



Global Rise Of Neoliberal State And Its Impact On Citizenship: Experiences In Developing Nations

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Abstract

In general, the realization of major principles and dimensions of citizenship, especially with regard to people's rights, entitlements, and obligations, is largely determined by the nature of the state, which varies depending on its socio-historical context. It is argued in this article that the recent decades have witnessed a fundamental shift in the nature of the state worldwide, based on neoliberal assumptions, policies, and programs. Focusing mainly on developing countries, the article examines the major tenets of such a neoliberal state, especially with regard to its policy preferences and reorientations, and evaluates its implications for democratic citizenship in these countries. It concludes by exploring some policy alternatives for the revival of such a citizenship.

Keywords

neoliberal state, citizenship rights, policy reforms, developing nations

Introduction

The connotation and composition of citizenship in each society are inseparable from the nature and formation of the state. More specifically, the rights and obligations associated with citizenship are largely dependent on the ideological foundation, political configuration, constitutional provision, and policy orientation of the state. Despite the unprecedented process of globalization, diminishing the significance of national identity and sovereignty in the current epoch; the role of the state remains crucial in redefining and restructuring citizenship. This is especially so when the state itself has undergone a neoliberal formation in response to this globalization process that requires the state to mediate between the rights of citizens and the interests of global forces. As the nature of the state is being transformed in response to internal public demands, vested class interests, and global capitalist forces, it tends to redefine and restructure the rights and obligations of citizens. In other words, in every nation, the transition in the nature of the state caused by various internal and

international forces, leads to the shifting connotation and composition of citizenship, which is evident in the varying modes of citizen-state relationship found in diverse state formations.

In the case of developing nations, there emerged multiple interpretations of the nature of state formation, including the postcolonial state, the bureaucratic-authoritarian state, the developmental state, and so on. Since the early 1980s, however, the diversity in state formations has been replaced by a globally standardized state model based on neoliberal assumptions and policies — a state model that serves private capital, favours market institution, and imitates business management. Globally, this newly emerging state formation has been portrayed as the contract state, the hollow state, the managerial state, the enabling state, the surveillance state, the evaluative state, the skeleton state, and the minimal state (Clarke and Newman, 1997). In this article, the newly evolving state is interpreted as a “neoliberal state”, because the term not only connotes the state’s neoliberal ideological basis and its relation to private capital and the associated class(es), it also implies other dimensions of the state, including its scope (minimal or hollow), role (enabling and contracting), functions (evaluation and surveillance), and so on.

The central argument of this article is that in general, the emergence of a neoliberal state formation in various regions and countries has significantly changed the meaning and composition of citizenship, especially in terms of the eroding rights or entitlements of citizens caused by the policy agenda pursued by such a state. In the developing world, the recent transition toward a neoliberal state and the replacement of statist governments by market-friendly regimes have been reinforced by the unprecedented globalization of capital, expansion of market ideology, and influence of international agencies (Haque, 1999b; Walton and Seddon, 1994). In Latin America, even some of the former state-centered regimes, including Carlos Menem in Argentina, Alberto Fujimori in Peru, Jaime Paz Zamora in Bolivia, and Carlos Andres Perez in Venezuela, changed their policy perspectives and embraced neoliberal policies and reforms (Torre, 1993:105).

In the existing literature, there is a relative dearth of studies on the emergence of neoliberal state formation in the developing world. Most of the prevalent studies on neoliberal states and policies tend to be parochial and biased in terms of focusing on disjointed country cases or projects, highlighting their positive economic outcomes, overlooking their adverse economic consequences, and excluding their social and political implications. Broader and more comprehensive studies of these missing dimensions or under-researched areas are necessary, especially in relation to developing nations that have undergone unprecedented restructuring of the state based on the neoliberal

perspectives and policies through the so-called structural adjustment programs affecting citizens' entitlements and democratic rights. As Alvarez, Dagnino and Escobar (1998:22) mention with regard to Latin America, "neoliberalism is a powerful and ubiquitous contender in the contemporary dispute over the meaning of citizenship and the design of democracy." The significance of the issue is also indicated in the adoption of the UN Commission on Human Rights Resolution 2003/21, titled *Effects of Structural Adjustment Policies and Foreign Debt on the Full Enjoyment of All Human Rights*, which highlights that "structural adjustment-reform programmes have serious implications for the ability of the developing countries... to improve the economic, social and cultural rights of their citizens" (UN Commission on Human Rights, 2003).

In this regard, the article attempts to contribute to the analysis of these missing dimensions and critical concerns related to the emerging neoliberal state, its policies priorities, and implications. In particular, after delineating the features and components of such a neoliberal state in developing countries (in terms of preferred policies, programs, and reform strategies), and articulating the major dimensions of democratic citizenship (in terms of rights or entitlements), the article critically examines the consequences of such neoliberal policies and reforms for citizens' rights. It also suggests some policy alternatives to be undertaken in order to reconfigure the state-citizen relationship for the revival of democratic citizenship in the developing world.

Features of the Neoliberal State in Developing Nations

Neoliberalism represents both an ideological position and a policy perspective that endorse economic individualism based on market competition, encourage free trade and foreign investment, and oppose state intervention and state-run welfare programs (Haque, 1999b; King, 1987). Clarke and Newman (1997:14–15) mention that neoliberalism is one of the two dominant components of the contemporary anti-state movement known as the New Right (the other component of the movement is neoconservatism). For these authors, neoliberalism believes in the supremacy of markets in distributing goods and services, opposes the intrusion of the state into market institutions, and discourages the state's role as an employer and welfare provider. From the existing interpretations in literature, it is possible to characterize a neoliberal state by the following features: the minimal scope and diminished role of the state sector; the replacement of public ownership and control by private enterprise and management; the increased alliance between the state and private capital; the withdrawal of the welfare programs and adoption of market-led goods and

services; and the transformation of public institutions based on businesslike structures and strategies (Haque, 1999b). These features of the emerging neoliberal state in developing countries are examined in detail in the remainder of this section.

