Education, Poverty and the World Bank
Education, Poverty and the World Bank

Phillip W. Jones
University of Sydney, Australia
for my nieces and nephews

The day will come
When I will break
The monotony of being in the periphery
In the seasoned gaps of modernization
Widening gradually and gracefully
To welcome the fall of posterity….

The day will come
When I will pick up the pieces
And provide solace to bereaved nations.

The day will come
When I will worship
Neither in the temple of prejudice
Wrongs and errors of ages bygone
Nor in the sanctuary of borrowed wings and commissioned blessings
The day I will no longer ride
The blinkered swings of the East-West express
And make the sacred voyage to the twilight of progress.

The day will come
When I will undo the curse
And ceremoniously give up
The privilege of being a burden.

– Hassan Keynan (Somalia), 1989
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PREFACE

This book is about the World Bank’s role in education. From 1963, the Bank has made enormous sums available for the expansion and reform of education systems, approaching $40,000 million. Its main purpose in doing so has been to stimulate economic growth and thereby reduce poverty. As a result, the Bank’s view of education has always centered on the links between education and the economy. A diverse range of 129 poor and middle-income countries has borrowed these sums—which they need to repay to the Bank—so that the work of their students and teachers might be organized so as to achieve stated economic objectives. They have done this strictly on the World Bank’s terms.

In 1963, it was commonly thought that it would take only a generation or two for the poorest countries to ‘catch up’ with educational enrolment levels in the richest countries. At the turn of the century, 40 years’ failure was all too evident when Millennium Development Goals were adopted in the United Nations, goals that modestly included a basic level of education for all by 2015. It is not only the eradication of poverty that remains a dream; educational equality between rich and poor countries itself seems an elusive goal. By the Bank’s own estimation, as many as 75 countries will fail to reach the basic MDG of universal primary education by 2015.

A whole array of global, regional and national organizations has been set up to channel aid to the poorer regions of the world. The World Bank is only one of them, but the scale of its lending and the influence it has over economic and social policies across the developing world make it stand out. For many years, I have been interested in how the Bank views its own work, how it sets up priorities for its lending programs and what ideas it puts together to support them. I have never been shy to criticize the Bank; at the same time, I believe that the Bank’s work needs to be carefully researched and interpreted prior to any rush to judgment. Too many observers of the World Bank, in my view, dream up a Bank that they then stampede to praise or condemn.

The stubborn persistence of poverty needs to be explained. Despite enormous amounts of aid, as well as World Bank and other development loans, little impact seems evident on the relative position of the rich and poor countries. The poor, in fact, remain as vulnerable as ever, and the question is inescapable: is the global order set up in such a way that makes their vulnerability inevitable? And what is the position of the World Bank in that pattern of global power relations?

Since the end of the Cold War and the collapse of the Soviet bloc, the World Bank has become truly global. Its global reach was achieved just as scholars and policy makers were embracing the idea of ‘globalization’. In my view, the concept of globalization is a confused one, and has failed to settle down in readily accepted and ultimately useful ways. Globalization ideas usually manage to disguise the stark realities of global power relations and their highly unequal outcomes. More to the point, I believe, is a North-driven program of global economic integration, af-
fecting all countries to be sure but which is central to explaining the persistence of poverty in the South. That program – which I refer to in this book as ‘economic globalization’ – has profound political and cultural consequences, and educational theories, policies and practices are no exception.

How do global power relations relate to poverty? Where does the World Bank stand on economic globalization? What is the impact of economic globalization on education, and how is the World Bank involved? This book addresses these questions and many more besides. I have no doubt that the persistence of global poverty lies at the heart of the world’s problems today, a scandal that is utterly inexcusable and that makes the world so dangerous. Any effort to eradicate poverty is to be applauded, and so an organization as important as the World Bank needs to be carefully examined and assessed. One caveat: in a book of this size, it is not possible to tell the story of the Bank’s work and impact country by country. Its work in any one of them would require many volumes. Rather, I hope that this book will be a useful resource when the Bank’s reach into local settings is explored, a line of investigation that I hope this book will stimulate and inform.
ACKNOWLEDGMENTS

Many people have urged me to write this book, and I am grateful for their trust and encouragement. Having written previously about the World Bank, I appreciate the opportunity to set out some new ideas and some new ways of understanding and interpreting its work, both in education and more generally. I am grateful for the support and careful attention of Peter de Liefde and Michel Lokhorst of Sense Publishers, and for their confidence in this project.

The Australian Research Council has supported my more recent investigations in Washington and in other places, and I especially value the enthusiasm of the ARC’s assessors for this work. My ARC Research Associate Dr David Coleman has made a significant contribution, which is gratefully acknowledged.

The University of Sydney provides a superb research environment, and I acknowledge the support, advice and critique of my colleagues and students. I know that I learn far more from them than I return, and I trust this book will help balance the scorecard. The stimulation of colleagues through the University’s Research Institute for Humanities and Social Sciences has been considerable, and it has been both privilege and pleasure to have been the Institute’s Director these past years.

It is inevitable that a good deal of the World Bank’s financial dealings will remain confidential. At the same time, as an inter-governmental organization and part of the UN system, the Bank needs to hold itself accountable and open to public and political scrutiny. Over time the Bank has become more open, its documents and staff more accessible. My own experience over more than 20 years is such that no request for information has been refused, no interview declined. I am grateful for the times I have been able to work in the Bank’s archives, rub shoulders with staff going about their daily business, see them at work all around the world, and to bombard them with incessant questioning. It is also worth noting how much information, in earlier times routinely locked up, is now available on the World Bank website. Much documentation and data remain hidden, to be sure, but the Bank has taken a major step forward in putting so many of its key documents into the public domain (http://www.worldbank.org).

I am blessed with a wonderful family and so many friends. It is painful to withdraw from your company when writing books like this one, and I thank you all for your love and support. To my two nieces and seven nephews, this book is dedicated in the hope that you will never give up working to make the world a better place. As ever, words fail when it comes to my partner Jon, and I hope he forgives the many disruptions to our life together that completing this book has demanded.
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LIST OF ABBREVIATIONS

ADB  Asian Development Bank
BHN  basic human needs
CDF  Comprehensive Development Framework
DAC  Development Assistance Committee
DFID  Department for International Development (United Kingdom)
ECLA  Economic Commission for Latin America
ECOSOC  Economic and Social Council
EFA  education for all
EPTA  Expanded Program of Technical Assistance
ESW  education sector work
GATS  General Agreement on Trade in Services
HIPC  highly indebted poor country
IBRD  International Bank for Reconstruction and Development
IEG  Independent Evaluation Group
IFI  International Financial Institution
ILO  International Labor Organization
IMF  International Monetary Fund
LICUS  low-income country under stress
MDG  Millennium Development Goal
MIC  middle-income country
NGO  non-governmental organization
OECD  Organization for Economic Co-operation and Development
OED  Operations Evaluation Department
PCR  project completion report
PPAR  project performance audit report
PRSP  Poverty Reduction Strategy Paper
RWG  redistribution with growth
SAL  structural adjustment loan
SAP  structural adjustment program
SECAL  sectoral adjustment lending
TA  technical assistance
TFHES  Task Force on Higher Education and Society
UN  United Nations
UNDG  United Nations Development Group
UNDP  United Nations Development Program
UNESCO  United Nations Educational, Scientific and Cultural Organization
UNICEF  United Nations Children’s Fund
UPE  universal primary education
USAID  United States Agency for International Development
WCEFA  World Conference on Education For All
WTO  World Trade Organization
PART ONE
Poverty is a stubborn enemy. The international community’s answer to poverty – national development through economic growth – has dominated global efforts over the past half century. These efforts point on first inspection to a colossal commitment to material progress, bound up loosely with promoting human rights. Each new decade brings a new program to eradicate poverty by decade’s end, and each new strategy demands fresh injections of political will, technical know-how and finance. The disappointments of one decade merge into fresh aspirations for the next, new personalities taking the lead with revised objectives, policies and targets. It is a predictable ritual in international affairs.

Among the myriad of issues that swirl around the world of development and aid, education has an uneasy place. Is education the key to solving the problems of poverty, or is education part of the problem, at least the kind of education that prevails in so much of the developing world? Is education a sure pathway to economic growth and better living standards, or is this not much more than wishful thinking? In fact, might spending too much on education (especially of the wrong kind) divert scarce resources from other means of tackling poverty?

The themes of poverty, development and global power relations lie at the heart of this book’s examination of the World Bank and its education policies. The World Bank is squarely located within all the confusion that abounds over development theory, policy and practice, occupying a highly ambiguous place within key development debates. What is not in doubt is the power of the Bank – financially in terms of the sheer volume of its lending to developing countries, and politically and technically through the influence of its ideas.

Chapter 1 attempts to show how, over the years of the Bank’s existence, successive solutions to poverty have emerged. Each solution implies a ‘model’ of development, suggesting something about the causes of poverty and how they can be tackled. For some of these models, the Bank has been important, whether by generating the ideas or by applying them around the world; for other models, the Bank has had little part in their development, or has attempted to remain aloof from them. Although each model can be described independently of the others, in practice we see them mingling, as policy-makers in governments and international organizations pragmatically graft on bits of the new to remnants of the old. What the models provide, in reality, are the boundaries of development, prescriptions that determine both the possibilities of and the limits to both policy and action.
Chapter 1 concludes by describing a model that has enjoyed spectacular political success since the end of the Cold War – economic globalization – the World Bank being an exceptionally influential champion. In the following chapter, the themes of Chapter 1 will be extended to education and to its links with poverty and unequal global power relations.

SETTING THE BOUNDARIES OF DEVELOPMENT

The World Bank opened its doors for business in 1946, the product of much design work over the preceding 5 years. Its first 60 years have seen it emerge as the world’s foremost development agency. Yet, what development is and how it is to be achieved remains a matter of confusion and debate. This section sets the scene for thinking about the Bank’s role in promoting development by examining the broad political and intellectual contexts in which the Bank began and continues its work. These contexts are fundamental to how basic judgments are made about what the causes of poverty might be and which are the optimum avenues for pursuing development objectives.

Establishing a new world order

During the course of World War Two, much energy was expended in designing the post-war world. Even before the United States joined in the hostilities, Washington bureaucrats were actively assessing the multiple failures of international order and stability during the 1930s, not only in economic and political terms, but also in the more fundamental domains of ideas and their cultural expression. Although the United States was careful to consult its major allies (above all the United Kingdom), it had more or less a free hand to impose its designs on a fractured and distracted world.

One of the matters that required assessment in Washington was how to design tangible structures to promote a more ordered and secure world, and whether the United States would be actively associated with them. US President Franklin D. Roosevelt persisted in his determination that the United States would not remain aloof and isolated from emerging post-war arrangements, as was the case with US absence from the League of Nations. In many senses, it was US President Woodrow Wilson who in the aftermath of World War One had devised a blueprint for international co-operation so that the peace might endure. Wilson’s idealist vision, that the principles of democracy could effectively be applied in both domestic and international arenas, failed to carry sufficient weight in Congress, and when the time came to establish a great experiment in the construction of international order, the League had to make do without the United States (see Long and Wilson, 1995).

Inheriting much of Wilson’s idealist internationalism, Roosevelt nevertheless provided a stark contrast through his capacity to carry public and political opinion in favor of active US engagement in post-war international arrangements. Perhaps the most tangible outcome was how the design and establishment of the United Na-
tions would reflect US foreign policy ambitions. It was a complex moment in world history, and the issues had to do with far more than the design of the UN. The moment provided scope for a wide array of ideas to compete for acceptance, ideas about the basic ordering of economic and political life, at both domestic and international levels. Yet even a simple reading of the time would underscore the rapid realization, during the course of the war, that a new demarcation in global life was emerging: state-led socialism had emphatically emerged as capitalism’s arch rival following its victory over state-led fascism (see Divine, 1967; Hoopes and Brinkley, 1997; Schlesinger, 2003).

