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Building Neoliberal Hegemony: The Emergence of the Post Washington Consensus and the Introduction of the Poverty Reduction Strategy Approach by the World Bank

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Acronyms

Comprehensive Development Framework (CDF)

Country Assistance Strategy (CAS)

International Monetary Fund (IMF)

Foreign Direct Investment (FDI)

Gross Domestic Product (GDP)

Highly Indebted Poor Countries (HIPC)

Millennium Development Goals (MDGs)

New Institutional Economics (NIE)

Non-Governmental Organisation (NGO)

Poverty Reduction Strategy (PRS)

Poverty Reduction Strategy Paper (PRSP)

Socio-Institutional Neoliberalism (SIN)

Structural Adjustment Programme (SAP)

Post Washington Consensus (PWC)

United Nations (UN)

United Nations Conference on Trade and Development (UNCTAD)

United Nations Development Programme (UNDP)

United States (US)

Washington Consensus (WC)

World Trade Organisation (WTO)

1 Introduction

When analysing the orthodox development framework and discourse today it is seemingly littered with concepts such as 'ownership', 'partnership' and 'participation' which are complemented by references to 'good governance', 'institution building' and 'civil society'. This is the new way of doing development which has been articulated by the World Bank with the grand objective of reducing poverty. These progressive sounding words are a result of the World Bank redefining its approach to development during the late 1990s away from structural adjustment and towards poverty reduction. A concrete result of this shift in orientation was the launching of the Comprehensive Development Framework (CDF) and the Poverty Reduction Strategy Papers (PRSPs) which were an attempt to operationalise a holistic approach to development by introducing social and non-economic factors into the development process. Moreover, the poverty reduction strategy (PRS) approach was a new policy tool which emphasised country ownership of a development strategy and civil society participation in a development programme as key principles, as well as the participation of the poor in development processes (Ruckert 2006: 36). This can be characterised as the shift from the Washington Consensus (WC) to the Post Washington Consensus (PWC).

The founding of the PWC has been met with two responses. On the one hand there is the belief that the PWC represents a new development paradigm which places much greater emphasis upon the multi-dimensional nature of development. Therefore, there has been a rupture in thinking away from neoliberalism and structural adjustment with a shift towards the acknowledgement of the need for strong institutions, the input of civil society organisations and participation of the poor in the development process. On the other hand there is the view that the PWC is not a rupture in development thinking but actually a repackaging of the same neoliberal development principles which has not moved on from structural adjustment ideas. The discursive shift to the PWC represents an effort to address the criticisms aimed at development policies and so address threats to neoliberalism and deepen neoliberal intervention. This means that the PRS approach is a smokescreen for the exploitation of developing countries in which neoliberalism is being prescribed as before but under the new development package of poverty reduction.

This paper will argue the case for another explanation. It will show that the PWC is neither a new way of thinking about development nor an attempt to reproduce the same neoliberal policy prescriptions. Rather, it will argue that the PWC constitutes a new neoliberal development framework that takes a qualitatively different approach to implementing, embedding and maintaining the neoliberal accumulation regime. The PWC represents a more inclusive form of neoliberal development used by the World Bank as a way of implementing the neoliberal development paradigm which had encountered a crisis of legitimacy and so is an attempt to relegitimise market led development and thus circumvent implementation impediments. The WC intended to implement market forces through policy prescriptions such as liberalisation, privatisation and fiscal austerity. However, the World Bank was forced to reconfigure this economic reform upon the realisation that economic reform alone is insufficient in establishing markets because it is a fundamentally political project which must take into account the social aspect of development when implementing the neoliberal accumulation regime (Carroll 2010). Therefore, new methods and mechanisms (such as participation, partnership and ownership) were needed to embed and sustain the neoliberal agenda. The incorporation of these new political technologies and delivery services (Carroll 2010) is an attempt to overcome legitimacy problems and so re-legitimise the neoliberal development framework.

This thesis uses a Neo-Gramscian framework in order to analyse the World Bank's attempt to resolve the legitimacy problems and contradictions which were encountered when attempting to implement WC policy prescriptions in developing countries. Thus, by using the Neo-Gramscian perceptive the PWC and the new emphasis on poverty reduction can be interpreted as an inclusive form of neoliberalism and so an attempt by the World Bank to build hegemony around contested neoliberal principles, re-legitimise neoliberal forms of development and represents domination through inclusion. In utilising the political technology of participation the World Bank can engage with civil society actors during the policy formulation process allowing it to absorb counter hegemonic ideas and co-opt these actors which would create a consensus and establish hegemony around its interventions. Inclusion and participation are important elements which differentiates the WC from the PWC. They appear to increase involvement and constitute civil society participation in PRSPs and inclusion of the poor in policy decisions. However, in reality through co-option, consensus building, marginalisation and maintaining a monopoly on what constitutes development knowledge these elements narrow and constrain debate in order to depoliticise conflict which ultimately works in the interests of maintaining hegemony around neoliberal principles (Carroll 2010: 2).

2 Theoretical Framework

2.1 Hegemony and Other Gramscian Concepts

An active focus on questions of hegemony requires engagement with Gramsci. What is important to remember is that Gramsci's ideas on hegemony are related to his own historical context and the political and social struggles which existed in the world he inhabited. Cox argues that Gramsci's value as a commentator lies in the fact that Gramsci's concepts are loose and elastic which allows them to become relevant when brought into contact with a particular situation. This is due to Gramsci's historicism and Gramsci gearing his thoughts consistently to the practical purpose of political action (Cox 1993: 50).

An historical event which shaped Gramsci's thinking on hegemony was the Russian Revolution. Gramsci tried to understand why a revolution had taken place in Russia but had failed to materialise in western Europe. The reason was pinned on the hegemony of the bourgeoisie and to the apparatus or mechanisms of hegemony of the dominant class. Therefore, in western Europe the bourgeoisie had attained a hegemonic position but bourgeois hegemony was weaker in Russia. The reason for this was put down to the lack of a civil society which did not exist Russia but existed in western Europe. Hegemony involves concessions to subordinate classes in return for acquiescence to bourgeois leadership which ultimately preserves capitalism by making it more acceptable to those in the subordinate classes. This explained the perseverance of capitalism in western Europe. This perception of hegemony led Gramsci to enlarge his definition of the state. A definition of the state limited to elements of government was ineffective and should include political structures in civil society such as the church, the educational system and the press. Or in other words as Cox stated: “institutions which helped to create in people certain modes of behaviour and expectations consistent with the hegemonic social order” (Cox 1993: 51).

Linked to the concept of hegemony is that of an historic bloc. In Gramsci's view, any class which wishes to create a concrete hegemony must move beyond its immediate material interests and form an intellectual and moral leadership which involves making compromises with a variety of social forces. Therefore, an historic bloc is a dialectical concept in the sense that its interacting elements create a larger unity (Cox 1993: 56). This highlights the reciprocal relationship between ideology and the political sphere with the economic and material sphere or in other words between the social relations of production and ideas within the realm of civil society relations (Morton 2007: 96). This is because ideas have to be understood in relation to material circumstances: hegemony cannot be built without a material foundation. Material circumstances include both the social relations and the physical means of production. This symbiotic relationship resides in the fact that the mode of production cannot secure the power of a social group without the conception of ideas which are supportive to the economic structure. Ideology shapes production and production shapes ideology. Therefore, there is an ensemble of social relations, economic relations and ideology within an historic bloc, of which it offers a theoretical analysis of the relationship between the base (state) and superstructure (civil society). In this sense an historic bloc is the organic link between political and civil society of which there is a fusion of material, institutional, inter-subjective and ideological capacities (Gill & Law 1993: 94).

The idea of an historic bloc allows Gramsci to move away from the narrow focus of an economic base, and so moves beyond a focus on class with an analysis which is not limited to the owners of the means of production, allowing the analysis of other issues such as culture and religion. An historic bloc is where hegemony is exercised within a wider social and political constellation. They signify an historical congruence between material forces, institutions and ideology within a broad alliance of different class forces (Gill & Law 1993: 94). Therefore, an historic bloc refers to the concrete or practical relationships between social forces which indicate the integration of a variety of class interests and forms of identity. This means that historic blocs are not static: social forces are constantly shifting within the dominant group of social forces.

Hegemony was used by Gramsci to describe a relation of consent by means of a political and ideological leadership rather than a relation of coercion. This hegemony operates in society across both the economic structure and the super-structural levels of civil society and political society. Therefore, hegemony is organised through leadership, alliances and networks in a context of continuous ideological and political struggle (Engel 2010: 8). Thus: “the fact of hegemony presupposes that the interests and tendencies of those groups over whom hegemony is exercised have been taken into account and that a certain equilibrium is established” (Engel 2010: 8) Moreover, according to Gill hegemony refers to a political process based on a relatively inclusive set of relationships, where consent rather than coercion predominates. Consent is achieved through a combination of ideological legitimation, social compromises and material concessions (Gill 2003). The consent of subordinate social forces comes about in a plethora of ways. One way consent is obtained is through taking some interests into account, which represents a compromise on behalf of the dominant social forces. These compromises can come in the form of ideational or material concessions to subordinate social forces in order to widen the alliance of social forces and so extend hegemony through inclusion. This gives rise to various aspects of analysis when understanding how hegemony is formed and maintained. One category is co-optation while another is understanding how some social forces are able to universalise their own interests so as to make them seem as if their interests are in the general interest. Cox explains that hegemony exists “when the dominant state and social forces sustain their position through adherence to universalised principles which are accepted or acquiesced in by a sufficient proportion of subordinate states and social forces” (Cox 1993: 58).

2.2 Neo-Gramscian Perspectives

The transition from Gramsci's ideas about hegemony based on national connotations to the international context emerged with the work of Robert Cox (1993). This signalled the coming to the fore of a critical theory of hegemony within international relations which focused on world order and historical change. Thus, a critical theory of hegemony directs attention to questioning the prevailing order of the world. It asks how existing social or world orders have come into being and so how norms, institutions and practises emerge. In this respect it is a dialectical theory of history. In regards to Cox, his ideas on hegemony focus on the interaction between particular processes which spring from changes within the sphere of production and the exploitative character of social relations of which there is a continuing creation of new forms (Bieler & Morton 2004: 86). By extending the concept of hegemony into the international context, a framework can be developed with which the World Bank's shift to the PRS approach and the emergence of the PWC can be examined as well as explaining the construction and altering configuration of global power. This framework accounts for the possibilities of change and transformation within world order through notions of hegemony (Morton 2007: 112).

Cox states that Gramsci considered states to be the basic entities within international relations and so the primary place where social conflicts take place and thus where hegemonies of social classes can be built. For Gramsci, changes in social relations shaped international relations in that the most powerful states internationally were those which had undergone a profound social and economic revolution (Cox 1993: 59). However, when sketching out a concept of world order Cox makes sure to highlight the difference between the dominance of one country over others and hegemony. Coercion can be characterised as imperialism, but hegemony was something different. To underline this point Cox uses the example of hegemonic and non-hegemonic periods in history, with Britain and the United States (US) creating world orders as well as the non-hegemonic period during the two world wars. From this Cox makes the claim that to become hegemonic “a state should found and protect a world order which is universal in conception, i.e. not an order in which one state directly exploits others but an order which most states find compatible with their interests" (Cox 1993: 61). This means that a hegemonic world order is not only founded upon dominance and coercion between states but a mode of production with a global extent which links social classes within countries. This leads Cox to make a very important statement: "a world hegemony is thus in its beginnings an outward expansion of the internal (national) hegemony established by a dominant class" (Cox 1993: 61). This hegemony then filters outwards into the international realm. This is an important viewpoint and will be revisited later when considering the possibility of a transnational hegemony.

Cox links this to passive revolution in that this hegemony filters out towards the periphery of which the hegemonic model is emulated and incorporated into countries which have not undergone economic or social change and without disturbing old power structures. Cox makes the point that "in the world hegemonic model, hegemony is more intense and consistent at the core and laden with contradictions at the periphery" (Cox 1993: 61). Cox sums up that hegemony at the international level is not an order among states but rather an order within a world economy where there is a dominant mode of production which penetrates all countries and so connects social classes in different countries. World hegemony is expressed through universal norms, institutions and mechanisms which act across national boundaries and support the dominant mode of production (Cox 1993: 62). Morton echoes the points made by Cox when he states that hegemony is the articulation of a particular set of interests as general interests and that "it appears as an expression of broadly based consent, manifested in the acceptance of ideas and supported by the material resources of institutions, which is initially established by class forces occupying a leading role within a state, but is then projected outwards on a world scale" (Morton 2007: 113). Therefore, Morton agrees with the point made by Cox that world orders are the result of an outward expansion of a nationally built hegemony.

