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**New Forms of Power in Post-Neoliberal Development Policy: A case study of evolving
World Bank lending practices in Argentina.**

The World Bank is currently undergoing institutional and long-term development policy change. In reflecting the post-neoliberal preferences of Latin America it is making clear attempts to create specific social welfare measures as part of its policy making and lending programmes.

Foucauldian and Neo-Gramscian conceptions of power inform the framework in which the relationship between the Bank and Argentina - post economic crisis - is considered. In Argentina a portfolio of lending based upon 100% investment has been constructed and an emphasis has been placed upon partnerships in its governance approach. This marks a clear shift from the structural adjustment period associated with conditional lending and the neo-liberal agenda of the Washington consensus.

Following one year of fieldwork in Argentina this paper provides evidence suggesting these changes actually allow the Bank to exert further control over projects and agenda than during the structural adjustment period. Under the banner of investment and partnerships the Bank is able to maintain more contact and control than with conditionality alone.

*Using the concept of governmentality this paper argues that this new development strategy, located in the context of post-neoliberal and post-Washington consensus thinking, lends itself to a stronger power relationship than the clear dominance of the conditionality era preceding it. Incorporating the government and civil society as actors within the development framework facilitates the internalisation of Bank ideology and results in self-governing borrowers. While development policies have changed and concessions made for welfare provision, Bank loans remain much aligned with the neo-liberal development project of its past. Through *trasformismo* the partnership approach has simply made the government a willing participant of these goals.*

Key Words: *World Bank, Argentina, Post-neoliberalism, Partnership, Governmentality*

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NB/ This article was written as a note on various trends that appear to be occurring in development lending in Argentina and is supported by the opinion of various country staff members of the Bank. Trends discussed should not be considered the official position of the World Bank.

This is a working paper, comments are welcome, however please do not cite without prior agreement.

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Introduction

Changing times, changing institutions?

The World Bank, along with the IMF and WTO are struggling to keep up with the pressures brought about by economic globalisation and crisis. The institutions we currently have been suggested as more reflective of the world as it was in 1945 and their formation at Bretton Woods¹. While they have all responded differently to political economic changes, the World Bank in particular has made the most significant steps to reinvent itself. Through crisis it has been able to push through reform first in line with a neo-liberal market led strategy and subsequently restyling itself as a development lender and knowledge bank, offering technical assistance in equal doses as capital.

Political chaos in Argentina highlighted the fact that market failures do not just create economic costs. They have an important social impact too. They exact a political price, feeding resistance to globalisation and a backlash against policies and institutions that facilitate it². As Argentina strives to leave the economic crisis of 2001 behind it, the consequences remain deep rooted, particularly in the way it deals with foreign intervention and International Financial Institutions. The World Bank concurrently have created new development policy strategies that have been targeted specifically for Argentina. New approaches from both sides make for an interesting case of what may be considered as post-neoliberal lending and borrowing practices.

The majority of literature on the World Bank relates to policy decisions it makes with regard to developing countries. Taking the case of a middle-income country, more particularly in an economic climate that has led to an uncertain role for the Bank and other IFI's, allows a new take on the way in which the Bank itself is forced to change and respond to external pressures. Left-governments and post-neoliberal regimes in Latin America specifically have made it a tougher environment for the IFI's to impose economic conditions. The formation of the Bank of the South certainly illustrates that their long term aims are to move away from the IFI's altogether. Argentina now has the capital, the backing and sufficient future plans to make demands upon the type of support it receives and the level of intervention the Bank can

¹ Woods, N., Power Shift. Do we need better global economic institutions? 2007, IPPR: London

² Ibid.

continue to make. What follows is an exploration of the ways the Bank has been forced to assess its position and consequently reconsider its lending strategies for Argentina.