Two major conferences consolidated US designs for post-war international order. The first tackled the ordering of the world economy, designing the institutions of economic multilateralism. The outcome, the so-called Bretton Woods institutions named after the location of the July 1944 conference in New Hampshire, saw agreement on an International Monetary Fund (IMF) planned for the short-term ordering of balance-of-payments matters among governments, and an International Bank for Reconstruction and Development (IBRD, the ‘World Bank’) dedicated to providing investment funds to governments, initially for the rebuilding of war-ravaged economies and later for the development of the world’s poorer regions. Formally, the IMF and IBRD were designated as UN agencies, but in practice they cherished an independent mindset, keeping their distance and cultivating imagery of detachment from day-to-day politics elsewhere in the UN.

The other key meeting took place in San Francisco in April-June 1945, for the design of the United Nations system, the institutions of political multilateralism. The UN Charter was an eloquent summary of contemporary liberal social thought, looking to ‘social progress and better standards of life in larger freedom’ (Article 1) and to the establishment of ‘international machinery’ to promote these objectives. Article 55 went further, looking to ‘higher standards of living, full employment, and conditions of economic and social progress and development.’ This was reminiscent of Roosevelt’s address in 1941 calling for recognition of ‘four freedoms’ and of the Atlantic Charter of the same year. In short, the Charter saw the future of political security and of economic security as co-dependent.

Implicit in the design of both economic and political multilateralism was a set of ideas about how best to organize human affairs so that the emerging peace might be safeguarded, new international balances of power maintained, and prospects for international security and prosperity maximized. For his part, Roosevelt was determined that the design of both economic and political multilateralism would go hand in hand, that they would ultimately serve common purposes and interests, and that the United States would be the driving force within each. This was to prove a crucial alignment for developing countries.
The post-war Keynesian consensus on governance and nation building

It was a world brimming with ideas, both old and new. When it came to thinking about promoting prosperity, it was natural for the shadow of the great depression of the 1930s to impose a sense of reality on any expansive thinking. Classical economic thought had to date placed emphasis on individuals as economic actors, motivated through self-interest to make rational judgments and to exercise their ingenuity. Summed up most famously in Adam Smith’s 1776 *Wealth of nations*, classical economics had placed emphasis on individual liberty, free markets, and a minimum of state involvement in economic life (Smith, 1976). One of the fundamental jobs of the state, in fact, was to guarantee and defend citizens’ rights, especially the right of individual economic actors to be free of coercion, retaining freedoms to engage in trade and to further their own enterprises. This view of the state was central to how classical thought would impact on public policies: the state had this protective role, keeping both markets and individuals free. States were not to intervene, and most certainly were not to promote other forms of individual rights (such as the right to education, employment or health care).

The economic calamities of the 1930s brought profound disorder upon both domestic economies and the world economic system. The pre-eminent British economist of the time, John Maynard Keynes, had made his mark with a biting analysis of the international financial system as it had emerged after World War One. For Keynes, the 1919 Treaty of Versailles was a cruel and vindictive instrument, whereby the citizens of post-war Germany were obliged to keep the international monetary system afloat through voluminous payments – war reparations – as a consequence of their defeat in 1918. In his *Economic consequences of the peace*, Keynes argued that the Treaty was far from being a noble expression of the desire to place the world on a stable, democratic and peaceful footing. Rather, he saw it as an instrument that would humiliate the German people, crippling their economy and sowing the seeds of profound discontent (Keynes, 1919).

Keynes was generally attracted to classical economic orthodoxy (he had made a fortune on the stock market), yet he departed from it in a major way, inspired as he was to apply democratic principles to both domestic and international economic life. Keynes developed principles whereby the state could legitimately intervene in economic life, and in accordance with the rights and freedoms so essential to democratic practice. For Keynes, *laissez-faire* principles – literally the ‘leaving alone’ of economic actors and systems, especially from state interference or control – were shown through the 1930s to be incapable of heading off both domestic and international disaster. His solution – government spending in order to create jobs and to develop economic infrastructure – was in stark contrast to prevailing orthodoxy. In good times, Keynes argued, governments would save; in bad times, by contrast, they could (and probably should) borrow in order to stimulate economic recovery and growth through job creation (Keynes, 1936).

Keynes was not alone in advocating that governments get involved, either to spend in order to kick-start economic recovery, or even to spend in order to head off re-
cession in the first place. Roosevelt’s New Deal was a notable example of the former. Keynes’ innovation was to encourage government borrowings for such purposes, and this principle underpinned a system of economic policy making that has come to be known as the ‘Keynesian’ approach. As soon as hostilities had ended, and western governments turned to rebuild and restore their economies, government borrowings for these purposes came to signal a new form of capitalism, one that signalled the emergence of the interventionist state. At the top of the list was full employment, but workers came to recognize and expect other benefits, not least such social benefits as improved housing, welfare, education and health care, items that workers naturally came to see as ‘rights’.

The post-war Keynesian consensus involved the linking of this new liberalism with the conduct of economic affairs: national economies were to be managed by governments, and along redistributive lines. More efficient and humane economies would emerge, through the democratic leadership of governments. As early as 1941, the Atlantic Charter enshrined such principles, looking to improved labor standards, economic advancement and social security as key objectives of international collaboration. Four years later, the UN Charter went further, expressing commitments to higher standards of living, full employment and conditions of economic and social progress and development. These were statements signed by governments, and they left no doubt that it was to be government-led actions that were to secure these objectives (for overviews, see Finnemore, 1996; Lumsdaine, 1993; Ruggie, 1983).

In terms of international power relations, the strategy was especially potent as an instrument to safeguard capitalism against state-led socialism, not only in the communist bloc led from Moscow, but also in those western European countries seen as most likely to elect socialist and possibly communist governments, notably France, Italy and Greece. For the United States, its prime foreign policy objective was to head off the spread of communism and state-led socialism, initially containing it and thwarting any wider appeal. From 1947, for example, the Marshall Plan for the re-building of western Europe was a bold attempt not only to pump billions of dollars into post-war reconstruction, but also to win ‘hearts and minds’ for capitalism through direct (i.e. bilateral) US aid. The bilateral and multilateral foreign policies of the United States and each of its close allies were fundamentally shaped by this broad objective, affecting among many other things how the western world came to understand – and to promote and even impose – the meaning of development.

Universality, democratic rights and the developing world

The first 15 years after World War Two witnessed not only the great divide between nations led by Washington and those led by Moscow. It was also a period of unprecedented nation building, whereby many dozens of countries gained their independence from colonial rule. From the defining cases of India in 1947 and Indonesia in 1949 through to the early 1960s in Africa (where 18 new nations were
established in 1960 alone) the wave of decolonization dominated the political shaping of the world, emphatically under the shadow of the Cold War divide.

What was evident in this great transformation was that western perspectives and experience would determine patterns of governance and nation building. The Keynesian ‘consensus’, now accepted across the capitalist West as a model for economic management, provided a palatable model for how the governments of the emerging nations could proceed to construct new nations. Again, the United States and its major allies projected hope that communism’s appeal could be contained through imagery of the benevolent Keynesian state, committed to building better lives in the new nations by extending access to employment, health, welfare and education. Foreign aid had this broad objective, and the emerging nations were ‘taught’ to think along similar lines.

Although in each country there was a keen sense of new beginnings – and the symbolism of nation building, of extending educational opportunity, and of raising living standards was undeniably potent – there lay underneath two stark realities: that legacies from the days of colonial administration would prove enduring, and that imagery of what it meant to be a modern, independent nation would continue to be derived from the West. Patterns of colonization varied greatly, from colony to colony and from colonizer to colonizer. Once the fundamental objectives of colonization had been attained – securing the subjugation of local populations so that rapacious exploitation could proceed unhindered – differences emerged in how best to give further expression to colonial rule.

In some places, there was virtually a total neglect of indigenous welfare, health and education. In others, a select core of local people was required for administrative purposes, and so some form of education was required to ensure sufficient grasp of literacy, numeracy and organizational skills. In others, both colonial administrators and Christian missionaries joined in ventures designed to improve indigenous wellbeing, often through practical enterprises and skills development related to improved subsistence and better health. Towards the end, some places saw more expansive cultural objectives in place, whereby colonized populations as a whole were deemed capable of joining the civilized world, through political, religious and cultural conversion.

It was generally accepted from the very beginning that the fledgling UN system would have a key role to play in decolonization and in development. Since 1945 there has been an interesting interplay between two basic strategic positions – appeal to human rights and appeal to modernization. It will be recalled that classical orthodox models of economic life place emphasis on the freedom of citizens – as economic actors – to be free of coercion. They should enjoy the right to trade, to assemble, to exercise religious belief, to be free especially from an interfering state, what are generally known as first generational rights. When it comes to the Keynesian ‘consensus’, more comprehensive expressions of human rights (e.g. rights to employment, health care and education) were not inherently fundamental, yet in time the consensus about the benevolent state provided fertile ground for
such aspirations. It did not take long for the UN to embrace these, what came to be known as second generational rights. It also did not take long for the UN to establish international agreements that saw issues of peace and security among states as being intimately bound up with issues of human rights and justice within states. Both steps were a giant leap from classical orthodoxy.

The UN ‘value system’ is well described as an interdependent set of core values embracing peace, security, justice, law, human rights, national self-determination, democracy, the environment and economic and social well-being (White 2002). Over its first half-century, the UN embraced three ‘generations’ of rights: first, political rights (such as freedom of speech, assembly and political association – highly compatible with classic orthodoxy); second, economic, social and cultural rights; and third, the collective rights of peoples (on first generational rights, see Finnis, 1980; on the second Shue, 1983; on the third Crawford, 1988). The 1948 Universal Declaration of Human Rights clearly gave expression to both first and second generational rights, third generational rights taking more time to be adopted. As far as national development strategies around the world were concerned, the universality of UN human rights principles meant a tight connection between the achievement of political and civil rights and entitlements to fundamental material needs, not least food, clean water, shelter and health care for all persons regardless of nationality or circumstances. Such rights were seen not only as universal: they were inseparable and indivisible.

Whether a concern for human rights as a driver of development strategies was fundamental to or essentially separable from economic policy formation remains a key divide. Classic orthodoxy would insist on the division, again on the grounds that the dynamics of economic life and growth function optimally when kept separate from the conduct of politics and state intervention. Keynesian and other models would insist on political mechanisms to ensure the best outcomes, whether expressed purely in terms of economic benefit or more broadly in terms of ‘human’ benefits.

Within the UN system, it was the organizations of political multilateralism (e.g. the General Assembly, the Economic and Social Council, UNESCO) that gave expression to human rights and their key place in development strategies, whereas it has been the institutions of economic multilateralism (the Bretton Woods organizations) that have placed emphasis on purely technical economic rationales for constructing development policies, even if within Keynesian frameworks. In general terms, when the World Bank and IMF have been interested in rights, it has been at the first generational level, with emphasis placed on the rights of economic actors, rather than on second and third generational rights. Their language has more commonly been that of basic human needs, not rights (on rights within the UN system, see White, 2002; Dunne and Wheeler, 1999; Lauren, 1998; Donnelly, 1993).
Although the Keynesian consensus on state-led economic management was generally extended to the developing world, theories of economic growth needed rapid revision in order to be useful in them. To be sure, embedded liberalism was enshrined in western aid programs and in the work of international organizations, reinforced by the emphasis on state-led planning so evident in the socialist economies. The emergence of development economics signalled a conviction that the new nations required a new set of theories about growth, that the western experience was not entirely suitable for replication. This is in stark contrast to classical models, whose proponents saw them as of universal applicability, in rich and poor countries alike. As development economics emerged in the 1940s and 1950s, however, it is significant that it was the Keynesian consensus that attracted them, rather than classical orthodoxy. The redistributive, managed economy, driven by state-led planning, provided fertile ground for the emergence of this new branch of economic theory. At the same time, economic growth remained the key objective.