2.3 The Three Spheres of Activity

Hegemony within a particular historical order is constituted by the interplay of three spheres of social activity. First, there are the social relations of production. The relations of production should be the starting point for analysing the operation and mechanisms of hegemony, however, this should not only be focused on the production of physical goods but also knowledge, morals and institutions. This enables a framework to be developed which focuses on how the social relations of production give rise to the foundation of social forces, how these social forces become the basis of power within the state and then how this shapes a world order. Hence, the relationship between the mode of production and power is crucial, of which there is a reciprocal relationship between structure and agency (Morton 2007: 117). This means that hegemony must be understood as a form of class rule rather than a hierarchy of states because social forces are the core collective actors. With this in mind Morton argues that “class identity emerges within and through historical processes of economic exploitation” (Morton 2007: 117) and so class consciousness emerges out of particular historical contexts of struggle.

Second, there are forms of state. State power rests on the configuration of social forces which is in turn reliant on the configuration of the social relations of production. Therefore, the state is not treated as an a-temporal institution but rather an historical construction made up of various social struggles and the mode of production. Thus, the state must be set in a historical context. By examining the different forms of state it is possible to examine which social forces were involved. Changes in the makeup of an historic bloc usually lead to changes in the social basis of the state. As a result, state power is related to social forces and processes of which forms of state are the result of particular historical blocs or conflicts between social forces (Bieler & Morton 2004: 91). This means civil society takes on importance when examining the state as Gramsci argued that the state was more than a handful of institutions but also has a hand in the civil society apparatus such as education, religion and the media. As Morton points out, using this framework the state is understood as a social relation. Taking this further, the state is conceived as a form of social relations through which hegemony is expressed (Morton 2007: 120). Therefore, the state is the result of a hegemonic relationship where a narrow interest by a social class is made into the general interest through the mechanisms of hegemony and so the 'universal' state form is the result.

Third, there are hegemony and world orders. When hegemony has been effectively achieved nationally and domestically it can expand beyond a particular social order and filter outwards on a world scale. When hegemony expands internationally it can connect social forces across different countries (Morton 2007: 121). Therefore, social forces can achieve hegemony within a national context as well as through a world order. This is done by ensuring the promotion and expansion of a certain mode of production. Morton makes the case that “hegemony can operate at two levels: by constructing a historical bloc and establishing a social cohesion within a form of state as well as by expanding a mode of production internationally to project hegemony through the level of world order” (Morton 2007: 122). In relation to the struggle for international hegemony, there will be the need for a social force to articulate their particular interests (which arose within a particular form of state) into interests which have a universal applicability across and beyond many different forms of state and historic blocs. This could result in conflict between contesting hegemonies. Within the three spheres there is a dialectical interplay of ideas defined as intersubjective meanings and shared collective images involving material capabilities and institutions which leads to the production of a particular social order and historical structures within it (Ruckert 2007: 95).

2.4 International Institutions

The notion of hegemony and world orders has also been extended to cover the functioning of international organisations. Hegemony is expressed by international organisations as both the product of the hegemonic world order and the institutions which facilitate the expansion of the rules of that order (Cox 1993: 62). International organisations are thus a mechanism through which universal norms are expressed. Therefore, this has direct relevance when analysing the World Bank's shift to the PRS approach. An international organisation, such as the World Bank, has a very important role in the attempt to produce hegemony around contested neoliberal principles. However, the caveat must be added that international organisations are not the instruments of whichever social group holds hegemony. International organisations wield a relative autonomy from the social forces which surround them (Cammack 2003a: 43). Ruckert makes the point that the World Bank must be conceptualised as a historically developed moment of global capitalist social relations and historically contingent balances of social forces (Ruckert 2007: 96). As the social relations within hegemony are the subject to constant and ongoing social struggles and political machinations, international organisations cannot be understood in a closed manner but are the result of constant change and contradiction. In Cox's estimation, international organisations are generally initiated by the state which establishes hegemony and must have the state’s support (Cox 1993: 63). In the case of the World Bank the initiator was the US. The initiating state then makes the effort to gain the support of other nations within the hierarchy of power of the dominant hegemony for the international organisation.

What Cox added to the debate about international organisations were his five features which expressed the hegemonic role of intentional organisations: “(1) they embody the rules which facilitate the expansion of hegemonic world orders; (2) they are themselves the product of the hegemonic world order; (3) they ideologically legitimate the norms of the world order; (4) they co-opt the elites from peripheral countries and (5) they absorb counter hegemonic ideas" (Cox 1993: 62). Cox's last two factors are especially of interest when it comes to the World Bank's shift to the PRS approach. Hegemonic institutions involve peripheral elites, as well as actors such as NGOs, to give an appearance of broad representation and to legitimise the policies they pursue. This can be seen in the poverty reduction strategy of 'ownership' and 'partnership'. The poverty reduction process incorporates both governments and civil society organisations, whereby partnership actually means an attempt to co-opt civil society actors into the development framework and so legitimise contested neoliberal policy reforms (Ruckert 2007: 97).

Moreover, hegemonic institutions absorb counter hegemonic ideas and concepts. These counter hegemonic interests are sometimes taken into account through concessions but more often the meaning of these ideas and concepts is usually transformed to fit the interests of the hegemonic social forces. Therefore, Ruckert argues that the notion of participation has been transformed from the ability to influence the decision making process and shape policies to mean nothing more than information sharing and consultation on largely predetermined policies. Thus, participation can be understood as the technology of inclusion and control, or in other words participation amounts to domination through inclusion (Ruckert 2007: 97). An important mechanism in this process is transformismo in which the notion of participation has been transformed from the ability to affect outcomes to redundant consultations in a predetermined policy matrix. Transformismo also involves the recruitment of individuals from the periphery which will then be co-opted by international institutions. Cox makes the point that "hegemony is like a pillow: it absorbs blows and sooner or later the would-be assailant will find it comfortable to rest upon" (Cox 1993: 63). This means that individuals can enter international organisations with the intention of bringing about change but are instead condemned to work within the system. These concepts can be applied when looking at civil society participation in the PRS approach.

2.5 Transnational Hegemony

A feature of the Coxian analysis of hegemony is that it argues international hegemony is an outward expansion of national hegemony. However, this fails to take into account the argument that there has been the emergence of a transnational capitalist class which has been facilitated by globalisation. Therefore, there is not the hegemony of a dominant social force within a state (like for instance the hegemony of a dominant social force in the US state) but rather an hegemony of a transnational social force which operate through states and institutions. In relation to the World Bank, this would decouple it from a US based hegemonic project and rather pin the social forces at work within it to the culmination and attempted realisation of the interests of a transnational capitalist class. This analysis would move away from a nation state perspective of hegemony and so show transnational social forces which are not necessarily tied to an inter-state contest of hegemony. Robinson (2006) argues that a move away from a statist conception of hegemony would allow the move towards a more pure form of hegemony as was conceptualised by Gramsci which focuses on social forces (Robinson 2006: 167). Thus, a transnational viewpoint would focus on how national economies are being transcended by transnational social forces which is explicitly linked to the process of globalisation.

Robinson argues that globalisation has integrated national and regional economies into global capitalist structures and global production networks. This globalisation of production has constituted the material basis for the formation of a transnational capitalist class. As national productive structures become transnationally integrated the development of the capitalist class no longer takes place within the nation state, as it did before, but rather this process creates new forms of transnational relations across borders. Robinson states that: “what distinguishes the transnational capitalist class from national or local capitalists is that it is involved in globalised production, marketing and finance and manages globalised circuits of accumulation that give it an objective class existence and identity spatially and politically in the global system above any local territories and polities” (Robinson 2006: 170). As a result, the transnationalisation of classes allows for the transnationalisation of hegemony.

In this argumentation the process of globalisation is producing a shift from the focus of power for a class or social group being in the state to the global system. However, this is not to say that this process is complete. Robinson argues that this project is fractured and contested of which there are multiple crises and a disjuncture between the development of a transnational class and the development of a transnational state (Robinson 2006: 171). Furthermore, this is not to say that there is not conflict between distinct capitalist groups or state elites. Conflict does occur at multiple levels including the transnational, national and regional levels. However, Robinson makes the point that conflict and competition between different capitalist factions takes place within institutions that already exist or groups in which conflict has created (Robinson 2006: 173). A source of this conflict is put down to the uneven development of the transnationalisation process. The emerging global order is unevenly hegemonic which means conflict and contradiction can arise.

When the World Bank is discussed in relation to hegemony the question must be asked whether there is a particular social force or class from a nation state which maintains hegemony, of which the World Bank recreates this hegemony. The most obvious hegemonic state in relation to the World Bank is the US. If hegemony is exercised through social groups then the World Bank cannot be an instrument of the US state *per se*. Transnational interests are played out through the apparatuses of the nation state and of course the US has been a very powerful apparatus for the advancement of the interests of the transnational class. It is important to note that the leadership of the World Bank is chosen by the US state and the US state often takes the lead within the World Bank as its largest stakeholder. However, when the World Bank invokes a policy which would lead to the liberalisation of a certain country's economy it is not open to exploitation exclusively by US capital but from capital anywhere in the world. To this extent there is a strategy in place whereby the existing structure of the state system is utilised for the development of the capitalist mode of production.

Cox talks about a succession of hegemonic projects, with an hegemony built under British leadership to the post 1945 hegemony built on US leadership. The creation of US hegemony was not due to the dominance or coercion that would come through a strong military capability but rather through the fact that a particular capitalist accumulation regime became internationalised under the leadership of the US capitalist class. This particular accumulation strategy led directly to the processes which culminated in the globalisation process and the internationalisation of the state. US hegemony was very important as it was essential for the basis of the current neoliberal hegemonic project. This current hegemonic project is a direct continuation of the last one, whereby a breakdown in one hegemony led to the creation of the next. There was a succession in the hegemonic project to the extent that the transnational capitalist class metamorphosed out of the US capitalist class as the social relations of production changed. To this extent a hegemonic project has consequences for the initiator of the hegemonic project as well as those who would be brought into the dominant hegemony.

There was a breakdown of US hegemony but this break was not a cataclysmic one, rather what took place was more of an organic transition to an attempt at transnational hegemony built around the neoliberal accumulation regime. When US hegemony was expanded internationally it connected social forces across different countries and was done by ensuring the promotion and expansion of a certain mode of production. The US capitalist class was integrated into and became a part of the transnational capitalist class. The current transnational hegemonic project is built upon the foundations which the US hegemonic project had laid down. These developments led to a profound change in the world order and so these changes were reflected in the work of the World Bank. The WC reflected the World Bank's first attempt at bringing the periphery into the dominant hegemony but this ended in failure through the crisis of legitimacy.

Therefore, when the World Bank is discussed in relation to the interests behind its policies there is a clear policy of the integration of developing countries into the global capitalist economy and the extension of capitalist social relations. These objectives are consistent with the interests of the transnational class. However, the hegemony of this transnational class is incomplete. The failure of this hegemonic project to penetrate the developing world has meant a shift in strategy was needed. The shift to PWC represented another attempt by the World Bank but now included new technologies which would be more effective in forming hegemony. The result was a more inclusive form of neoliberalism and culminated in the emergence of the PWC and the introduction of the PRS approach by the World Bank.

2.6 Operationalising Hegemony

The challenge with hegemony is that it is very complex, full of contradictions and inherently incomplete. Hegemony denotes a highly complex phenomenon which exists at a number of asymmetric levels and across a number of different dimensions (Cerny 2006: 67). Hegemony is not homogeneous but is instead made up of a range of component parts. Therefore, a difficulty lies in actually attempting to 'measure' hegemony. It would be impossible to prove that in hegemonic measurements the PWC has been more successful than the WC because constructing hegemony can often appear inconsistent and hegemony is always contested and challenged and so very contradictory. Therefore, hegemony must be understood as a process rather than attempting to measure it in some way. As a result it is not necessary to measure hegemony but rather to identify how it comes about.

Thus, this thesis will operationalise hegemony in a way that will seek to analyse the mechanisms which are employed in the formation of hegemony which will then help to identify how hegemony comes about. The issues and concepts which have been discussed in this chapter will help to trace hegemony. By tracing hegemony, rather than attempting to measure it, an adequate conclusion can be drawn on how the World Bank is implementing the PRS approach which is line with the ultimate aim of forwarding the market into the development world and creating hegemony around contested neoliberal principles. This will be done through certain mechanisms and can be identified with the Gramscian concepts which have been analysed in this chapter such as co-opting elites, pacifying counter hegemonic ideas, shaping ideas through intellectuals, the political technologies of inclusion which take into account the interests of different social groups and domination through inclusion. These concepts will enable this thesis to trace hegemony and so understand how the new development discourse framed by the World Bank functions.

Of significance when tracing hegemony within the PRS approach are a series of mechanisms. These mechanisms represent the three pillars of hegemony and can be identified as ownership, partnership and participation. The three pillars are the new political technologies and mechanisms which have been introduced so as to better implement the neoliberal accumulation regime and signify the shift to a new development framework away from the WC framework. The analysis of these three pillars will allow this thesis to identify how the World Bank co-opts other actors, builds leadership, universalises its own interests while appearing to be acting in the general interest, creates hegemony around contested neoliberal principles and so attempts to implement the neoliberal accumulation regime. This is how this thesis will approach the challenge of operationalising hegemony.