World Bank development policy shifts

Of the major reforms the World Bank has undergone since its formation the reconsideration of its approach to the concept of development has been the most significant. Prior to 2001 World Bank work was based upon a concept of development rooted in neoliberal economics (also referred to as the Washington Consensus). This took form with the use of conditionality as a policy, where loans were made subject to Bank directed action on the part of the government on areas of macroeconomic adjustment and growth³. Using this tool encouragement was given in the form of loans to increase free-market activity. In the 1980's greater emphasis was placed upon improving economic management and allowing greater play for market forces. In the 1990's there was a shift towards institution building and governance, all in the belief that creating better infrastructure would promote the trickle down effect⁴ eventually leading to poverty alleviation and improved social welfare measures. The reform agenda was undertaken with gusto particularly in Latin America and advocated increased privatisation, deregulation and trade liberalisation.

While the benefits of the trickle down effect waited patiently to be felt, considerable pressure mounted regarding the ability of the neo-liberal agenda to deliver on issues of poverty and social welfare. The turn of the century saw a series of economic crises, which in Argentina particularly plunged millions of the middle classes into poverty, and made clear that safety net measures ought to be in place to protect the most disadvantaged from the forces of unregulated free-market economics. In the late 1990's several critical voices began to be heard, even from within the Bank itself⁵. Rodrik⁶ suggests that the 'reform agenda eventually

³ World Bank, *Review of World Bank Conditionality*, (Washington DC: Operations Policy and Country Services, 2005)

⁴ World Bank, *World Development Report 2000/2001. Attacking Poverty*. 2001 IBRD New York: Oxford University Press p.6

⁵ J Stiglitz, 'An agenda for development in the twenty-first century', *Annual Bank Conference on Development Economics*, 1997, pp 17 - 31. Stiglitz (significantly as a Bank insider) went so far as to use the term 'market failure'. For Latin America particularly, the reform agenda was a clear failure which created unbalanced focus upon macroeconomic policies, thus preventing growth of the public sector and preventing poverty reduction measures. See also Stiglitz, J Whither reform? Towards a new agenda for Latin America CEPAL Review 80 August 2003 pp7 - 37.

came to be perceived, at least by critics, as an overtly ideological effort to impose “neo-liberalism” and “market fundamentalism” on developing nations’.

The 2001 World Development Report was a significant one, in which the Bank visibly adopted a self-critical approach. For the first time it emphasised a need for taking a comprehensive approach towards developing countries, where choices were to take account of the economic, socio-political, structural and cultural context of individual countries and individual communities⁷. There was a setting up of more country based offices and specific country and regional policy decisions and projects. What followed was a clear rejection of its past approach and a repeated commitment for the need for thorough going change⁸.

The new aim for strategies of economic growth under Wolfensohn became relative and context based.

*“...countries need to develop their own poverty reduction strategies, in a manner consistent with preservation of culture. Decisions on priorities must be made at the national level, reflecting national priorities. But action must also take place with local leadership and ownership, reflecting local realities. **There is no simple, universal blueprint**” (VI) James Wolfensohn⁹.*

The 2001 World Development Report¹⁰ maintained that market friendly reforms and macroeconomic stability should continue to underlie growth, but that there must also be an emphasis upon institutional and social foundations, with encouragement of participation to create inclusive growth. The new approach, manifested through the comprehensive development framework and policies including PRSPS and investment lending, represented an attempt to find balance between the financial and the social. This move is what many have considered to be a ‘Post Washington Consensus’, with Rodik¹¹ suggesting that these changes merely represent additions to the laundry list preceding it rather than a radical overhaul.

⁶ Rodik, D., Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's economic growth in the 1990's: Learning from a decade of reform. Journal of Economic Literature, 2006. December 2006: p. 973 - 987. p974

⁷ World Bank, World Development Report 2000/2001 p.7

⁸ Pender, J., From 'structural adjustment' to 'comprehensive development framework': conditionality transformed? *Third World Quarterly*, 2001. 22(3): p. 397-411. p.406

⁹ James Wolfensohn, President of the World Bank in World Development Report 2000/2001 p.IV

¹⁰ World Bank, World Development Report 2000/2001.p.VI

¹¹ Rodik, D., 2006 p974

‘Post’-Neoliberalism?

Post-neoliberalism, at the minimum, refers to an end of market fundamentalism and may yet come to mark a paradigm shift. At its basis it signifies a break with aspects of neoliberalism, but these approaches vary both in conceptual terms and practically. As a concept it is formative and liable to be harnessed and acted upon in a variety of ways that are not necessarily consistent¹². It is not a policy model and does not present what is to come, but rather represents on the one hand a series of tangible interim measures by a host of institutions following demand for more direct action upon development concerns, and, on the other, a feeling or sense of change in the established economic system which is profoundly present in Latin America.

