

DO NATIONS REALLY FAIL?
RECONCEPTUALIZING THE HISTORY OF DEVELOPMENT

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The title of this talk plays on the title of a recent book by two social scientists which is having considerable influence on the way economic historians think of development and underdevelopment. The book opens with contrasting scenes of economic life in Nogales, Arizona and Nogales, Sonora, and wonders what is wrong on the Mexican side.

The authors, Daron Acemoglu and James Robinson, are associated with the new institutional economics, an approach to economics that draws extensively on political and historical material. However, the idea of failed economies and polities, defined according to some external standard, is neither new nor specific to this current. Many other interpretations that stress noninstitutional factors imply, either implicitly or explicitly, the concept of failure.

As early as 1974, a conference was held in Montreal to discuss the topic 'Failed Transitions to Modern Industrial Society: Renaissance Italy and Seventeenth-century Holland'. In the same years, ancient historians were engaged in heated controversies around the issue of why the Roman empire did not industrialize. Indeed, the disappointing outcome of postwar development policies and dissatisfaction with Rostovian modernization theory were in the background.

Let us return to Acemoglu and Robinson. The *rhetoric* of the book insists on institutions, not culture, geography or anything else. Institutions, they say, generate 'market incentives' (note how the prime mover is always economic utility, as posited by the neoclassical theory of action). Under certain institutional circumstances, it may be more rewarding for a society to adopt the technology of the gun rather than those of the wheel and the plough. But where do institutions come from? One possibility is that institutions are a product of culture and this is what the authors admit up to a point. To the question 'Is the

culture hypothesis useful for understanding world inequalities?', they respond: 'Yes, in the sense that social norms, which are related to culture, matter and can be hard to change, and they also sometimes support institutional differences'. However, they soon qualify such a statement with the following caveat: 'But mostly no, because those aspects of culture often emphasized – religion, national ethics, African or Latin values – are just not important for understanding how we got here and why the inequalities in the world persist'.

Another possibility is that institutions are a product of chance and this interpretation of the work would be supported by the rather dry account Acemoglu and Robinson offer of institution building in several countries. Institutions are taken as given, in good positivist fashion, so that historical change becomes a problem of comparative statics. Consider the following description the book gives of the early formation of 'extractive institutions' in Kongo, prior to the Portuguese arrival in the late fifteenth century:

The Kingdom of Kongo was governed by the king in Mbanza, subsequently São Salvador. Areas away from the capital were ruled by an elite who played the roles of governors of different parts of the kingdom. The wealth of this elite was based on slave plantations around São Salvador and the extraction of taxes from the rest of the country Taxes were arbitrary; one tax was even collected every time the king's beret fell off.

Bad institutions were already there – like self-legitimizing political structures originating from Mars – and kept those lands in 'miserable poverty'. People would have learned how to use the plough and draw income from land if only taxation had been less unpredictable. If you believe that geography does not matter, then it is perfectly logical to expect agriculture to thrive in the tropical rainforest. Give them the right incentives and hunter-gatherers will magically turn into Adam Smith's 'bartering savages'.

When it comes to explain current underdevelopment, the play is based on the same script, with a different cast:

Mobutu created a highly extractive set of economic institutions. The citizens were impoverished, but Mobutu and the elite surrounding him, known as Les Grosses Legumes (the Big Vegetables),

became fabulously wealthy. Mobutu built himself a palace at his birthplace, Gbadolite, in the north of the country, with an airport large enough to land a supersonic Concorde jet, a plane he frequently rented from Air France for travel to Europe.

Again, Mobutu 'creates' bad institutions, laws and rules. But should we believe that Mobutu himself was created *ex nihilo*? The shame of the Westerners' role in the slave trade and modern colonialism is duly acknowledged as is expected from a politically correct account, and yet these are presented as unfortunate accidents that added to inherent social evils.

So far what Acemoglu and Robinson say. But what do they mean? The authors may well feel convinced that institutions are a product of chance and path dependence, rather than culture and history, but as a matter of fact the kinds of institutions they praise are those of Atlantic democracies. The more they resemble the institutions of Britain and the United States, the more inclusive they are and the more conducive to economic success.

