

Part V

Development Aid as the Postcolonial Codex of
Globalized Capitalism

13 Spreading Dutch Welfarism in the Global South

In many Latin American, South Asian, and Middle Eastern countries, labor laws establish onerous job security regulations, rendering hiring decisions practically irreversible; and the system of worker representation and dispute resolution is subject to often unpredictable government decisionmaking, adding uncertainty to firms' estimates of future labor costs.

– World Bank, *Workers in an Integrating World: World Development Report 1995* (1995: 34)

The falling tide of development politics

As no other Dutch politician, Jan Pronk has been the lodestar of development politics in the Netherlands. He was schooled in the academic side of his career as a junior member of Jan Tinbergen's staff at the then Netherlands Economic School in Rotterdam. The social activism which drove him found release in the Third World movement during the 1960s. Thus equipped he turned to fulltime politics as member of parliament for the Labour Party in the early 1970s and soon became minister charged with the portfolio of development policies. The combination of theory and practice has been a major mark of his professionalism. As a Keynesian economist on the left side of the spectrum he made planning the hallmark of his policies but its blueprints had to be adjusted and compromised in the light of the numerous hitches and switches which he encountered both at the national and international level. While Pronk is eager to point out what needs to be done and endeavours to be the first one to report on how to convert new insights into concrete policies, the disruptions which are bound to happen in this trajectory often beyond hands-on control have remained understated in his performance.

This observation precedes my review of the book which he published in 1994, *De kritische grens. Beschouwingen over tweespalt en orde* (The critical limit: Reflections on discord and order), a collection of essays authored between 1983 and 1993. His account spells out the reappraisal of developmentalism taking place during this decade and discusses the altered landscape from a social-democratic perspective. Though overlap and repetition are difficult to avoid, the format of a book has enabled him to describe and analyse pivotal changes in the politics of development and to digest the

outcome of this exercise from his own *parti pris*. The first chapter summarizes the main features which shaped the short twentieth century lasting from 1919 to 1980: the rise of a global order, the fabrication of a future breaking through tradition and stagnancy; the dominance of capital and technology over labour and nature; the pledge of a better existence for humankind at large framed in the nation state to be instituted on the basis of democratic rules and rights. But the gains yielded have eroded in the context of growing international discord during the 1990s. While national borders were in the recent past the lines of demarcation – culminating in the North-South divide which used to prevail in the early stage of globalization, another contrast has come to the fore which is manifest within the folds of each and every society. It is a divide rooted and reinforced in economic inequality, but the call to affirm inclusion of the autochthonous majority is accompanied by the exclusion and discrimination of alien outsiders. Underlying this cleavage is a fundamentalist mindset of a nationalistic, ethnic, religious or cultural origin which blocks the passage to an open, tolerant and egalitarian society. How can advancement be realized? Minimally by preventing the emergence of an underclass as a social and global contingent. Given the contrarian trend noticed, this objective seems difficult to attain.

A global public sector

Pronk concludes that the development policy which was meant to end created backwardness and dependency of the Third World has failed. The promise to transfer 1 per cent of the gross domestic product from the rich and industrial arenas to the impoverished parts of the world has not materialized. Interaction on an equal footing has been even less avowed. The many rounds of negotiations conducted in the successive development decades have achieved precious little in redressing the skewed North-South balance. The disjointed international economic order which came into existence as a product of the colonial era close to the middle of the twentieth century has continued to diverge. The spiralling of inequity is neither proportionate nor just. It has resulted in a huge waste of scarce resources and progressive underutilization of labour. In his deliberations on these issues, Pronk examines the growing doubts about the appeal or plausibility of planned construction of the economy and society. Part of the social-democratic legacy giving rise to the welfare state are the scenarios which both before and after World War II paved the way to a brighter future, in the Netherlands exemplified by the Plan for Labour (1935), the Road to

Freedom (1951) and *On the Quality of Existence* (1963). Still, these political documents have never been operationalized in manuals for the manufacture of a new social order and even less so at the transnational level. This helps to explain why designated policies for the decolonized countries, as, for instance, the Strategy for the First Development Decade (1961-70) drafted by Jan Tinbergen, was duly discussed but not at all acted upon. Planning as such became increasingly discredited both within and beyond the nation state.