In the case of IFI's there have been a series of interventions on welfare and poverty issues in the form of policies and projects, which collectively can be considered as a clear statement that market logic left alone does not cater to the problems of inequality, poverty reduction and social welfare, but that separate and determined steps must be taken in addressing these issues specifically. In Latin America the post-neoliberal has taken form more as a political process, with a rise in support for leftist governments in Latin America and increased active government interventionism and renationalisation of companies and industry¹³. In Chile, Brazil and Argentina, there has been a move towards a third way and new institutionalism that seeks to improve distribution and services. In Venezuela we see the Bolivarian movement and a move towards a 21st century form socialism. The Andean alternative in Bolivia and Ecuador emphasises indigenous rights, nationalism and participation as key in the agenda, while Mexico instead focuses on ties with NAFTA. All of these movements reflect a critical break with accepting neo-liberal economic strategy and Washington dominated political economy paradigms.

What is clear is that the position on post-neoliberalism as a concept is very different for Latin American governments than the IFI's. Similar to Rodik's¹⁴ suggestion that what they are doing is a Washington Consensus 'plus', Ruckert suggests that what we are seeing is an

¹² Brand, U. and N. Sekler, *Postneoliberalism: catch-all word or valuable analytical and political concept? - Aims of a beginning debate*. Development Dialogue - Postneoliberalism - A beginning debate, 2009(51): p.5-13. Very different approaches to this can be seen in China Scandinavia and Latin America.

¹³ Seen particularly with the case of Venezuela and the renationalisation of its oil, steel and telecom companies. Argentina too attempts to keep firm control over its industries, particularly Agriculture to remain independent.

¹⁴ Rodik, D., 2006 p974

‘inclusive neoliberalism’ and not a post-neoliberalism¹⁵, a position that combines the same neoliberal macroeconomic policies, but now with specific contribution to social provision. The Post Washington Consensus still maintains that free markets are a necessary condition for economic development, but are not alone sufficient.

Jayasuriya describes attempts to include social policy in neoliberal strategy as a form of market citizenship, “..social exclusion and poverty are assumed to be linked to the inability to effectively participate in market exchange, the inclusive-neoliberal model is one in which access to welfare is not considered to be a right - as in the case of social citizenship - but rather a prerequisite for securing the successful economic participation of the poor in free capitalist markets and remains linked to a number of conditions”¹⁶. Access to social goods and services is conditional on participation within the market order and have become an important component of projects in Latin America. Macdonald¹⁷ suggests that this inclusive form of neoliberalism has substantially broadened the scope of its social engineering and may be better described as an ‘*intrusive neoliberalism*’. As such it could be suggested that from the perspective of IFI’s, much like the focus on institution building in the past, social welfare provision is an area to be addressed in order to allow full market expansion, rather than reforming the principles of neoliberal strategy at all. Jayasuriya¹⁸ suggests that these social reforms are not in fact opposed to neoliberal policies, but have become an important addenda to the market enabling reform agenda promoted by IFI’s.

The Banks new role in Argentina. Development policy shifts coupled with post-neoliberal politics.

While the World Bank has embarked upon significant changes as an institution, Argentine circumstances have further affected the way the Bank has been able to act. Given the role of the IMF in its economic collapse¹⁹ the government under Duhalde were reticent to allow

¹⁵ Ruckert, A., The World Bank and the Poverty Reduction Strategy of Nicaragua: Toward a Post-Neoliberal World Development Order?, in Post-Neoliberalism in the Americas, L. Macdonald and A. Ruckert, Editors. 2009, Palgrave Macmillan: Basingstoke. p. 135-149.

¹⁶ Jayasuriya, K., Economic Constitutionalism, Neo-Liberalism and the New Welfare Governance, in The Neoliberal Revolution. Forging the Market State R. Robison, Editor. 2006, Palgrave Macmillan: Basingstoke.

