to protective factors for vulnerable children in developing countries may have. Based on the increasing extent to which international health policies are evidence-based, there may be a significant opportunity to use the theoretical research and interconnections to create viable strategies for delivering health care to high-risk children in developing countries. Though persistent features of environments of resource deprivation such as disease prevalence, and contaminated drinking water are likely to have enduring deleterious effects on motor development, cognitive functioning and general age-related competencies, the nature of resiliency suggests appropriate education and intervention

strategies may mitigate some of these harmful effects. Nevertheless, the efficacy of health intervention strategies should be secondary to the investment of resources into the alleviation of the root causes associated with the childhood impairment of cognitive development, and not a replacement for its serious consideration.

Introduction

Resilience is the capacity to overcome circumstances of adversity, trauma or loss in a manner that exhibits positive adaptation to one's environment.¹ It extends beyond the scope of merely coping with environmental stresses, referring more specifically to the behaviours and process that allow one to become "positively transformed and altered"² by experiences of adversity and not simply to "return to a previous level of functioning"³ pursuant to a traumatic or challenging encounter. Resilience theory encompasses the exploration of the multiple pathways through which positive adaptation can be achieved, as well as the diverse range of outcomes that individuals express through the achievement of resilience in a given context. Cognizant of the multiple causal pathways to resilience and the equally varied results that its realization offers, an in-depth exploration of four important areas are required to elucidate the potential impact of resilience theory on the lives of children in developing countries, who are most vulnerable to maladaptive cognitive development amidst conditions of adversity. The first considers the origins of resilience research and its specific relation to the theoretical construct of Urie Bronfenbrenner's ecological systems approach⁴ and Albert Bandura's concept of reciprocal determinism.⁵ It further addresses the self-organized, interactionally recursive, epigenetic processes that guide the interaction between genes and the environment (GxE).⁶ The second investigates the nature of resiliency with respect to the known risk factors and protective factors that influence the formation of adaptive and maladaptive cognitive functioning in children and the concomitant behavioral manifestations. The third exposes the biological and psychosocial barriers to achieving resilience among children in high-risk areas of developing countries in which exposure to adversity is endemic.⁷ The fourth explores the impact of a health promotion strategy aimed at increasing access to protective factors for vulnerable children on the basis that neuroplasticity can allow for significant changes over time in the ability to adapt to

1 Masten, Ann S. "Ordinary Magic: Resilience Processes in Development." *American Psychologist* 56 (2001): 227-38.

2 Clinton, Jean. "Resilience and Recovery." *International Journal of Children's Spirituality* 13 (2008): 213-22.

3 Ibid.

4 Vasta, Ross, Alastair J. Younger, Scott A. Adler, Scott A. Miller, and Shari Ellis. *Child Psychology*. 2nd ed. New York: John Wiley & Sons Canada, Limited, 2008.

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6 Moffitt, Terrie E., Avshalom Caspi, and Michael Rutter. "Measured Gene-Environment Interactions in Psychopathology." *Perspectives on Psychological Science* 1 (2006): 5-27.

7 Richardson, Warnie, Carole Richardson, and Mike McCabe. "The Resilience of the Human Condition and the Educational Experience." *Canadian Principals*. Nipissing University. 9 Feb. 2009 <<http://www.cdnprincipals.org/vol12no3theresilience>>.

changing environmental circumstances.⁸ These four areas, integrated together, will reveal the opportunities that exist for the successful application of resilience research toward the alleviation of developmental challenges for children living in developing countries.

The Origin and Nature of Resilience Theory

The origins of research on resilience theory developed from the fields of medicine, psychology and education.⁹ In the early 1970s, the first of three waves of research into resilience theory began, assuming at its initiation a predominantly behavioural perspective.¹⁰ The proclivity of some individuals to demonstrate levels of adaptation or age-level competence, despite circumstances of adversity, led researchers to differentiate the phenomena of resilience from the general field of developmental psychopathology.¹¹ The contributions of psychologists to the pertinent body of literature during the 1970s yielded compelling results on human adaptation and put to use novel theoretical constructs and methods to substantiate the findings. Of particular relevance was the research generated by the notable psychologist Urie Bronfenbrenner, a pioneer of ecological sociocultural approach, who proposed “that human individuals are living systems continually interacting with the contexts in which their lives are unfolding, including family, peer groups, schools and larger systems”.¹² His research explored the bidirectional relationship between person and environment that expounded upon the interactional and recursive influence of each upon the other.¹³ During the same time period (1978), Albert Bandura, a proponent of the environmental/learning approach, was producing his work on reciprocal determinism in which a triangular system of interaction between person, environment and behaviour explained the mutually reinforcing and influential factors that collectively produce changes in a child’s cognitive abilities, physical characteristics, personality, beliefs, and attitudes.¹⁴ Together, Bronfenbrenner and Bandura’s concepts explain the underlying nature of resiliency theory, as it relates to the fundamental interactions between person and environment that serve to generate changes in one’s behavior in a manner that can be characterized as adaptive or maladaptive. The second wave of research focused primarily on the regulatory systems and processes that accounted for the emergence of resilience, which prompted a third wave that sought to enable and promote the resilience generating

8 Cicchetti, Dante, and Jennifer A. Blender. “A Multiple-Levels-of-Analysis Perspective on Resilience.” *Annals of the New York Academy of Sciences* 1094 (2006): 248-58.

9 Masten, Ann S., and Jelena Obradovic. “Competence and Resilience in Development.” *Annals of the New York Academy of Science* 1094 (2006): 13-27.

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14 Ibid.

processes through prevention, intervention and policy strategies.¹⁵ The adaptive systems and processes that became salient to resilience researchers in the second wave included the following:

- i. *Learning systems* that facilitate problem solving and information processing;
- ii. *Attachment systems* incorporating relationships with caregivers, friends, romantic partners and models;
- iii. *Mastery motivation systems* in which self-efficacy processes and reward systems related to behaviour are found;
- iv. *Stress response systems* including the sympathetic and parasympathetic systems;
- v. *Self-regulation systems* that involve emotional regulation, executive functioning; activation and inhibitions of attention or behavior;
- vi. *Family systems* in which parenting, interpersonal dynamics, expectations cohesion, rituals and norms are addressed;
- vii. *School systems* incorporating teaching values, standards, expectations;
- viii. *Peer systems* composed of friendships, peer groups, value and norms;
- ix. *Cultural and social systems* in which religion, traditions, rituals, values, standards and laws are found.¹⁶

Each of these systems and their component parts demonstrate the general factors involved in the nurturing of resilience. When these systems are in full operation, the opportunity for an individual to exhibit resilience in the face of trauma, loss or adversity are maximized.¹⁷ Conversely, when any one or more of these systems is undermined due to poverty, war, famine, death, social collapse, or general socioeconomic and interpersonal disadvantage, abnormal or maladaptive development can occur.¹⁸

The concept of ‘epigenetic interactional recursion’ corresponds with the understanding that one’s environment can affect the normal processes of cognitive development in an influential manner.¹⁹ The mechanisms of epigenesis operate through a recursive process of feedback loops in which regulator genes control the activity of structural genes, thereby influencing protein production, muscle function and activity, and one’s overall interaction with the environment. The result is the development of a self-organized system in which the environment influences gene activity, while gene activity determines how one interacts with the environment. The complexity of this epigenetic, self-

15 Masten, Ann S., and Jelena Obradovic. “Competence and Resilience in Development.” *Annals of the New York Academy of Science* 1094 (2006): 13-27.

