Shaking Up International Development

Learning to Learn

Undoing the Gordian Knot of Development Today

Charles Sabel and Sanjay Reddy

The authors, specialists in development, argue that what they call dirigisme—an a priori set of requirements for economic development—has led to the preeminence of the strong and the exclusion of the weak. They advocate a learning-centered approach to development, which in turn emphasizes the contributions of both demand and supply to economic development.

Development the world over is a partially successful and partially failed experiment. Urgent questions about its means reverberate more and more often with broad doubts about its goals. Its deep flaw is its dirigisme: the assumption, common to nearly all development theory, that there is an expert agent—the state for the

CHARLES SABEL *is professor of law and social science at Columbia Law School.* ***SANJAY REDDY*** *is an assistant professor of economics at Barnard College and the School of International and Public Affairs at Columbia University.*

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dogmatist and orthodox left, the International Monetary Fund (IMF) or other guardians of market orthodoxy for the right—that already sees the future of development and can therefore issue instructions for arriving there. Whether through celebration of the developmental state or by adulation of a cosmopolitan, technical elite, this dirigisme has led to unholy alliances with the powerful and the exclusion of the weak.

Conceptually, dirigisme is expressed as a set of theories of the requirements of economic development under specific conditions: a list (different, again, for the left and right, and under constant, confusing revision, it seems, by both) of the institutional prerequisites for growth. In practice, the dirigiste mentality presents a set of policy recipes for determining how investment funds will be allocated, tax rates set, and currency conversion managed.

It is these recipes that suppress the diversity of forms of life, by defining which ends of humankind are "feasible" and accrediting some sources of knowledge while discrediting others. Such a straitjacketed conception of the order of things diminishes the attainment here and now of human potential, and accentuates the propensity to misapply technology and ideas, with too often disastrous consequences—discovered, and admitted, too late. No wonder development by dirigiste stages and recipes seems to many to be more an invitation to collective self-abnegation than a reliable promise of regeneration.

Is there a way forward? In this programmatic note we propose that a common thread connects the emergent alternatives to development orthodoxy: the enhancement of the conditions of individual and collective learning. This approach to development highlights the existence of unresolved problems and the necessity of problem solving in every sphere. The enhancement of the conditions of learning can be the key to improving performance, resolving deadlocks, and overcoming blockages. By expanding the space of effective freedom, innovations in the conditions of learning can make possible the discovery of new institutions that better serve the diversity of the goals that we may have. This is true at every level at which common dilemmas and collective problem solving occur—from the global commons to the local enterprise.

The learning-centered approach to development avoids the dirigiste pretension that the pathway of development has a clear and predetermined form. Because it emphasizes that learning is a collective but indeterminate process that is best advanced by collective arrangements that recognize this indeterminacy, it also avoids the pretension of dirigisme to a privileged insight concerning, and capacity to execute, the conditions of advance. The learning-centered approach recognizes the fundamental and pervasive incompleteness of our perceptions and cognitive capacities as human beings, and our need for one another to partially overcome this incompleteness. By emphasizing local experimentation on the one side and the need to correct local results by interlocal exchange and review, the learning-centered approach does justice to both the limits of our knowledge and our collective ability to better it.

Seen another way, learning to learn relaxes apparent constraints both in the sphere of practical problem solving in which it takes place and in the others that adjoin it. The reciprocal relaxation of constraints, within and across domains and levels of economic and social life, enables a progressive unblocking of unrealized potential. In economic life, it progressively transforms the operative rules of each sphere of productive activity, and the relation between the micro- and the macroeconomy, revealing certain hard choices to be false dilemmas while putting new problem-solving challenges in their place.

By itself, of course, the approach we suggest will not overcome the dualism of developing economies, which is manifested in the industrial domain by the separation of a few advanced firms connected to world markets from a mass of vastly less capable producers struggling to survive in the vigorous but under-resourced informal sector. Nor will it alone solve the problem of corrupt, often predatory governments that batten on the miseries of dualism. However, it does suggest common ways to unleash the creative power of both the advanced and informal sectors and to improve government performance, so as progressively to advance a process of development.