First, with regard to the minimalist scope of the neoliberal state, there have been some major government initiatives in developing countries to streamline the public sector by cutting expenditures, reducing public employees, and withdrawing its active economic role. According to Raymond (1994), since 1990, the government expenditures (as a percentage of GDP) have declined in most developing countries, especially in the social sectors. In fact, one of the main objectives of the so-called structural adjustment program adopted by Asian, African, and Latin American countries has been to downsize the public sector in terms of both expenditure and personnel (Haque, 1998). Since the 1980s, the neoliberal policy to reduce or freeze public employment has been launched in countries such as Ghana, Gambia, Kenya, Uganda, Indonesia, Malaysia, Nepal, Sri Lanka, Thailand, Argentina, Bolivia, Brazil, Costa Rica, Guatemala and Mexico (Das, 1998; Haque, 1998).

Another manifestation of such minimalist tendencies of the state can be found in the recent decline in its role as a direct producer and deliverer of goods and services — it has increasingly assumed a more indirect role to facilitate or support the market forces that are now encouraged to play the leading role in service delivery.¹ Among Asian countries such as Bangladesh, India, Korea, Malaysia, the Philippines, and Thailand; the state has become more supportive to the private sector with regard to finance, investment, marketing, and negotiation. In Africa, the shift toward a diminishing role of the state and its economic functions is increasingly becoming obvious in Ghana, Nigeria, Tanzania, Zaire, and Zambia (Walton and Seddon, 1994). In the case of Latin America, according to Wiarda (1997), most countries have opted for a weaker role of the state in terms of facilitating the private sector rather than leading or directing economic programs. This trend toward replacing the role of the state by that of the private sector represents the neoliberal principle of minimal state intervention (Walton and Seddon, 1994).

Second, the trend towards a minimalist state has been reinforced further by the recent market-driven policies, including the privatization of public enterprises, contracting out of services, liberalization of trade and investment, and deregulation of finance and price control (see Martin, 1993:76). The period

¹ In line with the neoliberal position that considers the market as “the optimal space for the production and distribution of wealth” (Espinal, 1992:32), the state in most Asian, African, and Latin American countries has restructured the public sector to steer rather than row, to facilitate rather than lead, the major economic activities (Walton and Seddon, 1994).

since the early 1980s has seen the proliferation of such pro-market policies in countries such as Ghana, Nigeria, Kenya, Tanzania, and Zambia in Africa; India, Indonesia, Malaysia, South Korea, Thailand, Sri Lanka, and the Philippines in Asia; and Brazil, Bolivia, Mexico, Colombia, Chile, Peru, Argentina, and Costa Rica in Latin America (Haque, 1999b). Among these policies, however, privatization represents the most dominant neoliberal reform undertaken in the developing world during the past two decades.² Between the periods 1980–87 and 1988–93, the number of privatization transactions rose from 108 to 367 in Asia, from 210 to 254 in Africa, and from 136 to 561 in Latin America (World Bank, 1995:27). However, Latin America has been the leading privatization region: during 1988–95, it represented 46 percent of the total global proceeds from privatization, while East Asia accounted for 25 percent and the remaining developing world shared only 12 percent (Shirley, 1998: 8–9). Regardless of such inter-regional variations, the fact remains that the past two decades saw the expansion of such market-led policies in almost all developing countries, which represents a trend of replacing state ownership with private ownership, and demonstrates a neoliberal position pursued by the state.

Third, in line with this market-biased policy framework, the character of the emerging neoliberal state in the developing world is also reflected in its deeper alliance or partnership with private capital, including both the local business enterprises and transnational firms or investors. Under the influence of structural adjustment programs, there has been an expansion of public-private partnership in countries such as Korea, Thailand, Malaysia, India, China, Indonesia, Mongolia, Vietnam, and the Philippines in the case of Asia; and Chad, Malawi, Ghana, Senegal, Uganda, Zambia, Zimbabwe, and Mozambique in Africa (World Bank, 1996, 1997). Similar trends of the expanding state's alliance with private capital can be found in almost all countries in Latin America (Pai, 1994). However, what is unique about this new state-capital alliance in developing countries is the state's unprecedented affiliation with foreign investors during the period since the early 1980s,³ which represents a reversal of the postwar state policy to reduce foreign ownership and enhance economic self-reliance.

² In terms of scope, privatization encompassed almost all economic sectors in developing countries, including telecommunications, airlines, electricity, water supply, railway, automobile, oil and gas, mining, ports, food processing, textile, cement, fertilizer, insurance, banking, and so on (World Bank, 1995).

³ In terms of percentage of total foreign direct investment, some of the major receivers of such investment have been China (11.3 percent), Singapore (11.3 percent), Brazil (8.7 percent), Mexico (8.3 percent), Hong Kong (7.0 percent), Thailand (4.8 percent), Malaysia (4.4 percent), and Argentina (3.7 percent) (UNCTC, 1991).

Under the auspices of international institutions such as the IMF, the World Bank, the International Finance Corporation, the Commonwealth Development Corporation, and the World Trade Organization, there has emerged a more intensive interaction and alliance between transnational corporations and the governments in developing nations (UNCTC, 1991). In Latin America, there is increasing partnership between the state and foreign capital: between 1990 and 1994, various privatization transactions encouraged foreign companies to invest \$70 billion in the region (Haque, 1999c; Pai, 1994). It was found that the outflows of foreign direct investment from capitalist nations such as the U.S., the U.K., Japan, France, and Germany, increased from \$61 billion in 1986 to \$156 billion in 1990 (Haque, 1999b). This contemporary tendency of the state in Asia, Africa, and Latin America to form a deeper alliance with private capital (both local and foreign) indicates its newly emerging neoliberal identity.