Such an explicit statement would not be politically correct nowadays. This is why Acemoglu and Robinson have to disguise the cultural conundrum by means of what they call 'natural experiments'. They take twin cities along the US-Mexican border and show that one is affluent and the other poor in spite of their cultural similarities. They do the same with South Korea and North Korea. But the 'experiment' is no more than a rhetorical device; it merely shifts the problem to a different level. Indeed, the institutions of Nogales, Arizona do not originate from Nogales, but from Washington D.C. and Phoenix, and have been shaped over the decades by WASP lawmakers. From there come the political system and the laws. Likewise, the institutions of South Korea are a product of the strong US influence over the country after World War II.

The problem with Acemoglu and Robinson is not their *implicit* idea that culture has an impact on economic outcomes. The problem is their view that 90 per cent of the world's nations have 'failed' because they are not as rich or 'democratic' as a handful of Western countries. This is based on the unwarranted assumption that all human societies find growth supremely desirable but some of them are prevented to achieve it by some sort of social deficiency. In other terms, Acemoglu and Robinson *naturalize* a culture-specific set of social

preferences (those for wealth acquisition), *universalize* the particular means by which some countries have successfully pursued it (the liberal capitalist state), *downplay* physical and environmental constraints, and *dismiss* the historical examples that, for good or bad, contradict their model.

1. Is GDP growth a universal aspiration?

The first thing not to be taken for granted is that economic growth, *unlimited* economic growth, is a goal shared by all societies. For example, for the ancient civilizations of classical Greece and Rome, which were nevertheless advanced in many respects, this was not the case. The ancient historian Paul Millett has argued, a bit provocatively, that these economies would not grow because of the lack of a purpose. The mechanical arts were held in lower consideration compared to philosophy, wealth was seen as a cake of a fixed size and moreover these societies had no linear conception of progress. This idea, according to J. B. Bury and our late colleague Sidney Pollard, both of whom wrote books titled *The Idea of Progress*, made headway with the European Enlightenment. Of course it did not come alone, but was accompanied by a series of other beliefs.

In seventeenth-century Europe, the Catholic states rivalled for national power in what was, indeed, a zero-sum game. After all, mercantilism was a doctrine of competitive self-aggrandizement. But in Reformed countries such as the Netherlands, England, Scotland and the North American colonies, the private accumulation of wealth became a real virtue, even an ethical imperative. In this respect, Max Weber was right.

In the Catholic world, individual enrichment was no longer stigmatised as in the Middle Ages. Here too the bourgeoisie was thriving, as Werner Sombart pointed out many years before McCloskey, and the acquisition of wealth came to be perceived as a means of social mobility that would allow to overcome the ascriptive logic of the *ancien régime*. But the advent of the new values was much less radical. Money was no longer the devil's excrement, true, but it was neither the proof of divine grace.

Development or *desarrollo* are biological terms that describe the life of living

organisms. The association of this metaphor with the economy is surprisingly recent, dating back to the beginning of the twentieth century. As the Swiss sociologist Gilbert Rist observes in his *History of Development*, many other cultures have no indigenous term for [economic] development, 'and imagine the "good life" by, for example, associating material wealth not with its accumulation but with its distribution (within a large family or for the purposes of prestige)'. While it is reasonable to assume that all societies strive to improve their material conditions, much less so it is to think that this should translate, qualitatively and quantitatively, into the same phenomenon. In other words, projecting onto other civilizations the western belief that progressive accumulation belongs to the natural order of things is, according to him, an example of what Bruno Latour calls 'particular universalism'.

2. Geography

Culture, however, should not be considered separately from geography. By geography I mean environmental variables. If, on the one hand, Fernand Braudel refers to *mentalités* as 'prisons of the long duration', on the other hand in the *Mediterranean* he writes that the environment marks 'the limits of the possible'. This might sound surprising. Cannot perhaps technology modify the environment? Yet technology itself is not natural, as even its reception involves a process of cultural mediation.

The culture-geography nexus is evident in the early history of Congolese civilization. The Congo basin is crossed by the equator and the tropical rainforest represents the spontaneous vegetation of the region. It is one of the rainiest areas in the world, but also one of the most warm and humid. In such environmental circumstances, it would have been unthinkable to practise agriculture. In addition, there was no reason to do so: by keeping demographic density low, the local populations managed to draw from natural resources all they needed without spoiling the environment. The hunter-gatherer model represented for these societies an optimal strategy of environmental adaptation.