16 Ibid.

17 Masten, Ann S. “Ordinary Magic: Resilience Processes in Development.” *American Psychologist* 56 (2001): 227-38.

18 Bonanno, George A. “Loss, Trauma, and Human Resilience: Have We Underestimated the Human Capacity to Thrive After Extremely Aversive Events?” *Psychological Trauma: Theory, Research, Practice and Policy* 5 (2008): 101-13.

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regulating, dynamical system illuminates the understanding that cognitive development is a multicausal event, with many factors acting in a reciprocal manner to produce varying developmental outcomes.²⁰ The factors that can promote the development of full cognitive capacity and those which detract from this goal are of great importance in obtaining a clear understanding of the power of resilience theory to effect change in the lives of children in developing countries.

Risk Factors and Protective Factors for Resilience

The characteristics of resilience are best understood at three tiers of analysis: that of the individual, the family unit, and the larger social context of communities and neighborhoods.²¹ The resilience traits that emerge at each level can be altered by similar risk factors and protective factors, which will be collectively addressed following a brief examination of each.

At the unitary level of analysis, an individual will exhibit resilience when good intellectual and attention skills are demonstrated throughout early childhood in educational and broad social settings.²² An agreeable personality, motivation for achievement and conscientiousness are also dominant within children expressing resilience despite adversity.²³ Common internal attributes include: lower stress reactivity to adverse situations, positive self-concepts, and competence in behavioural conduct.²⁴ These attributes demonstrate the internal nature of resilience. At the broader levels of analysis, resilience is displayed through external, interpersonal engagement with peers, family members, and role models.

At the level of the family unit, an individual will demonstrate resilience if consistent interactions with family members incorporates cohesion, adaptability, a balance between flexibility and stability, clear, open, ongoing communication and a commitment to the well-being of others.²⁵ At the neighbourhood level, 'collective efficacy' is the greatest determinant of community-level resilience in which "the differential ability of neighborhoods to realize the common values of residents and maintain effective social controls is a major source of [...] variation in violence".²⁶ Central to this idea are the expressions of trust, reciprocity, mutual interdependence and a sense of belongingness that can collectively contribute to community level resources, which have the potential to benefit the entire group.²⁷ Resilience at all three levels is crucial for long-term positive development.

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The risk factors that can impair normal cognitive development include the general factors associated with endemic poverty, in which limited access to social security, health care and educational resources are compounded by increased likelihood of exposure to drugs, violence, and early gang and sexual involvement.²⁸ Furthermore, early childbearing amplifies the psychological vulnerabilities of living in poverty.²⁹ These factors tend to be predictive of lower intelligence test scores, decreased school achievement and socio-emotional challenges throughout adolescence and adulthood³⁰. The effects of early childhood neglect and lack of attachment to a primary caregiver can also elicit similar impediments to normal development.³¹ In extreme cases, instances of war, cultural genocide, physical injury, family dislocation, severe malnutrition and neglect will present stringent barriers to attaining full cognitive developmental capacity.³² In light of research conducted on compensatory effects, however, enough positive assets, such as increased access to vital welfare resources, could offset the burden of one or many risk factors simultaneously in an intersectional and exponential manner.³³

The protective factors that can maintain the normal progress of cognitive development and promote resilience through adversity are manifold, operating at all three of the internal, interpersonal and community-oriented levels. Foremost among the protective factors is access to health care, educational, and psychosocial support services.³⁴ Throughout early childhood, the continued presence of a caring family member or teacher who can provide a strong emotional support and engage with the at-risk individual as a role model has been shown to correlate highly with resilience.³⁵ At the same time, the development of attention skills requires supportive, nurturing care giving through infancy and warm responsiveness when setting limits between the ages of 3-5 years.³⁶ In later years, through adolescence and early adulthood, personal agency and willingness to overcome adversity are crucial for positive development. In concert with this, a self-reflective cognitive style and a commitment to fostering healthy relationships can transcend the limitations of poverty and contribute to resilient outcomes.³⁷ Current research into resilience traits has revealed that competence in age-related developmental tasks in childhood predict continued expressions

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36 Clinton, Jean. "Resilience and Recovery." *International Journal of Children's Spirituality* 13 (2008): 213-22.

37 Ibid.

of resilience into adolescence and adulthood.³⁸ Nevertheless, late resilience has also been demonstrated, and cannot be precluded from possible emergence, particularly if increased exposure to protective factors is possible.³⁹

Resilience Theory in the Context of Developing Countries

The human capacity for adaptation in circumstances of remarkable adversity is nowhere more pertinent than in the context of developing countries. Among the specific risk factors that affect children, who are mired in conditions of utter deprivation and abject poverty, are those biological and psychosocial in nature.⁴⁰ The examination of both areas of risk will endeavor to describe the unique impediments to normal psychological developing affecting children in high-risk situations, and thereby critically engage with the challenges and opportunities that exist for resilience intervention and promotion strategies.

The developing-world biological risk factors are broadly encompassed within four areas, namely, intrauterine growth restriction, childhood undernutrition, infectious disease and environmental risk exposure.⁴¹ Intrauterine growth restriction indicates constraints on fetal nutrition during crucial periods of brain development.⁴² Case studies from Brazil and Guatemala confirm that low birth weights are positively correlated with lower cognitive scores for children between ages 2-3 years, and lower developmental levels compared to infants born at birth weights between 3-4 kilograms.⁴³ A study from China reveals that the developmental delay in early childhood can often bear effects that last into adolescence.⁴⁴ Additionally, consistent findings demonstrate that childhood undernutrition is primarily responsible for deficits in intelligence and school performance, often lasting well into adolescence.⁴⁵ Longitudinal studies of undernourished children found that in young children, underweight and stunting of growth lead to social apathy, more insecure attachment, poor attention and weak social relationships in school.⁴⁶ Moreover, iodine deficiencies, commonly detected among undernourished children, contribute to thyroid dysfunctions which affect

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46 Chang, S. M., S. P. Walker, C. A. Powell, and S. Grantham-McGregor. "Early Childhood Stunting and Later Behaviour and School Achievement." *Journal of Child Psychology and Psychiatry* (2002): 775-83.