Fourth, as pointed out above, a major feature of the neoliberal state is its anti-welfare position — it tends to abolish the welfare rights of citizens related to economic security, health services, and education facilities (King, 1987). In most Asian, African, and Latin American countries, the contemporary regimes have increasingly moved toward such an anti-welfare option, which is quite evident in their recent attempts to streamline anti-poverty programs, withdraw food and agricultural subsidies, and introduce user fees for public sector services (Haque, 1999b; Tevera, 1995; Walton and Seddon, 1994). This anti-welfarism has emerged in poor African countries such as Jamaica, Zaire, Swaziland, Lesotho, Tanzania, Zimbabwe, and Uganda, where food subsidies and health and education expenditures have been severely cut (Haque, 1999c; Tevera, 1995). These countries have introduced market-led strategies of service delivery such as user charges, which have made basic services such as education and health less affordable to the poor (Tevera, 1995). This double-edged policy option — the retrenchment of government expenditures on social services on the one hand, and the adoption of user charges for such services on the other — represents an increasing anti-welfarism pursued by the state in Africa (Mwabu, 1998).

Similar trends toward the diminishing welfare programs and subsidized services can be found in Latin America (Haque, 1999c). During the 1980s and 1990s, many countries in the region introduced a market-based restructuring of social security, especially in the pension system, and allowed the private sector to play a greater role. The pioneer of such market-led reforms in social security has been Chile, followed by Peru, Colombia, Costa Rica, Brazil, and Argentina (Nitsch and Schwarzer, 1996). In most cases, however, the diminishing role of the state in social security has led to a situation in which the

underprivileged population, especially women, are much worse off (*ibid.*). The above anti-welfare reforms in the social sectors (especially health, education, housing, and social security) represent the growing neoliberal predilection of the state in Asia, Africa, and Latin America.

Lastly, an essential feature of the neoliberal state is also its tendency to transform its institutional objectives and structures in the image of the corporate business sector. Similar to the recent market-led restructuring of the state's primary mission in advanced capitalist nations, most developing countries have replaced the state's developmental goals — e.g. nation-building, social progress, and human development — by more businesslike objectives such as efficiency, productivity, and economic growth (Martin, 1993; Walton and Seddon, 1994). Among Asian countries, an intensive form of the businesslike mission of the state has emerged in Malaysia, Singapore, Indonesia, Thailand, and the Philippines (Haque, 1999a). Similar transition in the government agenda toward parochial economic efficiency and growth has taken place in other developing countries, including Chile, Mexico, Argentina, Brazil, Costa Rica, Ghana, Nigeria, Botswana, Tanzania, Zambia, and Uganda (Haque, 1999a, 1999b).

In line with this emerging businesslike mission of the state, the major government institutions are being redesigned in line with private sector management. For instance, the traditional government ministries and departments have been restructured and fragmented into many “autonomous agencies” or “executive agencies” enjoying unprecedented financial and personnel autonomy. This mode of public sector administration based on the ethos of managerial autonomy has been adopted in developing countries like Malaysia, the Philippines, Singapore, Thailand, South Korea, Botswana, and South Africa (Haque, 1999a; OECD, 1995). In addition to autonomy of these new state institutions, they are also guided by market-led principles and techniques such as contract-based employment, result-oriented budgeting, output-based performance, and customer-oriented style and attitude. The point here, in short, is that the current restructuring of the objectives and structures of government institutions in the image of corporate business firms, represents another tenet of a neoliberal state in developing countries. In summary, it has been emphasized above that the newly emerging features of the state in developing countries reflect its rising neoliberal character. This neoliberal formation of the state has serious implications for the concept and composition of citizenship in these countries.

Impacts of Emerging Neoliberal State on Citizenship

The past two centuries saw considerable progress in the praxis of citizenship, especially in terms of increasing span of rights or entitlements of citizens, in advanced democracies. These evolving citizenship rights include people's civil rights (rights to free speech, property ownership, and justice); political rights (rights to political participation, political position, and votes); and social rights (rights to economic welfare and security) (Marshall, 1994:9–11). In both developed and developing nations, the second and third quarters of the twentieth century witnessed a significant improvement in citizenship in terms of its scope beyond people's civil and political rights, and the incorporation of their social rights to basic goods and services such as food, education, health, housing, and transportation. At the international level, the Universal Declaration of Human Rights (1948) came to recognize each individual's right to equality and justice, to liberty and freedom, to free expression and vote, to education and employment, and to protection against unemployment (United Nations, 1993). Two subsequent covenants adopted by the UN General Assembly in 1966 — i.e., the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights — expanded and consolidated the principle of citizenship further. There have also emerged various international conventions and protocols on the so-called sustainable development, which emphasize the rights of the future generations of citizens to have access to natural resources and basic needs (Haque, 1999b).

It is within this framework of civil, political, social, cultural, and intergenerational rights that the idea and principle of citizenship evolved in various parts of the world. However, during the period since the early 1980s, due to the emergence of neoliberal state discussed above, the concept and composition of citizenship have undergone significant transformation, especially in terms of diminishing rights or entitlements of citizens. In most developing countries, the market-driven policies and reforms undertaken by such a state have adversely affected these rights or entitlements to basic services, to decent standards of living, to social equality and fairness, to political power and participation, and to intergenerational justice.