¹⁷ Macdonald, L. and A. Ruckert, eds. Post-Neoliberalism in the Americas. International Political Economy Series. 2009, Palgrave Macmillan: Basingstoke.

¹⁸ Jayasuriya, 2006

¹⁹ For further details on the default and break with the IMF see also Bembi, M. and P. Nemina, *Neoliberalismo Y Desendeudamiento. La Relacion Argentina - FMI*. Claves Para Todos. Coleccion Dirigida Por Jose Nun. 2007,

further economic or governance interference from external financial institution²⁰. The default and backlash against foreign economic policy imposition led to a very precarious position for the World Bank in Argentina as the government reconsidered their role.

Sustained positive balances in their fiscal and external accounts further enabled a redefinition of their relationships with the IFI's²¹. Additionally an increasing shift towards regional integration in Latin America gave sufficient confidence for the Argentine government to walk away from the IMF which provided a point from which to renegotiate with the Bank and also allowed it to contemplate future independence. Along with its main allies (Brazil and Venezuela particularly which are making a clear stance towards independence), Argentina is moving away from Washington prescribed development goals and contemplates a regional future, as illustrated with the formation of the Bank of the South. Whether this institution is successful in its aims is not in question here, however as a statement of intent it is certainly a clear one and illustrates that any further relationship with the Bank would be on its terms.

The Country Assistance Strategy (CAS)²² is used as a key piece of empirical evidence in examining the Bank's objectives in Argentina. A significant aspect of the 2006-2008 CAS is that the Bank specifically acknowledged its perceived image problem and took steps to distance itself from prior activities that attracted negative attention and criticisms of illegitimacy.

“The interview component of the research²³ made clear that the Bank in 2005 is competing with an image of its perceived role as part of the now much derided “Washington Consensus” of a decade ago”
CAS²⁴

Buenos Aires: Capital Intellectual and Cooper, A.F. and B. Momani, *Negotiating Out of Argentina's Financial Crisis: Segmenting the International Creditors*. New Political Economy, 2005. **10**(3): p. 305-320.

²⁰ Munck, R., *Neoliberalism, necessitarianism and alternatives in Latin America: there is no alternative (tina)?* Third World Quarterly, 2003. **24**(3): p. 495-511.

²¹ Riggiozzi, P., *Advancing Governance in the South. What Roles for International Financial Institutions in Developing States?* International Political Economy Series. 2009, Basingstoke: Palgrave Macmillan.

²² A CAS is an extensive document that draws on analytic work by the Bank and the Government in assessing the key issues to be addressed for a four year period. It is a particularly significant document as it encompasses nearly all planned Bank strategies and is intended to be a practical series of agreed objectives between the Government and the World Bank to which both organisations refer for a four year period.

World, B., *International Bank for Reconstruction and Development and International Finance Corporation Country Assistance Strategy for the Argentine Republic 2006-2008*. May 4, 2006: Argentina, Chile, Paraguay and Uruguay Country Management Unit.

²³ This refers to a survey conducted by the Bank which included some 280 representatives of federal and sub-national government, parliamentarians, the private sector, civil society and the press Ibid p.142.

²⁴ World, B., *International Bank for Reconstruction and Development and International Finance Corporation Country Assistance Strategy for the Argentine Republic 2006-2008*. May 4, 2006: Argentina, Chile, Paraguay and Uruguay Country Management Unit.p 143

The document also acknowledges that the Argentine government was less willing to continue with the large-scale macroeconomic policy loans that were often tantamount to de-facto governance²⁵.

“The high-profile presence of the IMF together with a number of large policy-based loans from the Bank had resulted in “policy-reform fatigue”. There was opposition and even outright rejection of policy advice from the Bank or from any other external players, be they multilateral, bilateral or private. As a result, the new administration showed no interest in maintaining a broad-based policy dialogue with the Bank. The prevailing sentiment was clearly reflected in the Government’s request that Bank lending should focus primarily on investment operations” CAS²⁶

With Argentina in a stronger position and also with the rise of private lenders the Bank needed to make visible changes in order for the government to consider taking further loans. This resulted in a shift from structural adjustment policies to investment lending and also to a change in the actors the Bank sought to engage with