central nervous system development and regulate many physiological processes.⁴⁷ Iron deficiency anemia can further alter brain metabolism and neurotransmission, myelination and gene and protein functioning.⁴⁸ Positive results following enhanced nutritional intake among children provide evidence to suggest that the effects of undernourishment can be reversed, possibly altering the developmental trajectory.⁴⁹

Widespread prevalence of infectious diseases like malaria and tuberculosis in developing countries has also yielded negative impacts on childhood motor development, cognitive functioning, and age-related competencies.⁵⁰ Furthermore, environmental exposures to contaminated food and water sources have also had an impairing effect of children and adolescents throughout their lives, particularly when this exposure increases over time.⁵¹

The psychosocial risk factors affecting children in developing countries include parenting factors, contextual risk factors, like maternal depression, and exposure to violence,⁵² and access to appropriate educational resources.⁵³ First, the parenting factors that positively affect childhood cognitive development, particularly those that are less commonly denied children ensconced in conditions of poverty, include early childhood cognitive stimulation and learning opportunities. Indeed, the functioning capacity of one's cognitive abilities is reliant on such early stimulation and educational support.⁵⁴ Second, maternal sensitivity and responsiveness are critical for a child's social behaviour, self-confidence and positive affect throughout his/her lifetime.⁵⁵ Maternal depression can often play a significant role in the neglect of a child in this regard, reducing childhood levels of cognitive functioning and increasing behavioural problems.⁵⁶ Similarly, extended exposure to situations of violence and conflict can lead to post-traumatic stress, aggression, attention problems and depression. Third, violence tends to erode family cohesion, disrupt educational

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environments and increases the likelihood of mental illness in primary caregivers.⁵⁷

The prevention strategies found to be most promising include the provision of parenting training to mothers and primary caregivers in developing countries, while improving access to health care, nutritional and educational resources.⁵⁸ Each preventive structure aimed at increasing the quality of life and cognitive functioning capacities of children in high-risk situations operates within the confines of the child's neuroplastic brain. The final investigation into the area of cognitive neural plasticity will support the contention that improvements are possible in the lives children that have been at risk for developmental delays as a result of poverty.

Cognitive Neuroplasticity: A Case for Resilience Intervention and Promotion Programs

The developmental systems theory in cognitive science emphasizes plasticity of human development through: i) the recursive, self-organized processes of reciprocal determinism and ii) the transactional influence between person and environment which can alter the psychological salience landscapes of a human being, concomitantly altering the neurogenic and synaptogenic connections within the brain.⁵⁹ The capacity of the brain to alter itself in response to changing environmental features provides good evidence that intervention strategies aimed at improving resilience indicators among children in developing countries could be a worthwhile and powerful endeavor, despite early childhood cognitive impairment. Neural plasticity marks the changes that occur in the central nervous system (CNS) through alterations in anatomy, neurochemistry and metabolism.⁶⁰ Experience-based neuroplastic changes occur through two mechanisms that modulate the effects of neurotransmitters: protein phosphorylation and the regulation of gene expression.⁶¹ Protein phosphorylation is the primary molecular mechanism responsible for altering the functional state of neural proteins such as ion channels and neurotransmitter receptors, both presynaptic and postsynaptic in nature.⁶² The changes in neurotransmission can effect changes in the function of gene expression by producing quantitative and qualitative changes in gene activity and responsiveness.⁶³ Changes to the CNS mediated by protein phosphorylation

57 Walker, Susan P., Theodore D. Wachs, Julie M. Gardner, Betsy Lozoff, Gail A. Wasserman, Ernesto Pollitt, and Julie A. Carter. "Child Development: Risk Factors for Adverse Outcomes in Developing Countries." *The Lancet* 369 (2007): 145-57.

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do not involve changes in protein synthesis and are therefore likely to have a rapid onset, and are more easily reversible compared to changes in gene expression.⁶⁴ In situations of trauma a child may encounter experiences of maltreatment or violence, which could exert a deleterious impact on the functioning of his or her cognitive capacity.⁶⁵ The pathology subsequently induced in the brain structure could alter behavioural mechanisms and cognitive functioning abilities. Depending on the level at which the alteration takes place, interventions could have resounding positive implications.⁶⁶ Studies done in Eritrea and Bosnia during the peak of civil conflicts demonstrate that providing educational experiences to war exposed refugee children can ameliorate the level of cognitive and socio-emotional competence over time through changes in the neurobiological functioning of the brain.⁶⁷ Indeed, successful resilience- promoting intervention programs, including basic education, and social development clinics, could make use of the experience-dependent neuroplastic mechanisms present in the human mind to create positive and lasting changes.

Conclusion

The changes in cognitive functioning of children exposed to serious cognitive developmental risk factors can be overcome through the implementation of programs built on resilience theory. The neuroplastic capacity of the mind to change over time, based on epigenetic interactions with the environment, has profound implications for the types of improvements that might be witnessed in children living in impoverished developing countries. The implementation of better education programs, improved access to vital health care resources, community-building initiatives and caregiver education programs would all serve to improve the cognitive well being of high risk children.⁶⁸ While present findings in resilience theory have yielded optimistic results to this end, there are important factors that must be considered in any given intervention strategy. It is vital that efforts toward the implementation of resilience-promotion programs refrain from overshadowing the underlying causes of poverty, trauma, violence and psychosocial adversity, which must simultaneously be addressed. Furthermore, the degree to which an individual may or may not express resilient traits may have genetic linkages⁶⁹, preventing some from achieving standard resilience behaviours as easily as others. Moreover, resilient traits may be expressed in limited setting at one given point in time while maladaptive behaviours may arise in other

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settings depending on the level of support and consistency of resources available.⁷⁰ With these caveats in mind, it can be clearly understood that the manifestation of resilience traits in children exposed to situations of adversity is complex in nature. A child demonstrating resilience is not one who is always benefitting from the challenges, but instead is one that maximizes his or her welfare by making internal and interpersonal adaptations, facilitated by the mechanisms of neuroplasticity and the transactional influences inherent within epigenesis to realize a better reality than the one presented. The human ability to rise above adversity is not an excuse to ignore the adversity that exists; but it is certainly a reason to consider the mobilization of resources toward the enhancement of resiliency in children for whom there is no immediate alternative to the depressive cognitive effects of poverty in developing countries.

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What Urban Planners Can Teach Development Economists About Development Economics

- Doug Sarro

Abstract

The Washington Consensus on development is backward. It starts with a model: the minimalist, free market state. It lists the characteristics this model state would have: a liberal market economy, free trade, and small government, for a start. It then tries to remake developing states so that they will have the same characteristics as this model state. The Washington Consensus has largely been a failure. There are a bevy of works by economists that examine just how the Washington Consensus policies the International Monetary Fund (IMF), World Trade Organization (WTO), and World Bank have failed to accomplish their goal of improving the plight of the world's poor by restructuring the economies of developing countries. This paper does not recount this economic literature in depth, but instead finds an unlikely parallel to the Washington Consensus in modernist urban planning. This paper shows why the common philosophy that underpinned these ideologies doomed them to failure, charts a new course for the WTO, IMF and World Bank based on the same principles Jane Jacobs employed to save urban planning, and shows how the United States can use its influence over these three organizations to steer them toward this course.