3 From the Washington Consensus to the Post Washington Consensus

3.1 Neoliberalism

Before assessing the WC and the PWC it is essential that the concept of neoliberalism be understood and explained as a prerequisite for understanding the foundations of the World Bank's development paradigm. This thesis takes the definition of neoliberalism from David Harvey (2007) who states that “neoliberalism is a theory of political economic practises proposing that human well-being can be best advanced by the maximisation of entrepreneurial freedoms within an institutional framework characterised by private property rights, individual liberty, unencumbered markets and free trade” (Harvey 2007: 22). The role of the state is to create and preserve an institutional framework which will secure property rights and the free functioning of markets. If markets do not exist in areas such as education and health care then they must be created. Beyond these tasks the state must play a minor role and must not intervene in the functioning of markets (Harvey 2007: 23).

Moreover, Stephen Gill (1995) states that neoliberalism entails a commodified set of historical structures driven by the restructuring of capital which “involves the spatial expansion and social deepening of economic liberal definitions of social purpose and possessively individualist patterns of action and politics” (Gill 1995: 399). Gill argues that this constitutes the emergence of 'market civilisation', of which this term can be defined as an ideology of capitalist progress which is associated with intensive market integration and the increasingly expansive structures of accumulation, legitimation and consumption. These issues are configured by the power of transnational capital (Gill 1995: 399).

Advocates of neoliberalism hold positions in education (universities and think tanks), the media, financial institutions, state institutions and international organisations such as the World Bank (Harvey 2007: 24). To this extent, Harvey argues that neoliberalism has become hegemonic as a mode of discourse in that it has become deeply embedded in common sense understandings (Harvey 2007: 24). This thesis will argue that the hegemony of neoliberalism has been more successfully embedded in the core countries of the global economy, but there has been a more uneven spread of hegemony in the countries on the periphery. The signal for the neoliberal turn in the core countries was the administrations of Margaret Thatcher in Britain and Ronald Reagan in the US. Neoliberalism has spread across the world in the form of institutional reform and discursive adjustment but has been spread in an uneven geographic manner. The World Bank has the role of embedding neoliberalism in the periphery.

Harvey explains the rise and ascendency of neoliberalism in two ways: as a political project to realise the reorganisation of international capitalism and as a political project meant to restore class power to economic elites. Thus, neoliberalism must be explained in the context of a crisis in capital accumulation. The US-led hegemonic world order prevailed until the 1970s but began to fall into disarray. Global capitalism was maintained by the Bretton Woods system on the grounds of which 'embedded liberalism' (Ruggie 1982) held sway. Embedded liberalism represented a liberal approach to world trade plus financial repression (in terms of exchange rates for example) The social relations of production were organised around a Fordist accumulation regime of mass production and mass consumption, with the corresponding form of state being the Keynesian welfare state (Morton 2007: 123). When these arrangements were exhausted an alternative was sought which would restart the process of capital accumulation. To this extent, Harvey argues that neoliberalism was a political project to restore the class dominance of the capitalist class which had been threatened with the ascent of the gains made by labour in the Keynesian welfare state as well as a means of restructuring the capitalist accumulation regime towards a regime which would revitalise capitalist accumulation and restore power to economic elites (Harvey 2007: 28). Neoliberalism has been successful in empowering economic elites but has proved unsuccessful in stimulating economic growth, especially in the developing world (Buira 2004; Herr & Priewe 2005; Onis & Senses 2005; Van Waeyenberge 2006).

The uneven geographic development of neoliberalism shows the way in which there are different applications from one country to another. Once the neoliberal accumulation regime had been established in the core capitalist countries it began to filter out internationally. Neoliberalism mixed in complex ways with political forces, historical traditions and institutional arrangements. These motions and policy formulations eventually merged into what became known as the WC. There was opposition to the ascendency of neoliberalism in the core countries but this is where the hegemony of this accumulation remains at its strongest and most complete. However, this is not the case in the periphery where the opposition to the neoliberal accumulation regime was at its most pronounced. Therefore, the WC in effect represented a set of neoliberal policy prescriptions which were to be followed by developing countries. The role of the World Bank was to implement these policies with the ultimate objective of creating an hegemony around these contested neoliberal principles.

Concerning neoliberalism and poverty reduction, in terms of development policy neoliberalism advocated intensified globalisation as itself a form of development with the two being inseparable and something to be attained. Therefore, instead of seeing that developing countries were best served through appropriately targeting policies such as the protection of certain vulnerable domestic industries from global competition, it was claimed that since global free markets were the means and end of development the only useful development policy would be to make national markets and societies plug into the global market which would then bring about economic growth and reduce poverty. This idea that economic growth would be stimulated through fitting into the global economy is linked to the trickle-down effect. Even though economic growth and international trade would be for the benefit mostly of the upper echelons of society the idea was that the rising tide would lift all boats and benefit the whole of a country's population through that income trickling down into wider society.

All of these estimations are of course linked to how neoliberalism evaluates human well-being in the first place. This concept of human well-being has a basis in utility whereby each human being acts in its own rational self-interest. Thus, the best way to evaluate human well-being and development progress in general is through economic indicators such as economic growth, economic well-being and efficiency. To this extent economic activity is a measurement of human well-being. The World Bank's adoption of poverty reduction was a signal that neoliberalism was making a concession and entertaining other of notions of human well-being, such as social aspects, into the dominant development paradigm. However, the concessions that were being made were always in line with neoliberal thinking and in line with the ultimate objective of the implementation of the neoliberal accumulation regime. Neoliberalism's interest in poverty is consistent with an attempt to assert the laws of capitalist reproduction on the periphery so as to hasten the implementation of the neoliberal accumulation regime and to enforce the laws of capitalist accumulation in general throughout the enlarged space of the capitalist world economy. Hence, rather than the PRS approach being a shift away from neoliberalism, it is actually a means to completing it as a political project and as an accumulation regime on a world scale (Cammack 2003b). As a result of the neoliberal development framework the only meaningful form of human development is the creation of human beings who interact with the market. To this extent neoliberalism has an interest in enabling the poor to take part in market transactions where otherwise they would be too poor to do so. Ultimately, the neoliberal interest in poverty was a concession but a concession that was ultimately intended to embed market mechanisms into the periphery and implement the neoliberal accumulation regime.

3.2 The Washington Consensus

The WC emerged in the beginning of the 1980s as the neoliberal counterpart for developing countries to the Reaganism and Thatcherism that had been prescribed for developed countries (Fine 2003: 3). The WC in effect represented the political evolution of neoliberalism and its relationship to development policy which was reified into a set of neoliberal policy prescriptions which were to be followed by developing countries. The WC was based on the idea that economic policy reform was to be done with the purpose of eliminating all obstacles to the perfect functioning of markets which was presumed to be the optimal path to economic growth (Van Waeyenberge 2006: 26). This involved the stabilisation of an economy through the control of money supply and a set of supply side measures aimed at boosting private sector activity. Within this framework, the activity of government is limited to allowing the functioning of markets through the protection of private property and allowing prices to reflect the behaviour of individual economic agents in allocating resources efficiently based on price signals (Van Waeyenberge 2006: 27). The most eminent policy tool of the WC which was propagated by World Bank were SAPs.

The influence of this specific form of neoliberalism at this time had become so uniform that John Williamson (1990) was able to discern clear neoliberal prescriptions and so came up with the term 'Washington Consensus' to express what he thought would be the lowest common denominator of policy advice given by international institutions such as the World Bank and International Monetary Fund (IMF). These were: first, budget deficits which cause inflation and capital flight needed to be kept under control (fiscal discipline). Second, government expenditures needed to be redirected towards health, education and infrastructure and away from subsidies (reorientation of public expenditures). Third, the tax base needed to be broadened through the introduction of value added taxes and tax breaks for foreign direct investment (FDI) (tax reform). Fourth, interest rates needed to be market determined and set independently (financial liberalisation). Fifth, exchange rates need to be competitive, which would stimulate exports (exchange rate management). Sixth, quantitative trade restrictions and tariffs needed to be removed (trade liberalisation). Seventh, there needed to be the abolition of trade barriers which would encourage foreign direct investment (openness to FDI). Eighth, state owned enterprises needed to be privatised (privatisation). Ninth, there needed to be minimal regulations on the start-up of new firms and the abolition of regulation which impeded competition (deregulation). Tenth, there needed to be enforcement of property rights (secure property rights). These ten points made up the WC (Herr & Priewe 2005; Van Waeyenberge 2006; Rodrik 2008; Engel 2010). There is a clear lack of emphasis on poverty and poverty alleviation in the WC.

These policies had convalesced in the 1980s and became the blue print in which the World Bank would approach countries in the periphery. The points which made up the WC became the dominant development practise employed by the World Bank and represented development focused neoliberalism. Using this analysis the state was seen as the problem rather than the solution to economic growth and so championed the notion of a benign state. For example, the overextension of the state as a development agency was seen as an impediment to economic growth because of inappropriate government policy interventions which caused distortions in the functioning of markets and state protection of inefficient industries (Van Waeyenberge 2006: 25). Hence, the WC was based on the understanding that imperfect markets were always superior to imperfect states (Onis & Senses 2005: 264). These policies were promoted as universal in applicability and so ignored the local context of specific countries. This meant the highly abstract assumptions of the WC were too narrow and were incapable of accommodating country specific features. This heralded the rise of 'monoeconomics' in development policy where certain policy formulations were regarded as applicable across time and space and so postulated the universality of neoliberal economics (Van Waeyenberge 2006: 25). One policy instrument utilised by the World Bank were SAPs. These programmes involved giving loans to countries in a direct effort to support specific policy reforms; hence there were conditions on these loans. An aspect of this was reducing the borrowing country's fiscal imbalances and providing a balance of payment support. However, this meant that the conditions set by the World Bank impaired a country's ability to set its own development agenda. Therefore, SAPs were a very powerful mechanism with which the World Bank attempted to implement the WC (Van Waeyenberge 2006: 24).

3.3 The Washington Consensus and the Crisis of Legitimacy

By the 1990s the implementation of the WC had run into some serious problems which resulted in a crisis of legitimacy for the WC as well as the World Bank. It was becoming clear that the neoliberal development paradigm reified in the WC was problematic both in terms of its ability to be implemented and the results which the policies were translated into. Hence, the hegemonic position of the neoliberal paradigm was coming under serious criticism. The decade of the 1980s in which the WC was in the ascendency as the dominant development paradigm has been labelled as the 'lost decade' with many countries achieving zero or even negative economic growth rates (Engel 2010: 62). There was no promised aggregate economic growth but there was a growth in inequality. The results of the WC were expanding inequity, environmental damage and the destruction of workers' rights and social security benefits (Broad 2004: 132). The gap between the developed and developing world also widened with Latin America and Africa stagnating and offering zero growth rates during this period. Moreover, the number of people living on less than $1 a day remained almost constant during this period (Onis & Senses 2005: 267).

The beginning of the crisis of legitimacy for the WC came in the 1990s. The limit to the WC's theoretical underpinnings was especially apparent in the unanticipated outcomes of privatisation and shock therapy in Russia which began in 1991. The rapid liberalisation of prices led to hyperinflation which wiped out the savings of many Russians. Rapid privatisation meant industries such as oil and gas fell into the hands of individuals who sold it back to the Russian state at high prices. The collapse of the Russian state was the result of the chaos which ensued. Between 1989 and 1997 the gross domestic product (GDP) of Russia almost halved. Inequality also soared with those living on $4 a day rising from two million to sixty million by the middle of the 1990s (Carroll 2010: 47). In 1992 Bill Clinton was elected as President of the US who when compared with the previous George Bush Senior offered a more regulatory rhetoric concerning financial markets. James Wolfensohn became President of the World Bank in 1995. However, this did not translate into any major changes in the economic policy prescriptions of the WC nor shifts in policy within the World Bank at this time.

One of the regions where WC policy prescriptions had shown the most unsavoury effects was Latin America. During the 1980s the Latin American region had experienced high inflation rates and low economic growth. Then in 1994 there was the Mexican financial crisis that followed the devaluation of the peso which rippled through the rest of the continent. This was supplemented in 1999 by the economic crisis which engulfed Argentina and led to it defaulting on its foreign debt. In contrast to the economic problems which were affecting the Latin American region, in the Asian region there was a so called Asian Miracle taking place. The exponential growth which was occurring in some Asian economies such as South Korea and Taiwan seemed to be the result of these countries actually ignoring the policies of the WC in respect to the role of the state. The fact that the state was the catalyst which directed a country's industrial and economic policy, especially concerning production and exports, was considered to be the main reason behind the region’s success and in contrast to the animosity the WC had towards the role and function of the state. The economic success of these countries fed into the growing discourse around the importance of institutions, the integrity of institutions and good governance (Carroll 2010: 52). These concepts were to be a part of the foundation of the PWC and the consolidation of inclusive neoliberal development. By the 2000s the importance of institutions and the good governance agenda had become an important point of the PWC, which differentiated it from the WC, and concretised the shift in policies concerning the role of the state. However, in the 1990s the World Bank heralded the development success of the Asian region but was quiet concerning the instrumental role which was played by the state in this success.