In the note that follows, we first present two examples of the learning-centered approach. The first indicates why, under current

conditions, there need not be a hard choice between relaxation of constraints of supply and relaxation of constraints on demand. The second indicates why this reciprocal relaxation can be advanced, not subverted, by a public sector that undertakes learning-centered reforms. Then we illustrate two ways in which the learning-centered approach might be extended. The first illustration suggests how jointly addressing supply and demand constraints at the level of national economies can prompt reconsideration of the function and approach of key institutions—the IMF and the World Bank—that constitute an essential part of the context for national development decisions. The second, more tentative still, suggests how one innovation in democratic participation might be reconsidered in the light of learning-centered problem solving.

In keeping with a compelling idea—open, nonproprietary software development—consider what follows not as an effort to lay foundation stones of a new cathedral of development thinking, but rather as an offering in the bazaar of collaborative work on a theme that concerns us all. Refine and multiply the examples—or counter them with others. Better yet, develop the overall argument—or reject it in favor of a better alternative (we trust) to a failed dirigisme.

Not Such a Hard Choice After All? The Straitjacket of Supply and Demand in the National Economy

Under current orthodoxy, a government often comes across fiscal limits to its development strategy, which are in turn grounded in political limits. A government that wishes to augment domestic demand often cannot do so directly, because—tenuously supported in civil society—it faces obstacles to increasing tax revenues. Moreover, the limited credibility of its development program raises the specter that debt finance will be inflationary. This worry is reinforced by international financial institutions such as the IMF, which place severe external constraints on the ability of treasuries to finance by borrowing. In parallel, on the "supply side" a state cannot encourage supply-side innovation without arousing the suspicion of "picking

winners" (and so encouraging rent seekers) or simply of letting the bureaucracy run amok.

An alternative, learning-centered strategy loosens the supply constraints of individuals and firms by fostering the development of their capabilities to learn and to do, and enhancing the rewards to such learning. In the most favorable outcome, the increase in the capabilities of agents will in turn foster an increase in demand, as it will ease the access to resources of those who have previously been shut out—first triggering an expansion of the demand for investment goods with which to make productive use of new energies, and ultimately for consumption goods with which to realize improvements in standard of living.

Mechanisms of this general sort are familiar from theories of unbalanced growth. A fairly recent example of a virtuous cycle of supply-induced expansion in demand is provided by China's experience in the years after 1978, during which a rapid increase in agricultural productivity generated by institutional reform and market liberalization in agriculture became the trigger for an upward spiral of national growth. Such a virtuous cycle is characterized by the reciprocal breaking of the constraints of supply and demand, as the entry of new "supply-side" market participants pursuing market opportunities newly opened to them in turn augments the demand for goods produced by others. This is not an application of the static (and false) Say's law, by which supply is deemed "automatically" to generate corresponding demand. What is doing the work is, on the contrary, continuing disequilibrium—the dynamics of demand calling forth output supply and supply generating input demand—occasioned by the expanding circle of market participation under a progressively more inclusive pattern of economic development. In the best case, such a virtuous cycle is characterized by a fever of self-reinforcing and self-fulfilling positive expectations, which provides the slow-burning fuel for prolonged and sustained growth.

Historically, unbalanced growth strategies have typically meant dangerous leaps in the dark. The same limit-breaking designed to touch off virtuous circles could easily lead to self-defeating "great leaps

forward" or, less dramatically, continuing disruptive turbulence that eventually allows powerful interests to offer themselves—at a handsome price—as the forces of stable prosperity. What we highlight in contrast is the possibility that breakthroughs can come not through vast initial developmental gambles involving whole sectors, but rather by a myriad of small improvements on the supply side coming together to generate a marked relaxation of constraint on the demand side.