Impact on Citizen's Socioeconomic Entitlements

It is mentioned in the Universal Declaration of Human Rights that every citizen has the right to social security that is indispensable for human freedom from scarcity. In this regard, Oliver and Heater (1994:20) mention that, "the state owes certain services to the citizen as a right in return for the loyalty and services rendered by the citizen." In line with this argument, many states in the

developing world adopted policies based on the principle of citizens' entitlements to public sector services required to satisfy their basic needs and realize their human potentials. However, the market-led policies undertaken by the emerging neoliberal state have led to the erosion of these entitlements in many Asian, African, and Latin American countries, especially due to the withdrawal of food subsidies, reduction in social programs, and cuts in government spending on health and education.⁴

In Asia, between 1980 and 1996, public expenditure on education (as a percentage of GNP) declined from 2.5 to 2.3 percent in China, 7.5 to 4.0 percent in Indonesia, 6.0 to 5.2 percent in Malaysia, and 1.7 to 1.2 percent in Myanmar (World Bank, 2000a). The public spending on health has been less than 2 percent of national GDP in Bangladesh, India, Sri Lanka, Pakistan, Malaysia, Indonesia, Thailand, and the Philippines (UNDP, 1995:170–171). In the case of Africa, by 1990, there was a decline in health expenditure in Ghana, Egypt, Ethiopia, Kenya, Morocco, Nigeria, Somalia, Uganda, Zaire, and Zambia (UNDP, 1995:170–171). During the early 1990s, per capita spending on primary education and primary health was reduced by one-third in Zimbabwe; health spending declined by half in Zambia; and both education and health expenditures dropped by one-third in Tanzania (Oxfam International, 1997).

In the case of Latin America, during the prime neoliberal-policy period of 1990–97, as a percentage of GDP, the average public spending on health was less than 3 percent in Chile, Colombia, Ecuador, El Salvador, Honduras, Mexico, and Peru; less than 2 percent in Brazil, Guatemala, Paraguay, and Uruguay; and only 1 percent in Venezuela (World Bank, 2000a:242–243). It has been found that during 1981–92, the percentage of population without access to health services was 18 percent in Panama, 20 percent in Ecuador, 38 percent in Honduras, 40 percent in Guatemala, and 55 percent in Haiti (UNDP, 1999:146–147). In the education sector, between 1980 to 1996, public spending (as a percentage of GNP) decreased from 4.6 to 3.1 percent in Chile, 7.8 to 5.3 percent in Costa Rica, 5.6 to 3.5 percent in Ecuador, 3.9 to 2.2 percent in El Salvador, 4.9 to 4.6 percent in Panama, and 3.1 to 2.9 percent in Peru (World Bank, 2000a:240–241).

The above examples of diminishing public sector services, especially health and education, indicate the erosion of citizens' entitlements to such services in

⁴ Between 1985 and 1997, as a percentage of total government expenditure, the amount of subsidies and current transfers declined from 59 to 58 percent in Argentina, 7 to 2 percent in Congo, 33 to 23 percent in Costa Rica, 31 to 25 percent in Egypt, 44 to 38 percent in India, 24 to 21 percent in Indonesia, 26 to 20 percent in Kuwait, 15 to 12 percent in Morocco, and 15 to 8 percent in Pakistan (World Bank, 2000a).

many Asian, African, and Latin American countries. The progress in citizens' rights to social services that took few decades to evolve, has come under challenge due to market-centered reforms undertaken by the emerging neoliberal state in these countries. As Dagnino (1998:49) points out, under neoliberalism, the minimalist view of the state tends to eliminate the rights of citizens and shrink the state's responsibilities. In this context of diminishing public services and state responsibilities, citizens' access to health care and education has suffered considerably in many countries in the developing world.

Impact on Citizen's Basic Living Conditions

Related to the abovementioned entitlement principle associated with citizenship, one essential prerequisite for democratic citizenship is the rights of citizens to decent living conditions related to income, employment, and economic security. In many developing countries, under the newly emerging neoliberal state, the situation has deteriorated in terms of worsening poverty, increasing unemployment, and declining real wages. From a recent study of 23 countries in Asia, Africa, and Latin America that adopted structural adjustment programs, it has been found that in almost every case, the neoliberal programs have undermined food production, increased rural poverty, suppressed wages, and diminished employment (see Development Group, 1999).

In terms of poverty, after the neoliberal reforms since 1980, about 100 countries have experienced economic decline or stagnation, 1.6 billion people have seen their incomes dropped, 70 countries have average incomes lower than they were in 1980, and 43 countries have incomes lower than they were in 1970 (UNDP, 1996). In a study of 28 countries in 2000, it was reported by the World Bank that between 1981 and 1997 (a period of neoliberal structural reforms), the levels of income, poverty, and life expectancy deteriorated in 54 percent of these countries (Abugre, 2000). In Latin America and the Caribbean, the number of people below the poverty line (at \$2 per day) increased from 173 million in 1990 to 183 million in 1998 (World Bank, 2000b). It is estimated that between 1980 and 1990, the number of people living in poverty in Latin America increased by 42 percent, which was almost double the population growth rate in the region (Harris, 2000:141–142). This worsening poverty in many Latin American countries has been attributed to neoliberal reforms such as the elimination of subsidies, reduction in social spending, and use of austerity measures (Veltmeyer, 1993:2084).

In sub-Saharan Africa, between 1990 and 2001, the number of people in poverty increased by nearly 90 million (United Nations, 2005:51). Similarly, in South Asia, the number of people below the poverty line (at \$1 per day)

increased from 495 million to 522 million during 1990–98; and in the high-performing East Asian economies, the trend of worsening poverty has reappeared since the financial crisis in the late 1990s (Oxfam International, 1997; World Bank, 2000b). Currently, the percentages of population below the two poverty lines — i.e. \$1 and \$2 a day — are respectively 16.6 and 46.7 percent in China, 15.5 and 47.5 percent in the Philippines, 7.5 and 52.4 percent in Indonesia, 34.7 and 79.9 percent in India, and 36.0 and 82.8 percent in Bangladesh (UNDP, 2006: 292–294). The poverty line of \$2 a day, which is more realistic in the context of growing living cost worldwide, shows the severity of poverty in these and other developing countries.