The discussions about the importance of institutions in the World Bank were supplemented by the growing prominence of Japan as a stakeholder in the World Bank and in the wider development architecture. By the 1990s Japan had become the second largest, after the US, stakeholder in the World Bank due to its strong economic position. It had become the principal co-financier (along with the US) of World Bank loans and at the same time had become the biggest bi-lateral aid giver in the Asian region. Therefore, Japan's economic success and position as provider of development assistance meant that it had a legitimate right to assert its views on the development landscape (Carroll 2010: 52). The contested terrain of the World Bank was now becoming apparent as Japan used its position in the World Bank to lobby for a limit on the replication and reverence of the neoliberal policies embodied in the WC which were shown to be ineffective. This created a tension in the World Bank between Japan and the US over the direction and content of development strategies. This tension can be attributed to the alternative conceptions of the role of the state and state directed development strategies, with Japan wanting a movement in the state led direction and the US resisting such a move. While the World Bank's reverence towards the neoliberal policy prescriptions of the WC remained intact, Japan was partly successful in achieving the recognition of the experience of Japan and other Asian economies and their respective approaches to development. The concessions that were made through the intervention of Japan signalled another stage in the evolution of the WC towards of the PWC. While the role of Japan should not be overstated, it shows the extent to which the World Bank is a contested terrain through which alternative ideas can come to fruition and so is not a closed entity.

However, while the discourse was beginning to change concerning the role of the state, the core macroeconomic policy prescriptions remained the same despite the intervention of Japan. One such policy the World Bank maintained was the WC insistence that a country should open up its capital accounts before accomplishing a stable macroeconomic environment and the construction of a regulatory system for their financial systems. This premature liberalisation led to the exposure of countries, especially on the periphery, to the clout of financial markets which were highly volatile. This meant there were highly speculative and short term flows of capital into a country as well as a reliance on debt led growth. Periphery economies were vulnerable to speculative financial market activity and the victims of financial crises (Onis & Senses 2005: 268). Despite the World Bank's acknowledgment that the Asian region was a development success story (even with its reliance on a capable state in the development process), crisis then struck here too in the form of a financial crisis in 1997, for which the World Bank insistence on financial liberalisation was blamed. Under instruction from international organisations such as the World Bank, Thailand, South Korea and Indonesia embarked on financial liberalisation. Investors panicked over the strength of the Thai economy instigating the exit of billions of dollars in capital flight, with the crisis quickly spreading to other Asian economies (Broad 2004: 133). Throughout the 1990s a series of crises struck regional economies, such as in Latin America and Asia. The blame for many of these crises was laid firmly at the door of the policy prescriptions of the WC and the World Bank.

It was becoming clear that the macroeconomic reforms of the WC were not enough on their own to guarantee prosperity, and a crisis of legitimacy was becoming apparent. The negative experiences and consequences of the WC were racking up to the point where it was becoming evident that the state, the very institution neoliberalism discounted, was required for the enforcement of rules and regulations that markets required for their operation. This highlighted the relationship between institutions, markets and societies to the extent that the recreation of capitalism relied on the functioning of political and economic institutions. It illustrated that the neoliberal macroeconomic prescriptions of the WC were unfeasible without a complementary and compatible institutional matrix (Carroll 2010:49). The policies of the WC were supposed to enact reforms which would lead to the creation of a successful market economy but when they were attempted to be implemented empirically they actually managed to achieve the opposite. Therefore, it was becoming clear that for the neoliberal reforms to be successful they required a more complex analysis of the reform process. WC thinking was dominated only by economics to the extent that it neglected the social aspect of development.

The neglect of the social aspect of development was personified in the emergence of movements in numerous countries which opposed and resisted the neoliberal development paradigm. This represented the global backlash against the WC and was built around groups within societies which were affected by the neoliberal paradigm such as: indigenous peoples, farmers, workers, the poor, women, those affected by health care cuts and groups campaigning for democracy and human rights. Groups who opposed the WC were able to use the empirical evidence which was piling up of the failure of these policies to make the case against them and sustain the arguments which drew other groups into the global backlash. The most well-known event which occurred in the developed world was the demonstration in Seattle in 1999 where tens of thousands of activists protested against these development policies at a meeting of the World Trade Organisation (WTO). The fact that such a large demonstration took part in the US shows the extent to which it was a 'global' backlash. Groups in the core countries linked with those in the periphery to form a united voice of opposition and were aided by NGOs who organised international meetings to sketch out an alternative to the WC. It was clear that civil society was showing its dissatisfaction with the WC (Broad 2004: 133).

The culmination of the factors highlighted above show the point at which the WC was experiencing a crisis of legitimacy. This crisis was all encompassing to the extent that it was both economic and political in nature. The failure of the policy prescriptions of the WC to create any real and sustainable economic growth meant its legitimacy was questioned by intellectuals, civil society and even governments themselves. This came in the form of resistance to policy both in discussion circles and through action on the streets through protests. However, while the lack of economic success was a problem it could be glossed over with explanations of economic growth taking time to come through and the structural changes to an economy being the most important factors for the time being. This questioning of the legitimacy of the WC in economic terms could be explained away by intellectuals and economists who would use over complicated language when discussing problems of implementation. However, the political aspect of the crisis of legitimacy could not so easily be covered up. The massive social upheaval and catastrophe which the WC policy prescriptions were creating produced a backlash which was global in its extent. This social aspect of the crisis of legitimacy was the most dangerous for the World Bank because it had the most direct consequences for the maintenance of the hegemony which was being attempted to be built around these neoliberal principles. Hegemony was clearly failing to be built around the neoliberal accumulation regime. The extent and the force of the global backlash was a testament to this failure. Therefore, it was becoming clear both inside and outside the World Bank as well as within the development community that a change in policy was needed. What was needed was a set of policy prescriptions which would be more effective in implementing the neoliberal accumulation regime and building hegemony around contested neoliberal principles. A crisis of legitimacy had overcome the World Bank with events occurring both exogenously and endogenously and so culminated in the emergence of the PWC.

3.4 The Emergence of the Post Washington Consensus

The resultant shift in policy led to the emergence of the PWC. At the centre of this new development approach was a focus on poverty and poverty reduction which was seen as the primary goal to strive for and the overarching objective of development, especially since it had been neglected in the WC (Thorbecke 2007: 24). Thus, there was a recognition at the World Bank that persistent poverty could not be simply eradicated simply through the neoliberal idea of a trickle-down effect from wealth creation. Furthermore, there was a recognition that the WC had focused solely on economic policy prescriptions and had not focused enough on the social aspects of development. To this extent, the World Bank expanded its social agenda while safeguarding the underlying economic agenda.

Therefore, the PWC represented a shift in thinking by the World Bank towards a more inclusive, integrated, comprehensive and technically innovative approach to development. This was in recognition that development was a holistic process. Several new areas became apparent with the emergence of the PWC. One new area which the PWC focused on was the quality of institutions and a focus on governance solutions due to the WC being a too economically technical exercise. In addition, there was the undertaking of a more participatory approach when setting and implementing development agendas. This would involve the participation of those who were directly involved in the process of development such as the poor. Moreover, the ownership of a development strategy was promoted as it was recognised that effective change could not be imposed exogenously but instead must involve a consensus between all those involved. Finally, there was the promotion of partnerships between international organisations, such as the World Bank, with states who were engaged in development processes and also NGOs who would represent civil society in those countries. This intended to redefine development as a more pluralistic process (Van Waeyenberge 2006: 30). Ultimately, many of the neoliberal policy prescriptions, such as an openness to capital markets, remained the same but were combined with new technologies of implementation meant to counteract the crisis of legitimacy which had overrun the WC. This came in the form of a disaggregated governance based around service delivery with the grand overarching objective of poverty reduction and inclusion strategies at the international, national and local level (Craig & Porter 2006: 63).

While there was rising opposition against the WC in the form of the global backlash outside of the World Bank, there was also opposition growing towards the WC within it. There came from inside the World Bank an intellectual challenge to modify the underlying edifice of the neoliberal policy agenda. Gramsci highlighted the importance of intellectuals and how they shape the debates which are held around the dominate hegemonic discourse. This proved the case with the WC in that not only was there a global backlash but also an intellectual backlash beginning to gain momentum both inside and outside the World Bank. The debates which were taking place within the World Bank concerning the failure of the WC also reflect on the way in which the neoliberal policy agenda is not monolithic but rather is constantly contested and can sometimes appear contradictory in nature. The resultant PWC shows how the intellectual debate was important in catalysing a shift in the first place and so reveals the power of intellectuals in the Gramscian sense.

The most visible critic of the WC from inside the World Bank was Joseph Stiglitz. Stiglitz was the Chief Economist at the World Bank between 1997 and 2000 and a respected academic. The background for his critique came in the context Asian financial crisis in 1997 where he criticised the policies of the IMF in exacerbating the crisis. Therefore, no longer was criticism originating from intellectuals on the margins of the academic debate in the periphery but was now coming from a well-known and respected figure within the World Bank itself and at the core of the global economy. Stiglitz was informed by a set of assumptions associated with NIE, to which he himself had contributed. With his critiques and contributions Stiglitz's voice was an added impetus to the emerging market led development agenda.

Due to his prominent position in the debate, Stiglitz has become inextricably linked to the PWC which emerged. The academic work and ideas of Stiglitz are still bound within the neoliberal accumulation regime, however he highlights what the WC neglected in its policy prescriptions such as transparency and regulation. Stiglitz perseveres with an emphasis upon general market extension, but with the difference of his augmented WC ideas having to do with the ways in which the extension of the market into social life takes place. To this extent, Stiglitz's conception of the PWC is about how best to implement the neoliberal accumulation regime and achieve market efficiency (Carroll 2010: 23). However, it must be noted that Stiglitz propagated a broad blueprint to be promoted rather than an analytical conceptualisation. Indeed, while the value of intellectuals is important in adding new dimensions to an ideology which attempts to become hegemonic, the PWC cannot be understood as the product of one man but rather the product of a larger struggle between and inside social forces about how best to implement the neoliberal accumulation regime. By focusing solely on the prescriptions of Stiglitz, the wider significance of the politics involved in implementing the PWC at the national and local level is lost as well as understanding the PWC in action (Carroll 2010: 21).

What is important to note is that while there has been a shift to the PWC, the World Bank still retains the same core policy advice of the WC. The retention of WC policy prescriptions in the PWC includes: first, the fact that economic growth still remains central. The World Bank made the case that the single most important factor in poverty reduction is economic growth (Klugman 2002). In the PWC the World Bank has instead focused on whether macroeconomic economic policies have contributed to economic growth rather than focusing on what characteristics of economic growth are good for poverty reduction. Therefore, the World Bank insists on macroeconomic stability which can be defined as: fiscal balances with low and declining debt levels, inflation in low single digit numbers and rising per capita GDP (Ruckert 2006: 50). Joseph Stiglitz had criticised the World Bank's obsession with low inflation targets arguing that these targets dramatically affect the ability of a government to spend freely on poverty related issues as well as the commitment to tight monetary policy translating into high levels of unemployment and so undermining attempts at poverty reduction (Stiglitz 2003). However, in the PWC the World Bank continues to promote the same set of tight monetary policies and focus on economic growth.

Second, while the PWC expected governments to make poverty sensitive budgets as public expenditure had a direct impact on the poor and poverty reduction, this was not translated into policies which would be able to attain growth in public revenues so as to be able to increase social spending. Rather than insisting on policies which would enable a government to raise the necessary resources so as to support social spending, the World Bank maintained its recommendations of avoiding raising taxes on corporate and personal income using the argument that these taxes have adverse effects on investment and capital flows. Moreover, taxes on trade should play a minimal role so as to reduce excessive rates of protectionism. The United Nations Conference on Trade and Development (UNCTAD) makes the point that on the issues of tax the World Bank favours a highly regressive tax regime which will not contribute to any reduction in poverty but rather in some cases worsen the situation for the poor through negative effect of taxes on consumption (UNCTAD 2002). Therefore, the continuation of the WC policy prescriptions on tax issues was continued in the PWC.

Third, there is the continuation of policies concerning the liberalisation of finance and trade. As a policy, the World Bank considered financial liberalisation to be a pro-poor policy to the extent that it gave the poor access to credit and incentives to save. Thus the move towards market determined interest rates and credit allocation generally improves resource allocation. Concerning trade liberalisation, the World Bank sticks to the WC policy prescriptions in the PWC by arguing that trade liberalisation is essential to economic growth and so offers important benefits to the poor. The PWC follows the World Bank's insistence that trade liberalisation brings about economic growth, more employment and higher wages which ultimately contributes to the overall goal of poverty reduction (Ruckert 2006: 56). Fourth and finally, the PWC continues to advocate privatisation as a priority for national governments. While the failure of the WC brought into focus the negative impacts of privatisation, such as escalating prices, the overall strategy of selling publicly owned enterprises remained the same in the PWC. Therefore, it is clear that many of the WC policy prescriptions remain in place in the PWC. What has changed is the way in which the neoliberal accumulation is attempting to be implemented.