“Lessons: The Bank suffers from an image problem as a result of its association with the policy orientation of the 1990s. Nevertheless, respondents want the Bank to work on challenges raised in the survey... It should also build on its perceived strengths, including through continued investment in infrastructure, health and the environment. Finally, clear opportunities exist to strengthen ties with the private sector and civil society”CAS²⁷

Investment lending

Development policy lending and investment lending fully replaced structural adjustment in 2004 for all Bank operations. Development Policy operations provide untied, direct budget support to governments for policy and institutional reforms aimed at achieving a set of specific development results²⁸. Yet, it is necessary to examine closely firstly; exactly what these terms signify in terms of change in Bank operations and secondly; how this is played out through their lending and policy making in Argentina.

²⁵ Tuozzo, M.F., *World Bank, Governance Reforms and Democracy in Argentina*. Bulletin of Latin American Research, 2004. 23(1): p. 100-118.

²⁶ World, B., International Bank for Reconstruction and Development and International Finance Corporation Country Assistance Strategy for the Argentine Republic 2006-2008. May 4, 2006: Argentina, Chile, Paraguay and Uruguay Country Management Unit.p 177

²⁷ Ibid, p151

²⁸ World, B. Projects and Operations: Investment and Development Policy Operations. 2009 [cited 2009 18 February 2009]; Investment lending description]. Available from: <http://go.worldbank.org/C4UAVZ7TK0>.

According to Bank definition, investment lending is used for infrastructure, human development, agriculture, and public administration sectors. It is used to finance a wide range of activities, including physical capital-intensive investments, rehabilitation and maintenance, service delivery, micro and other credit and grant delivery, community-based development, and institution building²⁹. According to the Bank³⁰ investment loans, credits and grants provide financing to create physical and social infrastructure necessary to reduce poverty and create sustainable development.

Seeking new partnerships

The second major reform present in the 2006 CAS is the use of '*Partnership*' as an ongoing theme. As a recommendation for action it is mentioned 35 times, in relation to investments, the private sector, civil society, local training and research institutions, between the public and the private sectors, even between Argentina and the international community and other multi-lateral financial institutions. This makes interesting comparison with the prior 2000 CAS, where the term partnership does not appear once. The following will examine how these partnerships are put into effect, before going on to discuss the potential significance of this reform in relation to the theoretical framework.

Diversifying lending

While the Bank put a freeze on loans during the crisis, they rapidly found a niche in the aftermath, becoming more attentive to the requirements and demands of the government. The government, in need of cheap development loans to address welfare and poverty issues, were allowed more input and control through an investment portfolio. Additionally the Bank offered technical assistance in carrying out these projects, which is something that the government considered it required³¹. The World Bank between 2003 to 2006/7 implemented a number of small scale development and welfare focused loans and projects that included grant giving programmes, civil society engagement policies, indigenous peoples community

²⁹ World, B., Investment Lending Reform: Concept Note, in Operations Policy And Country Services. 2009, World Bank: Washington DC

³⁰ World, B. Projects and Operations: Investment and Development Policy Operations. 2009 [cited 2009 18 February 2009]; Investment lending description]. Available from: <http://go.worldbank.org/C4UAVZ7TK0>.

³¹ Author interview, Ministry of Economy, August 2008, Buenos Aires

projects and environmental work. The loans were of a substantially smaller amount than the prior period of lending and more widely spread in terms of area of focus. As such, while investment lending may have greatly increased, overall Bank lending was substantially less than prior to the crisis.

A key objective of partnership formation has been with the provincial governments. Provincial lending and support is a key objective represented in the CAS and almost every target for lending has a criteria for it to be carried out at the provincial level, whether it be a direct loan or series of projects that bolster a specific group of provinces. This includes almost all key developmental objectives, for example support of indigenous communities, poverty reduction, health and education measures directly targeted for reform at the provincial level.

“There was broad agreement of the need for a highly federal country like Argentina to establish a strategy with strong participation of the provinces” CAS³²

In many cases the Bank is directly engaging with the Provincial governments in planning and implementing projects, which has several implications. In doing so the World Bank is affecting negotiations between national and provincial governments, essentially acting as a broker in intergovernmental relationships and raising questions about its political status.