The Washington Consensus on development is backward. It starts with a model: the minimalist, free market state. It lists the characteristics this model state would have: a liberal market economy, free trade, and small government, for a start. Then it tries to remake developing states so that they will have the same characteristics as this model state. The Washington Consensus has largely been a failure. There are a bevy of works by a series of economists on just how the Washington Consensus policies the International Monetary Fund (IMF), World Trade Organization (WTO), and World Bank have failed to accomplish their goal of improving the plight of the world's poor by restructuring the economies of developing countries. This paper does not recount this economic literature in depth, but instead finds an unlikely parallel to the Washington Consensus in modernist urban planning. This paper shows why the common philosophy that underpinned these ideologies doomed them to failure, charts a new course for the WTO, IMF and World Bank based on the same principles Jane Jacobs employed to save urban planning, and shows how the United States can use its influence over these three organizations to steer them toward this course.

Washington Consensus economics was founded on the same principles as modernist

urban planning, and it has failed for the same reasons. Both were based on utter contempt for the things they are meant to fix – governments for the former, and cities for the later – and conclude that the only moral course of action is to weaken or destroy that subject and replace it with a new, universal, utopian vision based on something only remotely related to that subject. Both failed because, in their single-minded drive to shrink cities and governments, they neglected to notice, let alone analyze, examples of successful neighborhoods or developing countries. Both failed, in their bid to turn every city or developing state into a carbon copy of their utopia, to appreciate just how complex neighborhoods and states can be. Both approaches took deductive and monolithic approaches to their disciplines and eventually find themselves to be less effective than rival approaches that take an inductive and diagnostic approach to those same disciplines.

Modernist urban planning's roots can be traced back to the 19th century, when large cities tended to be awful places to live in. The poor lived in densely crowded slums, placed next to the smog-belching factories in which they worked. Their life was a goulash of poverty and crime, topped with a dollop of soot. Modernist urban planners decided that something had to be done to relieve the ills of these cities.

They concluded that they would need to destroy the city in order to save it. They looked upon rural English towns as their model, with their ample living space, fresh air, and greenery that they believed would radically improve the lives of the urban poor. Ebenezer Howard, an English court reporter-turned-urban planner, was the first to propose that large cities be broken up, and that the poor be relocated to a series of oxymorons that he called "Garden Cities."¹ Howard's Garden City was not a city at all, but a small, isolated community with a strictly limited number of houses, fewer streets, a community centre in the middle to coordinate town life, and, of course, green space everywhere.² Howard predicted that the urban poor would happily give up city life for the comforts of a model small town.

Later on, Howard's cause was taken up by Le Corbusier, who adapted the Garden City idea to a world where skyscrapers and highways had become a fact of life. The "Radiant City" Le Corbusier proposed was the model urban project: urban slums would be demolished, and in their place would stand great high-rise super-blocks for the poor to live in.³ These super-blocks were deliberately cut off from the rest of the city to foster the sense of community and intimacy that comes with living in a small town. A giant central park would replace small streets as the main meeting place for the Radiant City's inhabitants.⁴

The Radiant City, Le Corbusier believed, could turn any urban slum into a utopia. The Radiant City would not need to be adapted in different ways for different neighborhoods.

1 Jane Jacobs, *The Death and Life of Great American Cities* (Toronto: Random House, 1992), 17.

2 Jacobs, 17-22.

3 James Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven: Yale, 1998), 116.

4 Scott, 116.

Le Corbusier and his modernist colleagues believed that classical cities were unmitigated failures and, therefore, there was nothing worth learning about urban neighborhoods. The modernists used classical deductive reasoning to support the Radiant City: because, as they saw it, their premises about the ills facing cities were correct, their solution must also be correct.

Washington Consensus economics has a similar history. Economists looked at the developing world and saw a world stifled by corrupt and inefficient government. Dictators accumulated billions of dollars of what is now called odious debt not to finance growth, but to finance luxuries for themselves. Non-aligned countries experimented with nationalized industries and protective trade barriers, and inflationary spending that flew in the face of their ideas on economics.⁵ With politicians like Ronald Reagan and Margaret Thatcher ascendant in the developed world and Communist governments falling apart on top of each other, government was regarded as the problem rather than part of the solution.

Convinced that government was to blame for developing nations' plight, development economists sought out to destroy states in order to save them. They fashioned a model state based on Ronald Reagan's vision for the United States in the 1980s. The model state, for them, was a minimal state. Tariffs that forced already poor consumers to pay higher prices for goods would be limited or eliminated, as would subsidies that wasted precious resources on inefficient industries. National enterprises would be privatized. With the bad old ways of big government expurgated from developing countries, private initiative would be allowed to flourish, inflation would be curbed, and investment would pour in from around the world.

The Washington Consensus's minimal state is development economists' answer to the Radiant City. The minimal state, economists at the IMF and World Bank thought, would ignite growth in any developing state. There was nothing to be learned from the developing states' governments which, in their view, were responsible for the catastrophes that plagued their countries. The premise that big government was the problem, these economists concluded, was correct, and therefore the solution that follows naturally from this premise, that government must be weakened to make room for the market, was also correct. Like the urban planners who grafted Radiant Cities onto slums, IMF and World Bank economists grafted minimal governments onto developing countries without regard for local circumstances.⁶ The minimal state could work anywhere and everywhere.

The schemes proposed by modernist urban planners and Washington Consensus economists were both failures. Redeveloped urban projects developed little but crime and poverty. Ordinary people found little use for their Radiant Cities' abundant green space,

5 Joseph Stiglitz, *Globalization and Its Discontents* (New York: W.W. Norton, 2002), 53.

6 Dani Rodrik, *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth* (Princeton: Princeton, 2007), 5-6.

and this space was quickly usurped by criminals and vagrants.⁷ The isolated super-blocks did not create a community, they created a prison from which its inhabitants sought to escape. New York's Morningside Heights, Chicago's Fuller Park, and Toronto's Regent Park are all testaments to the failures of modernist city planning. Countries that undertook the Structural Adjustment Plans prescribed to them by the World Bank and International Monetary Fund faced similar fates. The benefits of Washington-mandated privatization were concentrated in the hands of the few people in these states that were already wealthy.⁸ Here, the rise of Russia's oligarch class amid Russia's post-Communist transition comes to mind. The abolition of food and fuel subsidies triggered mass riots and destabilized developing countries.⁹ Thailand's AIDS pandemic was exacerbated by health care cuts mandated by the IMF,¹⁰ as was El Salvador's diarrhea death toll due to similar cuts demanded by the World Bank.¹¹

At the same time, inexplicably, communities and countries that flouted the recommendations of urban planners and development economists flourished. Communities like Toronto's St. Lawrence Market and New York City's Greenwich Village broke every rule in the modernist urban planner's book. Instead of green space, these neighborhoods were riddled with sidewalks and streets. These communities, instead of trying to exorcise urbanity, embraced it. Countries like China and Japan spurred growth through active government intervention in the economy. They used export subsidies, tariffs, nationalized industries, and all of the other tools development economists had convinced themselves could only lead a state to disaster. These countries had neither liberal economies nor liberal governments, and yet they developed faster than any of the IMF and World Bank's model countries.¹² How could communities and countries that apparently did everything wrong end up doing better than the communities and countries that did everything right?