3.5 Good Governance and the Importance of Institutions

One major feature of the PWC which separates it from the WC is its focus on the state and state institutions in bringing about development. The increased importance of the role of institutions in the operation of the market was to deal with the crisis of legitimacy which had overcome the WC. Hence, the reconceptualisation of the role of institutions in the neoliberal accumulation regime was tool a by which it could gain legitimacy and become the hegemonic development paradigm. With the breakdown of the WC came the recognition that institutions are essential for the establishment and the realisation of the neoliberal accumulation regime and the perceived development benefits which would result (Carroll 2010: 69). Therefore, using the language of Stiglitz concerning development as a holistic process, development was reinterpreted to now involve massive transformations of state and society. This meant the construction of a particular form of state and society to regulate and support the neoliberal accumulation regime. The difficulties in the implementation of the neoliberal accumulation regime meant the World Bank changed its discourse to that of good governance when conveying the particular role for a state. Thus the PWC is characterised by the recognition that the state plays an important role in the development process and that good governance was essential (Onis & Senses 2005).

The welcoming of the state back into the development debate had come with the realisation that the embedding of the neoliberal accumulation regime required a capable state. This state would provide institutions which would accommodate the development process even if that process of structural change brought about opposition, as well as the acknowledgment of the importance of stable political institutions in the globalisation process. Therefore, government and governance were set apart with the concept of good governance coming to the fore. In effect, good governance represented an emphasis on institutional quality in relation to the embedding and functioning of markets. Therefore, in the neoliberal development discourse institutions are good when they reduce political instability and guarantee and encourage market transactions for economic growth (Carroll 2010: 55). Good governance and sound economic policies went hand in hand, with good governance meaning that a state would promote a solid investment environment for foreign investors to feel comfortable. This also signalled a shift in the nature of conditionality in the sense that aid was provided on the condition of the integrity of political institutions. By promoting the good governance agenda the World Bank was promoting an institutional matrix where the state protected private property and provided security for highly mobile capital (Craig & Porter 2006: 69).

Within the World Bank's good governance agenda three main themes can be ascertained. First is the establishment and attainment of property rights. The effective functioning of law and order and so the protection of private property between citizen and citizen as well as the protection of property from an omnipresent government was essential for the effective functioning of the neoliberal accumulation regime. The enforcement and protection of property rights was essential in providing signals and incentives to individual economic agents. The second theme of the good governance agenda was the concerns about corruption. The concerns with corruption do not stem from some normative consideration but rather from the fact that corruption undermines the ability of states and institutions to support markets. In some cases, corruption can have an impact on FDI by undermining investor confidence and deterring new firms from entering the market. Moreover, the existence of corruption interrupts the flow of information within the state and the market which is necessary for the effective functioning of the neoliberal accumulation regime (Carroll 2010: 80). The World Bank could blame the lack of the effective implementation of the WC on the fact that information was not able to flow freely and so the economic policy prescriptions could not function effectively. This shifts blame away from the World Bank while at the same time creates legitimacy for itself by creating a consensus around the good governance agenda. Therefore, the World Bank sanitises corruption in that it transforms it from a political issue to an economic issue (Engel 2010: 73). The antidote for the problem of corruption was seen as the introduction of transparency into state structures as well as the involvement of civil society and the media in an overseer role so as to hold to account those in public positions.

The third theme of good governance was a macroeconomic policy and regulatory regime which were considered substantial by the World Bank. Whereas the WC had conceived of the state as playing a subordinate role to the work of the market, in the PWC the state and the market would complement each other. This would mean that through state intervention, market failures could be corrected or averted. This would be done through the regulation of the financial system which would mobilise capital by giving investors confidence and so lead to better allocations of investment. Hence, the substantial nature of World Bank macroeconomic policy prescriptions simply meant providing a robust investment environment for foreign and domestic capital. The emphasis on regulation which became apparent in the PWC also involved extending the state as a promoter of competition. This would be done by the setting up of independent authorities which would regulate markets so as to make them more competitive (Carroll 2010: 78). The substantial nature of this macroeconomic policy simply meant providing a robust investment environment for foreign and domestic capital. Moreover, the state would adopt market mechanisms so as to increase efficiency. This would involve the adoption of incentive structures in order to improve the quality of the state bureaucracy and the adoption of competition between state departments as well as between state departments and private firms which would increase efficiency and quality (Onis & Senses 2005: 275).

Concerning the World Bank, the use of the good governance discourse was a way in which the World Bank could legitimise its own role in development practise. The emphasis on good governance was useful to the World Bank in explaining the failures of the implementation of SAPs and at the same just justified the shift in a new direction on governance issues. The concept of good governance is a central tenet in the World Bank's development prescriptions and as such played a role in re-legitimising the role of the World Bank in the wider development arena and also acted as a way of explaining past failures and the future direction of the neoliberal development paradigm. As a result, the failure to embed the neoliberal accumulation regime was blamed on the state and not attributed to the inadequacies of the model which was being acquiesced (Craig & Porter 2006: 69). So in other words, the shift to the good governance agenda was a way for the World Bank to explain the failure of the WC without critically analysing itself. This meant that the responsibility for a successful development process was placed firmly on national governments. In a deft stroke it drew attention away from the inadequacies of bilateral and multilateral development agencies such as the World Bank. Importantly, it drew attention away from the historically entrenched global structural impediments to a successful development path which is apparent in the imbalances of power in the global economy between the core and the periphery (Carroll 2010: 76).

Within the PWC the good governance agenda was a signal shift in policy which focused on the state being central in providing and dealing with the three issues discussed above and a recognition of the state's fundamental role in embedding and maintaining the neoliberal accumulation regime. The institutional homogeneity based around the neoliberal accumulation regime was an essential component when attempting to build hegemony around contested neoliberal principles. A feature of good governance which bolstered the implementation of the hegemonic project was the particular ways in which good governance depoliticised the issues at hand. Good governance was not an agenda meant to increase democracy or pluralism within the states in the periphery but rather a way in which the highly political issues of development were reconstituted as technical issues of governance and so removed from debate. In depoliticising the issues and recasting them as technical issues the World Bank is locking in the neoliberal accumulation regime by establishing the institutional boundaries of institutional acceptability (Gill 1995).

Of course, even though good governance depoliticises the development process, the good governance agenda itself is highly political in nature. On the surface simplicity of the WC has given way to an agenda which overhauls entire states and institutions so as to more effectively implement the neoliberal accumulation regime and represents systemic political interference (in the form of conditions) and a massive social engineering project on grand scale (Carroll 2010: 77). This holistic approach, signified in good governance, shows the extent to which the PWC represented an attempt to re-legitimise the neoliberal accumulation regime which had undergone a crisis of legitimacy during the WC. By implementing the concepts of good governance a more capable state was envisioned which meant the embedding of the neoliberal accumulation within the fabric of society would be more successful. The establishment of institutions which fitted into the neoliberal institutional matrix was an important feature of embedding and maintaining the neoliberal accumulation regime and constituted a new phase in the attempt to build hegemony around contested neoliberal principles.

3.6 The Post Washington Consensus in Context

In summation, this chapter has shown that the PWC was neither a fundamental rupture from the WC nor an attempt to reproduce the same neoliberal development framework. Rather, the PWC signifies a shift to an inclusive form of neoliberalism. The ambiguities between the WC and the PWC are understandable as the PWC advocates WC policy prescriptions such as liberalisation and privatisation, as well as the ultimate goal of the PWC being the integration of the periphery into the global economy and embedding neoliberalism. However, the main area of difference between the PWC and the WC is that the PWC represents a different way of implementing the neoliberal accumulation regime through the use of political tools, technologies and mechanisms. General shifts in policy are important to recognise but how these policies are implemented will give more of an indication as to how definitive these shifts are and so give an insight into the political machinations of which the new policy prescriptions are the result. Ultimately, the introduction of the PWC represents an attempt to resolve the legitimacy problems and contradictions which the implementation of the neoliberal accumulation regime faced in the periphery (Ruckert 2006: 38). The aim of inclusive neoliberalism is to form and maintain hegemony around contested neoliberal principles. There was the growing importance of civil society in the new development agenda because civil society was essential in the formation and maintenance of hegemony.

With the introduction of the PWC the World Bank was now mentioning good governance, poverty, participation and civil society. The very specific way in which neoliberalism mixed with these concepts to form an inclusive neoliberalism was the result of the World Bank being a contested terrain through which various stakeholders had inputs during the crisis of legitimacy. The resultant shift in policy towards the PWC shows the extent to which the World Bank is not a unitary actor or a closed entity but an organisation through which countries (the US and Japan), stakeholders (pressure from NGOs) and individuals (Stiglitz) can have an effect on policy. The recommendations by stakeholders both inside and outside of the World Bank put pressure on the World Bank. The leadership of the World Bank in the form of James Wolfensohn took these recommendations and through the crisis of legitimacy was impelled to act. The failure of the implementation of the neoliberal accumulation regime through the WC rendered it clear that the social forces concerned with implementing these policy prescriptions were too narrow. With the make-up of social forces too narrow the WC met with resistance from social forces outside (such as governments, NGOs, civil society) who believed that the implementation of the neoliberal accumulation was not in its interests. To this extent concessions had to be given to the social forces which resisted the WC and the implementation of the neoliberal accumulation regime. These concessions were material in the form of concessions to the poor such as social programmes, and also ideational concessions by the fact that the insistence on hard neoliberalism was seemingly toned down in favour of focusing on the social aspects of development, taking the poor into account and offering inclusion technologies to the poor. Therefore, this shift in policy towards inclusive neoliberalism represents an alignment of strategy made up of a wider alliance of social forces and with more stakeholders involved. To this degree, the shift towards poverty reduction can be translated as the representation of a wider alliance of social forces through the inclusion of the poor and NGOs who lobby and work on behalf of the poor.

Thus the formation of the PWC and associated shifts in the World Bank were a response to the resultant conflicts and contradictions which were becoming apparent with the WC policy prescriptions but the core neoliberal development framework remained intact. What the shift represented was a change in implementation techniques. While the new inclusive form of neoliberalism placed an emphasis on the social side of development, it is still distinctly neoliberal. The market still remained central to development of which those who promote this accumulation regime have both a material and ideological interest in its reproduction as a particular type of capital accumulation regime (Carroll 2010: 67). In other words, inclusive neoliberalism must be understood as the result of the contested and contradictory development of neoliberalism and still remains firmly tied to its material base, such as classed based interests of which the transnational class is the most predominant.

This chapter is meant to set the scene for the next chapter which will discuss the PRS approach, because without this chapter the PRS approach could not be understood in a hegemonic context. The PWC set the narrative for the World Bank in which it could promote itself as acting in the general interest and dominate the development discourse. The PWC was essential for the World Bank in shaping the development discourse and reconceptualising itself as a legitimate actor. However, by itself the PWC would not be an antidote to the crisis of legitimacy of the WC. The World Bank needed mechanisms through which it could universalise its interests, better implement the neoliberal accumulation regime and create hegemony through inclusion technologies. Therefore, within the narrative of the PWC were approaches to the reduction of poverty which was trumpeted as the central aim of the new development framework. Thus, the PRS approach became a central tenet in the new development framework. The PRS approach has been chosen as the specific theme of this thesis because it best represents the mechanism through which the World Bank could rectify the implementation problems which had blighted the neoliberal accumulation regime and also the formation and maintenance of hegemony around contested neoliberal principles. The PRS approach is discussed in the next chapter.

4 The Poverty Reduction Strategy Approach

4.1 Background to the Poverty Reduction Strategy Approach

The PRS approach was introduced by the World Bank in 1999 which represented a fundamental shift in the development paradigm. The World Bank endorsed a new framework meant to achieve the core theme of the eradication of poverty. The PRS appeared as a policy out of the PWC which had been developing and at this point had become the default development practise. Thus the PRS approach was the most visible policy tool of the PWC. Therefore, the World Bank now took on the language of poverty and marginalisation, which represented an attempt to overcome the crisis of legitimacy that had engulfed the World Bank and the WC. The coming to the fore of the PRS approach was the culmination of three initiatives launched by the World Bank: there was the Highly Indebted Poor Countries (HIPC) initiative launched in 1996, the Comprehensive Development Framework (CDF) approach initiated in 1999, and then the preparation of country-led poverty reduction strategies through the Poverty Reduction Strategy Papers (PRSPs) which were introduced also in 1999.