There is a tendency among the advocates of market-driven policies and reforms to draw attention to the positive outcomes of such policies and reforms (such as efficiency, competition, and performance), to overlook the adverse impacts of such policies and reforms on people's living standards, and/or to highlight the inconclusive nature of such policy assessment (Prasad, 1998, Abugre, 2000). However, some of the more reliable, empirical, and critical studies on the specific dimensions of neoliberal policy reforms (e.g. privatization, retrenchment, subsidy withdrawal, and wage cut) undertaken during the past two decades, demonstrate that these reforms worsened the situation of poverty in many Asian, African, and Latin American countries (see Abugre, 2000; Harris, 2000; Prasad, 1998; Harris and Seid, 2000). More specific examples of such a link between the neoliberal policy reform and the worsening poverty includes South Korea (Crotty and Lee, 2006), the Philippines (Scipes, 1999), Costa Rica, El Salvador (Chomsky, 1993), Argentina, Mexico (Harris, 2000), and Colombia (Leech, 2006).

With regard to the employment situation, the period of structural adjustment pursued by the neoliberal state has not been that promising for many Asian, African, and Latin American countries where the common people feel increasing job insecurity and are losing jobs due to massive retrenchment. According to McGow (1995), the divestment of state enterprises and the retrenchment of public employees have intensified unemployment across Africa. During the structural adjustment period 1990–95, as a percentage of the population, the rate of employment in the formal sector declined from 18 to 16.9 percent in Kenya, 9.2 to 8.1 percent in Tanzania, 17.2 to 13.3 percent in Uganda, 28.9 to 25.3 percent in Zimbabwe, and 20.7 to 18 percent in Zambia, (van der Hoeven, 2000:8). Even in high-performing Southeast Asia, the situation of unemployment worsened considerably between 1993 and 2003 (United Nations, 2005:57).

In Latin America and the Caribbean, since the early 1990s, the overall level of unemployment has worsened in most countries except cases such as

Chile, Mexico, and Uruguay (United Nations, 2005; ILO, 1995). In some Latin American cases, between the 1980s and 1990s, although the level of employment increased in the informal economy, it declined in the formal economy; although it increased for the non-wage labour force in the agricultural sector, it decreased for the wage labour force in the non-agricultural sectors (Harris, 2000; Weeks, 2000). One main reason for the rising unemployment in many African and Latin American countries has been the fact that neoliberal policies and reforms in these countries have led to “sharp reductions in public sector employment”, “declining number of workers in state enterprises”, and the relative inability of non-state sectors to create adequate jobs to absorb retrenched employees and workers (Harris, 2000; van der Hoeven, 2000). In any case, the rising level of unemployment indicates the declining living conditions in developing countries, which have worsened further, due to a significant decline in real wages.⁵

Impact on Citizen's Right to Equality and Fairness

A crucial dimension of democratic citizenship is the realization of a certain degree of social equality or a fair distribution of income among various social classes and groups. In this regard, the state in postcolonial developing countries adopted many developmental programs and fiscal measures to reduce socioeconomic disparity through redistributive measures. During the recent decades, however, the pro-market reforms under the neoliberal state have exacerbated inequalities between and within countries all over the world. At the global level, between 1980 and 2001, as a percentage of the average per capita income of the rich OECD countries, the level of per capita income declined from “3.3 to 1.9 per cent in sub-Saharan Africa, from 9.7 to 6.7 per cent in the Middle East and North Africa, and from 18 to 12.8 per cent in Latin America and Caribbean” (United Nations, 2005:47).

At the national level, it is generalized from different sets of data that while internal economic inequality in most countries was diminishing during the 1950s, 1960s, and 1970s, it began to rise again during the period of neoliberal reforms beginning from the 1980s (United Nations, 2005:47). It is reported that during the recent two decades, out of 73 countries under study, the level of internal income inequality increased in 53 countries (accounting for 80%

⁵ In Latin America, for instance, the minimum wage declined by 32.6 percent during 1990–92 in Peru; it lost 65 percent of its value between 1980 and 1990 in Mexico; and the total wages dropped from 62.8 to 30.7 percent of GDP between 1972 and 1989 in Chile (Haque, 1999c).

of the world population), while the gap appeared to be reduced in 9 countries (representing only 4% of the world population) (Martens, 2005). Among the developing regions, in the 1980s, the level of income inequality increased considerably in 6 out of 12 countries in Asia, 4 out of 6 countries in Africa, and 9 out of 14 countries in Latin America (van der Hoeven, 2000:9). Although some South and East Asian countries were once able to achieve higher economic growth with some degree of equity, the level of inequality in these cases began to rise in the 1980s and became a common trend in the 1990s (United Nations, 2005:49).

In Africa, the externally imposed neoliberal structural adjustment worsened the situation of income inequality in the 1980s, and in the 1990s, “income distribution trends deteriorated further, as reflected in the higher Gini coefficients in most countries [in the region]” (United Nations, 2005:49). In Latin America, the level of inequality is even more serious. In Argentina, for instance, the income of the top earners was 8 times higher than the lowest income earners, which became 15 times higher in 1991, 22 times higher in 1997, and 25 times higher in 1999 (Harris, 2000:140). Currently, the shares of national income for the poorest 10 percent and the richest 10 percent are respectively 1.1 and 39.6 percent in Argentina, 0.3 and 47.2 percent in Bolivia, 0.8 and 45.8 percent in Brazil, 1.2 and 47.0 percent in Chile, 0.7 and 46.9 percent in Colombia, and 1.6 and 39.4 percent in Mexico (UNDP, 2006: 335–337). With regard to the causes of such inequality, in addition to other factors (e.g., unequal land ownership, illiteracy, and corruption), “the neoliberal economic reforms undertaken by the governments of the developing countries have also increased the transfer of income from the lower and middle classes to the upper classes, and greatly weakened the position of the working class” (Harris and Seid, 2000: 14).