This case can be, to some extent, generalized, as Marshall Sahlins did in his *Stone Age Economics*. Using the evidence of fieldwork on the Australian aborigines and the Bushmen of

the Kalahari to back up his argument, he noted that primitive populations spent only a few hours a day looking for and preparing food. The pace of work was extremely relaxed and allowed for days in the week that were entirely given over to resting. Despite this, these peoples were able to acquire ample food for their caloric requirements. From the nutritional point of view, the diet even proved to be quite varied. How was it possible for peoples who had never even experienced the Neolithic agricultural transition to be in a state of relative affluence? The reply is simple: they were characterized by limited wants. 'Limited' is to do with a spontaneous state of affairs, and should not be understood in the sense of 'restricted'. In other words, there was no 'suppression of desires'.

The other discovery is due to the Danish development economist Ester Boserup. In the 1960s she wrote a very important book, *The Conditions of Agricultural Growth*. Boserup wanted to counter a crudely Malthusian understanding of development. She, too, was interested in making sense of how only some pre-agricultural societies took the road to the Neolithic revolution. Her point is that population pressure *per se* does not hinder the development process, but it often represents the cause that sets it into motion.

This means that, when population does not exceed the available resources, that is, when the ecosystem is in equilibrium, there is no reason to make the transition. All the more given that the price of structural change in preagricultural societies, to the advantage of future generations, is paid by the generations that initiate it; they experience increased toil and a much lower quality of life. As Jared Diamond writes, 'Archaeologists have demonstrated that the first farmers in many areas were smaller and less well nourished, suffered from more serious diseases, and died on the average at a younger age than the hunter-gatherers they replaced'. Thus early development, more than a choice, appears to be the response to a state of need. Human groups that do not experience this state of need keep living more or less happily in their ordinary state.

Last but not least, an indisputable fact should be considered: agriculture originated from, and spread throughout, the temperate climate zone. This zone includes areas that are more fertile, less subject to natural calamities, where physical labour is less painful and where infectious diseases are not so much present in an endemic state. Although favourable

geography is not sufficient condition, it is almost certainly a necessary condition for spontaneous economic development.

3. Special political/economic institutions?

Unlike the old institutionalism in economics – let us call it German-style or historical institutionalism, for which a plurality of institutional forms may be conducive to development – the new institutional economics insists on the special quality of certain political and economic institutions.

North and Weingast's article 'Constitutions and Commitment' (1989) established an explicit link between the Glorious Revolution, which affirmed the primacy of the parliament over the crown and introduced a system of political checks and balances, and the British industrial revolution. Acemoglu, Johnson and Robinson's 'The Rise of Europe' (2005) argued that since late medieval times the absolutism of northwestern European monarchies had been considerably milder compared to other countries and this allowed the mercantile bourgeoisie to take advantage of Atlantic trade, which in turn would weaken monarchic institutions further. The ideas of both teams have evolved into general development theories, with North and his group extolling 'open access societies' over 'limited access societies' and Acemoglu and Robinson praising the 'inclusive institutions' of the Anglosphere and indicting the 'extractive institutions' of much of the rest of the world.

North, Wallis and Weingast's point of departure is the Hobbesian view of the social contract – a rather pessimistic anthropology according to which men are evil, selfish and individualist by nature. Limited access societies are societies that control violence through rent creation, while open access societies control it through political and economic competition. This is a superior evolutionary stage that only a few societies have achieved so far. As they put it,

Limited access orders exhibit systematic rent-creation, market power, privileges, and differences between elites and others; they also preclude thriving markets and long-term economic development. Open access orders exhibit systematic competition, entry, and mobility; they also foster thriving

markets and long-term economic development. All economically developed countries are also politically developed. The source of development is the transition from a limited access to an open access society.

Similarly, for Acemoglu and Robinson extractive institutions concentrate political power in the hands of a few. Political power tends to be undivided and exerted in an arbitrary way rather than subjected to the impersonal rule of law. These institutions, as the name implies, serve the purpose of rent-seeking elites who want to extract resources from the rest of society. On the contrary, inclusive institutions encourage participation, enforce contracts and secure property rights, and these incentives create the conditions for efficient markets, investment and innovation.

This Atlanticist bias – pro-market, pro-free trade, and quite idealistic about the political functioning of the liberal-capitalist state – is something the new institutional economics shares with the broader world of Whig scholarship: the names of David Landes, Joel Mokyr and Deirdre McCloskey immediately come to my mind. The main weakness of institutional exceptionalism as an explanation, quite apart from monocausality, is that it is an ex-post explanation. It is based on the following reasoning: since Britain and America have succeeded and they share some institutions, these must represent necessary prerequisites.