The answer for urban planners came from Jane Jacobs in her 1961 book, *The Death and Life of Great American Cities*. This book, the most scathing rebuke of modernist urban planning yet written, substituted modernists' deductive approach to urban planning with an inductive one: Jacobs examines real urban neighborhoods, and, based on her observations, proposes general principles that explain why some urban neighborhoods are safer, cleaner, and more successful than others.¹³ Jacobs also substitutes the modernists' monolithic approach with a diagnostic one that recognizes that cities are not light switches, which can only be turned on or off, but complex ecosystems, where environmental changes can set

7 Jacobs, 90.

8 Stiglitz, 144.

9 Stiglitz, 20.

10 Stiglitz, 20.

11 Sandy Smith-Nonini, "The Smoke and Mirrors of Health Reform in El Salvador" in *Dying for Growth: Global Inequality and the Health of the Poor*, eds. Jim Yong Kim et al. (Monroe: Common Courage Press, 2000), 379.

12 Rodrik, 55.

13 Jacobs, 13-14.

off a series of reactions that cannot easily be predicted. She emphasizes that urban renewal must be led not by experts, but by the people who live in the neighborhoods that are to be renewed.¹⁴ Urban planners must take a diagnostic approach, adapting their solutions to the needs of the different communities they serve.

In sum, Jacobs saw cities as something to be studied, not something to be reviled and replaced. Because modernist urban planners started from the assumption that cities were bad, they never searched for examples of successful urban neighborhoods. They never learned to appreciate just how complex communities are, and instead thought they could drop the same blueprint ad infinitum into any community without any input from the people who lived in that community, and without any insight into the community they were changing.

Jacobs's approach worked. Greenwich Village, which exemplified her ideas on how urban communities could make themselves richer and safer, endures today as an example of a healthy urban community. Communities across North America which followed Jacobs's prescriptions for urban living – a multitude of sidewalks, mixed zoning, and active community involvement in city planning – like Hyde Park in Chicago and St. Lawrence Market in Toronto, remain relatively unharmed by the poverty and crime which have plagued the Radiant Cities that neighbor them.

Forty years after Jacobs' indictment of modernist urban planning, many economists appear to be following her lead in their criticisms of the Washington Consensus. Dani Rodrik of Harvard University urges policymakers to recognize that development does not have a one-size-fits-all solution. He proposes that economists tailor their economic prescriptions to the varied political and economic environments of different countries.¹⁵ Joseph Stiglitz, a Nobel economics laureate from Columbia University, argues that IMF economists would work best not as dictators unilaterally imposing development policies on the developing world, but as genuine advisors to state governments.¹⁶ Ha-Joon Chang of Cambridge University argues for an inductive approach to development economics based on the policies newly industrializing states adopted in their early stages.¹⁷

What is becoming abundantly clear is that developing countries could use a little less Radiant City and a little more Jane Jacobs. But what would a Jane Jacobs development policy look like? How can the United States implement this policy? A Jane Jacobs development policy would start from a set of assumptions diametrically opposed to that of Washington Consensus economics. It would assume that governments can aid economic growth and that they are worth studying. It would root itself in inductive learning

14 Jacobs, 426-7.

15 Rodrik, 88.

16 Stiglitz, 24-25.

17 Ha-Joon Chang, *Kicking Away the Ladder: Developmental Strategy in Historical Perspective* (London: Anthem Press, 2002), 140-1.

by deriving general principles of economic growth based on the policies employed by successful developing countries. It would take a diagnostic approach to development, an approach that recognizes that states are complex structures and that developing countries will require economic policies tailored to their needs. Implementing this policy will require important but attainable changes to the way the WTO, IMF and World Bank conduct business. The United States, because of the power it holds over the IMF, World Bank, and WTO, is in a unique position to implement this policy and undertake the reforms that will replace the Washington Consensus with a new global consensus on development tested by history and geared to the needs of the developing world rather than a failed ideology.

When one looks at the way successful economies have developed in the past, one is struck by just how illiberal their development strategies appear. Successful developing countries spent huge amounts of state resources developing infant industries.¹⁸ They slapped taxes on foreign goods to make them less competitive in the domestic market, and used the revenues from these taxes to pay for export subsidies that made their own products cheaper in the world market. Domestic industries, as in China's case, were never privatized. These industries instead developed and thrived under state control.¹⁹

This does not mean that these policies had no economic or philosophical underpinning, nor does it mean that the solution for states is to simply muddle through without any guiding ideology. Successfully developing states' reforms did make economic and political sense, but rather than undertaking a broad spectrum of economic reforms, these states only undertook reforms that would yield the greatest economic growth.²⁰ Reform was a gradual and focused process, tailored to the most serious problems those states faced. The reforms they undertook were also meant to preserve their governments' political and fiscal stability.²¹ For example, China's decision not to privatize farmland, but to instead allow farmers to sell surplus state-owned crops at market prices, increased that market's productivity while maintaining an important revenue base for the Chinese government.²² Any Washington Consensus economist would have demanded that the Chinese government privatize all of its farmland, and would have thus triggered higher food prices in urban areas which would threaten to destabilize the Beijing government.²³

A Jane Jacobs development policy, therefore, would diagnose and seek to reform the most urgent barriers to growth in developing countries and allow them to undertake the same policies countries such as China and Vietnam did in the mid-20th century. Such a policy would put an end to the Washington Consensus-era cookie-cutter strategy for

18 Chang, 140-1.

19 Rodrik, 91-92.

20 Chang, 140-1.

21 Rodrik, 91.

22 Rodrik, 91-92.

23 Rodrik, 91.

state restructuring. Economists would no longer be whisked into developing countries just long enough to pressure local leaders into signing structural adjustment plans drafted in Washington. Instead, economists deployed to a developing country would stay long enough to be able to understand the economic and political challenges that country faces.²⁴ Only at that point could they, in collaboration with state politicians, craft an economic recovery plan that targets the most urgent problems that state faces in a way that will not damage that state's economic or political stability. These practices would extend to other policy areas, such as health care, where approaches to developing countries have relied too heavily on "smoke and mirrors" to maintain their credibility, and not heavily enough on real results.²⁵ While the World Bank has made great strides in this area, the IMF has changed little.²⁶

The IMF continues to insist that its loans be conditional on a country's adoption of policies recommended by IMF economists.²⁷ The IMF's rigid conditionality criteria have at times forced state leaders to take actions detrimental to their own economic growth.²⁸ The IMF could better foster growth by making its loans conditional not on process, but results. This would mean that governments that successfully grow their economies would be rewarded for doing so, without regard to the specific policies they adopted in order to foster that growth.