The wartime assessments of the world’s ‘underdeveloped’ areas looked essentially to the need to narrow the gap between them and the West. Eugene Staley’s ‘world development plan’ (1939), Paul Rosenstein-Rodan’s 1944 essay on the ‘international development of economically backward areas’ and Arthur Lewis’ famous declaration in 1944 – all were early expressions of the view that the main game in economic development was for per capita income levels in poor countries to catch up with those in the West. The first UNESCO Director-General Julian Huxley captured the spirit of the times in declaring development to be essentially a process of ‘equalization’ (Huxley, 1947). Much more detailed elaborations appeared during the 1950s, most famously with Lewis’ great 1955 volume The theory of economic growth, and Walt Rostow’s The stages of economic growth (1960).

An early divide emerged. It concerned the relative importance of domestic versus international factors in development. Lewis’ preoccupation was with what he termed the developing world’s surplus labor. In fact, he declared, the poor countries enjoyed a virtually inexhaustible supply of labor, yet development prospects were constrained primarily because that labor pool lacked access to modern machinery. Traditional family farming held wages at an absolute minimum, and Lewis saw this as particularly advantageous should governments be prepared to invest in industrialization using this cheap labor force. Whether isolated parts of the economy should be singled out for industrialization, or whether the process should be more uniform overall, was an important debate (Nurske, 1953; Hirschman, 1958).

In 1951, a group that included Lewis, Theodore Schultz and George Hakim had prepared for the UN Economic and Social Council (ECOSOC) a landmark report Measures for the economic development of under-developed countries (UN Department of Economic Affairs, 1951). The report was pointed in its attack on the World Bank for ignoring domestic dynamics in development planning, putting ‘the cart of foreign exchange difficulties before the horse of economic development’ (pp. 82-83). At the same time, other influential economists were arguing that fun-
Fundamental to the developing world’s prospects was its overall capacity to reap the benefits of international trade. Two separate lines of investigation had reached similar conclusions (Prebisch, 1950; Singer, 1950) that, just to maintain a certain level of imports, developing countries would need to export more and more of their primary goods and commodities.

These ‘declining terms of trade’ meant that without dramatic shifts, the developing world would sink even further into poverty, given that a country’s resources would become depleted simply in order to maintain existing levels of income. The Prebisch-Singer thesis, as the argument came to be known, pointed to an obvious conclusion: relying on the export of primary goods and commodities was doomed as a development strategy. Developing countries were faced with only one major alternative, to build up industrial capacity in order themselves to export more finished, secondary goods. This was the birth of structuralism in development theory, whose models of development underscored the need to alter the structural conditions facing the under-developed nations, most notably the terms of trade.

Again, state-led action was needed. Ragnar Nurske was arguing for careful state investment in selected industries, so that a stimulated process of industrialization would then attract private investment (Nurske, 1953; see also Nurske, 1961). Paul Rosenstein-Rodan argued for the ‘big push’, investment in planning and physical infrastructure for industrialization, on a scale that the private sector would never provide. Rosenstein-Rodan through the 1950s was an important World Bank staffer, perhaps seen inside the Bank as more of an economic theorist than operational banker. Nevertheless his view of the big push to drive forward massive levels of industrialization both influenced and reflected World Bank practice of the day. Development was about building up physical infrastructure, especially of the kind that could directly or indirectly boost exports. Just as the immediate post-war years saw the Bank provide loans for replacing and modernizing Europe’s war-torn economies, so too the Bank transferred this line of thinking to much of the developing world. For the Bank, its view of promoting and assisting development revolved around its own capacity to provide governments with significant loan funds to finance rapid industrialization.

In many important ways, the early divide in economic development theory between a domestic and an international focus was temporary, in that more comprehensive theories were to emerge that bound together solutions to domestic and international concerns alike. The most influential theory, and the most enduring in policy terms and political appeal, was modernization theory. Modernization theory can be too easily misunderstood, being somewhat more refined than everyday use of the work ‘modern’ would suggest. In terms of the evolution of development theories, the connotations of ‘modernization’ are more focussed, addressing particular problems and proposing particular solutions to them.

At the heart of modernization theory lay the contrast it depicted between traditional and modern societies. Traditional societies remained so – and therefore trapped in poverty and low cycles of growth – essentially because they were strongly rein-
forced by culturally prevailing value systems. People in traditional societies were deemed as bound to tradition, their behavior unreasonably shaped by religion or superstition, their social relations frozen by traditional power structures and the obligations of family or caste, their general orientation being one of social stability rather than change. By contrast, modern societies were shaped by people who were open to change and eager to promote it, adopting a scientific outlook on life, flexible in their social relations, willing to take risks. The modern person was efficient, with a work ethic that emphasized not only hard work but also an entrepreneurial spirit driven by profit motives.

David McClelland’s *The achieving society* (1961) was an especially influential expression of these principles, principles that were seen as of universal relevance. The world was regarded as one, all peoples and societies sharing a common path from the traditional to the modern. The universality of modernization theory’s diagnosis of tradition (or ‘underdevelopment’) was not driven to any great extent by empirical evidence. Rather, it was normative, promoting a value system that placed a premium on the western experience of industrialization. It was as if development (or modernity) could best be described as westernization, provided it was of the right ideological and political kind.

Equally influential at the time was Walt Rostow’s 1960 classic *The stages of growth* in which he argued for the universality of the modernization thesis, placed explicitly on a normative basis so evident in the book’s sub-title *A non-communist manifesto*. Rostow’s prescribed stages were not merely economic in nature, but also political, cultural and social. Modernization theory’s assumptions about the overtaking of tradition through appropriate behavioral changes driven by a new outlook and value system were steeped in assumptions derived from the North American behaviorist school. It was an intensely psychological approach with, for example, such notions as the economic entrepreneur defying the *status quo* in a traditional society being analyzed in terms of behaviorist theories of deviance (on modernization, see also Lerner, 1958; Apter, 1965; Levy, 1966; Inkeles and Smith, 1974).

For education, as we shall see in Chapter 2, modernization theory had profound implications, not only for the formal content of curriculum but also for the entire value systems, outlook and dispositions that educational institutions would promote and through which they would be organized. In a traditional village, it was the school that above all else would provide a path to modernity: cross the threshold into the classroom, and you would enter a new world. Chapter 2 also considers the emergence at the same time of an associated concept that proved to be far more enduring than modernization theory – human capital theory – which to this day underpins much educational policy formation, from the richest to the poorest countries, and which has endured as a fundamental driver of World Bank education policy.

Derived from attempts to explain the astonishing economic growth rates experienced across the West after World War Two, such economists as Theodore Schultz
(1963) and Gary Becker (1964) were arguing that growth was not simply a matter of making available industrial plant; rather, it was a matter of the technical know-how that made the best use of physical infrastructure. Theories of development (that placed emphasis on the provision of economic capital in order to build up the physical capital of industrial resources) were challenged to take into account the radical difference that the quality of human capital and human resources could make to economic growth. In particular, human capital theory trained its eye on individual workers, arguing that with the right skills and capacities workers would be able to increase their efficiency and productivity levels, working smarter and better in both existing jobs and in new kinds of jobs, so that their higher levels of output would generate economic expansion.

**Westernization challenged: voices from the South**

The first wave of internationally focused development theory discussed above opened up structuralism as an approach for grounding understandings of poverty and development. Adherents to the Prebisch-Singer thesis were concerned to find solutions to the declining terms of trade that inevitably faced countries reliant on their export of primary commodities. One of the fundamental assumptions that had underpinned the idealist accounts of internationalism – so basic in the design of the post-war world (and not least of the UN’s institutions of economic and political multilateralism) – was that the economic and political foundations of the global system of states and of inter-state relations were firmly set in place. Idealist internationalism failed to take into account competing interests, and there quickly emerged after the war a realist line of analysis ushered in by British historian E.H. Carr’s *Twenty years crisis, 1919-1939*. This subtle and complex account placed the spotlight on class and on competing class interests, rejecting a view of the harmony of interests so essential in internationalism (Carr, 1939). Carr’s achievement was to apply basic Marxian accounts to contemporary problems in international relations, arguing how class differences prevailed at both domestic and international levels. The ensuing realist school of international relations theory thus recognized as a central concern the inevitable instability of the post-war order, states needing to find ways to manage inherent and on-going seeds of conflict (the fundamental account is Hans Morgenthau’s 1948 classic *Politics among nations: The struggle for power and peace*).

Yet from the developing world came assertive voices that were more intent on changing existing power relations between rich and poor nations than merely understanding and working within them. Raul Prebisch was an early exponent of structuralist analyses of the world economy, pointing to the uneven terms of international trade. In 1950, Prebisch was appointed Director of the newly-established UN Economic Commission for Latin America (ECLA) in Santiago, recruiting a formidable team of economists who would shape much of the emerging structuralist school (including Osvaldo Sunkel, Dudley Seers and Celso Furtado). Published in the same year, Prebisch’s seminal *The economic development of Latin America*...
and its principal problems (1950) influenced two subsequent decades of analysis that came to be known as the Latin American dependency (dependencia) school. Paul Baran’s *The political economy of growth* (1957), André Gunder Frank’s *Capitalism and underdevelopment in Latin America* (1967) and Samir Amin’s *Neo-colonialism in West Africa* (1973) were highly influential components of the Latin American analysis and its application in other neo-colonial settings. Drawing heavily on Leninist accounts of imperialism, dependency theories quickly diversified to gain a much wider appeal. Perhaps the culmination was the publication in 1974 of Immanuel Wallerstein’s *The modern world system*, ushering in world systems theory as a more generalized elaboration of Latin American and other dependency theories.

Essentially, world systems analyses saw the world as a single economic system, dominated by controlling states (the core or metropole) penetrating and manipulating the remainder (the periphery). World systems’ appeal to history was profound, seeing in historical accounts of imperialism and neo-colonialism the establishment of highly unequal global power relations, little changed by processes of decolonization and transfers of sovereignty. Structured global inequality was little respecter of formal political status, the achievement of national independence by peripheral states barely affecting the terms of international economic relations. For world systems theorists, then, the economic standing of any country could readily be assessed in terms of its relative position in the world economy, a single coherent system that produced and sustains the underdevelopment of the poor (Amin, 1977; Bornschier and Chase-Dunn, 1985). Rhetoric about national equality, sovereignty and universal rights was seen as empty. Western patterns of foreign relations, bilateral and multilateral aid, and international organizations (such as the IMF and World Bank) were seen as components of the West’s arsenal of recolonizing institutions (Hayter, 1971; Mende, 1973).

Both dependency and the broader world systems accounts placed considerable emphasis on the role of local elites in periphery countries, who as individuals and as groups adopted much of the outlook and values of the core, aligning their own interests with it. Occupying key positions in economic, military, political and cultural spheres, elites were seen to strive to maintain their positions by controlling access to their ranks and by suppressing opposition, relying on the ultimate support of the core. Controlling education and access to education was a fundamental component of elite strategies, both for the adoption of western ways and for limiting access to elite status.

World systems accounts rejected the transnationalist accounts implicit in modernization theory. As a universal account of global transformation in ideal form, modernization placed some emphasis on interdependence, the inevitability in global transformation that modern states were necessarily engaged in ‘inter-state’ and ‘trans-national’ relations. Through the 1970s and 1980s, Robert Keohane and Joseph Nye had indeed questioned the dominance in much international relations literature of the state as a key and unitary actor. A range of civil society actors
complemented, extended and even transcended the autonomy of states, a pluralist approach that looked to a multiplicity of actors, motivations, issues and avenues whereby transnational relations proceeded as a complete system (see Keohane and Nye, 1972; Keohane and Nye, 1977). Nevertheless, such work implicitly adopted many of the assumptions of modernization theory, the modernizing state being a transnationalist, pluralist state as a normative imperative. By contrast, dependency and world systems accounts explicitly rejected such normative requirements, peripheral nations having little to gain and indeed much to lose from international engagement and the global system’s conduct of economic and power relations.