Next to inadequate attempts to check on the executive frame which led to a reification of bureaucratic power, Pronk also criticizes the lack of consensus on values and goals as well as the hollowing out of democratic delegation and participation. Consequently, statism has lost both in significance and credence and has been replaced by boundless reliance on market forces. Flexibilization of employment together with structural adjustment to reduce expenditure on social care and protection are tools of the arsenal with which the doctrine of neoliberalism has become the mainstay of economic and social policies. While Pronk concedes that a reigning in of state dominance is advisable to a certain extent, he is sceptical on the rapidity and extremity with which the hidden hand of the market has been given free play. The reborn primacy of neoclassical economics, he persuasively argues, is in the absence of a reasonable spread of income, power and knowledge a disastrous recipe as it spills over in progressive inequality and injustice. His plea for international political and economic statecraft – ‘there is no alternative’ – is expressed in a later chapter in the desirability of a global public sector. In his rejection of the propagated ideal for small public authority operating with a severely constrained budget, he elaborates on the crucial role which governments have played in achieving material and immaterial progress. This is not merely pertaining to the historical record of welfarism in Europe but also of trusted allies of the ‘free West’ such as Japan and the first generation of Asian ‘tigers’, i.e. Taiwan, South Korea and Singapore.

The downfall of the Third World

Many latter-day accounts on developmentalism lack historical depth. Emphasis only on policies announced in the second half of the twentieth century overstate not only the exceptionality of this brief time span – a drawback of which Pronk cannot be found guilty – but also misconceives the longer term transformation of the global constellation. Paying attention to the worldwide enmeshment in a historical context would contradict the received wisdom that the economic crisis in the 1930s remained restricted to the Western

countries and that a globalized recession did not occur earlier than half a century later on. Pronk's collected essays radiate a mood of looming crisis pervaded by deception and failure. His tone of pessimism is justified but does not properly take into account genuine advancement made in several of the developing economies, those in Asia, in particular. For sure, their achievements have to a large extent remained stuck among the privileged segments of society. But despite this highly unequal divide of the stakes, the number of people much to somewhat better off than before should not be underestimated. It is an appraisal noticeable among the middle ranks of society which lower down in the class hierarchy has whetted the appetite for better days ahead. Ironically, the conclusion that the gains made are due to aid supplied from the West might turn out to be a disputable notion. The opposite is actually time and again the case, since rather than to allow latecomers to catch up in beneficial collaboration, the struggle to achieve progress tends to be fought in competition with the much better-off contingents of humanity accustomed to lay claim to the spoils of global development.

Pronk's book evokes a world view which is inspired by a Western-prone weft. Correctly so in the sense that his point of departure is the ongoing hegemony of the North Atlantic world. However, he is astutely aware of the transferences occurring in the balance of economic and political power as exemplified by the collapse of the socialist regimes in Eastern Europe, the impoverishment of large parts of Africa and the catching-up drive in continental Asia. The Third World as a short-term phase of the postcolonial era has faded away and its collapse owes much to the implosion of the Second World. The contestation in the geopolitical force field, which reflects a much longer trend of emerging versus declining imperialist power mongering is only mentioned in passing, summed up in the chapter which elaborates on a memorandum *A World of Difference* which Pronk drafted in 1990. He does not elaborate on the splitting of our planet in separated blocs and their temporary borders, which illustrates the diminished room for manoeuvre ascribed by him to the nation state as the main unit of analysis. The same idea also finds expression in his perception that the primacy of politics above economics has ended in the 1980s. Their turnaround priority, he argues, is mainly caused by the transnationalization of capitalism which broke free from étatist control.