Beyond this worsening inequality between social classes or income groups, gender inequality has also exacerbated during the period of bourgeois reforms under neoliberal states in developing countries. In this regard, David (1998) mentions that the recent economic restructuring has affected women more adversely in terms of poverty, job losses, and economic hardship. In Africa, the average rate of female unemployment doubled the rate of male unemployment — e.g., the male-female ratio of urban unemployment is 1:2 in Kenya and 1:4 in Egypt (David, 1998). Structural adjustment programs have been extremely detrimental to the health, education, and employment of women in Ghana, Zimbabwe, and Zambia (McGow, 1995). Among Asian countries, after the neoliberal reforms, a greater number of women than men are jobless in Indonesia, Malaysia, Thailand, China, Pakistan, Sri Lanka, and the Philippines (David, 1998). In Latin America, women also are the main losers from the

recent market-led reforms in social security, especially from pension reform, in cases such as Chile, Colombia, and Costa Rica (Nitsch and Schwarzer, 1996).

Impact on Citizen's Political Power and Participation

A crucial dimension of democratic citizenship is the exercise of political power by the citizens through various means, including the grassroots organizations representing civil society, the labour unions and public opinions affecting state policies, and the formal and informal mechanisms ensuring public accountability. Although these various means of exercising people's power and participation expanded during the postwar period, under the emerging neoliberal state, such means of power and participation have weakened. First, following the recent examples of customer-centered governance in advanced capitalist nations, the citizens are being redefined as the customers of the state in many countries in Asia, Africa, and Latin America (Haque, 1999a). Such a notion is likely to encourage consumerist behaviour based on narrow self interest, and thus, may be detrimental to the formation of collective public interest (Clarke and Newman, 1997) needed for effectuating citizens' power. It is because when citizens are individualistic customers, they are guided by the utilitarian principle of maximizing self-interest and prone to mutual competition, which implies the erosion of their sense of solidarity as a source of collective power. Fragmented individuals (as customers) without a collective identity are relatively powerless in relation to the state and the market forces. In addition, the state's treatment of citizens as customers replaces the image of citizens as taxpayers and owners of government institutions (Schachter, 1995), and thus, diminishes their power associated with the principle of ownership.

Second, the configuration of power structure in society largely depends on the triangular relationship between labour, capital, and the state. As discussed above, under the neoliberal state, there has emerged a more intensive alliance or partnership between the state and private capital while marginalizing the working class. In fact, the contemporary reforms tend to portray labour unions as detrimental to economic growth based on free market (Rentoul, 1987). In Latin America, it has been pointed out that the current neoliberal regimes adopted various legislations associated with market-led reforms in order to diminish the power of trade unions (Sainz and Calcagno, 1992). Under such a neoliberal anti-trade union context, between 1985 and 1995, the union membership (as a percentage of total labour force) for non-agricultural category declined from 48.7 to 25.4 percent in Argentina, 11.2 to 7.0 percent in Colombia, 22.9 to 13.1 percent in Costa Rica, 7.9 to 7.2 percent in El Salvador, 8.1 to 4.4 percent in Guatemala, 54.1 to 31.0 percent in Mexico, 19.9 to

11.6 percent in Uruguay, and 25.9 to 14.9 percent in Venezuela (Weeks, 2000:101–102). During this period, the trade union membership for wage-labour force declined on average from 52.3 to 32.9 percent in Latin America (Weeks, 2000:102). In addition, the power of the working-class citizens, especially in the public sector, has diminished due to their increasing vulnerability caused by the aforementioned neoliberal policies such as privatization, budget cuts, and retrenchment.

Finally, the source of citizens' power based on various democratic means, which make the government accountable or answerable to citizens, has also come under challenge due to the recent businesslike restructuring of state institutions mentioned above. More specifically, the corporatization of government agencies into the aforementioned autonomous agencies — which enjoy extensive managerial autonomy in terms of finance and personnel — may render the existing mechanisms of public accountability ineffective. In countries such as Malaysia, Thailand, South Korea, Saudi Arabia, Egypt, Botswana, South Africa, Guyana, and the Philippines, these state agencies are now guided by efficiency-led operational autonomy to the extent that they are less amenable to accountability measures such as public hearings, legislative debates, and opposition voices that enhance citizens' power. It should be emphasized that in cases such as Argentina, Brazil, and Peru, the neoliberal policies and reforms have been undertaken by the state often through decrees and promulgations without any opinion survey, public consultation, and discussion with the opposition (Pereira, Maravall, and Przeworski, 1993).

Impact on Citizen's Right to Intergenerational Justice

Beyond the entitlements or rights of the current generation citizens, a comprehensive view of citizenship should involve the rights of the future generations, which have been recognized and emphasized by the proponents of sustainable development (Haque, 1999b; WCED, 1987). In recent years, these intergenerational rights have come under challenge in developing nations due to the adverse policy outcomes of neoliberal states, including the proliferation of foreign ownership and expansion of external debt. As explained later in this section, the foreign ownership of national assets is likely to deprive future generations of their ownership rights to such assets, and they are likely to suffer the burden of external debt for which they are not responsible.

First, while during the post-independence period, most developing countries nationalized various enterprises in order to reduce foreign ownership, during the recent decades, these countries adopted neoliberal policies such as privatization and liberalization, which led to massive foreign ownership of the

privatized assets. In Latin America, for example, the privatization of airlines and telecommunications in Argentina, Mexico, Chile, and Venezuela led to the transfer of their ownership and control from national governments to foreign corporations such as Citibank (USA), AT & T (USA), Chase Manhattan Bank (USA), Southwestern Bell (USA), France Telecom (France), Iberia Airlines (Spain), and SAS Airlines (Sweden) (Haque, 1999c; Martin, 1993). Foreign ownership has also occurred in other sectors, including railway and power utility in Argentina, steel industry in Brazil, petroleum in Mexico and Venezuela, beverage production in Mexico, and manufacturing in Colombia (Haque, 1999c). To the foreign investors, the main attraction has been the undervaluation of public assets and extreme low prices at which they have been sold.