The political appeal of modernization was considerable, expressed dynamically through its multiple programmatic demands, unlike dependency and world systems analyses that tended to be far weaker influences on policy. This brings us back to competing views of the role of the state as an actor in economic life and as a driver of development. For modernization theory, the role of the state was central. A state-led policy framework would be implemented by a bureaucracy that was both modern and modernizing. The strength of the state and of its institutions was regarded as a crucial dimension of development requirements, the modernizing state a dynamic, technocratic instrument idealized as a fundamental requirement for development. For newly-independent nations, the political appeal of modernization was considerable, given prevailing value systems that placed westernization at the fore of development blueprints. By contrast, dependency and world systems accounts, while strong on diagnosis of underdevelopment, were relatively weak in prompting and shaping programmatic interventions of the kind likely to be taken up at official policy level. To be sure, there was much of rhetorical appeal (especially in the United Nations General Assembly and such agencies as UNESCO) but translation into policy content was impossible without directly upsetting prevailing power structures, even if the rhetoric stimulated much by way of Third World identity and unity (see Krasner, 1983).

The spirit of the times was captured in other ways as well. Of considerable significance at the time of publication was Gunnar Myrdal’s *Asian drama: An enquiry into the poverty of nations* (1968), instrumental in placing poverty at center stage. Dudley Seers and his group at the University of Sussex Institute for Development Studies similarly constructed views of development that put poverty alleviation at the heart of things (see Seers and Joy, 1971). Such accounts reflected views that saw development not only in technical terms but also normatively. As Seers put it in 1972, ‘development is inevitably a normative concept’, mass poverty objectionable by any religious or ethical criterion (Seers, 1972: 23). Such stances opened out development policy to more intense political scrutiny, and were bound to clash with views that claimed objective universality.
The Keynesian consensus that had shaped so much thinking about development in the South was shattered by the escalation of Third World debt – to unprecedented and unmanageable levels – in the early 1980s. This was a time when, in the North, leading political critics of Keynesian thinking had gained ascendancy, especially in the United Kingdom and United States. The governments of Margaret Thatcher and Ronald Reagan wielded enormous influence worldwide in their vigorous construction of a classical alternative to Keynesian models. Their impact on the economic, political and social fabric in western countries was decisive; with the collapse of the Soviet Union a raft of new ‘transition’ republics in eastern and central Europe and in central Asia came under their influence; and in the South they provided a stark alternative to Keynesian models of development.

Understanding economic globalization

The revival of classical models of economic thought and behavior – with their focus on the individual as the prime economic actor, motivated by self-interest and deemed best left to act in the market place unhampered by the state – points to a fundamental means of comprehending the meaning, dynamics and significance of globalization. ‘Globalization’ is a word that brings with it a myriad of connotations, multiple meanings, a cascade of interpretations and a raft of explanatory theories. Leslie Sklair has proposed four major groupings, in an attempt to give some sense of order to a generally disorderly picture (Sklair, 1999):

- the world-systems approach (along the lines discussed in the previous section, whereby the world is seen as a single economic system governed from the core at the expense of the periphery)
- the global culture approach (with emphasis on the ‘globalization of culture’, though such means as the global mass media, the ‘homogenization’ of cultural forms with profound implications for both national and local identities)
- the global society approach (whereby for the first time advances in science, technology, industry and universal values produce a compression of time-space relationships, a growth of global institutions, and possibilities for a global society along the lines proposed by modernization models of development)
- the global capitalism approach (along the lines to be discussed now).

In terms of the last of these, it is worth recalling that, in essence, economic globalization has been a concept that has grown up in the business world in an attempt to make business more profitable, efficient and independent of regulation. Since the end of the Cold War – the so-called ‘end of history’ in that the last great struggle (between capitalism and communism) has been concluded (Fukuyama, 1992) – it has been the literal onslaught of economic globalization that has given shape to
global economic change. The meaning of development, the analysis of poverty, the construction of policies to promote one and alleviate the other, the conduct of government in developing countries and the construction of aid priorities and programs— all can now be said to be essentially determined in light of the revival of classical economic thought.

In popular, everyday usage, ‘globalization’ invokes new patterns of human experience, a process of global transformation whereby the speed, intensity and breadth of change is such that no aspect of economic, political and cultural life is left untouched. Depending on the way globalization is perceived and understood, it is either embedded deep in human history, unfolding inexorably over time, or it is relatively or entirely new. It signifies the breakdown of geography, the compression of time and space, the *deterritorialization* of human experience, whether described at the personal, local or global level.

The breakdown of spatial significance is said to carry with it profound shifts in how persons and social institutions construct their identities and how they perceive social relations, including power relations. In particular, relying on the state and on expressions of state-institutionalized identity becomes less central in determining how people think and behave, how they view themselves and others. Although popular imagery of globalization places some emphasis on the global movement of things—goods, people, finance, jobs, services, technologies and ideas—I find it more productive and revealing to focus, rather, on systematic and structural integration on a global scale (examples of overviews that proved to be influential over the subsequent decade include Waters, 1995; Hirst and Thompson, 1996; Scholte, 1997; Held and McGrew, 1999).

Although this approach carries some risk of over-simplifying things, it is nevertheless useful to consider globalization as being currently driven by its economic imperatives. This places less emphasis on globalization as a cultural phenomenon that both lacks intentionality and spirals out of control. Rather, it sees globalization as essentially an expression, consolidation and diversification of western capitalism, carrying with it profound cultural and political implications, but nevertheless an economic phenomenon at the core. At the very least, the ways in which globalization as a cultural and political phenomenon are playing out in the contemporary world are very much shaped by the drivers of economic globalization.

Economic globalization has its own logic, its own program and its own promoters— all to do with the construction of a single *globalized* economy, a functional entity operating in keeping with clear and consistently applied economic principles. These are the principles of *neoclassical* orthodoxy. Economic globalization is a program with wide-ranging objectives and agenda, with deep significance as a driver of wide-ranging cultural, political and technological changes (see Carnoy et al., 1993; Burbach et al., 1996; Strange, 1996; Hoekman and Kostecki, 2001).

The thinking behind the economic globalization project is frequently referred to as *neoliberalism*, an approach that had its origins in 19th century ideals that looked to
free trade and freely operating economic markets, supported and protected by the state but not controlled or shaped by it. State agencies were looked to in order to ensure the capacity of the economic system at local level to be a reliable, functional component of a world trading system, whereby both capital and labor could freely function in accordance with the internal dynamics of the market, as opposed to the external dynamics of the state. With more concentrated and necessarily reduced functions, states would focus more on the protection of economic life through the rule of law than on the regulation of economic life. Keynesian state services, then, were a less essential and potentially damaging feature, costing both individuals and corporate economic actors an excess of taxation, and generally dampening drive and initiative. The negative effects of this and other features of the ‘command’ economy – its unintended consequences – looked to the slowing of economic growth and development because of the stifling effect of state taxation, management and redistribution.

With the break up of the Soviet bloc, there was an immediate recognition among proponents of neoliberalism that a unique moment in world history had been reached. The dream of a truly global economic system – single and integrated – was seen to be within reach. Here was a sudden and possibly temporary opportunity to bring into the capitalist trading system the former socialist economies. Thus, both the traditional developing countries and the new ‘transition’ economies found themselves squarely in the sights of a range of institutional expressions of global power – the West’s arsenals of capitalism, the UN’s organizations of both political and economic multilateralism, western governments’ bilateral aid agencies and an array of other instruments of western influence and dominance. Development aid agencies that had formerly seen their work essentially addressing the poorer regions of the world now added the transition economies to their agenda, in the name of the global application of principles of good governance, sound economic and social policies, and economic growth.

The most prominent organizations of neoliberalism (and by any reckoning these had to include the World Bank, the IMF, the US Treasury and the Paris-based Organization for Economic Co-operation and Development) came to be seen as a group bound up by what has been termed the ‘Washington consensus’ (Williamson, 1993). A key feature was the determination of the group to transmit their thinking influentially worldwide, to a much wider range of organizations, political contexts and intellectual environments. The program was complex and interrelated: state fiscal discipline, restraint and prioritization; financial liberalization; stabilization of interest rates and exchange rates; trade liberalization; foreign direct investment; privatization of state enterprises and services; deregulation of economic behavior; and state enforcement of law and order, of property rights and of contractual agreements (Williamson, 1993).

Stiglitz’s summary of these as stabilization, liberalization and privatization points to their inter-connectedness (Stiglitz, 2002), Stiglitz being highly critical of the inflexible ways in which the agenda was seen as a fixed package, all components
needing to be implemented immediately and at an ideal single pace (see also Gore, 2000; Soederberg, 2001). States themselves were to adopt many of the characteristics of the private sector, committed to competitive practices and increased marketization.

For the poorer regions, here was the neoliberal recipe for development. It is not that the recipe or its individual ingredients were the product of new thinking from the 1980s onwards. Rather, many earlier attempts to revive classical economic thinking and apply it to development issues met with political success. Of considerable intellectual significance was Péter Tamás Bauer’s work on the economic motivations and behaviors of West African merchants and Southeast Asian rubber plantation owners (see Bauer’s reflections in Bauer, 1984). A more detailed exposition of neoliberal principles in development was Ian Little’s *Economic development: Theory, policy, and international relations* (1982), while in 1983 Anne Krueger (appointed in that year as the World Bank’s Chief Economist) produced perhaps the most influential neoliberal assessment of the international economic system, frequently referred to as the definitive neoliberal case against statism (Krueger et al., 1983).

The dramatic interventions in highly-indebted countries that began in 1982, most overtly by the IMF and World Bank, came to be known as *structural adjustment programs* (SAPs). To be sure, they were occasioned by the immediate need to address unserviceable debt, but more importantly SAPs were introduced in order to effect the rapid displacement of Keynesianism by neoliberal thinking about development. The so-called debt crisis merely provided a rationale for intervention, as did the collapse of many socialist states in eastern and central Europe and central Asia after 1989. Along with dramatic policy changes in most western countries in the 1980s and 1990s, SAPs and transition policies combined to bring into prospect the immediate reconstruction of economic and social policy frameworks, and a fresh means of tackling poverty, and on a truly global scale.

What this meant in terms of development and anti-poverty strategies was to place a renewed emphasis on markets and how governments function within them. It required no less than a revision of the very concept of governance, and not merely in the functional sense of what governments were there to do. The opportunities that arose after the Cold War to promote democratic reforms in the formerly socialist transition economies became generalized to the poor countries of the South as well, reinforcing the earlier messages of structural adjustment.

Thus, development agencies placed great store on the nature and operations of governing institutions, not least parliamentary, judicial and electoral bodies; they put increasing pressure for anti-poverty efforts to go hand in hand with the promotion of human rights, or at the very least economic freedoms. ‘Good governance’ was an umbrella term for a raft of reform measures, not least anti-corruption campaigns, decentralization of government, increased participation in governance at the local level and of non-government organizations, civil service reforms, and increased accountability and transparency in government. At the same time, the
CHAPTER 1

1990s saw energetic promotion of trade reforms on a wide front, attempts to gain political support among the richest countries for debt relief, and greater aid coordination. It was, too, a period that saw a stagnation in conventional aid levels, the value of aid falling in many quarters pending the consolidation of reforms. That meant, especially for sub-Saharan Africa, a dramatic rise in poverty levels and diminished resources to address them.

Contemporary lines of thought and action

The early years of the new millennium witnessed a somewhat eclectic mix of influential thinking about poverty, development and aid. In many quarters, there seemed to be impatience with theoretical purity: the tasks at hand were deemed to be highly practical and the need was to get on with them. Confronting HIV/AIDS, or high youth unemployment, or environmental degradation, or corruption, or the exploitation of children, or high levels of debt – all and much more were seen as urgent matters that simply required robust commitment, adequate resources and people with the right skills. But, at heart, such thinking reflects the assumptions of Keynesianism, with state intervention and redistributive policies underpinning most of the strategies envisaged.