An Example—Credit, Learning, and Industrial Development

Creditworthiness is one crucial and conspicuous link between microstructural improvement and the relaxation of macro-constraints. One of the most important of the conditions that facilitates the reduction of supply constraints is the broadening of access to credit. Increased access to credit is in turn made possible by the increase in the creditworthiness of individual agents that takes place when observable determinants of productivity such as physical infrastructure, established skills, and the conditions of individual and social learning are enhanced.

For instance, all else being equal, the better able a firm is to detect and correct defects in its internal organization, training, and links to suppliers or customers, the greater its chances of success and hence its creditworthiness. At a very high level of generality, this is an empty tautology; and under conditions of general and enduring stability, it is irrelevant (because existing firms will have done just about all the error-correction detection that competitive survival requires).

But under volatile market conditions, where the composition of demand and technology change abruptly and continuously, this ability is a precondition for competitive adjustment. It is seen as such by many potential customers and suppliers, who are therefore keen to rate and continuously monitor the capacities of their suppliers (especially the capacity to respond to queries about performance). Hence, among other things, the explosive diffusion of certification under ISO and other norms that signal this capacity.

Similarly, in volatile markets, the better able a lender is to assess

the ability of firms to make these kinds of success-enhancing self assessments, the less likely it is to make bad loans, and the greater its creditworthiness. This increased creditworthiness means, of course, that lenders themselves can borrow more from other financial institutions and increase the volume of their loans to (creditworthy) firms. Whether to firms or to financial institutions, this is capacity-based, not collateral-based, lending. We can think of its generalization through the economy as the vulgarization of venture capital.

The upshot is that as firms (increasingly) learn to reduce their failure rates and financial institutions (increasingly) learn to identify the learning firms, improvement of microstructural conditions enlarges the return on investment of a developing economy and so relaxes macroeconomic constraints, even in the presence of hard-money central banks.

The effects of such a learning-based increase in business investment would likely be multiplied by links between investment and private consumption, and between domestic and foreign investment typical of developing economies. An example is consumer credit. Where financial institutions doubt their capacity to assess the creditworthiness of firms, they are likely to throw up their hands at the prospect of assessing the creditworthiness of individual consumers those firms employ. So it is no surprise that for this reason (and, of course, others), loans for consumer durables are often available only at usurious rates. An improvement in some lenders' capacity to assess the capabilities of firms should therefore increase their own or their competitors' willingness to lend on more favorable terms, first to the employees and families of capable companies, then to employees and families connected to capable suppliers of such firms, and so on.

Other linkages follow from the circumstance that workshop and residence in many small-scale, developing economies are in the same place: the little factory is literally downstairs or next door to the small home, and the industrial park is part and parcel of the residential community. In these circumstances, growth in industrial opportunities and productivity can increase the value of the assets held by individuals, and in turn relax the credit constraints that limit their

consumption, as well as their investment in their own capabilities. These linkages are only examples of the mechanisms that can underlie a virtuous cycle of credit and capability.

To situate and review the argument so far: Views of economic development divide between those asserting that the poor are poor because they lack the capital of the rich, and those asserting that, asset endowments aside, the poor lack some cognitive or dispositional attribute (productive skills, long-term horizons, self-confidence, sociability) that they need to enrich themselves. Asset-based views in turn divide between those benignly asserting that today's poor are just following a sequence of accumulation that will make them rich, as it did the cohorts that preceded them (each in its turn), and views malignly asserting the existence of low-equilibrium traps, in which the lack of assets is a self-perpetuating barrier to accumulation.