Why send economists to developing countries if loans are not conditional on politicians following those economists' advice? Development economists are supposed to be valued for their ability to develop policies that spur economic growth. If development economists are doing their jobs and recommending worthwhile development policies, political leaders will follow their recommendations. Politicians that ignore their economists' advice and lead their countries into further economic turmoil would be punished by losing their IMF loans. But leaders that manage their economies successfully, despite not following their economists' advice to the letter, ought to be rewarded for sound economic management, not punished for refusing to listen to questionable advice. Development economists must be regarded as advisors, not masters, and their advice must be valuable only to the extent that is economically sound.

Changing the way the IMF and World Bank work with developing countries will require changing the way these organizations work in Washington. These organizations will only respect developing countries' governments if the balance of power in these organizations is recalibrated so that the World Bank and IMF chiefs are accountable to those governments. The President of the World Bank and Managing Director of the IMF answer to boards of directors on which every IMF or World Bank member state sits, but

24 Stiglitz, 23-24.

25 Smith-Nonini, 359.

26 Stiglitz, 23-24.

27 Stiglitz, 44-46.

28 Stiglitz, 28-30.

these votes are weighted to heavily favour developed countries.²⁹ The G7 countries alone hold nearly half of the votes on the boards of both the IMF,³⁰ and the World Bank.³¹ France holds more votes than China, twice as many as India, and over 40 times as many as Kenya.³² What incentive is there for either of these organizations to turn themselves from developing countries' masters to developing countries' advisors if these countries hold so little influence at these organizations' headquarters? Changing the way the IMF and World Bank work in Washington is essential to changing how they work in the developing world.

The United States is in a better position than any country in the world to make the IMF and World Bank accountable to the developing world. Owing to both organizations' severe voting imbalances, the United States is the single largest IMF and World Bank shareholder with approximately 17% of the vote – equivalent to four Chinas or nine Indias.³³ The people who decide how the United States votes on these organizations are appointed by the President. The President of the United States also traditionally nominates the President of the World Bank,³⁴ along with the First Deputy Managing Director of the IMF.³⁵ The terms of the incumbent World Bank President, and IMF First Deputy Managing Director,³⁶ will both expire before the next US presidential election.³⁷ The United States's voting power and its leverage over senior IMF and World Bank officials put it in a unique position to reorient these organizations away from the Washington Consensus on development.

The World Trade Organization will also need to be reoriented to recognize that trade liberalization is not necessary, and may not even be desirable, for developing countries. Rather than harmonizing states' tariff, subsidy, and other trade policies, the WTO must allow developing states the flexibility to pursue the growth policies that countries like China and Japan employed in the mid-20th century,³⁸ and countries like Britain and the United States themselves employed in the 19th century.³⁹ Export subsidies, tariffs, and quotas, all now considered anathema at the WTO's Geneva headquarters, must be regarded as legitimate policies for developing states seeking to develop their domestic economies.

But the World Trade Organization enjoys less independence than the IMF and

29 International Monetary Fund, "IMF Members' Quotas and Voting Power, IMF Board of Governors," International Monetary Fund, <http://www.imf.org/external/np/sec/memdir/members.htm> (accessed 23 February 2009); World Bank Group, "International Development Association Voting Power of Member Countries," World Bank, <http://siteresources.worldbank.org/BODINT/Resource-278027-1215524804501/IDACountryVotingTable.pdf> (accessed 23 February 2009).

30 International Monetary Fund, "IMF Members' Quotas and Voting Power, IMF Board of Governors."

31 World Bank Group, "International Development Association Voting Power of Member Countries."

32 International Monetary Fund, "IMF Members' Quotas and Voting Power, IMF Board of Governors";

World Bank Group, "International Development Association Voting Power of Member Countries."

33 International Monetary Fund, "IMF Members' Quotas and Voting Power, IMF Board of Governors"; World Bank Group.

34 World Bank Group, "International Development Association Voting Power of Member Countries."

35 International Monetary Fund, "IMF Members' Quotas and Voting Power, IMF Board of Governors."

36 World Bank Group, "International Development Association Voting Power of Member Countries."

37 International Monetary Fund, "IMF Members' Quotas and Voting Power, IMF Board of Governors."

38 Rodrik, 226-8.

39 Chang, 140-1.

World Bank. Its rules are the sum of fifty years of negotiations between the United States and the European Union, and the United States has more often than not been the leading force pushing for Washington Consensus trade policies. The WTO's intellectual property regulations, for example, which restrict the sale of generic AIDS drugs in Africa and elsewhere, are the product of American proposals. A realignment of the WTO's priorities must, therefore, be preceded by a sea change at the United States Trade Representative's office.

The United States must stop regarding trade as a zero-sum game. This outdated perspective is productive neither for developing countries nor for the United States. Development helps the United States and the world by curbing global problems like disease and population growth and opening new investment opportunities for the United States in the future. The current approach, rather than achieving these goals, has helped to stultify developing countries' economic growth and the WTO itself. The interminable clashing of horns between the United States and developing countries over their perceived trade interests that has defined the Doha trade negotiations has ossified the WTO. The United States must be prepared to allow developing countries to follow a long line of successfully industrializing countries in adopting protectionist trade policies, even while developed countries liberalize.

A common thread runs through development economics and urban planning, both of which are disciplines that try to deal with complex, interactive systems: simple ideas derived from deductive learning have a long track record of failure, while ideas derived from inductive learning which are flexible enough to recognize the unique idiosyncrasies of different systems have a long track record of success. Development economics today, like urban planning in the mid-20th century, relies too heavily on one-size-fits-all solutions which, whether in Russia, Thailand,⁴⁰ El Salvador,⁴¹ and, indeed, much of the developing world,⁴² have consistently failed. The United States can lead development economics out of the Dark Ages by using its influence over the IMF, World Bank and WTO to replace the Washington Consensus on development with a new global consensus that learns from the successes of developing countries rather than ignores them and recognizes that developing states are complex states where ill-considered policies can have unintended consequences.

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40 Stiglitz, 20.

41 Smith-Nonini, 379.

42 Rodrik, 88.

5. Scott, James. *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed*. New Haven: Yale, 1998.
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Rebirth of the Nation?

Challenges and Changes to the Traditional Conceptions of Nationhood in France and Germany

- Laurel Reid

Abstract

This paper has been prompted by the rising problem of Islamophobia in Europe; a problem evident in the recent social tensions in a range of countries, and more famously, the law banning ostentatious religious symbols from French public schools. This is a comparative examination of Franco-German conceptions of nationhood, in terms of membership, and challenges to the traditional conceptions posed by the presence of population segments, which are of a non-traditional origin, and do not fit into the consensus on who is a French or German citizen.