First, a number of historians have pointed out that these depictions of the British experience are far from being realistic: among them are Patrick O'Brien, Pat Hudson, John M. Hobson and William Ashworth. All of them agree that the British industrial revolution resulted from the application of an old anti-liberal recipe: mercantilism. Free trade came into play only at the peak of the Victorian period, once economic maturity had been achieved. And it served the interests of the dominant power which sought to impose it on potential trade partners. As O'Brien writes, the British industrial revolution was 'possibly the sole example of successful mercantilism that created geopolitical and economic conditions required for the liberal international order'. The heterodox approach to development economics of Ha-Joon Chang and Erik Reinert draws on this historiography as a source of inspiration, as well as on the nineteenth-century analysis of Friedrich List.

Second, the assumption that a liberal-capitalist state is required for promoting sustained

economic growth is problematic. Whilhelmine and Nazi Germany, Tsarist and Soviet Russia and present-day China are all case-studies that disprove the equation. That Soviet wealth was reinvested in the Sputnik rather than in the welfare of the population and Chinese inequality is today a serious issue (as is American inequality by the way) do not diminish the importance of such counterexamples. When China fell behind, in the nineteenth and early twentieth century, some Western observers notably put the blame on 'Oriental despotism'. Now that it has taken off, Acemoglu and Robinson already know that 'China's current economic growth cannot last'. Why? Because it has extractive institutions! Is not this circular reasoning?

4. Special knowledge/rationality?

It is often assumed by the social sciences, in the wake of 'human capital' theories, that there is a direct link between the amount of knowledge a society accumulates and the level of material progress achieved. Likewise, Western historians of science and technology are inclined to make strong claims about the industrial revolution as an outcome of the scientific revolution. In its turn, the scientific revolution is supposed to have found in Protestant environments, and/or in 'commercial societies' and free-trade institutions, a more fertile breeding ground. These arguments have been put forward by a number of authors over the years, from the nuanced interpretations of Robert Merton and Joseph Needham to the somewhat radical theses of Margaret Jacob, Joel Mokyr and Toby Huff, not to mention David Landes.

Some forty years ago, Merton and Needham hinted at possible connections between science and democracy and science and capitalism. Unlike natural philosophies, experimental science, they thought, needs open and competitive institutions in order to be pursued, and is fostered by the mercantile demand for precision. This view has all but disappeared from recent literature, though the aforementioned examples of Nazi Germany and the Soviet Union suffice to show how science and technology can actually advance in nondemocratic and noncapitalist environments.

Interpretations of northwestern European economic achievements overemphasizing 'religious freedom' versus the antimodern stance of the Catholic Church and other religious

confessions disregard the major role in the advancement of theoretical and applied mathematics, physics, medicine and chemistry that southern and eastern European universities and academies continued to play during the Counter-Reformation, and how Europe as a whole was deeply indebted to Asia and the Middle East.

In Max Weber's classic account, on the other hand, both economic achievement and the so-called 'formal rationality', a type of rationality which he believed to be peculiar to the West, are seen as unintended consequences of the spread of the Reformation. The Weberian interpretation of the process of Western rationalization is not unambiguous. It is not easy to separate the concept of 'world mastery' (i.e., the capacity to rationally manipulate the environment) from the institutions by which it was contingently embodied, those of capitalist development. And the concept itself is not entirely value-free, conveying indeed a culture-specific view of what should be the relationship between man and the natural world.

Recent narratives of knowledge and the industrial revolution have stressed the role played by enlightened elites imbued with a rationalistic world view – or what they regard as such. Clear-cut causal links have been established between science and industrialization, or between Enlightenment ideas and economic development, most forcefully in the works of Joel Mokyr and Margaret Jacob. They speak of an *Enlightened Economy* or *The First Knowledge Economy*. Both authors maintain that British science was special in that it generated 'useful knowledge', knowledge leading to productive applications. In addition, according to Mokyr, one of the greatest achievements of the Enlightenment was free trade, and free-trade ideas supposedly spread through British society and translated into virtuous conduct. As you see, this brings us back to institutional exceptionalism.

Those who oppose this thesis contest the naive, albeit popular, view of the industrial revolution as a 'wave of gadgets'. Eighteenth-century economic growth cannot be reduced to the cumulative effect of the ingenious pursuits of a host of inventors. Moreover, when technology entered the scene of the industrial revolution the process of structural change of the economy was already under way. Neither the agricultural revolution of the late seventeenth century nor the complementary putting-out system which were responsible for the initial increase in productivity required any scientific knowledge unless one defines 'scientific' the

kind of tacit knowledge underlying 'experimental agriculture'. Watt's steam engine was arguably the first physics-related invention employed in manufacturing but it found no application until the early nineteenth century and power looms started to outnumber hand looms only in the 1830s. The 1850s, not the 1750s, inaugurated the age of (fixed) capital.