Thus, the worldwide economic opportunity created by neoliberal state policies has led to unprecedented expansion of foreign direct investment in developing countries. Between 1990 and 1997, foreign direct investment increased considerably in Argentina, Brazil, Chile, Colombia, Mexico, Indonesia, Korea, Malaysia, Thailand, and China (World Bank, 2000a:270–271). In African countries, although the amount of foreign investment was relatively small, its increase in the 1990s was significant. The advocates of foreign direct investment tend to claim its positive effects on developing countries, such as the creation of jobs, transfer of technology and skills, and generation of corporate tax revenues. But the critics argue that the increased level of foreign investment not only indicates the internal economic weaknesses of host countries, it also leads to the transfer of asset ownership from national to foreign residents, expansion of foreign control and management over domestic firms, and so on (Loungani and Razin, 2001). Thus, although the policy of foreign direct investment may have some benefits, it is likely to increase foreign ownership and control, diminish the autonomy and self-reliance of the national economy, and deprive local entrepreneurs and citizens (especially the future generation) of access to national assets owned or controlled by foreign firms.

The potential threat to national economic sovereignty posed by this foreign ownership has been reinforced further by the worsening situation of external debt in many developing countries. Although one of the main forces behind the adoption of recent economic reforms in these countries was the external pressure to reduce foreign debt, ironically there has been a huge expansion of such debt during the reform period. The total external debt has reached \$33.9 billion in Colombia, \$41.9 billion in Chile, \$132.3 billion in Argentina, \$141.3 billion in Mexico, \$227.9 billion in Brazil, \$30.5 billion in Nigeria, \$30.8 billion in Egypt, \$48.6 billion in Malaysia, \$59.2 billion in Thailand, \$59.3 billion in Philippines, \$104.4 billion in India, \$132.2 billion in Indonesia, and \$168.3 billion in China (World Bank, 2004:262–263).

Although external debt may have expanded due to government inefficiency and waste in many countries, its recent expansion is considerably related to the neoliberal structural adjustments or reforms. On the one hand, it is largely the huge burden of external debt that has been used by international agencies (especially the IMF and the World Bank) since the 1980s to put pressure on developing nations to adopt these structural adjustment policies (Labonte et al., 2004). On the other hand, an unprecedented volume of financial assistance (known as structural adjustment loans) has been recently extended by these international agencies to these countries on the condition that they expansively adopt such neoliberal policies and reforms (Stein and Niskanke, 1999; Labonte et al., 2004). This growing external debt adds further to the external dependency of developing nations exacerbated by neoliberal policy reforms (e.g. foreign direct investment). This burden of external debt and dependency is likely to continue with the current and future generations, force them to use available resources for debt servicing and repayment, and thus, diminish their rights to self-reliance and basic needs.

Concluding Remarks and Suggestions

In the above discussion, it has been explained that there has been a significant shift in the nature of state formation in developing nations, that the state has increasingly taken a neoliberal character, and that this emerging neoliberal state has serious critical implications for the concept and composition of citizenship in these countries. More specifically, it has been illustrated how the programs, policies, and strategies undertaken by the neoliberal state — including stabilization and structural adjustment programs, privatization and liberalization policies, and anti-welfare and pro-capital strategies — have adversely affected the citizens' rights or entitlements to basic services, minimal living standards, social equality, political power, and intergenerational justice. This trend toward diminishing citizens' rights or entitlements in Asia, Africa, and Latin America, represents almost a reversal of progress made in establishing democratic citizenship during the postwar period. As Alvarez, Dagnino, and Escobar (1998:1) mention, the neoliberal transition in the nature of the state diminishes its capacity to apply democratic citizenship, equates citizenship with individual's integration into the market, and pushes citizens to rely on their private means. Why has the neoliberal policy agenda been pursued by the regimes in developing countries despite its adverse implications for citizens?

In this regard, one has to examine the fact that behind the current market-led policy reforms adopted by neoliberal states in developing countries, various

external and internal forces have been actively involved. At the global level, international agencies such as the IMF, the World Bank, the International Finance Corporation, the World Trade Organization, the Asian Development Bank, the Inter-American Bank, the African Development Bank, and the U.S. Agency for International Development, have been engaged in influencing developing countries to adopt promarket policies and programs as the preconditions for foreign loans or external assistance (Haque, 1999c; Veltmeyer, 1993). Such policies and programs, which expanded opportunities for foreign investment, foreign ownership, and export market, have also been encouraged by economic experts, media networks, consultancy firms, and transnational corporations located in advanced capitalist nations (Haque, 1999c; Martin, 1993). However, one should not discount the internal vested interests within the developing world — including the ruling-party members, high-ranking officials, and business elites — who gained considerably from neoliberal reforms such as privatization that provided opportunities to make windfall profits from purchasing the underpriced public assets (Martin, 1993).