This is welcomed by the government since in the areas of welfare provision it considers it needs technical support from the Bank in administering projects. Provincial governments too welcome the opportunity to receive independent funds and management outside of the organisation of the central government, which has further still implications (both politically and economically) in raising the status of the provincial.

Through the investment framework the Bank has changed the way it manages projects. Under conditionality projects were signed off to the central government which undertook the process according to Bank guidelines. Under investment lending, however, the Bank remains at the helm of each project (particularly the current large scale Provincial Roads Projects and Provincial Agriculture Projects) and is able to micro manage every detail of its implementation. Furthermore this is something that the Central and Provincial government actors have offered their consent to since they are keen to receive technical assistance, and an

³² World, B., Country Assistance Strategy for the Argentine Republic 2006-2008. 2006 p 50

increase, in the case of the Provincial Governments, of status and independence. As an aside to this, the Bank is also seeking to make partners of all political actors in Argentina. Through its running of a diverse portfolio made up of loans, grants and projects it interacts with civil society, National and International governments, private sector actors and more. This case demonstrates significant changes since structural adjustment, that suggest the Bank's presence and perhaps control is even greater under investment lending than during the period of conditionality.

Application of theoretical framework - The Partnership Norm

What has been demonstrated is a concerted effort by the Bank to develop partnerships with a variety of groups that contribute to political life in Argentina. Relationships have been developed with the central government, provincial governments (which varies according to the capacity and infrastructure in place³³), civil society groups, the private sector (businesses, the media etc) and universities. Bank staff and consultants worked to change states' perceptions of their interests by arguing that partnerships could address state capacity and limited budgets, improve state information and linkages with marginal communities, and provide bureaucrats with proven participatory methodologies³⁴. Through doing so the Bank gains legitimacy and acceptance in all areas of political action and influence in the country and creates self-governing borrowers across all political strata in society.

Investment lending is proffered as a way of making countries active participants in their development and giving them more responsibility. This type of approach relies upon mutual participation and agreement, ultimately consenting to the domination of the Bank in the process (of governance). However, this form of lending may in fact be more subversive as it creates an illusion of partnership and suggests a relationship of equals.

Using a neo-Gramscian and Foucauldian framework it is considered here that partnerships are an instrument with which to exercise power that has a far more complex and convoluted form than the clear instructiveness and domination of conditionality as a policy. More avenues have evolved in which to give consent, with the logic of the Bank increasingly internalised

³³ Author interviews with World Bank, June 2008, Buenos Aires and Ministry of Agriculture, July 2008, Buenos Aires

³⁴ Bräutigam, D.A. and M. Segarra, *Difficult Partnerships: The World Bank, States and NGOs*. Latin American Politics and Society, 2007. 49(4): p. 149-181. pp 151

“Development partnerships are frequently represented as a way of giving recipient countries ‘ownership’ of their development programmes, whereas critics argue that partnerships are little more than conditionality by another name...Development partnerships can be regarded as a form of advanced liberal rule that increasingly govern through the explicit commitment to the self-government and agency of recipient states...As a form of advanced liberal power, partnerships work not primarily as direct domination and imposition, but through promises of incorporation and inclusion. They derive power through simultaneously excluding and incorporating, and by using freedom as a formula of rule partnerships help produce modern, self-disciplined citizens and states by enlisting them as responsible agents in their own development” Abrahamsen³⁵

As part of the schema of the World Bank and IMF in moving away from their heavily criticised structural adjustment policies, we have seen the use of the terms partnership and ownership come to dominate development policy speak. This research suggests that similar criticisms can be applied to the World Bank's concept of investment lending which forms the current strategy in Argentina. The term investment lending implies more control and input from the country itself, which is a necessary implication in order to appeal to the government of a middle income and independence seeking nation keen to assert its sovereignty. Yet this term belies the ‘reality’ that again this concept of partnership is a way in which to receive consent for the prevailing and hegemonic ideals of the neo-liberal values of the World Bank and Western financial elites. Abrahamsen³⁶ suggests that relationships between donor and recipient and, in this case, borrower and lender are being recast as partnerships.