Discord in worldwide interdependence

Without trivializing the accelerated gap between 'rich' and 'poor' countries, Pronk emphasizes in his examination the accelerated trend of polarization

which is omnipresent where the market mechanism prevails. The leveling down of global inequity was ranked at the top of the designated New International Economic Order. It was a goal which has never found favour among proponents representing the already well-endowed side of humanity and became relegated as a remote ideal in the widely accepted credo which considers inequality to be the engine for the gratification of unbridled wants. Who would want to hear that higher up in this race to ever more the maxim that enough is enough should have been acted upon long ago? The urgent call for limits to growth, let alone for compliance with de-growth, finds few recipients in the realms where prosperity abounds. The incantation that an equitable sharing of the resources needed for global welfarism can no longer be postponed do not impress all those hunting for the accumulation of wealth and its power, turning their back to the immiseration caused by their conduct. The critique Pronk advocates is focused on these dynamics of capitalism.

His anxiety concerns the dire consequences of progressive trend of divergence. Harnessing nature which was preconditional to redemption from stagnation and poverty has escalated into environmental plunder and destruction by stakeholders of an exploitative *modus operandi* that concedes no other trust than instant and gross gains. Pronk does not dwell on the physical threat exceeding from a transgression of sustainable ecological boundaries. In Dutch politics warnings against untamed economic growth were already signalled but not heeded in the early 1980s and Pronk was party to that signal. He holds forth in his essays that discord is of a global magnitude with an all-over trend of more instead of less indigence. Certainly, poverty is a timeless predicament but the predatory capitalism currently raging means that succour from indigence is more difficult to find than in the past when the capital-labour balance was less skewed than it is now.

The trickle down recipe filtering through waged work and income to the lower classes was supposed to gradually improve living standards for all and sundry. It turned out to be wishful thinking and has been acutely exposed as a myth. Due to technological innovation – after mechanization, automation, computerization and robotization – capital tends to replace labour not only in industry but also in all other branches of the economy leading to growing un- or underemployment. Poverty boiling over in destitution has become a fixed condition at the bottom of the heap. Social care benefits, if at all provided, are targeted on small and better-off sections of the workforce but do not reach the most vulnerable classes down below. Locked up in chronic deprivation it is a plight addressed as exclusion. It is a key term coined in

France and launched by Jacques Delors in his failed attempt to add a social paragraph to Europe's economic treaty.

In Pronk's perception exclusion surpasses exploitation in its impact:

All those who are marginalized because neither their labour power nor their purchasing power is required, are cut off from the market and have become redundant to demand. They are not even exploited and in their dispossessed state have nothing of value to share and team up with fellow sufferers to seek collective access to the market and build up bargaining power. (1994: 180-81)

Massive poverty such as revealed in today's world is not the result of an autonomous process of social differentiation but effectuated by policies strenuously executed. This is not an incidental observation but one which is repeated again and again. Rather than proclaiming this overpowering social problem at the apex of political urgency, the misery generated all around seems to increase the glamour of the conspicuous comfort enjoyed by the privileged part of humanity. Rousseau's motto which is the start of this book dates back to the mid-eighteenth century when Europe was still a pre-industrial and pre-capitalist society. Taking stock of the similarities which are of an universal character should not prompt us to ignore major variations in the quantity and quality of the existential deficit. While in the ultra-poor countries half or an even higher share of the population are unable to satisfy their basic needs, in the countries declared as rich are inhabited by a very sizable minority, in the USA estimated at two-fifths and in Western Europe about a quarter of all households, which are unable to make ends meet. Aside from differences in the magnitude of poverty, the concept of deficiency itself needs to be comprehended in relative and relational contextualization. Pronk frames this contrast in scale and intensity in a structural binary which prevails worldwide.