The argument we have been presenting emphasizes holistic capabilities rather than physical or financial assets. This is, after all, a story about the learning- or knowledge-based economy. But unlike the usual cognitive views, it claims that rich and poor agents are endowed with the same cognitive facilities, and that they face, though from very different starting points, the same continuing cognitive challenge: the collaborative elaboration of a workable response to a tumultuously changing world. As in the malign, asset-based views, traps can occur (and be overcome by public learning). But, as we will see next, and as with all else in this tumultuous world, these traps must be identified and transcended locally.

Why Bad Government Isn't Necessarily a Straitjacket

Most developing countries begin with a small base of advanced productive capability and a vast sea of disorganized and often imitative productive actors. Localized ingenuity thrives in making the most of available opportunities through adaptation and arbitrage, but it is often insufficient to open the door to the most remunerative opportunities in the world system of production, which remain monopolized by a few countries. One measure of this international pattern

of unequal capability is that for years, many developing countries had failed even to take advantage of their *existing* opportunities for remunerative exports (consider, for instance, the previously unused garment export quotas of certain countries under the multifiber agreement). Another measure is that the overwhelming majority of research and development activity is undertaken in the rich countries. How are these patterns of international and intranational absolute and relative disadvantage to be overcome?

Put another way, if the economic actors who know that they need to learn, and how to do it, will already be learning, who exactly is going to be encouraging all this self-examination by the non-self-starters? Government might be the goad and tutor. But government, we noted, is often inefficient or even predatory. Can a realistically knowledgeable—that is, quite ignorant—and easily captured government encourage the type of micro-learning that simultaneously relaxes macro-constraints?

Vivifying the Visible Hand: The Example of Industrial Innovation

Consider the problems involved in making government an effective catalyst for enhancing the capabilities of firms to become sustained innovators and self-improvers. Three problems seem especially daunting. The first is that firms and other economic agents do not know what they do not know about which routines need to be altered and how. They have to discover that they have errors to detect in a specific domain before they can actually begin to identify and fix their problems. Government knows even less about these things than the agents do. How, given these limitations, can the public authorities create incentives that encourage the right kind of learning and make sure that such learning becomes accessible to all who need it as a public good?

The second problem arises in case it is possible to address the first: How can government ensure that a program encouraging constraint-relaxing learning is not hijacked by special interests and turned, as often has been the case with similarly ambitious initiatives, to particular purposes at the cost of the program's ends?

The third problem waits just around the corner from the first two. Suppose incentives are set properly, and the program is immunized against "self-dealing." What will ensure that resources go to the weakest actors who need to learn the most about learning? We consider the questions in turn, with (scant) illustrations from the goods-producing sector rather than the financial sector (simply for convenience).

The same general environmental conditions that make learning a condition of survival for many firms suggest that the motivational part of the first problem is not as hard as it looks. Firms know that they need to learn to learn: their customers are advising them to, and their most successful competitors are demonstrating the benefits of heeding the advice. (Recall the proliferation of ISO standards.) At essentially all levels in the economy, from the informal shop to the cutting-edge supplier, many actors know someone like themselves who is learning to get ahead.

The problems that firms face in correcting their routines are typically company specific—the exact sequence of reforms needed to reduce rejects, cut design times, and so on—while the techniques for establishing such sequences are general and widely available (Pareto-chart analysis, five-why, and many, many others). On balance, therefore, firms have more to gain from exchanges of information (visits to "model" enterprises, customer-supplier forums, training in standard problem-identification techniques, for starters) than they have to fear from peer discussion of their problems. Given this disposition to begin learning, the government's task, at least for some tranche of lead firms, is closer to the easy job of facilitating the actors' coordination (creating a forum for their information exchanges) than the hard one of changing the incentives they face. Once the process begins, moreover, the information it produces makes correction of initial missteps relatively easy.

The growing "third-generation" literature on global supply chains provides an empirical warrant for this view. The early writings on customer-supplier relations under conditions of globalization found that supply chains were dominated either by large producers (e.g., General Motors) or large retailers (e.g., The Gap). Either way, control

over the design of the product and the organization of its production was firmly in the hands of advanced-country firms, with developing-country suppliers relegated to the execution of tasks conceived elsewhere and powerless to change their situation.