Therefore, 1999 was perceived as a watershed moment in development practise because the World Bank now intended to put in place a more holistic approach to development and away from the narrow economistic policy prescriptions of the WC. Poverty and its reduction and elimination had now taken centre stage in the development efforts of the multilateral and bilateral donor community (Godfrey 2000). The credence to poverty was given with the World Bank's 2000-2001 Development Report *Attacking Poverty: Opportunity, Empowerment and Security* (World Bank 2001), which even put the word 'poverty' in the title so as to advertise the World Bank's change of tact. The World Bank's new development approach was based on the awareness of the multidimensional nature of poverty. This meant poverty not simply being a question of income or the fulfilment of basic needs but also the importance of concepts such as powerlessness, vulnerability, marginalisation, gender inequality and social exclusion. Therefore, these concepts highlight the way in which the Human Development approach of Amartya Sen (1999) was beginning to be included into World Bank policies. This shows the extent to which the development discourse of poverty reduction which was followed by the World Bank was a mix of neoliberalism and the Human Development approach. As well as the view that poverty is multidimensional, the Human Development approach is essentially about the enlargement of people's choices and the building of capacities. Thus the neoliberalist and Human Development development approaches share a focus on the individual in the development process. The Human Development approach has a concern with the quality of economic growth in that growth should be broad based and should offer growth with equity to the poor. Therefore, emphasis is put on both social and economic growth in the development process. In this respect the Human Development approach sustains neoliberalism because the social concerns found within the Human Development approach are important in sustaining the political impetus for neoliberal economic reform (Carmody 2007: 81). The aspects of social development were largely ignored in the WC based development discourse, however now these alternative approaches, such as the Human Development approach, have now become mainstreamed and have inputs into the policies and debates which constitute the PWC and the PRS approach.

This human centred development approach found expression in the CDF which set out a whole new way of development by including social and economic issues. It also set out the World Bank's over-arching policy framework of poverty reduction which meant intervention into the development process of a country and the creation of massive societal change which was symptomatic of the PWC. To this extent PRSPs are regarded as an essential development tool as they concretise the CDF in reality as well as determine financial flows and debt relief (Godfrey 2000: 6). The World Bank's poverty initiative was to underpin the HIPC initiative so as to ensure that the resources freed up by debt relief would be redirected towards poverty reducing programmes (World Bank 2004). The PRS initiative was given publicity by the introduction of the Millennium Development Goals (MDGs) by the United Nations (UN) agencies in 2000. The MDGs were a set of indicators of core poverty related outcomes such as eradicating extreme poverty and hunger, achieving universal education and promoting gender equality by empowering women (Rist 2010). Thus the MDGs added credibility and accountability to the policy consensus of poverty reduction as it acted as a legitimating point for development projects and reinforced the impression that good governance, the CDF and the PRSPs together with the MDGs were powerful devices which were coherently joined up in the common purpose of poverty reduction and a means to measure progress (Craig & Porter 2006: 83). This was all essential in the overcoming of the crisis of legitimacy and creating consensus around the PRS approach so as to embed the neoliberal accumulation and develop hegemony.

4.2 *Overview of the Poverty Reduction Strategy Approach*

The two main areas of interest in the PRS approach when assessing the implementation of the neoliberal accumulation regime and creating hegemony around contested neoliberal principles are the CDF and the PRSPs. The CDF and PRSPs represent new delivery services adopted by the World Bank in order to embed the neoliberal accumulation regime. They also constitute mechanisms through which hegemony is formed and maintained around contested neoliberal principles. Central within these two mechanisms was civil society. This was due to the realisation that civil society was of extreme importance in the formation and maintenance of hegemony around contested neoliberal principles. Throughout these mechanisms the three pillars of the PRS approach (ownership, partnership and participation) are mentioned frequently which underlines the centrality of these tools for the World Bank in implementing its policy prescriptions and universalising its interests of which the ultimate interest is the implementation of the neoliberal accumulation regime.

4.3 *The Comprehensive Development Framework*

The CDF was introduced by the World Bank in early 1999 and represented the overarching policy framework under which poverty reduction strategies operated. The CDF represented the shift to a more holistic approach to development and emphasised the interdependence of the various elements of development such as social, economic, environmental, financial and human factors (IMF 2000). This holistic approach was indicative of a long term strategy to development which would focus on poverty and the reduction of it as the ultimate development goal. The CDF and the MDGs link together and so bolster the overarching development framework. In contrast to the accusation that the SAPs of the WC were too much of a blueprint and a one size fits all approach, the CDF is meant to act as a compass for development which each country can use individually. The CDF has some underlying principles which give an insight into the general position the framework takes.

The first principle that can be ascertained is that of a country adopting an holistic approach to development which is symptomatic of the PWC. The development strategies which are adopted should be shaped by a long term vision and long term strategies, taking into account structural and social considerations (World Bank 2000). This could include expanding education and health facilities. Therefore, a country would need to demonstrate a commitment to the new basics of development which are laid out in the CDF. In this respect the CDF demands that a country demonstrate a comprehension of its development problems and the long term solutions. Constraints and governmental capacity should also be taken into account so that the development strategy is as realistic as possible and is specific to the needs of that particular country. This principle of the CDF shows that equal attention must be paid to the hardware of development such as infrastructure and capital inputs as well as the software of development such as institutions, management and process (Nederveen Pieterse 2010: 91). However, while it is implied that a country embraces this holistic notion of development and directs the development agenda, it is clear that the only version of 'holistic development' is that prescribed by the World Bank. The CDF acts as a mechanism whereby a country cannot address a development issue in any way it desires but rather must draw upon a plan based on the rigid framework of the CDF. This means planning and realising development goals can only be done in the narrow boundaries of the neoliberal agenda.

These elements of the CDF imply that development is predominantly a national issue and so the solutions to the problem are national solutions. Thus the CDF does not take into account that many of the issues a country faces when embarking on development programmes are located above and beyond the nation state and are often the result of very specific historical and political circumstances (Carroll 2010: 100). The CDF de-historicises the whole development agenda and makes out that development can be achieved through merely technical measures. These inadequacies are illuminated by the CDF's attention to international trade. The CDF fails to acknowledge the trade barriers which exist for exports from developing countries. To this extent the CDF's focus on national based development assumes that the tide of globalisation would lift all boats and that the transformation of national economies to fit into the global economic system would offer tangible growth and development benefits. The CDF fails to take into account that various countries at various levels of development may have opinions on the optimal factors for development and the idea of a shared vision for development is an empty one (Carroll 2010: 101). The World Bank's attempt to bring aspects of the Human Development agenda into the wider development agenda and talk of holistic development reflect its efforts in creating a consensus around development issues. To this degree the World Bank is able to manage the debate and fix it within certain parameters consistent with the neoliberal accumulation regime. The fact that the development agenda is the result of a clash between various groups and conflicting material interests is made opaque by the World Bank as it attempts to create a shared vision and broaden the consensus. This is consistent with new strategies of creating hegemony after the crisis of legitimacy.

The second principle found within the CDF is country ownership of the development agenda. This means that each country should devise and define its own development agenda in the belief that when countries 'own' development goals then governments and citizens are more committed to attaining that goal (World Bank 2000). This is obviously a policy to counteract the criticism directed towards SAPs which were seen as forced onto countries from outside agents such as the World Bank. Hence in many respects the notion of conditionality failed because states were unwilling to implement some of the more highly contested policies of the SAPs (Ruckert 2006: 45). Therefore, the notion of ownership which appeared in the CDF was recognition of this failure. For a country to have ownership of its development strategy it must attract support from key stakeholders such as government (at the national and local level), civil society, the private sector and external assistance agencies. Moreover, ownership requires that a state exhibits the institutional capacity to devise a development strategy, achieve a consensus around that strategy and implement it. This institutional capacity is linked to the prescribed policies of the good governance agenda which was outlined in the previous chapter. This highlights the way in which the World Bank acknowledges the need for a domestic consensus to be built around the development agenda so that when the agenda is put into action it is less contentious and so implementation more probable. When this hegemony is built there would be a genuine commitment to the implementation of neoliberal policy prescriptions (Ruckert 2006: 45).

The third principle is that of a country-led partnership. As was stated in the previous principle, this partnership must involve stakeholders such as government (national and local), civil society, the private sector and external assistance agencies. This partnership must be recipient led and built on transparency, mutual trust and consultation which would increase the efficiency and capacity of a state in devising and carrying out various development strategies (World Bank 2000). This harmonisation and coordination of various organisations and stakeholders is meant to increase the effectiveness of aid by reducing the overlapping processes of donor bureaucracy and so standardising donor policies. This focus on harmonisation and coordination reveals the World Bank's technocratic conceptualisation of government and the shift to governance whereby policy consensus is brought about by establishing new relationships and new processes of policy management (Carroll 2010: 103). This sidelines any notions of political contestation about the development process or agenda. Instead, foreign and domestic partners congregate around neoliberal policy prescriptions and offer technical fixes to very contested development phenomenon. This attempt at a reconceptualisation of the relationship between the core and the periphery found in the CDF shows the extent to which the World Bank responded to the criticism of how external agents intervened in SAP recipient countries. Therefore, the notion of partnership is an important element in embedding the neoliberal accumulation regime as it lays down an inclusive neoliberal development framework by which the World Bank fends off criticism due to it seeming to give the power and responsibility of the development agenda to the developing country in question (Ruckert 2006: 45). This offers an insight into how domination through inclusion is occurring. This emphasis on partnership attempts to overtly improve development cooperation and covertly attempts to embed the neoliberal accumulation regime through the creation of hegemony through the illusion of partnership.

The fourth principle found within the CDF is that of development performance being evaluated on the basis of measurable results. Previously, the World Bank had measured only resource allocation and consumption such as disbursement levels and project inputs when evaluating development efforts (World Bank 2000). In contrast the CDF makes clear that the evaluation of results should focus on the impact of the development intervention. This focus on development results can be seen as the by-product of a crisis of legitimacy which engulfed the World Bank concerning support from the core countries. Under pressure from their tax payers who wanted value for money concerning aid, core countries had an interest in making sure the contributions they made to the World Bank were being used appropriately and efficiently. This area of the CDF constitutes a new approach to conditionality. The results which mattered most to the World Bank were a country's ability to fulfil the first three principles of the CDF. The completion of a PRSP was also important in the process and enabled the World Bank to observe measurable indicators. The MDGs also acted as measurable indicators. The multitude of measurement instruments represented new forms conditionality whereby a state´s dedication to achieving a target and progress towards it was linked to the continuation of funding. This new conditionality was locked in by the fact that each programme initiated by a country required prior World Bank approval. This focus on development results means that the onus on development is firmly placed on the developing country. Therefore, when there is failure or results do not match expectations the recipient is blamed rather than the externally imposed frameworks (Carroll 2010: 104).

The homogenising matrix of the CDF constitutes an attempt to standardise an already prefigured neoliberal development framework which involves a very particular technique of governance. This embedding of the neoliberal accumulation regime involves giving specific functions to government and society whereby development governance success is measured with specific development indicators and as such feeds into new conditions. The CDF recognises and endorses the many aspects of development such as the economic, social and environmental spheres which equips the CDF with very progressive sounding language. This shows the extent to which the World Bank has moved on from simply financing projects and handing down policy prescriptions to addressing broader issues such as social development, the quality of institutions and the quality of governance (Carroll 2010: 100). This deeper interventionism into the affairs of a developing country shows how the policies of the World Bank shifted after the crisis of legitimacy brought on by the failure of the WC.

The CDF shows the new tools which were created with the PRS approach in order to better implement the neoliberal accumulation through the creation of hegemony. The principles of the CDF show how there has been a discursive shift from portraying developing countries as passive recipients of policy advice from benevolent agents such as the World Bank to taking an active role in forming their own development agenda. This highlights the varying technologies of inclusion which take into account the counter hegemonic tendencies within each country but include them and shape them so as to be able to function only within the confines of the neoliberal governance structure (Ruckert 2006: 47). This change in emphasis represents an attempt to resolve the legitimacy problems and contradictions that the implementation of the neoliberal accumulation regime faced in the periphery. The CDF materialised through the adoption of the inclusive neoliberal development paradigm. This new mechanism was an attempt to overcome the implementation problems which had blighted the neoliberal accumulation regime. The holistic and inclusive nature of the CDF is crucial in distinguishing between the WC and the PWC. Thus the creation and maintenance of hegemony is best served through the new delivery services set out in the four principles of the CDF which advocate and normalise a very specific neoliberal development structure and so facilitates the implementation of the neoliberal accumulation regime. The CDF represents one mechanism of hegemony but another mechanism which goes to a deeper level in the context of a county is that of PRSPs.

4.4 Poverty Reduction Strategy Papers

PRSPs were unveiled by the World Bank in late 1999 and represented a new mechanism through which the neoliberal accumulation regime could be implemented after the crisis of legitimacy. The character of the PRSPs is shaped by the CDF and so are a feature of the apparently new approach to development and the PWC. The PRSPs emerged out of the need for nationally owned poverty reduction strategies and are instruments designed to apply the CDF in practise (Carroll 2010: 104). It is intended that the PRSPs work in a way that integrates poverty reducing policies into a coherent growth orientated macroeconomic framework (IMF 200). The responsibility falls on the shoulders of national governments to prepare and author a PRSP with the participation and input of domestic and external partners. In this respect aid agencies and NGOs should link their development efforts to what has been conveyed in a country's PRSP. To this extent “the PRSP is an operational vehicle – which can be a specific output of the CDF or of processes based on CDF principles – that is intended to translate a country's poverty reduction strategy into a focused action plan” (IMF 2000).