The idea of a societal polarity is not new and has its origin in theories of social-cultural or political-economic dualism. The splitting up of a multi-stratified spectrum in just two parts has been criticized as unduly simplistic. Zooming in on its polar ends, Pronk may have overstated the rigidity of his dualistic model. Mobility both down and up can also be discerned in the lower ranges of the social pyramid and more factual evidence is needed to surmise that accumulation versus dispossession are consistently as well as congruently intertwined, ending in a homogenization of the residual lot. Another reservation I have concerns the notion that people deprived from access to viable means of subsistence are prone to fall back on identities of

kin, creed, caste or tribe in a communal and closed mindset which prevents engagement in wider bonds of affiliation. Exclusion does indeed lead to isolation and alienation but it is a marginality depleted from ideological fervour. Instead of being resorted to by the lot stuck in residual immiseration, such a fundamentalist mindset seems to be more peculiar to the milieu of the petty and well-established bourgeoisie.

These are minor comments which do not distract from my positive appraisal of Pronk's argumentation. His exposition allows us to carefully put on record the intricate composure that should be attached to the poverty concept. The imagery that in the process of globalization the world can be recast as a village with separate quarters leaves much to be desired when the spread of urban and rural slums and their dwellers remain unmapped as well as uninspected in this make-believe landscape. Social Darwinism has towards the end of the twentieth century come back with a vengeance. There is once more no dearth of voices insisting that the pauperized underclass at the bottom of pile consists of an inferior bunch failing to comply with the dictum of self-provisioning, portrayed as a redundant surplus which frustrates those on the good side of the fence in their drive to move higher up in the social scale. It is a mentality bereft from compassion for latecomers, backbenchers and misfits. Although such opinions are commonly expressed where the advance of capitalism has remained thoroughly untamed, it is by no means absent where the struggle for emancipation has been waged with some measure of success in the past.

A political *parti pris*

A feature which I strongly endorse in the writings of Pronk is his refusal to retreat in the technocratic idiom which makes much of the literature on development economics unpalatable for a readership versed in qualification over and above the standard method of quantification. He is adamant to go along with a dominating trend which is apt to discuss development in non-politicized jargon and operationalized as an economic subject which had best be left to professionals of this expertise. In his firm rejection to do so, Pronk makes clear that the selection of goals and the means to realize them are based on political choice. It is an aspiration which, in order to be accomplished, requires to be embedded in a broader policy frame which takes social and cultural propensities into account. Probing into the economic merits of policies without taking into account their unequal spread and plain disregard for a brighter future of the classes

steeped in poverty is counterproductive not only in a political sense. To sideline these masses adds up to a huge underutilization of productive cum consumptive potentiality. It is a rationale which does not halt at the borders of the Dutch welfare state. Pronk has a more encompassing mandate as his charge is a global task which goes far beyond the commitment of homeland politicians.

Why does it remain unattractive to allow the marginalized crowds to become part and parcel of market operations? After all, a badly needed improvement of their low-value labour power and inferior living standard would stimulate growth of production and consumption. According to Pronk, however, this economic compulsion does not operate because the bargaining power of the non-poor is so overwhelming that incentives to deepen the reach of the market are bound to fail. This is a debatable issue in my view because it implies that the efficacy of the market is accepted as the organizing principle for arranging the fabric of society, which amounts to a concession that grounds can and should be contested on non-economistic grounds. The cutting edge of politics is of prime importance in Pronk's unwillingness to abide with exclusion. Giving priority to this adage is definitely not inspired by anxiety for outbreak of a revolution against the established order or, on the opposite side, passive acquiescence in a market dictate which unconditionally subjects labour to capital. No, the crucial problem is the absence of verifiable indications that 'the wretched of the earth' are on the verge of collectively rising in revolt. The more mundane reaction appears to be that growing numbers of desperate victims of unbearable deprivation try to escape and attempt to reach one of the safe havens of the world. Bridging distance as a consequence of modern communication and transport has facilitated departure though, of course, without safeguarding secure and cost-free passage to a better destiny.