In my paper, I conclude that in the case of Germany, the primordial *jus sanguinis* narrative is still prevalent, but is slowly giving way to a more inclusive conception of membership, which allows for particularisms and difference, while France has failed to incorporate citizens using an interpretation of "universal" values. French attempts to manage its populations by "integrating" and assimilating them has not in fact lead to these peoples' full inclusion, as the norms to which they must adapt are not neutral, but highly contingent on a "Europeanization" of self. It is far easier to reject the traditional German conception of *jus sanguinis* as morally wrong and at odds with current realities, whereas it is far harder to reject and change something, which is presented as neutral, universal and for the incorporation of others. This exploration attempts to contribute to the de-mythologizing of nationhood that will lead hopefully to a more inclusive notion of citizenship and nationhood in a highly transnationalizing world.

Last year, 50% of Germans had an "unfavourable" view of Muslims; in France 30% shared this view. Both of these numbers have increased from four years previously, and are part of a rising trend of Islamophobia in Europe (PEW, 2008). These statistics are only more concerning given the large segments of non-traditional people, including Muslims, in both of these countries.

This paper, prompted by these and other data, is a comparative examination of Franco-German conceptions of nationhood. It will challenge the traditional conceptions posed by the presence of population groups that are classified as non-traditional and do not fit with the consensus of who is a French or German citizen. France and Germany are both countries where population segments are challenging the traditional conceptions of nationhood that have marginalized them. While this effect is explainable in the case of Germany, where nationhood was constructed based on *jus sanguinis*, it is less clear why French nationhood should have resulted in marginalization, given that France was initially conceived as a nation of assimilating differences, with membership based on *jus soli*. This paper will look at how France's construction of the nation-state and relation to nationhood has actually resulted in the social disenfranchising of large segments of its population, and compare this to the way that Germany's conception of nationhood has excluded populations living within its borders. This exploration attempts to contribute to the de-mythologizing of nationhood that will hopefully lead to a more inclusive notion of citizenship and nationhood in a highly transnationalizing world.

Several interpretive frameworks are useful for analyzing ethnic relations, the general concept of a "nation" and its relation to the state. One that has been influential in examining Germany is the primordial approach, illustrated in Rogers Brubaker's seminal work *Citizenship and Nationhood in France and Germany*. This approach considers the nation as an organic entity, based on kinship consolidated through a common culture, language and so forth (1992; POL321H lecture 23 September 2009, Prof. Schwartz). A second approach, instrumentalism, has a more socially constructed take on the ethnic community and nation, and has been divided into two sub-categories: structuralism and constructivism. The former places emphasis on socioeconomic conditions and drastic changes to these, such as modernization and its role in creating the capitalist nation-state. The latter focuses on the role of elite engineering in politicizing ethnicity (POL321H lecture 23 September 2009, Prof. Schwartz). Knowledge of such paradigms is of great import in examining relations between non-traditional and majority populations. However, this paper will not attempt to place Germany and France into one category or another. These theories have certainly provided the background for the interpretation of the creation of the nation-states examined here and the current problems with and challenges to the traditional conceptions of nationhood. I will begin by briefly explaining traditional conceptions – narratives – of the creation of the French and German nation-state, as these are tied to their notions of membership and citizenship. I rely heavily on Brubaker for developing the traditional conceptions as he uses a historical-sociological approach, which illustrates the ethnocultural German conception and the political, or civic, French conception. "Republican values" play a large role in the national narrative

of France, such as *laïcité* and universalism; these are foundations upon which the French nation-state is built. Next, this paper will present a few examples of the current situation in France and Germany to illustrate the current incorporation or exclusion of non-traditional peoples.

In the case of Germany, the primordial *jus sanguinis* narrative is still prevalent, but is slowly giving way to a more inclusive conception which allows for particularisms and difference, while France has failed to incorporate citizens using an interpretation of “universal” values. French attempts to manage its populations by “integrating” and assimilating them has not in fact lead to these peoples’ full inclusion, as the norms to which they must adapt are not neutral, but highly contingent on a “Europeanization” of self. It is far easier to reject the traditional German conception of *jus sanguinis* as morally wrong and at odds with current realities, whereas it is far harder to reject and change something that is presented as neutral, universal and for the incorporation of others.

An important clarification: The term “non-traditional peoples” (or populations) refers to segments of the population that have not “historically” been a part of the national make-up of the country in question. This term has a particular Euro-centric connotation, as in general discourse on “foreigners” and “immigrants”, this refers to people originating from the Maghreb in France, and the Turks in Germany (Alba, Schmidt and Wasmer, 2003), and not other European “immigrants” such as the Poles and Italians in Germany.

Construction of the Nation-state; Mythologized Narrative

In *The French Republic Unveiled*, Max Silverman states, “Although understanding the past does not automatically guarantee a problem-free future, it is fairly safe to say that a mythologized past invariably reduces the possibility of any understanding at all,” (2008). As such, it is necessary first to grasp the general historical tale of the creation of the nation-state, since this is part of the national narrative and thus a factor in inclusionary/exclusionary form of management of “others”.

The German nation-state began as a number of small principalities with a national self-identification under the larger political umbrella of the Holy Roman Empire. It then transitioned to a collectively independent political union, a German state. This resulted in a pre-politicized sense of nation, a German conception of collective self-identification, and thus the narrative that the German people created the German state. Nonetheless, national consciousness was never purely cultural or purely apolitical (Brubaker, 1992). Because of this pre-political nation identification, membership in the German nation - and now nation-state - has been established through the principle of *jus sanguinis*. As such, Germany has been viewed as an ethnocultural nation, understood using a primordial

interpretive framework – a view espoused in Brubaker’s work (1992). He exposes this transition such, “The disparity in scale between supranational Empire and the subnational profusion of sovereign and semisovereign political units fostered the development of an ethnocultural understanding of nationhood,” (Brubaker, 1992, 4). Comparatively, the French myth of the creation of the state has been different.

The creation of the modern-day Republic of France begins with the *Declaration of the Rights of Man and of the Citizen* from 1789, which was further expanded in 1793 (Amselle, 2003). This is in line with the constructivist approach to relations between *ethnie*, nation and state; the French nation was created by the state - military and political elites. The consolidation and increasing of “stateness” by the French monarchy created national sentiment and consciousness and a “bureaucratic monarchy engendered a political and territorial conception of nationhood” (Brubaker, 1992, 4). The French nation was developed over time by the French bureaucratic state. Its creation involved the dissemination of linguistic similarity through the centralized educational system, vast standing armies, and a focus on centralized control of the country by the monarch (McKay and Scott, 1983).