The second generation of writings noted the emergence of large and capable first-tier suppliers in industries such as apparel, athletic footwear, and assembly of computers and mobile phones. These suppliers are often based in (advanced) developing countries such as South Korea or Taiwan, operate in still less developed countries (such as Indonesia or China), and do indeed exert great influence on the design and production strategies of their advanced customers.

The most recent, "third-generation" writings document the emergence, much lower down in the supply chain, of small but capable suppliers. Whether operating in the agro-industrial sector in Chile (tomato growing and processing) or in the garment sector in India, these firms exercise growing autonomy in dealings with present customers who value their initiative. More important, they can find more cooperative partners in case current clients persist in demanding complete control. Sometimes, these low-tier but autonomous suppliers have acquired at least part of the capacity that secures their independence through participation in government programs or public-private partnerships aimed precisely at increasing their internal managerial capacity and their ability to meet international standards.

Notice that the combination of general purpose solutions and firm-specific problems means that the diffusion of learning (to learn) is not subject to the same fallacy of composition that trips up many kinds of development strategies. Lending money to a small cooperative to start production of brooms works so long as there are few broom producers. Extending the program can ruin it. Enabling many small firms to gain the same general skills to improve their relations to specific customers at home and abroad is not similarly self-limiting. Put another way, this is a program for generalizing wealth, not creating zero-sum competitive advantage.

The solution to both the problem of making what is learned into a public good and the problem of self-dealing lies in the precise nature

of the services to be provided learning actors. Very generally, we just saw, the goal is to get and keep firms looking for trouble, typically by giving them an opportunity to learn something that points to a problem and correction at once. Subsidies of this peculiar activity create disincentives for the usual kinds of self-dealing. A subsidy that reduces the cost of looking for improvements is valueless unless a firm is actually interested in improving and can be empowered in this task through the subsidy provided. For example, a subsidized visit to a competitor's plant in a distant industrial town is as unappealing as an unsubsidized trip if a manager thinks he has nothing to learn, or that his firm could not benefit from new knowledge if it were there for the taking. Indeed, under those conditions, even a free trip—a junket—would be a cost, as it reduces the time available for working down the list of urgent tasks. Whereas a subsidy to labor or finance costs can easily be diverted to cover a part of the firm's ongoing expenses, subsidies to look for trouble are only likely to be valuable to and attract firms that would use the help for the purpose intended.

Such subsidies further mitigate the accountability problem by encouraging transparency in a way that makes learning public. Looking for trouble means comparing one's activities with those of others. It is reasonable to ask potential beneficiaries of programs that encourage learning to demonstrate their intentions by beginning to take stock of their circumstances, or saying how they intend to do so. After they have done some looking, it is reasonable to ask them to say something about the problems they found and what they intend to do about them. Conversely, actors who give no indication of being able to take even the first steps toward some kind of self-analysis are unlikely to benefit from programs that encourage them to do just that, and actors who cannot say what they learned from some kind of comparative self-study probably did not learn very much. Between the disincentives they offer to normal subsidy hunters, and the (partially) self-policing documentation that they easily elicit, programs that aim to relax micro- and macro-constraints by encouraging learning, with government acting as a catalyst where necessary, are feasible.

Can these programs also be directed to very weak firms? Truly weak

companies cannot, unaided, undertake the kind of self-diagnosis that starts bootstrapping learning. Without some kind of help—training, exposure to firms like themselves who are taking self-diagnostic steps—they are typically excluded from activities that might benefit them as much as, if not more than, the better endowed. The fate of these companies will help decide whether developing economies can generate anything like an inclusive prosperity.