The new millennium also continued to witness the revival of neoliberalism, evident in rationalist and technicist solutions to the problems of poverty that were essentially part of a universal program of economic reform that was to be applied equally in North and South, East and West. Here, the distinctions between rich and poor, or developed and developing, or advanced and traditional countries were not so important; the prescriptions of neoliberalism were of equal potency everywhere. In many senses, this involved something of a revival of modernization prescriptions, acceptable policy amounting to ‘best practice’ westernization, and intended for universal, global application. Very importantly, recent years have seen fresh interest in economic growth as the driver of prosperity and the alleviator of poverty. ‘Pro-growth’ reforms, in domestic economic management and in addressing the terms and conduct of global trade, were at the top of international agenda. A truly global world economy and an integrated global trade system were held up with fresh enthusiasm as the best hope for the world’s poor, backed up by local supportive policies. Keynesianism as a growth strategy appeared to have few political backers.

The turn of the century also saw a new interest in many of the assumptions of dependency theory, frequently bound up with post-modern and post-colonial analysis and advocacy. Both activist and academic analysis continued to question the apparent triumph of western capitalism and the detrimental integration of the South into global economic structures. Non-government organizations frequently promoted such lines of thought, calling for far greater South-to-South co-operation and aid flows, local decision making, and non-western ‘endogenous’ patterns of development. The increasing visibility and influence of NGOs in aid policy and programs also reinforced dependency theory’s critique of elitist and frequently
corrupt local power structures in the South, seen especially in the institutions of the state, not least governments and the military (the two very frequently merged). NGO appeals for ‘civil society’ to be brought to the policy table found active support from many UN organizations, and importantly the World Bank, ensuring that in developing countries not only the views of governments were heard concerning anti-poverty and development strategies but also those of opposition parties, local NGOs, community organizations and the private sector.

The terrorist assaults of 2001 against the United States brought about a dramatic revival of the state, more specifically the reassertion of governments as the fundamental actors in international affairs, including development. September 11 prompted an immediate assertion by the most powerful Anglo-Saxon nations that global security issues were now highest on international agenda, and needed to subsume all other dimensions of international life. A fresh link was drawn between poverty and security, terrorism being partly interpreted as a product of economic insecurity. A year earlier, the Millennium Summit convened by the UN General Assembly had endorsed a set of Millennium Development Goals, part of an offensive to eliminate poverty by 2015. Sceptics would consider the initiative as little more than a re-run of previous development decades, although the MDGs were embraced at a time of clearly rising levels of development aid and fresh impulses for debt relief and forgiveness. The impact of 11 September and the subsequent offensive against terrorism for the MDGs are problematic. In particular, the resurgence of anti-UN political sentiment in the United States and the imposition of US unilateralism in world affairs have complicated multilateral commitments to the MDGs to a very considerable extent.

If the impact has been to dampen prospects of a resurgent world systems approach and the high profile of NGO activism, other outcomes have included a fresh examination of the political and security implications of global poverty. If governments are insisting on their central role in the ‘war on terror’, they are also placing some emphasis on their role in the now-associated ‘war on poverty’. Little is emerging that is new, however. The fundamental responses among western aid agencies and the UN multilaterals would emphasize the importance of global economic integration, the adoption of western institutions and thinking to shape the organs and practice of governance, and a generally westernizing approach to development and nation building in a kind of re-run of modernization principles and values. Western perspectives on poverty and development issues would appear to be in the ascendant, placing at a discount prospects for a more diverse yet inclusive approach that respects global cultural diversity. That ascendancy is the story of the present time, and an organization like the World Bank is a perfect expression of it.

The World Bank’s history has much to do with how competing views of development, of growth, of fighting poverty have played out. Some of these ideas have been championed by the Bank. Others it has resisted or downright rejected. What has been constant, as we will see in Chapter 4, is the Bank’s conservative view of its own role as the world’s development banker. It has placed a premium on eco-
nomic stability, especially so that the private sector can invest in developing countries with confidence. To be sure, the Bank has seen for itself a major role in providing loans to governments for development purposes. But underpinning that role has been a more fundamental concern about getting the policy basics right for all economic activity.

Although the World Bank was designed as a confident expression of Keynesianism, even within its ranks there have been prominent staffers, from day one, who have been profoundly unhappy with its role in boosting the role of governments in development. Even more worrying for them has been the ever-widening scope of Bank lending, to incorporate many ‘social overhead’ areas such as education and health. Such spending, they claim, cannot be regarded as investment; the evidence is lacking that it will contribute to economic growth. For an area of World Bank work such as education, there is no real institutional certainty about what it is doing. How these doubts about education, poverty and development have played out in the World Bank is the major theme of this book. For some, the theme of doubt will be a surprising one, given the power and influence of the World Bank on education around the world.
CHAPTER 2

SETTING THE LIMITS OF EDUCATIONAL DEVELOPMENT

The decades over which the World Bank has been involved in education have witnessed profound changes in how education is seen to relate to poverty, development and economic globalization. A complex mix of ideas has emerged, some building on what has gone before, others challenging or upsetting previous orthodoxies. This chapter begins with a brief overview of the basic issues involved, and five children are introduced whose stories sum up much of what is at stake. Chapter 2 then goes on to trace how different lines of thinking have emerged about how education relates to the wider themes of poverty, development and global economic integration. The chapter concludes by exploring how contemporary educational ideas, policies and practices are shaped by the ascendancy of economic globalization and its demands on the content of economic and social policy.

EDUCATION AND POVERTY – THE KEY POLICY QUESTIONS

Many conventional views have seen education as a natural ally in the war against poverty, a simple matter of helping people out of their poverty. It is common sense, surely, that education is a dependable means of escaping poverty, and that the more education the better? Such a view suggests, ultimately, that it is for the poor to lift themselves out of poverty, once a suitable education has been made available to them.

Such a ‘level playing field’ view of education and poverty resembles a parallel view, that education produces people with better work skills. This makes them more employable and productive, and their increases in productivity will stimulate economic growth and provide greater personal returns in the form of higher wages. This is the kind of optimistic, straightforward thinking behind human capital perspectives, of enormous appeal to policymakers because of its simple solution to complex problems.

Yet in the world of public policy, where the case for education needs to be mounted in competition with other worthy claims, such broad strokes on the canvas are not enough. Similarly, they are not sufficient when educational choices are left to market forces. Even to assert that education is a sure means to increasing economic growth is controversial. For believers and sceptics alike, sharp questions need to be asked about who should be educated, to what standard, for what purposes, in what settings and with what curriculum content.
CHAPTER 2

What patterns of educational provision?

For some, the answers to these questions point to the education of future leaders in the economic, political and cultural life of nations – it is their education that development strategies need to rely on. Society needs highly educated and skilled persons able to usher in new futures, especially in an increasingly competitive and knowledge-intensive global marketplace. Others reject such ‘elitism’, and look rather to steady increases in the provision of education for all, a matter of raising the educational and cultural levels of all citizens rather than of a highly-educated few. Such a strategy might be slow, but it is the steady raising of achievement across society as a whole that is seen as a firmer foundation, especially as the selected ‘few’ are inevitably the children of those already occupying positions of power and privilege. The divide between elite and mass models of educational development is a fundamental one, and determines a great deal of educational policy content. In particular, in what sense and for what reasons might universal primary education (UPE) be regarded as an absolute priority?

There are many who would emphasize the school and other formal institutions as the priority setting for education. Formal education has the advantage of examining and certifying learning outcomes. Society has an important stake in this, because school education is seen as more than a private matter for individuals and families. Certification is regarded as providing society with important assurances about the nature and quality of learning achievement. Others, by contrast, see the school meeting only a narrow set of economic and social objectives, and look to a range of out-of-school possibilities for education, to support and extend what is possible through formal schooling. For literacy, this view revolves partly around the observation that no society has ever achieved universal literacy through primary schooling alone. A range of additional initiatives have been required to achieve that, whether extending general education through secondary schooling, or programs for literacy and skills development for young people and adults in other-than-school settings. As far as generating a skilled labor force is concerned, a similar observation is frequently made, that lifelong learning is a fundamental requirement in rapidly changing economies, and that governments need to be joined by employers, community bodies and non-governmental organizations in designing and providing a lifelong education that is relevant for economic life.

A range of contrasting views is far more sceptical about education. Developing countries worldwide seem locked into providing essentially western patterns of schooling for their people, alienating them from local cultures and traditions. Educated elites might well benefit from such a style of schooling, but extending it throughout a poor country is widely regarded as counter-productive. The widespread provision of an expensive, alienating and arguably irrelevant form of education can be said to be part of the problem of poverty and its persistence. The expensive demands of a western-style education make it a high stakes component of social policy, for individuals and their families, and for communities and govern-
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ments. Its high cost makes difficult the provision of other forms of education that, ironically, are cheaper.

These issues reveal themselves in all kinds of ways. A good example is the school curriculum. Should learning and content be geared to preparing people for further participation in formal education, examining them along the way, sorting and sifting them and thus determining their eligibility for more schooling? Or should curriculum content be geared to preparing people for where they are most likely to end up, engaged in the kinds of work most commonplace in their communities – subsistence farming, small businesses, and the like – and with the practical content that can be applied directly to life as it is lived in their households and communities?

A second example points to another of these classic educational dilemmas. At the level of primary or elementary schooling, these issues are not so complex, in that there is overwhelming agreement that the inescapable task is to provide a basic education for all, irrespective of the children’s ultimate destinations. It is a more difficult matter at the secondary school level, by contrast. Is the secondary school there to extend the general educational work of the primary school, something that becomes more affordable for countries as economic development progresses? Or is the secondary school there to educate a select few (steadily reducing in number in the later years of secondary education) for direct entry upon graduation into higher education or a select range of well-paid jobs in the formal economy?

Questions like these raise additional ones about choice and financing. How are key questions – about who should be educated, in what kinds of institutions, with what curriculum content and for what basic purposes – to be answered, and by whom? Is it a matter for governments, on the assumption that it is for governments to plan a balanced and comprehensive overall system of education, both formal and non-formal, to meet society’s needs generally? If so, to what extent is the financing of a comprehensive system of education a government responsibility? By contrast, are these matters for children and parents to settle, so that a kind of educational marketplace emerges built up on the aggregation of household preferences? If so, to what extent do household decisions carry financial obligations, families needing to back up their choices with direct funding of the family’s schooling and training? What mix should there be, if at all, between government planning and financing of education, and private choice and financing? Indeed, in any country, how are such matters negotiated and settled?

Five children

Over many years my colleagues and I have been introduced to hundreds if not thousands of children who, with their families and communities, have been living with these educational problems and dilemmas. Many stay in mind and remain vivid, and here are five children known to us whose educational stories help make some sense of the issues.
In Cambodia, Lek (then aged 11) lives with her mother, younger sister, and two infant brothers. Her father had been killed two years ago by a landmine accidentally trodden on in the fields. Lek goes to school in the mornings, and studies what can only be described as a highly westernized and very ‘academic’ curriculum. Each day, she rides her bicycle home at lunchtime, relieving her 10 year old sister who has been minding their two younger brothers. While her sister is at school, Lek begins preparing the evening meal. She washes clothes, cleans their small home, bathes her brothers, and spends time in the family garden. When her sister arrives home, Lek rides her bicycle six kilometers to a temple complex that is very popular with foreign tourists. There, she joins her mother in selling cans of soda from a small cooler they rent from a local money-lender. Lek is very good at her studies, but her mother fears for her future. ‘I have no money to send her to secondary school.’