Foundational Principles of the French Nation

The underlying foundational principles of the French Republic are nominally inclusive, but actually result in exclusion of non-traditional peoples. In general discourse on principles of the Republic, or determinants of what really constitutes “France”, several elements consistently arise: the concept of *laïcité*, the assimilationist nature of the nation-state, and the overarching notion of universalism (Bowen, 2007). Louis Dumont is quoted in Jennings thus: “The basic or global French ideology... [a]t bottom it consists of a single principle: the human subject as universal,” (Jennings, 2000). Such a universalistic idea gives rise to a rejection of cultural and moral relativism in French conceptions of “the French” and “France”. If there is a universal conception of what it means to be a human, this does not leave room for any other forms or understandings of “French” to be incorporated into this conception. The *Declaration*, and hence France, was built on the principle of universalism; it was built on notions of existence in society through a rationalist universalism emerging out of the Enlightenment. This serves as the starting point for the creation of the Republican paradigm and the creation of a collective French identity.

A connected idea to the universality of France is *laïcité* – secularism. This is a method of control and ensuring that the country is not threatened by conflicting particularisms: historically, religious ideology. A further foundation of the French Republic is assimilation. This is essentially a manifestation of universalism, a way of

putting it into practice, and de-legitimizing cultural relativity. However, this has not been successful in creating an actual universal French citizen out of the non-traditional peoples from the Maghreb. In the translator's introduction to *Breaking the Silence* Chenut writes that "despite latent anti-Arab discrimination, young women of her [the author's] second generation felt more socially integrated than those of the present third generation," (Amara, 2006). This sense of social rejection and dictated invisibility is manifested in *les banlieues*. These illustrate the disconnect between France's national self-understanding as a nation with universal membership; as long as the foundations of the Republic are respected, assimilation is possible and desirable – yet people feel severely excluded and marginalized despite their French citizenship.

There is a rather troublesome contrast between the foundational principles and ideals of the nation, and the actualities and realities of marginalization, ghettoization, and lack of social mobility.

German Primordialism and Ethnocultural Conception of Membership in Nation

While French principles have been supposedly inclusionary, German conceptions of membership in the nation have been ethnocultural and primordial, with citizenship based on *jus sanguinis*. "The ethnocultural, differentialist understanding of nationhood in Germany is embodied and expressed in a definition of citizenship that ... is remarkably closed to non-German immigrants," (Brubaker, 1992: 3). This notion of an ethnocultural conception of German-ness has had a recent revival in the current generation of young (majority-population) Germans. As a consequence of the Second World War, any sense of national pride or sentiment has been viewed as illegitimate and a social taboo, due to "Germany's" actions in the war, and guilt associated with this complicity on behalf of the German people. This total rejection of any sense or promotion of "German-ness" in the past generation, rejecting their parents' passive acceptance of the Third Reich, has led the current generation to re-embrace notions of German-ness. This shift has resulted in extreme right-wing prominence, especially among lower-income, working class former East German youth, which leads to violent xenophobic acts and Islamophobia aimed at non-traditional peoples (Miller-Idriss, 2009).

Yet this is what makes Germany such an interesting case for comparisons with France. In the early 1990s, Brubaker wrote, "An ethnocultural, differentialist way of thinking about and talking about membership of the German nation-state thus supported an interest in a restrictive definition of citizenship" (Brubaker, 1992: 16). However, less

than ten years later, Germany changed its citizenship law, reworking the 1913 “*Reich Staatsangehörigkeitsgesetz*” (Nationality Act), the main law on German citizenship and nationality (Klopp, 2002: 2). The new law, effective January 2000 incorporates certain elements of *jus soli*, while maintaining certain aspects of *jus sanguinis* (Alba, Schmidt and Wasmer, 2003). Faist and Triadafilopoulos explain that in accordance with this change,

“children born in Germany of foreign parents are automatically granted German citizenship if at least one parent has legally resided in Germany for eight years [down from 15 years in previous relaxations of the 1913 law] and possesses a secured residence status. Prior to this, children of migrants born in Germany maintained their parents’ nationality and thus were officially classified as foreigners, according to the 1913 law” (2006: 1).

This transition clearly contradicts Brubaker’s exposition of Germany as the absolute ethnocultural nation, and marks a distinct change in German political conceptions of who is a member of the Federal Republic. While permanent residents have had social and economic rights, this transition to more a more inclusive conception of citizenship will correspondingly result in a larger number of non-traditional peoples’ ability to possess and exercise political rights, which is an indication of a progression towards greater inclusion. This could symbolize a “loosening up” of the strict ethnocultural notions of German nationhood, progressing, albeit slowly, from a self-understanding as a nation of descent, to a new conception which is able to incorporate into the German narrative, the presence of “others”. The mere fact that politicians have been able to not only recognize the need for a change to the 1913 Nationality Law, but have been able to “sell” it to their constituencies and implement it, may certainly be viewed as a step towards inclusionary norms.

Jenny White, however, writes that

“[r]ather than promoting a practical integration into German society which would allow Turks to retain the identity and support of Turkish family and community, Germans have constructed integration in opposition to what they perceive to be “traditional” Turkish behavior ... The emphasis on behavior means that the Turkish population is categorized in much of the German literature as being neither Turkish nor German” (White, 1997: 759).

This interpretation of German and non-traditional people’s relationship is, similar to

the French case, a relationship of unidirectional acculturation. Political membership in the nation is possible through the new law, but this may not be viewed by the majority population as being a fully legitimate inclusion as a *German* citizen; rather, a citizen *of* Germany. This is not an inclusionary form of membership, but it illustrates a progression away from a pure ethnocultural understanding of membership, formalized through citizenship.

Concluding Thoughts

Ethnocultural restrictions on citizenship are obsolete in a transnational world, yet are somewhat more tangible than abstract philosophical notions of the universality of the human being. The historical myth of the construction of the nation-state has resulted in a more fragile sense of French nationhood: it is more abstract as membership is not based on descent, but on political and linguistic/cultural union, and because of this intangibility, it is more deeply embedded in French national consciousness. French conceptions of national membership are more insecure, thus the French are blind to the exclusionary effects of their “universal” assimilatory paradigms.

Germany is based on traditionally exclusionary principles, ethnocultural primordialism, while France’s underlying philosophy is one of assimilation. However, recent developments show that it is fact in Germany that non-traditional peoples are slowly becoming more included, compared with France where, while they should have been fully included, manifestations of exclusion are prevalent. This is due to Euro-centric notions of what “universal” mean: that the conceptions of universality, assimilation, and *laïcité* have inherent anti-Other, anti-foreigner and anti-non-European connotations. These foundations are important in French conceptions of membership because they exclude under the guise of inclusion - but the terms of inclusion are intrinsically unattainable for the current populations in France of a non-traditional background. Why this is so, why there is this unattainability to French assimilation provokes interesting questions that would provide excellent incentive for further research into conceptions of membership.

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