From these general considerations, it is possible to sketch the kernel of a two-level economic-development framework that encourages constraint-relaxing learning—offered only as an example. At the "top," a benchmarking committee of the relevant government entities and qualified private actors collaborates with potential users to establish the initial substantive and procedural criteria for participation and defines the initial metrics by which applications are to be ranked. At the "bottom," project groups—whose members can be public or private entities or partnerships of both—compete to present projects that score highly under the emergent criteria. "Top" and "bottom" are in quotation marks because the relation between them is cyclical, not hierarchical: one entity proposes a framework for action, the other revises the proposal in enacting it, the first responds to the revisions, and so on. Lead actors dominate early project rounds; weaker actors come to the fore in later ones. After each round, the selection criteria, benchmarks, and institutional arrangements are adjusted to reflect improved measures of performance and a richer operational understanding of success. There is thus public learning as well as learning by private agents. Because the implicit theory of economic development—expressed in the operationally applied selection criteria—is revised in light of the means chosen to pursue them—the pooled experience of actual projects—we can call these arrangements "experimentalist."

In actual practice, at least two variants of such a framework are emerging in the world. In the first, the two-tier structure just described operates first at the regional level. Thus within each region or state of a federated polity there is a framework-defining "top" and a project-proposing "bottom." The performance of the regional-selection

mechanisms are then compared in light of the performance of the projects they advance, and this benchmarking and associated dialogue produce in turn a national framework for revising the regional selection criteria. Alternatively, projects and frameworks can be grouped by industry or sector, with higher-level frameworks emerging from comparisons among these.

Key features of both arrangements are the transparency and learning they foster through competitive but informative comparisons. The assumption of dirigisme is turned upside down: there is no hierarchical center with a claim to definitive knowledge. Instead of a hierarchical subordination of top to bottom, there is a reciprocal and continuing redefinition of both. Instead of a center, hierarchical or otherwise, there is a polyarchic, comparative exchange among like "locales." Similar frameworks could be established to encourage and publicize learning by financial institutions that lend to firms or consumers or both. (They are also being applied to the incremental but cumulatively transformative reorganization of public administration in advanced and developing countries.)

In a fractal-like logic, these simple mechanisms have possible parallels at every level of scale. Learning to learn faces parallel challenges and can have parallel forms at the levels of the village and of the global commons. To illustrate, in the next section we explore proposals for cognate reforms of the international financial institutions.

How the International Economic Order Might Learn

The dominant orthodoxy has adopted a strenuously restrictive interpretation of good economic sense. Two decades of orthodox economic reforms have led to little successful development, and still less growth in understanding of the conditions that foster innovation and prosperity in individual countries. This last is hardly surprising. For, as we said at the outset, orthodoxy's core assumption is the idea of an established menu of alternatives already known to work the world over. Assuming that there is nothing to learn is a good way to ensure that nothing is in fact learned, even amidst the rich lessons

thrown up by actual experience. The existing international financial institutions have been inhospitable to learning to learn in at least two ways. First, they have too often demanded that countries adopt institutional arrangements that are not conducive to learning, causing them to neglect the resulting sources of growth in favor of purported static efficiency. Second, they have *themselves* failed to be arranged in a manner that fosters progressive learning about how they should better organize their own activities and promote growth and development in countries.

As at the most basic level of economic life, learning to learn requires the development of new relations between actors and new rules to govern their relations, so as to enable them to shift from stereotyped individual role-playing to active joint discovery. Accordingly, both new relations and new rules governing the relations between developing national economies and lenders, such as the World Bank and the IMF, are required. The new relations must overcome the rigidities of traditional forms of conditionality, allowing developing economies to find their own way to virtuous cycles, but not be so lax that policy mistakes in one country or region can endanger the stability of others. The alternative international economic arrangements must be oriented toward the facilitation of experimentation and mutual learning. In this respect, the role of the international financial institutions is to serve as knowledge centers and intermediaries, and as dialogic partners in the process of learning. In this function they can be most successful if they are pluralized, in number and in form.