Ramez lives in a remote hill town in Mexico. His family has worked on the land for generations. Life has never been easy, but there has always been plenty of food, and enough left over so that a few manufactured items can be purchased from time to time – radios, bicycles, sewing machines, and so on. Ten years ago, the villagers were approached by an international company with an invitation to substitute their subsistence agriculture with a cash crop, in the form of tulips for export to New York City. The climate was ideal for this and, assured of a dependable cash income, the offer was accepted with enthusiasm. An eight-year agreement was entered into which expired two years ago, but was not renewed, as the company had found cheaper sources of supply further south in Latin America. It is no exaggeration to say that the town’s whole way of life has collapsed. Time honoured patterns of daily living have disappeared. Everything used to revolve around unspoken cycles of food production. Children like Ramez would have simply assumed that their future lay on the land, fitting easily into a system and replacing their elders as they grew older. Now the future for Ramez is far from certain. The local primary school used to be well-attended, and did a good job in providing basic literacy and life skills. Now its role is confused, and Ramez dreams of escaping to Mexico City. The problem is that the city is surrounded by well over a million people living in huge shanty towns, with few basic services, and with few prospects for those who have come from the countryside to enjoy the good life in the city.

Ibrahim is 10 years old and lives in a rural area of eastern Ethiopia. When he began primary school (in a new school about 6 kilometers from home) the language of instruction was Amharic, the national language. But like most rural Oromo people in the area, Ibrahim did not speak Amharic, but rather Afaan Oromo, his mother tongue. He remembers the laughing and mocking of the other children, and even from the teacher, at his first efforts to speak Amharic. He felt inferior in every respect, and saw himself as an exception in the system – and indeed Ibrahim is one of the few Muslim Oromos from rural eastern Ethiopia to participate in formal schooling (even though they form the majority of the population). Ibrahim’s parents had never attended school, although his father did receive a Koranic education. A major reason Ibrahim’s family sends him to school is to help with their
dealings with the government bureaucracy, with financial transactions, with court matters – all dealings that would be conducted in Amharic. Still, Ibrahim’s school achievements are not the subject of praise or celebration. Many Muslim Oromos in the community remain reluctant to send their children to school, making Ibrahim something of an oddity; they cannot see schooling as relevant to their lives as farmers, and indeed it is a threat to their religion and culture, and very few government posts are filled by Muslim Oromos.

Xueling lives in Taipei, from a solidly middle-class background. Her father is an accountant in a secure job, and her mother works as a quality-control officer in a microchip factory. Xueling is 15, and is entering senior high school, studying a conventional academic curriculum. Although Taipei is well supplied with doctors and lawyers, these two professions are preferred by Xueling’s parents and she is happy to go along with their wishes. Life is reasonably comfortable on the surface. The family’s apartment is very small, however, although it is crammed with electronic goods. Air pollution in Taipei is severe, and the entire family suffers from chronic respiratory illness. Each member of the family works hard at what they do, to the extent that the family has never been away together on vacation.

Chanta is 10 years old and lives near Bangkok in the port district. This district was never intended to be a residential area – it consists of large tracts of land around the wharves, shipping terminals and warehouses. Chanta’s family – her parents and their six children – came to Bangkok from the countryside five years ago. Her parents had decided that life on the land was too arduous, and felt that city life was easier, more secure and more comfortable. But after five years, there is no work – neither parent has any more than two years’ elementary schooling. They live in an abandoned shipping container along with another family of five persons. There is no water supply, no sewerage or sanitation, no shops, no community facilities, no medical services – just 100,000 persons trying, year after year, to survive. Chanta is severely malnourished. Damage to her cerebellum is probably irreparable by now, and she will certainly be sterile after puberty. Her older brother and sister (aged 17 and 15) both disappear for weeks at a time, but send a little money, the unspoken assumption being that they are sex workers.

These five children remind us powerfully that the key questions of education cannot be separated from more basic matters of how best to tackle poverty, how best to promote the development of both individual persons and of nations, and how best to deal with the realities of economic globalization. This is why this book places some emphasis on locating various theories of educational development within broader theories of poverty, development and global power. That is how the world tackles its fundamental decisions about educational policy, even if the translation into policy and practice so often seems messy and arbitrary. Their stories also teach us much more about the complexity of key educational issues – who should be educated, to what standard, for what purposes, in what settings and with what curriculum content.
CHAPTER 2

EDUCATION AND THE MAJOR MODELS OF DEVELOPMENT

In Chapter 1, a range of development theories was explored, each of which has enjoyed considerable air time over the period the World Bank has been involved in education. These theories have all said or implied something about the root causes of poverty and how it might be tackled. Falling into two broad categories, equilibrium models look to a more efficient, skilled and modern society and seek to organize education accordingly, while conflict models demand more fundamental structural changes in economic, political and cultural fundamentals, some of which might be partly achievable through alternative patterns of education. The world we live in today has seen something of a triumph of equilibrium models, not least the rise of neoliberal models of economic growth and management. The World Bank has been a major player in that success, but it needs to be remembered that the Bank has had to work in some 129 countries that themselves have differed enormously in how they have regarded the problems of poverty and its solution. The purity of various equilibrium models is short-lived, as policy makers pick and choose among them, even taking on some of the demands and language of conflict models to produce hybrids of policy that might meet some short-term political objectives but little else.

Over the following pages, we will re-visit the key models of development that emerged over the 60 years following World War Two, and explore how they have related to educational policy and provision. Some of the models have had immediate and clear educational consequences, while for others their educational implications have not been so obvious. In practice, education is a messy business and, as with development policy more generally, theoretical purity is a luxury never enjoyed in practice. Education policy makers, working in extremely complex and dynamic policy environments, have only very rarely been given opportunity to apply theory essentially as intended. Policy formation, rather, is essentially a process of resolving disputes or settling competing demands, and the art of compromise sees all manner of routes taken just in order to cope, let alone to effect dynamic, widespread and lasting change.

Normative frameworks for education

To begin, it is worth recalling that educational theories are never value-free, including those that place a premium on economic or material objectives. We need to remind ourselves of the considerable importance of values as drivers of educational thought, policies and practices. Instrumentalist approaches to education – dedicated to achieving material progress and social efficiency – are only one of many ways of thinking fundamentally about education. It is natural that the world of government policy places a premium on the instrumental potential of education to contribute to economic growth, higher levels of employment, and the orderly conduct and control of life.
Yet it takes only a moment’s thought to remind ourselves that throughout history individuals, families and societies have looked to education to help achieve objectives and outcomes more wide-ranging than these, whether in terms of personal and social integration, upheaval or refreshment. The connection between education and spirituality, for example, has been a permanent feature of human society, as has the alignment of education with the attainment of many kinds of qualitative improvements in how lives are lived. In a somewhat different sense, when persons have sought to bring about profound change – to end all kinds of injustice, for example, or to bring about entirely new social arrangements – it is common that education has been in their sights, whether as promoted through formal institutions or less formally. Struggles against slavery, against apartheid, against the exploitation of women or children, against environmental calamity, against genocide – all have demanded both immediate social action and deep interior changes within individual persons.

At its best, education has something of the utopian about it, drawing both teachers and learners away from the immediate stuff of day-to-day living towards the transcendent possibilities of existence. Thus, the fascination of education is its double-edged capacities – to liberate as well as to enslave, to inspire as well as to dull, to change and renew as well as to conserve. Education becomes a natural battleground, between competing views of life, between competing views of human nature and of human potential, between the forces of stability and the forces of change, between the forces of privilege and the forces of justice and equity.

Since its formation in 1945, the United Nations system has attempted the bold construction of a normative framework to guide political, economic and cultural thought and behavior. Constructing that framework is a basic component of constructing a new world order, in which issues of peace and security among nation states are seen to be intimately tied up with issues of human rights and justice within nation states. It is a complex and highly charged line of thinking, and comes to the heart of disputes about the need for and the effectiveness of the UN. Yet at the time of its formation, enough support was garnered by the United States and its allies to begin the construction of a normative framework to both reflect and further consolidate new possibilities for world order.

The UN’s value system might not suggest or depend on government-led action to define, preserve and promote such new possibilities. But, inevitably as a system of co-operating nation states, the United Nations through its very design was a natural expression of Keynesian lines of thinking about the potential of government-led action to bring about a better world, not least a more ordered world. Although it has kept its distance from much of the day-to-day politics of the UN system, the World Bank needs to be recognized as a component of the UN system (it is one of its Specialized Agencies), designed in accordance with the over-arching Keynesian principles of ‘embedded liberalism’ so powerfully given expression at the end of World War Two (Ruggie, 1983).
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For education, the UN’s normative system saw a mingling of emphasis on human rights and material progress. First generation rights had barely touched on education except that, importantly, these rights included freedom of association, religious practice and political organization. It was second generation rights, flourishing with the ascendancy of Keynesianism, that saw education emerge as a key dimension of human rights, entitlements and expectations. The UN Charter, signed in San Francisco on 26 June 1945, made reference to human rights, justice, full employment and education, although it stopped short of declaring education a human right. But by 1948, the UN’s Universal Declaration of Human Rights had fully embraced education as a second generation right. Yet across the UN system, most importantly within UNESCO, the notion of education as a basic human right was kept as simple as possible, given the high costs associated with conventional patterns of schooling. The ideal of universal education remained intact, but program emphasis was placed on education’s perceived relevance to economic, social and cultural development. The expansion of educational provision had, as a result, as much to do with material progress as with human rights. Yet programming for development, and commitment to the universality and indivisibility of human rights, were not entirely uneasy bed-fellows. As far as education was concerned, development objectives were necessarily expansionist, and rested happily with long-range ideals of attaining universal participation in education.

Colonial legacies and fundamental education

The ‘embedded liberalism’ so prevalent in thinking about the role of western aid to development – both bilateral and through such multilateral agencies as UNESCO – applied forcefully to education. In 1946 UNESCO was at center stage, and for the next decade several of its richest western member states looked to their own experience of colonial administration to guide and shape their views of education and development. Especially influential at the time was the United Kingdom, whose Colonial Office had completed in 1944 a major report Mass education in African society (Great Britain, 1944). The report was re-written in 1946 to form the UK government’s submission to UNESCO’s planning group for its program of ‘fundamental education’, Illiteracy in British colonial territories (UNESCO, 1946).

Another highly influential line of thinking at the time derived from the Mexican experience. In both 1945 and 1946, the Mexican Foreign Minister and Vice-President of the UN General Assembly Jaime Torres Bodet embarked on nothing less than a crusade to ensure that the fledgling UNESCO would immediately commit itself to substantial programs to eradicate illiteracy worldwide. Torres Bodet, a former Mexican Minister of Education, had presided over an extensive literacy campaign in his own country, endeavors known as the Mexican Cultural Missions. For him, these were far more than merely teaching adults and young people how to read and write; they were a logical consolidation of the Mexican Revolution, part of what he regarded as a battle for peace, democracy and justice. For Torres Bodet, the best way that UNESCO could achieve its core constitutional purpose – contrib-
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uting to peace and security – was to strive to ensure that educational equality was attained, not only within each nation but also between nations. In 1946 UNESCO’s fundamental education planning commission received from the Mexican government a detailed blueprint drafted by Torres Bodet for a world campaign to eradicate illiteracy among adults, by far the most detailed plan received by UNESCO from its founding governments (Mexico, 1946).

The UK and Mexican reports placed considerable emphasis on teaching life skills, not least food production, hygiene and nutrition, as well as literacy and numeracy. But while UNESCO was at pains to place emphasis on local development and community values, programs of fundamental education also devoted themselves to simple and practical dimensions of science, knowledge of basic social principles and their application in law, government, economics and social organization, and the development of such personal attributes as initiative and freedom from superstition. Despite the influence of eminent anthropologists advising UNESCO at the time (including Margaret Mead, Claude Levi-Strauss, Albert Métraux and Margaret Read), it was impossible for such international programs to be constructed purely on the basis of local cultures. Elements of a westernizing curriculum and pedagogy were unavoidable.