The habitus of greed which wards off fair and just distribution of wealth within national borders also sets up barriers against flocks of refugees in search of a better existence away from distress. Dutch prime ministers have again and again warned that the influx of uncalled for outsiders – understood as people of non-Western identity – has reached a critical limit. Their admission or not should be based on a mix of forbidding and humanitarian criteria. In bureaucratic handling this means that the latter yardstick remains superseded by the former one. Pronk thoroughly disagrees with this standing practice and not only because extradition does not square with the free market gospel. He points out the arrival of other ethnicities in the past brought improvement and innovation. Why would that be different in the future? With such statements on the usefulness of minorities Pronk

drew fire in the circuit of majoritarian inclined politicians. He was publicly told to shut up also by the chairperson of his own party.

Where is his own critical limit bound to end? The denial of basic rights of existence to a substantial part of humanity in contrast to putting a premium on further privileging the frontrunners of individualized welfare. Transnational solidarity is his singular impetus. Exclusion also detracts people who happen to be on the secure and safe side of life from the decency and dignity which they claim for themselves. The critical limit is overstepped if not poverty but poor people are seen as a problem beyond solution. When Gunnar Myrdal published his voluminous *Asian Drama: An Enquiry into the Poverty of Nations* (1968), he rendered an opinion (not his own) that the sliding of this huge continent below the sea level would be greeted as an immense disaster but that the shock felt in the better-off quarters of the world might soon be replaced by a feeling of relief.

Pronk draws the line of his critical limit from a social-democratic world view. The initial slogan of transnational solidarity has not really shaped in a concise programme. Its rhetoric doxa is badly in need of revision. His operationalization remains sketchy and mainly leans on Ralf Dahrendorf's formulation: an 'open society', succinctly described as aligning in confrontation with reigning power, intolerance, discrimination and from the opposite perspective redemption of an underclass; an egalitarian social structure; forbearance of dissenting norms and values and culminating in the idea that such a vista on the footing of equity is of civilizational value. Does this phraseology wind up in a plan of action from which the 'surplus' and written off contingents of humankind can draw hope for their emancipation? Pronk is too shy to expound further.

Exclusion can also be differently interpreted than he does by tracing the manner in which the owners of capital try to remain scot-free from social intercourse and control beyond their own ranks. It is an escape which coincides with the accelerated income inequality resulting in wealth which remains increasingly exempt from national and international regimes of taxation. The widening base for state-levied duties, which in a historical process reflects labour's increased bargaining power vis-à-vis capital, slowed down to become converted in a narrowing trend. The push for a turnaround was promoted with the fairy tale that unburdened capital accumulation would boost both economic growth and employment generation. This is an illusionary line of reasoning which ascribes to capitalism a much exaggerated rationality which understates its speculative and wasteful features. The shrinking space for politics and policies of the national state has failed to trigger an strengthening of public and democratic control at levels higher up. Pronk points out that

the international monetary order has become far greater privatized than initially intended and questions multinational concentrations of financial power. Highlighting this stage of corporate capitalism corroborates with the insight that the core tenets of social-democratic vintage are no match for effective counter-play against the gestalt of global capitalism. The code drafted in the 1970s which bound multinationals to fair trade was never practiced and the surmise that international trade unionism would be able to restrain capitalist free play has turned out to be a delusion.

Veritable and verifiable engagement with global discord requires more radical reforms than were placed on the agenda of development policies. The spirit of avarice, captivated in the credo of the insatiability of wants directing *Homo economicus* was, when it conquered space for being practiced, a major vector for a fundamental breakthrough in the forces of production to a higher plane. For the sake of sustainable development the quest for ever more needs to be reined in by audacious austerity. Judicious moderation in the extraction of natural resources is adamant both for the well-being of future generations and for granting the right to a better existence for all those who remain denied from basic decency and dignity. The lustrous way of life led by an overprivileged but minority segment of the human species cannot be the benchmark for equitable spread. Setting a ceiling on wayward wants and conspicuous consumption will not be feasible without a toning down of the luxury and comforts which allows a creamy layer to detach themselves and back out from mainstream society.