Using Neo-Gramscian³⁷ and Foucauldian frameworks, power as a concept goes far beyond the dichotomy of domination and submission, but includes consent, coercion, incorporation, cooperation and inclusion. Here both the Gramscian concept of hegemony and the Foucauldian one of governmentality fit in providing a framework within which to explore these complex power relationships that exist within aid and development work. As much as the World Bank and the Governments of recipient countries interact (particularly in the case of Middle income countries that appear to have more say in the taking out and organisation of

³⁵ Abrahamsen, R., The Power of Partnerships in Global Governance. *Third World Quarterly*, 2004. 25(8): p. 1453-1467. p1453

³⁶ Ibid

³⁷ See Cox, R.W., *Social Forces, States and World Orders: Beyond International Relations Theory*. *Millennium: Journal of International Studies*, 1981. 10(2): p. 126-155; Cox, R.W., *Gramsci, Hegemony and International Relations: An essay in Method*. *Millennium: Journal of International Studies*, 1983. 12(2): p. 162-175. Gill, S., ed. *Gramsci, Historical Materialism and International Relations*. CSIR. 1993, Cambridge University Press: Cambridge.

loans) these debates and inputs exist entirely within a framework of concerns and preferences of the World Bank and its donor countries. In such a context it would be impossible to suggest that the notion of partnership employed by the Bank is a relationship that can exist between equals, with opportunities for equal input in decision making or the ability to operate on a level playing field. In such a context and including the fact there may be several advantages in consenting, the preferences of the donor will *always* win out over the recipient to varying degrees since power is always tilted even if it is incrementally, to their advantage. Indeed, the very idea of a partnership of equals between a lender and a borrower defies logic. As such ‘partnerships’ and ‘inclusionary methods (i.e. including them in a schema, an outlook or an ideology) could be considered as modes of governance - that aim to frame the actions and goals that are appropriate.

Foucault’s approach relies upon acknowledging that power or agency is held by all to varying degrees³⁸. As such power is not seen as having absolute capability, but relies upon interaction with another power wielding agent. Freedom is implicit;

“Foucault affirms that power is only power (rather than mere physical force or violence) when addressed to individuals who are free to act in one way or another. Power is defined as ‘actions on others’ actions’: that is, it presupposes rather than annuls their capacity as agents; it acts upon, and through, an open set of practical and ethical possibilities. Hence, although power is an omnipresent dimension in human relations, power in a society is never a fixed and closed regime, but rather an endless and open strategic game” Gordon³⁹

Agency and freedom gained by Argentina following the crisis has been acted upon by the Bank in infiltrating both the political strata and the management of projects, which, while changing its role and focus have, in some ways, increased their influence.

Conclusion

Just as the comprehensive development framework was an improvement upon macroeconomic focused results, so too is investment lending and partnership, however what we are seeing is a better and more targeted form of conditionality. While targeting areas the

³⁸ Gordon, C., Governmental rationality: an introduction, in *The Foucault Effect*, G. Burchell, C. Gordon, and P. Miller, Editors. 1991, University of Chicago Press: Chicago. p.2

³⁹ Ibid p5.

Government has been unable to invest in, the World Bank has improved welfare intervention by becoming more involved and gaining more control than ever before. The projects in Argentina are better in their implementation, their work with diverse actors and have more direct outcomes. However, overall the reforms are focused upon outputs rather than the internal political structure of the Bank and does certainly not represent an effort to give Argentina more control over its development and welfare strategies as the term partnership implies.

The World Bank is using the crisis of neo-liberal economic strategy to impress its own type of reform with its development strategies, of which the focus is on decentralisation, partnership and investments. The Bank is certainly conducting operations in Argentina in a 'neo-liberal - *plus*' sense, yet it does so as an attempt to fit with the post-neoliberal political stance of the government, rather than considering structural and internal reform in any way. Neoliberalism '*plus*', rather than being a truly radical overhaul of the economic system, is in fact plugging the leaks and problems of neoliberalism. Development strategies appear to exist as a way to make markets better and not to address the current system.

This focus seems set to continue with the latest 2009-2012 *Country Partnership Strategy* for Argentina, which is the first such strategy of its kind.