At the same time, at the heart of fundamental education principles was a recognition that a majority of the developing world’s children and adults could not be expected to receive a formal education in school within the foreseeable future. Universal primary education, for example, would remain a dream for decades, and this was appreciated at the time. Should the unschooled be written off? UNESCO’s answer through its fundamental education programs was that they should not, that these learners and their local communities could and should reap enormous benefits through non-formal, non-examinable and non-credentialed learning that emphasized community building, self-reliance and co-operation as much as individual knowledge and skills (UNESCO, 1947).

Within two years, Torres Bodet had become UNESCO’s Director General, virtually guaranteeing that for UNESCO its largest and most symbolic program area would be mass education in developing countries. This essentially political line of thinking about fundamental education – viewing it as both a symbol of and pathway to the expression of human rights in economic and political form – was reinforced by UNESCO’s interest in Mahatma Gandhi’s approach to basic education, involving village-centered subsistence and artistic skills based on indigenous cultural and economic attitudes. Further, although the Soviet Union was not to join UNESCO until 1954, the Organization’s staff purposefully examined the Soviet literacy campaigns of the 1920s and 1930s, especially as examples of speedy, politically-inspired mass campaigns embedded in contexts undergoing profound change (for detailed accounts of UNESCO at this time, see Jones, 1988).

It did not take long for UNESCO’s programs of fundamental education, however well-meaning, to be sharply criticized by its delegates from developing countries, branding it as little more than a ‘second-best’ form of education, reminiscent of
colonial practices designed, ultimately, to prevent the construction of formal primary and even secondary education systems for all citizens. The Latin American delegations led the way in the mid-1950s, pushing for major programs to achieve universal primary schooling within a decade, matched by parallel Asian and African calls in the early 1960s. Basically, the moves revolved around arguments that if formal schooling were to be the norm for the rich, then the poorer countries would settle for nothing less. Developing country claims for assistance to enable the construction of formal primary, secondary, vocational and higher education systems – at a time of rapid decolonization – could not be ignored politically, but sat uneasily with traditions of colonial education that saw education provided to only an elite few.

Programs of fundamental education were considerably less expensive than the provision of formal education, and with their local focus and with the absence of examinations and credentials were easier to plan and administer – hence their appeal to donors. But from the angle of those in the South, perceptions of colonial education persisted. If the policy and funding focus were to remain on fundamental education, then developing countries would be denied what was the historical pattern in the North – the gradual but steady building up of formal systems of education on a national basis, built on undeniable commitments to universal primary schooling. That was the foundation of education in the North, and those in the South demanded nothing less. Such agreements as the Universal Declaration of Human Rights (1948) and the Declaration on the Rights of the Child (1959) lent a degree of moral, if not overtly political or financial, weight to their claims.

Education for nation building and modernization

The period immediately surrounding the year 1960 was a momentous time in the history of educational development. In that year alone, some 18 African nations gained independence and sovereignty. Political decolonization could no longer be placed on hold, and for every newly independent nation there was no better symbol of freedom than the rapid expansion of educational opportunity. As the departing colonial powers passed their core development assistance obligations to the UN, it is unsurprising that organizations such as UNESCO were declaring education in developing countries their top priority, as it did in 1960. UNICEF embraced educational programming as a matter of policy in 1959 and was rapidly expanding its programs after 1961; the World Bank approved education lending in 1962, with funds starting to flow in 1963, and the UN Special Fund (established in 1958 and later to form part of UNDP) quickly followed the Bank’s lead.

Yet each agency embraced education policies and programs on its own terms. While taking note of the human rights case for education, international agencies at the time were driven by immeasurably stronger commitments to another human endeavor – the construction of nations, and nation building through economic growth. Here was the international community’s answer to poverty, deeply embedded in the UN’s launch in 1960 of its First Development Decade.
It is important to recall that human rights arguments for educational expansion had only limited airplay at this time. Because it had such a small budget and could not match the practical reach of other agencies, UNESCO continued to press the human rights case. But it was virtually alone, once the World Bank, UNICEF and a range of bilateral aid agencies changed their mind about the economics of education and embarked enthusiastically on educational construction. In later chapters we will examine in some detail how the World Bank came to alter its stance, but it is important to note here that what the World Bank was initially prepared to support were secondary and technical schools, and technologically-oriented universities.

The reasons for this are relatively straightforward. The Bank had for a decade and a half been lending to support the construction of industrial infrastructure. Power stations, steel mills, dams, transportation systems – all of these were seen as central to the task of industrialization, the prevailing view of development at the time. Yet planning, designing and operating such systems were typically beyond the technical capacities of many of the Bank’s developing country borrowers. Thus the view formed within the Bank that its own investments were in jeopardy because insufficient technical knowledge was available in-country to support them. This knowledge gap was seen as the fundamental educational weakness in developing countries, depriving nations of the knowledge and skills to drive industrialization forward. Thus the argument emerged for a tightly-controlled form of educational expansion – of secondary schools that taught vocational skills as well as technical colleges and universities that provided higher levels of technical training.

It all derived from the day’s orthodox views of what development was – both as an end and as the means to get to it. The key to each were patterns of industrialization based on two centuries of experience in the West. As far as education was concerned, economic thought had viewed favorably two basic requirements – the provision of a basic pool of literate persons in society (perhaps 20-40% of male adults) and a smaller pool of technically educated persons, only very few to a high level. Other than that, spending money on education lacked a clear economic rationale, although other rationales certainly existed.

It had to do with whether education could be regarded as a kind of economic investment, or more precisely which forms of education could be seen in this way. Investments in education were provisions that guaranteed an economic return, reflected in higher wages for workers and in general growth in national economies. The economically non-productive forms of education – regarded as consumption items – might have various benefits, but economic growth was not one of them. By 1960, new lines of thinking were softening these arguments at the edges. Theodore Schultz delivered his presidential address in December that year to the American Economic Association, citing his findings on why European and North American nations were enjoying such sustained periods of economic growth (Schultz, 1961). To be sure, Schultz argued, they continued to invest heavily in physical plant but, more than that, they were backing this up with investments in human capital, pre-
cisely the forms of technical knowledge that would make physical capital more productive.

Over the next 2-3 years, development economics ‘discovered’ education. Schultz (1963) and Gary Becker (1964) published highly influential works that opened up fresh analysis of the obstacles to development. It quickly became less a matter of the highly-specific kinds of technological knowledge that was needed, to a more general concern that a healthy and rightly-educated population was deemed a fundamental economic asset, investment in whom could be expected to result in certain economic expansion (see also Harbison and Myers, 1964).

*Human capital theory* was fairly narrow in what it was advocating. But the political climate was ripe for more expansive economic rationales for educational expenditures. UN and foreign aid budgets were rapidly expanding, and with this expansion came diversification. Busier agencies could broaden their outlook on things, and this applied especially to the World Bank. In the middle of an unusually sustained period of economic growth, economists and development strategists also appeared to relax a little in their views of the factors underpinning growth. And the political voices from the developing world were stronger than ever that a way needed to be found urgently to enable the rapid development of systems of formal education.

Thus, and this is a matter of history, the early 1960s saw many caricatures emerge of how the early human capital theorists regarded education. Their views were broadened out considerably by advocates of educational expansion, generalized to formal education irrespective of level or curriculum. The endpoint was the kind of argument that regarded education as a good thing economically, and the more the better. By decade’s end, it was no longer a matter of encouraging economic thinking about education and development, it was rather a matter of containing it (an influential analysis at the time was Coombs, 1968).

For a time, advocates of ‘manpower planning’ had their day, calling for skill gaps in national economies to be filled by targeted educational expansion. For obvious reasons, manpower planning as an education policy strategy was especially attractive in planned economies, and in UNESCO circles education ‘planning’ was a virtual synonym for education ‘policy’. For the World Bank, as we will see in some detail in later chapters, planning smacked too much of state controlled socialism, and its leanings in favor of market dynamics caused it to advocate an alternative means of viewing the ‘education and development’ relationship.

*Cost-to-benefit* analysis and calculations of *rates of return* from investing in education became the favored means of establishing and illustrating the economic benefits of education, viewed essentially in terms of the higher wages earned by the educated. The work of George Psacharopoulos of the London School of Economics was essential in this regard (Psacharopoulos, 1973). Psacharopoulos later joined the World Bank to spearhead its research and analytic work in education, and had a
profound influence on the subsequent construction of Bank education policies and priorities.

The application of cost-to-benefit and rates-of-return thinking to human capital perspectives added up to a remarkably straightforward and optimistic view of education and development. Basically, it was a matter of providing the right kinds of knowledge and skills to workers and future workers so that their increased productivity and output would *on its own* stimulate economic expansion and national growth. It was a line of thinking that saw itself as highly rational, its policy implications clear. So long as employers understood what kinds of skills they required, it was not so difficult to decide on appropriate kinds of educational provision, education seen basically as a supply mechanism for an economy’s skill base. Yet it was essentially for individuals and households to determine what kinds of education and training they would pursue, on the assumption that they would act ‘rationally’ in matching their own interests with their private decisions about education.

As outlined in Chapter 1, this period saw the influential rise of *modernization theory* as a universal remedy for the problems of development. Grounded firmly in the North American behaviorist school of psychology, modernity was essentially a state of mind, a set of attitudes, a progressive stance that favored change over stability. The modern person was to usher in development through new patterns of economic behavior, stemming from a shift in sensibility from the traditional to the modern. Their personal characteristics saw them as being open to change and being in control of change. Free from superstition and backward ways of thinking, the modern person understood scientifically how natural and social phenomena could be controlled, how rational means of organizing knowledge, organizations and technologies could be determined. The modern person understood the importance of breaking away from old networks of influence and decision-making, to form fresh alliances with like-minded persons to drive change. Economically, they understood the importance of moving from the informal, traditional economy to the formal, modern economy; they were entrepreneurs, prepared to take risks and to motivate others to think and behave similarly. In the workplace, they were punctual, worked to schedule, understood how tasks could be divided and shared, and displayed a clear need to achieve.

It was, at heart, an individualistic approach to development and social change. Modernization depended upon the actions of modernizing persons, and in this sense was normatively grounded as a universal solution to the problems of poverty. Thus, modernization theorists devoted considerable space to describing personal attributes (influential accounts at the time were Lerner, 1958; McClelland, 1960; Inkeles and Smith, 1974).

How to produce and develop such persons? Among the options, it was undoubtedly the school that could do the job, a school that drilled into its students all of these modern attitudes and mindsets. The ways in which schools had developed in western Europe since the Industrial Revolution were tailor-made to the needs of emerging industrial society, and this was no accident. Schooling produced a compliant
workforce, educated to an acceptable minimum level, and crucially possessing both the skills and dispositions required in the workplace. And for the few students who moved up the educational ladder to higher forms of education, the skills and dispositions they acquired there matched precisely what was needed of them as bosses and supervisors (a useful review of issues is Welch, 1999).

The western-style classroom seemed a perfect construction for the spread of modernity. Even in the most traditional and isolated village, when you entered the classroom you entered a different world, whose entire culture was oriented to the production of modern and modernizing persons. Habits acquired were just as potent as the knowledge and skills acquired, perhaps even more so. Although formal schooling was expensive, it had the advantage of being systematic: management at national level was assumed, with state control over content and the teaching force, and with examining systems in place to certify passage through the system with appropriate credentials. Part of the appeal, too, was the tendency for the children of elites to succeed, possessing the cultural capital needed for selection into the higher ranks of schooling. Indeed, the ways in which the modernizing school enabled elites to perpetuate themselves from one generation to the next helps explain its considerable political appeal.

The politics in the developing world at this time hugely favored the dual application of human capital theory and modernization theory. The former provided some semblance of economic legitimacy for the rapid expansion of formal school systems (through, to be sure, a distortion and exaggeration of what the theorists were actually arguing). The latter provided guidance for curriculum and the organization of school life. It was all highly generalized, requiring far more detailed elaboration of a technical kind than was then available, but as a politically driven set of constructs fine policy detail was not really needed. For most of the developing world, it was all about constructing, staffing and equipping schools as quickly as possible. For the governments of newly-independent nations, the more education the better, and this meant the rapid development of formal education systems run along western lines, an ironic expression of newly-acquired freedom from colonial rule.