Thus, beyond the official rationale or justification for promarket reforms, there are national and international beneficiaries allied with the neoliberal state pushing for reforms. However, the worse-off sections of society have expressed dissatisfaction, organized social movements, and launched protests (in the forms of riots and strikes) against the neoliberal policies and reforms in many developing countries. In Latin America, according to a 1996 survey, as the neoliberal regimes introduced new labour laws and rules restricting workers to join union and engage in bargaining, there were protests and demonstrations that led to the arrests, abductions, and/or killings of workers in countries like Argentina, Bolivia, Colombia, Guatemala, Panama, Paraguay, and so on (Weeks, 2000:104). It has been pointed out that since the 1990s, “there has been a notable upsurge in popular resistance to the neoliberal policies of the Latin American governments. The privatization of public enterprises, worker lay-offs, the dismantling of agrarian reform laws... have provoked wave after wave of protests” (Harris, 2000:151). In South Asia, various grassroots action groups “have provided the most sustained and vocal opposition to neoliberal reforms, especially new environmentalist social movements” (Pasha, 2000:79). It is reported that due to the adverse impacts of neoliberal structural adjustment policies, between 1976 and 1992, there were 146 public demonstrations directly against such neoliberal policies in 39 developing countries (Abugre, 2000).

Thus, the government must re-examine and restructure its current policy agenda in order to ensure citizens’ rights to basic services, to decent living standards, and to social equality and justice. It is increasingly being realized that adequate social programs must complement promarket policies, and that

the protection of citizens' basic rights is often more important than economic efficiency in a genuine democracy (Haque, 1999a). Thus, there is an urgent need to redress the current threats to citizenship rights under the emerging neoliberal state in developing countries by undertaking appropriate policy measures. In this regard, *first*, it is necessary to critically examine the recent trend toward defining and treating citizens as utilitarian customers or consumers, and to reinforce a more progressive view of citizenship. As Haque (1999a) emphasizes, it has become essential to restructure citizenship based on citizens' basic rights to freedom and free speech, to physical and environmental security, to employment and income, and to equality in service provisions such as health and education.

Second, appropriate measures have to be undertaken to establish the distributive justice endangered by expansive market forces under the neoliberal state. In this regard, in opposition to the reduction of corporate and property taxes required by structural adjustment programs, suggestions have been made to introduce more progressive taxation, so that the government can raise adequate revenues needed to provide basic services to the poor (Oxfam International, 1997). Such a policy is more crucial in Latin America (e.g., Mexico, Peru, and Brazil) where the incidence of taxes is heavier on the poor and where the focus is on consumption taxes harming the poor rather than on income and property taxes affecting the rich (ibid.). A progressive restructuring of taxation is likely to improve distributive justice and social equality by transferring certain percentages of income from the affluent households to the underprivileged citizens who are in abject poverty.

Third, the governments in developing countries should also undertake measures to compensate citizens who are worse off (especially in terms of job losses) from the current neoliberal economic policies and reforms. The ILO (1998) prescribes measures such as unemployment insurance and severance pay guarantee, which are effective in providing some degree of protection to those who have been retrenched under structural adjustment programs in these countries. It is also important that when workers are laid off in the name of streamlining or downsizing, their unpaid wages are not forgotten and they are provided with minimal economic protection. Although some countries already have such measures of protection, the governments must ensure that these measures are strictly enforced in both the public and private sectors.

Fourth, it is essential that the governments in developing countries revive and expand some of the basic social services such as health, education, transport, and housing, which are extremely essential to low-income citizens in these countries. In contrast with the World Bank's imposed policies to withdraw subsidies, introduce user charges, and privatize social services under structural adjustment, the ILO (1998) suggests that the government provisions

for subsidized services such as health and education must be expanded and the user charges for these services should be waived. This is very crucial for the most vulnerable groups, including children, women, and old-age people, who are often in severe economic poverty and have no access to services provided by the private sector.

Finally, the political leaders and policy makers in developing countries must rethink the whole neoliberal state framework and its associated programs and policies based on market-biased assumptions and principles espoused by the aforementioned vested interests. It is necessary to re-examine the assumptions underlying neoliberal reforms that private firms are always more efficient than public enterprises, that there is no distinction between the public and private sectors in terms of services they provide and clients they serve, that the market forces are more effective than public agencies to maximize allocation and welfare, that free trade always results in fair or equal exchange, and that economic efficiency is more crucial than other social priorities and values (Rosenzvaig, 1997). It is also essential to launch a more objective and critical evaluation (beyond advocacy) of the adverse implications of current neoliberal reforms for various social groups and classes, for the citizens' rights and entitlements, and for economic sovereignty and self-reliance.

The realization of the above suggestions — such as redefining citizenship, ensuring distributive justice, compensating the worse off, expanding basic services, and re-examining market-led policies — may require the negation or rejection of the neoliberal state itself. Thus, the question remains whether the domestic constituents of such a neoliberal state (including the market-biased political leaders, civil servants, think tanks, and business elites) will endorse these recommendations. Even if they forgo their own vested interests in the neoliberal policy agenda, a formidable challenge is likely to arise from the global economic powers. It should be remembered that to a large extent, the neoliberal approach emerged from the so-called “Washington consensus” demanding the adoption of stabilization and adjustment programs and market-driven policies in Latin American countries such as Mexico, Argentina, Chile, Bolivia, and Venezuela (Pereira, 1993). Beyond the external pressure exerted by advanced capitalist states, there are other unavoidable outside forces, especially international financial agencies, which often impose such neoliberal policies and programs on developing countries.

Thus, there are formidable internal and international forces against the above remedial measures for strengthening citizens' basic rights. The last resort, of course, is the option often taken by citizens themselves in the form of protests and social movements against neoliberal policies worsening their social conditions and endangering their rights. In Latin America, where neoliberalism has become hegemonic but unpopular (Topik, 1999:3), the notion of

citizenship has become an essential constituent of larger social movements related to people's democratic rights (Dagnino, 1998:48). On the part of the state itself, it needs legitimation based on the confidence or support of citizens, which in turn, depends on its capacity to guarantee their basic rights or entitlements. In other words, although the newly emerging neoliberal state in developing countries tends to diminish a democratic mode of citizenship based on people's fundamental rights, paradoxically, it needs to extend such a democratic citizenship to maintain its own legitimacy.

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