A democratic political constellation is rooted in a national order founded on equivalent shares of the yield from socio-economic activity comprised in the structure and dynamics of society. The balance reached mirrors a trajectory of competition and strife which gradually managed to tame the free interplay of market forces by state-induced intervention. It would be an illusion to suggest that further progress of democracy or even consolidation where it has become anchored will be a dominating trend in a world which is embroiled in a absurdly tilted distribution of wealth. Cornering the sources of welfare humans require for bearable existence during the high tide of imperialism spiralled to climax in an appropriation-dispossession mechanism. Industrial capitalism as the driving engine of accelerated globalization was in its initial stage wont to tolerate democratic infringement on its pursuits though for a short time span only. It is a mode of production which seems to thrive in political regimes which grimly constraint labour but condones limitless freedom of capital to operate. Flight of the economy from public control at the level of the nation state urgently needs transnational redress in order to safeguard civil rights in countries which did not bother

to provide space for raising the social question but not much less so in countries which took care to protect labour in a former era of development.

The demise of developmentalism

The crisis which agonizes Pronk is the demise of developmentalism in a slow process of deceleration in the final quarter of the twentieth century. Will the dismantling of the vestiges built up – authority, institutes, disciplines, training and research – sweep aside the expertise gained? The prospect is similar to the one faced by the last generation of colonial officialdom who declared to have been untimely decommissioned from their mission to bring progress. Probably, as also happened then, many among this motley crowd of well-wishers, ranging from field staff to writing table pundits, will find other and useful employment. But the underlying premise that they are the harbingers and fabricators of Western achievements cannot any longer be the banner of their trade. Their role as poster boys or girls of showing the pathway to meritorious Westernization has turned out to be a mirage.

A recent publication assessing the quantity and quality of Dutch aid amply demonstrates its lack of effective impact in the main countries on which this financial and professional aid has been spent (Van Lieshout et al. 2010). The criticism addresses the tardiness and sluggishness of policy headquarters and its accounting mentality. The target group approach which was assumed to reduce poverty failed to take off and went accompanied by a meddling which smacked of neocolonial interference. Assessment criteria were constantly revised which complicated figuring out the effects of action taken and money wasted. All this was grist to the mill for a diverse mixture of opponents to developmentalism. Pronk himself more even-handedly observed that the aid provided has reached beneficiaries only to some extent and for some time, unable to bring progress and improvement where it was badly required. Behind a façade of generosity the self-interest of the donors has remained barely hidden.

Pronk's ambition to be at the top of the league of donor countries and set the tone for daring policies did not find favour with Dutch real politics. His successors at the helm fell in line with the tardy and lukewarm approach to developmentalism. The budget allotted to this ministry was increasingly spent not on the core business but on collateral commitments, such as the merger of former Second World countries into the European Economic Community, dealing with the rapidly growing influx of refugees and emergency aid to cope with natural disasters. It was a leaking away initially registered

as adulteration but not any longer in the political switch which followed to a no-nonsense style of governance. The accelerated pace of globalization did not create growing but shrinking space for the department charged with this portfolio. Pronk, as its main policymaker for many years, was habituated to work with a clear and undiluted agenda and was, in the changing set of political coalitions, diverted to other postings and thus lost control over what had been his prime ambit. Taking stock of war-caused suffering on the Balkans and in Sudan, he gave vent to his shocked appraisal and his final essay – entitled ‘The Lust for Hate’ – speaks of a shattered world view.

How to shape a better future? Drawing the conclusion from a national and transnational career, Pronk rejects muddling through with marginal moderation and piecemeal reforms which does not meet the head-on threat to human and planetary survival. His clarion call is for a fundamental change of norms and values, a new set of policy objectives and institutions. When progressive inequality is indeed the heart of the matter, developmentalism cannot but include restructuring the fabric and drift of ‘developed’ society which is founded on a race for ever more and better. Is Pronk’s dissenting voice likely to contribute to this unexplored mission? Apparently this does not depend on his own drive but first and foremost on the willingness of mainstream politics to allow him to take part in this endeavour.

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