It is rather curious to suppose that the Enlightenment, which by its nature was a European movement, and probably the most impressive cross-fertilization process in modern intellectual history, had in Britain a character so special and distinctive to give rise to a different path of social and economic modernization. Britain was home to the Enlightenment no more than Portugal was to fine cuisine. Nonetheless Mokyr repeats that the English Enlightenment 'placed a large premium on empiricism, on pragmatism, and individual utilitarianism The Scottish Enlightenment provided a deeper philosophical and scientific rationale for economic and social progress and the idea of a civil society [It], too, had a strong commitment to economic progress ... that could be incorporated into a Baconian program'.

Knowledge, then, had no role in the rise of the industrial world? It certainly had, but not the kind of knowledge that descends from science downward into practice. Interpretations of the past that take for granted this connection inevitably fail to explain how ideas and beliefs of the elites percolated through the remainder of society. Elites are identified as the agents of social change while society is attributed the role of a passive receptor, something that is at odds with social theory.

A more interesting research strategy would be to explore the history of literacy. Unfortunately little has been done in recent years to investigate connections between literacy and development in past societies but it seems clear that what was once the privilege of the learned upper classes underwent a gradual process of democratization. The origins of this process, however, can be traced back to a period well prior to the age of industrialization. According to Goody and Watt, the emergence of alphabetic script in ancient Greece was something of revolutionary importance as it turned reading and writing into skills that could easily be learned. Another watershed was probably the Reformation. The doctrine of *sola scriptura* demanded that each believer had a direct relationship with the scriptures. This must

have had an impact on literacy rates which started to diverge between Catholic countries and northwestern European lands, though, as Carlo Cipolla makes clear, there are significant exceptions, such as Bavaria, Tyrol and the Rhinelands. And in any case this represented only a temporary advantage for those lands.

What changed more and more with the advent of the industrial way of life was not just the distribution of knowledge among the social classes but the quality of the knowledge being generated and diffused. Standardization brought with it wider access to education but, on the other hand, it ended by undermining the depth of the intellectual experience, which has been the target of social criticism since the heyday of the Frankfurt school. To insist that only knowledge conducive to the 'manipulation of the environment' is useful sounds rather paradoxical in times of global pollution and growing environmental and health concerns. The 'diseases of affluence' that plague modern Western societies appear to be more the product of mass ignorance than the offspring of enlightened attitudes.

5. Power relations: The weight of history

Another set of factors should be considered in our attempt to reconceptualize development, a set as complex as crucial: this is the global interdependencies and power relations between nations.

There are good reasons to believe that early modern slave trade and modern colonialism did not significantly favour the industrial take-off of Western Europe, in spite of what argued by Joseph Inikori and others. The colonial empires certainly provided markets for surplus produce but this was at a later stage of the development process. It could also be argued that twentieth-century imperialism brought to the United States advantages that were mainly geopolitical and was a consequence, not a cause, of its economic strength. These reasons, summarized by Paul Bairoch and Patrick O'Brien in their classic studies, do not imply however that colonialism and neocolonialism did not harm the colonized countries. Quite the contrary. In a wonderful book published a couple of years ago, Prasannan Parthasarathi has shown how the British rule on India destroyed its textile manufacture, turning what was once

one of the most advanced economies in the world (we are speaking of the early eighteenth century) into a dependent and underdeveloped country.

Power relations play a fundamental role in explaining the economic trajectory of Latin America, *el otro Occidente*, throughout the nineteenth and twentieth centuries. I certainly do not wish to resurrect the theory of *dependencia* in its crudest form, nor propose the mechanistic application of Immanuel Wallerstein's core-periphery model. I also think it is wrong and misleading to ask such a question as why the countries of Latin America are not as rich as those of North America. These are societies that have little in common – you cannot compare the incomparable. If a comparison has to be made, one with Mediterranean Europe would make more sense.