A PRSP must be broadly endorsed by the World Bank and so therefore PRSPs have become central to the provision of development assistance in terms of both grants and loans. To this extent, country owned poverty reduction strategies became the basis for World Bank lending (Levinsohn 2003, Piron & Evans 2004). Approval of a PRSP is dependent on how a country will reduce poverty over the course of the programme. To be in line with the CDF principle of a focus on results there are annual progress reports built into the PRSP process. It is clear that PRSP are not some trivial bureaucratic procedure a country must go through in order to gain World Bank approval and funding but rather compromise a major effort by the country involved. These factors give an insight into the new forms of conditionality which have appeared in the PWC and the new development agenda. Due to PRSPs being country owned the burden falls on the individual country to prepare it. This is a problem because some countries lack the expertise to formulate a PRSP in a timely manner of which it can take years to complete. This can disrupt access to financial flows from the World Bank to countries which rely on it to fund programmes. However, the World Bank does takes a facilitative role in the PRSP process by providing technical assistance in the support of the formulation, design and implementation of the PRSP. In the formulation of the PRSP the World Bank focuses on governance and legal institutions which enable a country to better formulate and maintain a PRSP through monitoring and accountability structures (Carroll 2010: 105).

In order to overcome the accusation that the SAPs of the WC were not country specific, the PRSPs are not meant to be a single template or blueprint handed down to countries but rather can be shaped to take into account a country's specific needs and situation. However, a PRSP must touch on several principles (informed by the CDF) for it to be seen as legitimate and acknowledged by the World Bank. First, a PRSP should be country driven and owned by representing a consensual view on what actions should be taken in the formulation and implementation process. Second, a PRSP should be result-orientated with targets for poverty reduction that are realistic, tangible and able to be monitored. Third, a PRSP should be comprehensive in scope by integrating the macroeconomic, structural and social elements of development by recognising that poverty is multi-dimensional as are the measures to reduce it. Fourth, a PRSP should be based on a partnership between government (national and local), civil society, the private sector and external assistance agencies which would coordinate in order to support and maintain a county's PRSP. Fifth, a PRSP should be a participatory process with all the relevant stakeholders participating in the formulation and implementation of the PRSP. Sixth, a PRSP should be based on a long term strategy and timetable for the reduction of poverty as well as a long term focus on the reform of institutions and the building of capacities (Levinsohn 2003, Piron & Evans 2004, Carmody 2007).

For the World Bank, the ingredients and character of the PRSP initiative was meant to begin a new chapter in the development agenda and so differentiate it from the policy prescriptions that preceded it. The PRSP process can be seen as technocratic in the way that the PRSP acts as an instrument for channelling funds. This came from a recognition that there was a need to improve the effectiveness of aid. The PRSP principle of ownership was symptomatic of the view that the state was a decisive agent in a national development strategy and so was instrumental in the efficient use of aid (Christiansen & Hovland 2003). However, these technocratic formulations give way to reveal that poverty reduction is a fundamentally political objective. This is because the PRSP process involves changing relations of power, shaping government policy priorities, moulding legislative frameworks and dictating who gets access to state resources. Hence, the shift can be seen between the WC and PWC in that state effectiveness, or lack of state effectiveness, was now regarded as a key variable in explaining the trajectory of both poverty reduction and growth outcomes in most countries. This meant political systems, institutions, representativeness and responsiveness all took on an importance which was lacking in the WC and were now seen as key factors in the success or failure of the PRSP and poverty reduction (Piron & Evans 2004 :4).

With the PRSPs the World Bank had clearly abandoned the language of the SAPs which was apparent during the WC. However, to some extent the conditionality of structural adjustment was replaced with the conditionality of poverty reduction (Craig & Porter 2006). By promoting the PRSPs the World Bank was able to legitimate contested neoliberal policy prescriptions and better implement the neoliberal accumulation regime. The PRSPs were an attempt to overcome the implementation impediments which the neoliberal accumulation regime had encountered. Therefore, to overcome the crisis of legitimacy and create hegemony around contested neoliberal principles the World Bank initiated the PRSPs and added certain flavours so as to create and better maintain hegemony. This was concretised in the shift to the PRS approach. One aspect of this was domestic ownership. The domestic ownership of policies was able to dispel the crisis of legitimacy which was directed at the World Bank from governments as well as pacify civil society through the population of a country having a deeper commitment to a set of macroeconomic reforms which they perceive as domestically formulated (Carmody 2007: 100). By involving civil society in the development process it would act as an agent to effectively hold to account those in power and so keep the issue of reducing poverty at the top of a country's agenda. Moreover, by formulating and initiating a PRSP is it believed that international aid donors would have something concrete in which to organise around and so aid will be better managed. This would have an effect on the relationship between donors and recipients as there is a shift from specific policy conditions towards process conditions. Rather than governments acting as if they are accountable only to donors they will now behave in a way in which they are accountable to their own citizens as the PRSP was formulated domestically (Piron & Evans 2004: 4). These factors and the principles which exist in the PRSPs are an attempt by the World Bank to paint a new development picture and overcome the crisis of legitimacy through the creation of hegemony.

4.5 The Poverty Reduction Strategy Approach in Context

The adoption of the PRS approach by the World Bank represents a new form of neoliberal development practise that takes a qualitatively different approach to embedding and maintaining the neoliberal mode of production. The focus of the PRS approach is the creation of an inclusive form of neoliberal development in an attempt to build hegemony around contested neoliberal principles. Mechanisms built within the PRS approach to form and maintain hegemony include the CDF and the PRSPs. Moreover, within the CDF and the PRSPs are mechanisms which would aid the implementation of the neoliberal accumulation regime. These mechanisms are made up of three pillars and constitute the inclusive nature of the PRS approach. They are: ownership, partnership and participation. The PRS approach constitutes an attempt to implement the neoliberal development paradigm which had encountered a crisis of legitimacy with the WC and so is an attempt to re-legitimise market led development and thus circumvent implementation impediments. The PRS approach is embedded within the PWC and at its core contains new methods and mechanisms (such as participation, partnership and ownership) which were needed to embed and sustain the neoliberal agenda. While the World Bank utilised the progressive language of poverty reduction and created a discourse around which poverty reduction was its central aim, in reality the core purpose of the PRS approach was to continue the class project of extending the market into the developing world (Carroll 2010).

The PWC and the PRS approach represent a more integrated approach to development in which the economic and social elements of development are taken into account. The breakdown of the WC had proven that the extension of the market into the periphery needed new strategies. Thus the PRS approach represented a new avenue in which there would be a sustainable reproduction of capitalism and the implementation of the neoliberal accumulation regime. This meant the state was reconstituted as a partner and together with the good governance agenda the state was now a central agent in the development process (Cammack 2003b). In the PRS approach development was reconfigured to mean a total process through which the transformation of societies needed to take place. This intervention would mean the transformation of previously hostile actors who had resisted the policy prescriptions of the WC. From the crisis of legitimacy the World Bank learnt that the endorsement of a development strategy by a population was crucial in its implementation. Thus the PRS approach should be considered as possessing inclusive qualities which act in the way of creating hegemony. The three pillars of the PRS approach were central mechanisms in legitimising the PRS approach, co-opting civil society, universalising the interests of the World Bank and forming and maintaining hegemony around contested neoliberal principles. These mechanisms are the clearest indication that there has been a shift in strategy from the WC to the PWC in terms of the implementation of the neoliberal accumulation regime.

In essence, the PRS approach offers a depoliticised account of poverty in which technical inputs are offered as solutions. This de-politicisation of poverty acts as a smokescreen for conflicts between classes and social forces which are endemic within the neoliberal accumulation regime. The World Bank took on the language of poverty and marginalisation but the solutions were only applicable within the neoliberal matrix. In reality the only form of empowerment the World Bank offered was empowerment through the framework of the neoliberal accumulation regime. The World Bank offered the poor empowerment but only empowerment through the market. In other words, the PRS approach acts in a way to lock the poor into the market and present it as liberation (Cammack 2003b). This could not have been done by the World Bank without the formation of hegemony around these contested neoliberal principles. By adopting the PRS approach the World Bank was seen to be acting in the general interest while in fact it was attempting to re-legitimise the neoliberal development framework. Within this process the World Bank was able to universalise its own interests through the operationalisation of political technologies and mechanisms which played an important role in embedding the PWC as the hegemonic paradigm. The persistent failure of the neoliberal development framework meant the World Bank changed the discourse away from SAPs towards a more inclusive development agenda. In order to manufacture consent the World Bank had to use a different approach to embedding and maintaining the neoliberal accumulation regime. However, while there was an emphasis on inclusion within the policy making process it actually acts in a way which does the opposite: it narrows down and constrains debates in the interests of implementing the neoliberal accumulation regime (Carroll 2010: 4). Central to the creation of hegemony was the use of mechanisms in order to form hegemony. One such mechanism, participation, shall be discussed in the next section.

4.6 Participation as a Mechanism of Hegemony

Out of the World Bank's PRS approach three broad pillars can be identified. These are ownership, partnership and participation. When discussing the PRS approach these concepts come up frequently and so have been analysed in this chapter. These three pillars represent mechanisms through which hegemony is created around contested neoliberal principles with the ultimate objective of the better implementation of the neoliberal accumulation regime. However, this paper will now take a more detailed look at one of the pillars of the PRS approach: participation. Participation has been chosen because this pillar offers more overt evidence as to how hegemony is being formed and maintained. Participation is a signifier of a more inclusive neoliberal development framework. Participation functions as a mechanism of hegemony and so is an avenue through which hegemony can be traced. Under the stewardship of the World Bank, participation has become one of the core elements of the new development framework and is central to the CDF and the PRSP. Thus, participation has become a crucial dimension which differentiates the PRSP from previous development instruments such as the SAPs.

The adoption of participation by the World Bank was an acknowledgement of the growing importance of the social dimension of development which had been neglected under the policy prescriptions of the WC. The limitations of the WC and the failure to effectively implement its policy prescriptions meant the World Bank shifted to participatory approaches as it increasingly sought to involve local populations in the development process. This also involved the inclusion of governments and NGOs in the participation process. The common themes emphasised by participation are localism, self-determination, grass roots activity, empowerment, popular agency and civil society. Therefore, participation is primarily about power and who is in control of the development process. Participation is meant to challenge the role of international agencies and institutions by exploring more collaborative development planning (perceived to be in contrast to the WC) that seeks to build a policy consensus among a wide range of stake holders, such as those in civil society, which is not necessarily focused on elites. Local and individual participation ensures that people have a stake or investment in the development process and are therefore more committed to the development process (Hopper 2012: 161). This is a central point in the World Bank's adoption of participation: it fosters a sense of country ownership over the development process. By involving all elements of a county's domestic constituency in the development process the logic is that donor and western cultural bias can be avoided in deciding what forms development must take (Brown 2004: 238). Advocates of participatory development argue that it is not characterised by the Euro-centrism and top-downism which characterised the development paradigm of the WC, which sidelined and disempowered those which took part in the development process. Thus, through participation individuals are able to express their needs so as to better achieve development (Mohan 2008: 46).

The World Bank's use of participatory approaches to development shows the extent to which civil society has become a very important constituency in the development process. When the structures of the state were inflexible, bureaucratic and unaccountable then civil society organisations were meant to act in a way which was more dynamic and accountable. To this extent, participatory approaches could utilise the expertise which organisations such as NGOs could offer. NGOs were believed to be in tune with the needs of the recipients of development who had been largely ignored in the policy prescriptions of the WC. The World Bank now routinely consults with NGOs as a part of its policy formulation process and to achieve mutually achieved goals. This consultative move has succeeded in enhancing the credibility of the World Bank in the eyes of many NGOs. (Hopper 2012: 167). The point of participation is that the recipients of development are no longer passive in the process but actually proactive in the process. To this extent, participation centres on trying to see the world from the point of view of those directly affected by the development intervention. This means that outsiders (such as the World Bank) do not impose their reality but rather encourage and enable local people to express their own (Mohan 2008: 47). Thus, participatory approaches represent a new way of gaining knowledge by placing a greater emphasis on data collected from individuals and

NGOs which take advantage of local knowledge, local insights and local expertise (Hopper 2012: 161).

To a large extent, the importance of participatory approaches to development was formalised through the use of participation in PRSPs. The PRSP process was built on the fact that its conclusions were an output of a participatory strategy designed to include civil society in a process of analysing poverty, poverty reduction outcomes, actions towards these outcomes and indicators for these outcomes (Hickey & Mohan 2004: 160). These participatory consultations must take place at the local, regional and national level. Entry points for civil society participation include: analytical and diagnostic work such as understanding the nature of poverty, defining poverty reduction objectives, defining strategies for poverty reduction, implementing the programmes and finally monitoring the outcomes and evaluating the impacts (Giffen 2003: 3). Concerning the last entry point, in the PRSP process civil society plays a very important role in monitoring and implementing the agreed poverty reduction strategies. This fits in with the World Bank's vision of the good governance agenda. This regulating role for civil society would ensure that there is accountability in public actions and expenditures. To this degree information sharing is of major importance in this process as it fosters an enabling environment whereby a dialogue is instigated and information disseminated. Therefore, to this degree a participatory approach allows for a combined qualitative and quantitative analysis of poverty which allows policy makers and stakeholders to understand the causes and consequences of the many dimensions of poverty and so confront them. This is enabled by participatory approaches.