Two lines of thinking at the time attracted the attention of academic analysts but failed to enjoy much policy influence. First, there was the problem of uneducated adults and young people. It will be recalled that UNESCO’s solution for them – fundamental education – had been rejected by recipient governments as a kind of second best education. But from a human rights perspective, UNESCO continued to press for adult literacy programs enriched by vocational and life skills content. A sign of the times was the fate of Soviet proposals in the UN General Assembly in 1961 for a 10 year world campaign for universal literacy to mark the First Development Decade. The plan was roundly and successfully opposed by the United States, whose delegates argued for UNESCO to focus on ‘the progressive building of national school systems’ and ‘other priority programs, such as general education, training of technical personnel and industrial development’ (United States, 1963).
What transpired was an elaboration of fundamental education principles that married the teaching of literacy and numeracy with work skills, an instrumentalist or applied approach that came to be termed functional literacy. UNDP agreed to provide funds for a limited number of experimental projects designed to measure the productivity increases of newly-literate adults in selected industries and occupations. The joint UNESCO–UNDP Experimental World Literacy Program (1966-1974) was anything but a world campaign for universal literacy, but nevertheless kept the international profile of adult literacy on international agenda, mirrored to a lesser extent through UNICEF’s interest in literacy programs for mothers and other carers of infants and young children, in this case building in principles of nutrition and health care to literacy training. But in the broad sweep of things, adult literacy has remained a minor policy concern for governments and donors alike. They have not committed themselves to understanding fully the economic benefits of newly-acquired literacy, but rather have seen such programs as dragging resources away from what they regard as the main game of building up systems of formal schooling (an overview is Jones, 1990).

The second line of thought derived very much from the South itself, the application to education of dependencia and world systems arguments as considered in Chapter 1. The line of argument, it will be recalled, saw world economy, culture and power relations bound up in a single system that worked in favor of the core at the expense of the periphery. Colonial exploitation had given way to neo-colonialism. Local elites in the periphery served as key bridges between core and periphery, frequently adopting the core’s outlook, value systems and cultural identity. They were key agents of westernization, and saw in formal schooling not only a powerful means of westernization but also a means of perpetuating their own sense of dynastic privilege (an influential overview from the period is Carnoy, 1974; see also Clayton, 1998).

Although world systems critiques were keenly historical in their perspective, they failed to address the specific dynamics of social change. This explains something of their lack of impact on mainstream policy content concerning education and development. To be sure, advocacy was strong concerning the need to develop alternatives to westernization, both in terms of what development is and how education should be constructed. For a time, notions of de-schooling enjoyed considerable airplay, but for fundamental reasons failed to attract the interest of influential local elites, wedded as they were to the credentialing school system (Illich, 1974). In fact, it was formal education’s provision of credentials for entry into the formal waged economy that explained both the rapid rise of formal schooling in the South and world systems hostility to it (Dore, 1976; Simmons, 1980).

It was the language of world systems that seemed to have some impact. Notions of rights and freedoms, local self-determination and consciousness-raising pointed to a quest to reject modernization and its universalist cultural base in favor of building on local culture as the cornerstones of both development and schooling. If the original Leninist world systems accounts inevitably pointed to the need for violent
overthrow of global power relations, later liberationist accounts were pacifist in tone.

Paulo Freire was the most influential exponent of a liberationist account of education, derived from his attempts to forge programs of adult literacy instruction wedded to political consciousness-raising built up through a keen focus on the dynamics of local power relations and cultural formation (Freire, 1972a; Freire 1972b). Freire’s principles of conscientization were constructed on the abandoning of imposed, culturally-alien and abstract curriculum in favor of learner-generated content related not only to life as directly experienced but also to critique of the power relations determining it. This altered perspective on the fundamentals of power and their cultural impact on daily life and outlook lay at the heart of how Freire and his followers viewed prospects for peaceful and democratic change, a non-violent path to liberation. For the many Christian adherents to liberation theory, not least Freire himself, this liberating process was no less than the establishment of God’s kingdom on earth. Liberation theology came in time to clash mightily with Catholic orthodoxy, encouraging in many minds the perception of Church alignment with privilege (western power propped up by local elites) rather than with the poor (See Rowland, 1999; Sigmund, 1990).

EDUCATION REFORM, POVERTY AND DEVELOPMENT

The preceding chapter indicated how, from the early 1980s, international development policies were dominated by the demands of economic globalization. These demands were part of an organized, institutionalized push for global economic integration along neoliberal lines. These were of deep significance for education policy worldwide, and in later chapters we will see in some detail how the World Bank was involved.

To this time, there was a clear academic and policy field known as ‘development studies’ or ‘development economics’. These saw the policy needs of developing countries as being particular to them, even if many of the proposed solutions to poverty implied (or overtly suggested) applying much of the western experience. Economic globalization placed its emphasis differently, with clear policy prescriptions deemed to be universally relevant and applicable. It was all about getting the economic fundamentals right, and these fundamentals held constant for all economies, simply because it was all about constructing a single, integrated global economic system. In any setting, once the essential policy reforms were in place, then economic growth could be expected to revive and its benefits flow to the poor.

This displacement of growth by reform changed the language of official discourse about poverty and development markedly. To date, most influential models of development had sprung up on the basis of analysing how economic growth had occurred. This was especially true of education, explaining how education should contribute to growth by explaining how it had contributed to growth. Human capital theory is the great example.
It was a new challenge to forge education and poverty-fighting policies in times of prolonged economic downturn. The protracted recession in a large part of the developing world from the early 1980s made this approach impossible to continue, except perhaps in terms of political and normative rhetoric. Thus, much of the formerly optimistic language about education, poverty and development was maintained, while policy content underwent a fundamental shift. If human capital theory asked of its adherents an act of faith (to accept that increased worker productivity would generate economic expansion) so too did the neoliberal reform demands (that getting the economic policy fundamentals right would create the right context and climate for renewed growth, and that growth would benefit the poor, both directly and indirectly). It was an argument that insisted, at heart, that the only answer to poverty was reform-driven growth.

Major educational implications of economic globalization

The fundamental intent of the reform movement was to create the right conditions for the most productive and profitable economic behavior. As we saw in Chapter 1, these conditions, according to neoliberal doctrine, required a rejection of Keynesian thinking about the interventionist, redistributive state. Rather, they looked to a re-ordering of the state-economy relationship, through such strategies as privatization, decentralization and the generation of public sector savings given the reduced functional role of the state.

Because Keynesian thinking placed something of a premium on the state’s role in the education of citizens, education was a sector profoundly affected by neoliberal reforms. At the heart of matters was the international division of labor demanded by economic globalization. With increased integration, the global economy could order itself more carefully in terms of where production of a certain kind could proceed and on what terms. Production could be shared, for example, with some economies moving to knowledge-intensive work, others retaining or moving to greater emphasis on manufacturing and/or primary production (e.g. food production). Many national economies showed blends of all these, but for all countries economic globalization pointed to how a national economy would be located within a global pattern of production.

Often, that location would be the result of a nation’s primary resources, and how these compared with its industrial or knowledge base. Clearly, moving to greater emphasis on knowledge intensity required above all a transformation in the quality and depth of a nation’s skill base, seen more than anything else in its labor force. A country’s position in the global division of labor was inevitably the product of many circumstances, but its prospects of moving to greater knowledge intensity was a matter of education and training.

For developing countries, there were real limits to how they could compete with the already educationally-privileged nations for spaces at the ‘high end’ of the global division of labor. Israel and parts of India, as well as high profile East Asian
nations, showed some successes through the 1990s and beyond in developing market share in some knowledge-intensive industries. But generally speaking, the poorer a country was the more unlikely that it could contemplate an upward movement in the global hierarchy of labor.

In a nutshell, a nation’s position in the global division of labor defined the knowledge and skill base needed, both for maintaining its position and for improving it. Once aspirations were settled about where a nation would be located in the global division of labor, much was settled about the size and nature of its education system.

For the greater portion of the world’s poor countries, rhetoric and policy debate about creating ‘knowledge economies’ and developing ‘international competitiveness’ were empty. Simply put, their prospects for equitably moving up the global economic hierarchy were parlous. Even with concerted efforts to proceed with neoliberal reforms, it remained unclear how those reforms would impact on the poor. In the name of international competitiveness in a globalized, knowledge-intensive economy, many western countries were joined by counterparts in the South in putting their education systems to the test of arbitrary standards. Measures of student performance, especially in science, mathematics and literacy, became proxies for measuring educational quality and standards, many political attitudes subsequently shaped on the basis of ‘national performance’. For most of the South, to do so was to dream that a higher place on the global labor ladder was attainable.

To be sure, such prospects varied enormously, given global patterns of diversity. Reform agenda for the former socialist economies of central and eastern Europe were tightly bound up with sudden (and most likely impermanent) opportunities to adopt free market policies and to mold education policies and practices accordingly. Agenda were quite different across Latin America, where levels of international debt – and capacities to service it – varied greatly. Above all others, the Asian and Pacific countries showed remarkable diversity, some holding realistic prospects for genuine knowledge intensity, others remaining barely viable as states. Middle Eastern states showed a similar diversity, especially insofar as the construction of economies along western democratic lines was concerned. And for sub-Saharan Africa, despite abundant natural resources and theoretical prospects as a major global supplier of food, the outlook remained gloomy, with expectations low that the region could quickly move beyond dependency on western charity and aid for economic viability.

Education policies sat uneasily among the complex calls for economic and political reform. On the one hand, reforms favoring smaller and more efficient state expenditures on education placed a far higher priority for public monies to be allocated to primary and basic education, on the grounds that here returns to both individuals and to society were relatively high. Language favoring even increased public expenditures on primary and basic education – among other things to ensure gender equity and the elimination of urban-rural differences – had not only the resonance of Keynesianism, but also appeared on the surface to be pro-poor. But on the other
hand, such shifts in public priorities needed to come at the same time as two other fundamental shifts were occurring: lower overall public expenditures on education (frequently threatening the quality of the teaching force and of learning), and rapid increases in the need for individuals and families to pick up tuition costs imposed at secondary and higher education levels.

On the surface, the international community’s apparently strong commitments to achieving a set of equity objectives in education – not least universal primary education, the elimination of gender and urban-rural differences in access, and raising the quality of public education – look solid. Such international declarations as the 1990 Jomtien Declaration on Education for All and the 2000 statement concerning the Millennium Development Goals seem unambiguous enough. But it has to be remembered that such commitments and targets can only be understood in the broader context of the neoliberal reform movement, a movement that gives public education a bounded and constrained place in the wider scheme of economic and social policy. Thus, when in 2015 the MDGs will be seen to remain unrealized, it will be essentially because of their essential incompatibility with these broader reform demands. This is profoundly the case for sub-Saharan Africa, many parts of South Asia and for many of the smallest nations (by population).

A more general conclusion would point to the construction of education as a subset of policies for economic growth, development and poverty alleviation. As was argued in Chapter 1, how the major models of development have emerged sees them as defining the limits of development as much as its possibilities. The same is true of education. The ways in which educational theory, policy and practice have been shaped by prevailing thinking about economic and social policy have seen the emergence of constrained views of educational futures. The extent of constraint is powerfully seen in how a global architecture of education has developed, a highly politicized set of arrangements that has had the overall effect of keeping educational development in check. Where the expansion of education has been promoted, it has usually been pursued along ‘more of the same’ lines. More generally, education has been seen as fully subject to wider economic and social policy imperatives. Education thus has not been able to remain innocent of the transformation of governance and public policy so prominent in today’s world. Much of that has been mediated through what can be termed the global architecture of education, the theme of the following chapter.