If we put the question this way, I am convinced that the structuralism of the sixties and seventies found answers that are difficult to dismiss. When I read authors such as Halperin, Cardoso and Pérez Brignoli, or the debates on the 'colonial mode of production' that flourished in those years, I am impressed by the level of sophistication that Latin American historiography had reached. These works show a subtle understanding of the interplay of international and domestic forces, of material elements and socio-cultural variables.

The crisis that structuralist approaches have undergone since the 1980s, when neoliberalism spread to the Southern Cone and authoritarian regimes exerted an oppressive control on academia, is somewhat paradoxical. How can today the armchair institutionalists, from their ivory towers in Boston or Stanford, put the blame for economic problems in Latin America on its extractive institutions when it was the United States that actively encouraged the establishment and maintenance of those very institutions at some crucial points in the twentieth century?

Nobody wants to deny the burden that elements such as corruption or the unaccomplished modernization of the judiciary have imposed on various countries, keeping them until recently in a state of relative backwardness. But one cannot stigmatize the traditional features of Latin American societies for having long hindered the formation of a market for the factors of production because this would require the strong assumption that, in order to achieve a satisfactory level of welfare, a society must necessarily treat land and labour

as full-fledged commodities. There may be other paths that lead to development.

6. Redefining development

Writing the history of a country, region, or hemisphere, taking another country as a yardstick, is never a good idea. Turning the history of development into a narrative of winners and losers can be tempting if we look at history from a Protestant, eschatological viewpoint. But the risk is to see failures where there are none and not to see problems which actually exist. Let me give you an elementary example: if we look at figures on GDP per capita, and take Qatar as a benchmark, then we will easily conclude that Sweden has failed, because of its comparatively unimpressive performance. But if we assess Qatar by the Swedish yardstick, we will rather say that Qatar has problems, as its level of inequality is incompatible with the Swedish idea of a modern society.

Macroeconomic performance as a development index is meaningless *per se*; it should be set against the values and aspirations of a society. I am not talking about human development, nor am I proposing to use other indices biased towards western values; I am talking about economic development strictly conceived. In order to understand whether a country is developed, we ought to ask ourselves first of all whether its performance reflects the people's goals and aspirations. This is a step that history and the social sciences have not yet quite taken. The new institutional economics embodies the negation of this concept, but even looking backwards to the golden age of structuralism, the issue was never tackled seriously. Scholars such as Gerschenkron and Prebisch, with their theories of factor and import substitution, acknowledged the existence of multiple paths to development. But they were still comparing what they implicitly assumed to be the standard model with other models that were thought to be atypical due to historical accidents. On this ground, we probably need anthropologists to come to our rescue.

Breaking the equation between growth and development and redefining development as the economic side of modernization would be a substantial advance in this direction. In this respect, too, we have much to gain from abandoning linear accumulation approaches in the

wake of the new growth theory and getting back instead to the structural change approach of Furtado, Hirschman, Myrdal and others. Once we have redefined development in relativistic terms, it might come as a natural consequence to prefer multicausal, if less elegant, explanations to simplistic ones.

The future of history-writing in this field will largely depend on the role that scholars in the global South and East will play in reconfiguring the debate. New powers are emerging from these regions and their voice is likely to be heard more and more loudly in the years to come. I think it is definitely time for Latin American economic historians to reappropriate development as an intellectual category and generate new paradigms that may, once again, leave a durable impact on international scholarship. This is the wish which I express for the Mexican community today.

Reconceptualizing Foreign Aid Author(s): Tomohisa Hattori Source: Review of International Political Economy, Vol. 8, No. 4 (Winter, 2001), pp. 633-660 Published by: Taylor & Francis, Ltd. Stable URL: <http://www.jstor.org/stable/4177404>. Accessed: 21/05/2009 07:17. A basic operational factor behind the expansion of world capitalism, constraining the recipient's development path to a dependent role in the world market (Wood, 1986). The second insight from this specification of the practice of foreign aid as unreciprocated giving is that the wide ranging policy objectives attached to foreign aid are secondary to a more basic role of affirming the social relation in which they are extended (which, in this case, describes an underlying condition of inequality). A short history of the concept of sustainable development could begin with the US government's National Environmental Policy Act (NEPA) of 1969.[1] This act came largely in response to the 1969 Santa Barbara oil spill, which had a devastating impact on wildlife and the natural environment in the area. At this point, the term "sustainable" had yet to really take off. The United National Conference on Sustainable Development provides an excellent, condensed history of the term, which I will quote at length. The history of the concept of sustainability is however much older. Already in 400 BCE, Aristotle referred to a Greek concept in talking about household economics.