4.7 Critiques of Participation

The introduction of participation as a core constituent of the World Bank's new development framework has been met with two broad considerations which highlight certain perspectives and are generally opposed to one another. The first perspective is that participation is nothing more than a sham and that the participation processes built within the PRSPs are nothing more than a smokescreen so that the World Bank can continue prescribing the same old WC policy formulations. Progressive sounding concepts such as participation and ownership are simply a public relations exercise which does nothing to change the fundamental power relations between the World Bank and developing countries. A second perspective is that the World Bank's adoption of participation is more substantive than its critics would allow. It is argued that participation has the potential to transform relations between donors and recipients. The effective use of participatory processes could lead to a real form of country ownership which will be more effective in reducing poverty and so replace the stale WC policy prescriptions for good (Fraser 2005: 318). A third perspective is taken up in this thesis, which argues that the shift to participation by the World Bank is a substantive move but is the result of a new way of implementing the neoliberal accumulation regime. Participation is thus a mechanism to better form and maintain hegemony around contested neoliberal principles. The concept of participation has a variety of effects such as mystifying power relations, offering the mirage of empowerment and acting as a technology of social control. However, it is important to remember that all of these elements go into the overall strategy of the better implementation of the neoliberal accumulation regime and the creation of hegemony. Therefore, participation is important because it enables this thesis to trace ways in which hegemony comes about, is formed and then maintained.

The addition of inclusion technologies, such as participation, into the PRS approach is a point of departure from the previous development framework of the WC. Participation as a mechanism can be characterised as an attempt to overcome the crisis of legitimacy of the WC and the frustrations which were encountered when attempting to implement WC policy prescriptions. Participatory approaches were seen as solutions to the failures of top down development projects of which the SAPs were a symptomatic example. Through participation it was understood that a local population would have a stronger commitment to development policies and so to this extent participation offered an improved method of implementation (Fraser 2005: 321). The adoption of participation represented the deployment of a new technique to build a consensus around contested neoliberal principles and also marginalise those who were hostile to the implementation of the neoliberal accumulation regime. Participation as an inclusion technology has a concern with civil society. Civil society (which can mean both individuals and NGOs) was neglected by the World Bank in the WC but the failure to implement those policy prescriptions led the World Bank to realise that civil society was essential and a vital element in securing and maintaining the neoliberal accumulation regime. For the World Bank civil society was a necessary component if the PWC was going to be successful and so was an essential node where hegemony could be built and maintained around contested neoliberal principles. Participation acts as a mechanism of hegemony to the extent that it manages and nurtures actors within civil society that can assist within facilitating and implementation the neoliberal accumulation regime (Carroll 2010: 110).

Important to note at this point is that the criticisms directed towards the participation process are still valid. Cooke and Kothari (2002) argue that both the acting out and discourse of participation represents a form of tyranny. There is the tyranny of decision making and control whereby participatory decision makers override legitimate indigenous decision making processes, the tyranny of the group whereby the participatory decisions made by a group often reinforce the interests of the already powerful and finally there is the tyranny of method whereby participatory methods have driven out other methods (Cooke & Kothari 2002: 8). Green (2000) makes the point that the argument of participation automatically bringing empowerment is a fallacy. Within its participatory approaches the World Bank brings with a certain kind of empowerment and a certain kind of development. The World Bank relies on a certain conception of knowledge and agency which means participatory approaches represent only a particular type of transformation. Therefore, the World Bank's adoption of participatory approaches insinuates that individuals cannot transform their own consciousness and empower themselves so as to achieve development and thus must rely on outside agents to act as external facilitators in this process (Green 2000: 70).

Rowden and Irama (2004) argue that while participatory processes have offered benefits to civil society it is still the case that participation acts in a way which does not change the basic framework of neoliberal policy reforms but rather for lessening the social damage done by these policies. Even in the participatory process the World Bank remains as a gate keeper whereby lending is still based on conditions and so PRSPs are not genuinely country owned. Therefore, imbalances in power between donors and recipients still remain the case even through the use of participatory approaches (Rowden & Irama 2004). This point is echoed by Brown (2004) who argues that participation is not a process which facilitates unequivocal national ownership but one in which positive participatory sentiment functions to obscure rather than reveal the nature of central control which the World Bank possesses over lending. To this extent participation represents the co-optation of progressive language in the service of maintaining many of the policy prescriptions of the WC era development agenda (Brown 2004: 249).

The critiques of participation mentioned above each reveal specific points through which participatory processes by the World Bank are impotent. These critiques show that rather than attempting to expand the space and opportunity for the poor to participate in the development process, the World Bank attempts to contain participation within specific boundaries. This is because the mechanism of participation is not necessarily meant to increase pluralist representation or broad political involvement in the development process but rather used as a requirement for the construction of a hegemony around contested neoliberal principles and the implementation of the neoliberal accumulation regime (Carroll 2010: 110). It is important to emphasise here that it is not the *fact* of participation that is important but rather the *sense* of participation. The points made above show that participation is not necessarily achieving what the World Bank has prescribed, but it is the perception that the World Bank has adopted participatory approaches and civil society has taken part in them which fosters feelings of ownership and partnership. This is essentially where the World Bank has catalysed the formation of hegemony, because the neoliberal regime has a better chance of implementation if civil society felt as if it had a genuine stake in the development process. This is where inclusive neoliberalism is at its most effective and where domination through inclusion is most poignant.

When the World Bank adopted participatory approaches it was not meant to initiate change within itself but rather bring about a change in the willingness and behaviour of borrowing countries and civil society agents. The image that participation would lead to various stakeholders engaging in dialogue as equals was a false one and is symptomatic of how hegemony acts as a smokescreen for power relations. To this extent the inclusion of civil society actors represents an attempt to integrate and so pacify those elements of civil society which were the most critical of the policy prescriptions of the WC (Ruckert 2006: 60). The word 'participation' can be distinguished from words such as 'involvement' or 'consultation' because it insinuates agents taking part in decision making. This reveals the inclusive pretensions of this mechanism in that there is a belief that real decisions are being discussed and so the partial interests of civil society agents are being subsumed in this process (AFRODAD 2002). However, this is a process where the parameters of the final product have already been established and will remain within the neoliberal matrix.

Concerning NGOs, the World Bank made a conscious effort to reach out to them. They responded positively in order to secure increased influence both in conjunction with the World Bank and within state-led processes (Fraser 2005: 322). This is consistent with the hegemony taking into the account the interests of various groups and giving concessions both materially and ideationally in order to strengthen hegemony. In this way participation within a PRSP disciplines individual participants to the extent that the participant does not shape the PRSP but rather the PRSP shapes the participant. NGOs which are based in the core of the world economy are especially integrated into this process and collaborate with the World Bank. By incorporating NGOs into the policy making process there is a co-optation of civil society actors into the framework set out by the World Bank which legitimises the contested neoliberal principles and so eases implementation. Participation by civil society as a mechanism of hegemony is consistent with transformismo in that the notion of participation has been transformed from the ability to influence decision making processes and shape agendas to mean nothing more than information dissemination and consultation on a largely predetermined set of policies and static neoliberal development matrix (Ruckert 2007: 97).

5 Conclusion

In conclusion, this paper has been an exploration of the new development framework which had become established by 1999 with the emergence of the PWC and the adoption of the PRS approach by the World Bank. The PWC and the PRS approach had been explained as either the same old policy prescriptions in new clothing or a real shift in the way development is organised and practised. This thesis made the case for another explanation. It argued that the new development framework constituted a new form of neoliberal development practise which could be considered as a more inclusive form of neoliberalism. Therefore, while the core economic policy advice remained the same, the PWC and PRS approach did herald a qualitative shift in the development paradigm. This change to inclusive neoliberalism was done with the view of better implementing, embedding and maintaining the neoliberal accumulation regime which had come under scrutiny during the WC. This new development framework contained mechanisms through which to build hegemony around contested neoliberal principles.

The basis which was used to form arguments about the new development framework was the Neo-Gramscian method of analysis. By using this theoretical framework, Gramscian concepts such as hegemony, passive revolution and transformismo can be applied to an international context and to international institutions. This enabled certain mechanisms to be detailed in order to be able to trace the hegemony which was being built around contested neoliberal principles. For example, these mechanisms include co-opting civil society actors, absorbing counter hegemonic ideas and universalising particular interests. International institutions, such as the World Bank, are themselves the product of the dominant hegemony and so reflect and ideologically legitimate the rules of the world order. Particular social forces are behind the construction of hegemony; in the case of the new development framework it is a transnational capitalist class which seeks to build and extend hegemony around the neoliberal accumulation regime in the periphery of the global economy. Thus, by using the Neo-Gramscian framework the World Bank can be understood as an institution which implements and maintains the hegemony of a transnational class and so works in the interests of this dominant hegemony by forming a consensus around contested neoliberal principles through poverty reduction strategies.

With the theoretical groundwork in place, the shift from the WC to the PWC could be put into an historical and political context. Neoliberalism was defined as a political project to realise the reorganisation of international capitalism as well as a political project meant to restore class power to economic elites. By the 1980s neoliberalism had become more or less hegemonic as an economic policy doctrine in the developed countries at the core of the global economy. Neoliberalism in development terms was reflected in the WC, which represented a set of policy prescriptions meant to generate economic growth as well as to expand this accumulation regime outwards towards the periphery. By the 1990s it was clear that, as a means of generating economic growth and as a framework through which to implement the neoliberal accumulation regime, the WC had failed. This failure led to a crisis of legitimacy for the WC as a development framework as well as for the World Bank as a development institution. This crisis of legitimacy threatened the formation of hegemony around the neoliberal accumulation regime in the periphery. Criticism of the WC came from both inside and outside of the World Bank.

The emergence of the PWC was a recognition that development was a holistic process which involved both economic and social elements. Therefore, it was acknowledged that the inclusion of civil society into the development process was essential if it was to be successful. Moreover, the role of the state in the development process was re-examined. To this extent there was a shift to the good governance approach which argued that the institutions of the state were essential for the proper functioning of markets and a successful development path. The fact that the World Bank was able to orchestrate a shift in policy shows the extent to which it is not a closed entity but an institution in which varying social forces vie for influence and power. The PWC represented an attempt to re-legitimise market led development, which had come under scrutiny during the WC. This meant the adoption of an inclusive form of neoliberalism. Therefore, inclusive neoliberalism signified a change in the way that the neoliberal accumulation regime was implemented. In terms of implementation, the PWC now championed the inclusion of the poor in the development process. The shift towards inclusion was a recognition that the alliance of social forces in the WC had been too narrow of which by widening the alliance of social forces to include the poor (through material and ideational concessions) there would be the better implementation of the neoliberal accumulation regime. This represented domination through inclusion.

The inclusion of the poor was reified in the form of the PRS approach. The broad overarching framework of poverty reduction was laid down in the CDF. The introduction of PRSPs was the operationalisation of poverty reduction in concrete form and represented a new form of conditionality for developing countries. In order to implement the neoliberal accumulation regime and build hegemony around contested neoliberal principles three mechanisms were built into the PRS approach and were mentioned frequently in the CDF and PRSPs. These were: ownership, partnership and participation. The adoption of the PRS approach represented a more integrated approach by the World Bank which now took into account both the economic and social elements of development. While the World Bank took on the language of poverty and marginalisation with the adoption of the PRS approach, the central aim of extending the neoliberal accumulation regime into the periphery and the creation of hegemony around contested neoliberal principles remained the same.

In order to highlight how hegemony is formed and maintained participation was then elaborated on. Participation is a signifier of a more inclusive neoliberal development framework and acts as a mechanism of hegemony. Analysing the hegemonic mechanism of participation was an avenue through which hegemony could be traced. Participation was characterised as an inclusion technology. This involved the inclusion of both individuals and NGOs which existed in civil society. The fact that participation existed in the first place was a concession on the part of the World Bank, however the space made for participation was a narrow one in order to contain this participation within specific boundaries. Thus, participation was not pluralism or democracy but rather individuals and NGOs participating in an already formulated neoliberal policy matrix. However, in the formation of hegemony around contested neoliberal principles it is the sense of participation rather than the fact of participation which is imperative. For the neoliberal accumulation regime to be more effectively implemented civil society needed to feel as if it was involved in the process and participation was a mechanism through which this could be achieved. This mechanism was essential in the formation of hegemony.

Overall, the shift to inclusive neoliberalism that came with the emergence of the PWC and the introduction of the PRS approach was a compromise made between a plethora of social forces. It has remained relatively stable, concerning its inclusive elements, as a development paradigm since it was introduced. However, inclusive neoliberalism is full of complex contradictions and compromises which could well lead to a paradigm shift in the future. Inclusive neoliberalism emerged as a way to re-legitimise market led development and at the centre of this approach is an attempt to overcome the implementation impediments which affected the neoliberal accumulation regime during the crisis of legitimacy. The emergence of the PWC and the introduction of the PRS approach was a first step in building hegemony around contested neoliberal principles and so producing a truly hegemonic neoliberal order on a global scale.

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