International finance must be flexible to facilitate strategic experimentation and learning in national development. But it must also present constraints if it is to offer effective incentives for the efficient use of resources and enforce a necessary minimum of order and stability in the international financial system. The New Bretton Woods must combine the breakup of the existing monopoly of knowledge and funds with the establishment of a rule-based regime within which autonomous and decentralized actors can foster pluralized ends—undertaking tasks of monitoring and disciplining. We believe, informed by reflection on learning to learn at the domestic level and on observation of

the recent vicissitudes of the international financial system, that these goals can be reconciled to a greater degree than so far imagined.

Start by analogically scaling the argument for the iterative relaxation of supply and demand constraints from the domestic to the international level. Just as financial institutions, given hard-money central banks, are a crucial part of the macro-environment for domestic firms, so foreign banks and the international financial institutions are crucial to the macro-environment of domestic economies. Just as firms can increase their creditworthiness by learning and financial institutions can learn to recognize such improvements, so domestic economic institutions—and the domestic economy as a whole—can increase *their* creditworthiness by encouraging the new interplay of production and finance. In their turn, international financial institutions can recognize and credit these increases accordingly. Finally, just as states can use experimentalist frameworks to foster constraint-relaxing learning domestically, so international financial institutions can use experimentalist methods to achieve this result globally.

This suggests a decentering or "polyarchization" and flattening or "de-hierarchization" of the IMF and World Bank along the lines of the learning-to-learn institutions just contemplated. A federation of institutions should replace the current world-spanning, peak organizations. These development banks, adopting diverse development theories, should have responsibility for encouraging and recognizing the capacity of domestic economies learn to learn. Reserve funds would develop, in consultation with their sister development banks, conditionality requirements consistent with respect and encouragement for this kind of capacity building. Project selection criteria and conditionality rules would be compared, and harmonized when deemed appropriate by the constituent actors (banks and funds and their member governments).

At a minimum, this kind of decentering would make transparent, and so publicly informative and in some measure accountable, practices already present to a degree in the international financial institutions. Any functioning real institution incorporates elements of learning to learn as an essential part of its approach to the world.

However, institutions differ in the extent to which they instantiate and foster this capacity. The international financial institutions must deepen and broaden their capacity to learn. At the maximum, this decentering might actually transform the international economic institutions from advocates of ossified doctrines concerning the determinants of growth to partners in a more flexible process of discovery of what those determinants are. In the course of this transition, the international financial institutions must shift from being monopolists to becoming a congeries of federated agencies able to correct what they learn from their own experience with what is learned in others.

What of the hard case of coordination in a ramifying financial crisis, where the failure of financial institutions, perhaps caused or aggravated by the repudiation of sovereign debt, threatens to cascade, imperiling the world economy? Here the federated banks and funds would have to act as one to have any chance of success at all. But the need for occasional concerted action need not create an autonomy-destroying regress, in which the need for unity in some moments legitimates the suffocation of independence at all the others. On the contrary, the goal should be to press the principle of joint or federated decision-making forward to cover the periods of crisis as well as normalcy, with hard decisions being taken after open review and debate by the actors. (Perhaps the U.S. Federal Reserve—not as it exists but as originally conceived—could be a partial model.) In any case, here, too, the effect of formalizing federated decision making would be to make transparent and accountable a stealthy, often panic-stricken process that mixes collaboration and collusion in ineffective and manifestly illegitimate ways. The long-term goal should be to pool learning about the response to financial crises in a way that improves what the temporary "center" does in response to global threats, and how it decides to do it.

Development and Democracy

Why should we learn how to learn? One reason to favor experimentalist arrangements is that they may enable us to better solve the problems that we face. We can have confidence in such an outcome both

because the practical efficacy of experimental approaches may already be observed in the world around us, and because such arrangements are closer in spirit and form to the inherent requirements of problem solving under conditions of uncertainty.

A deeper reason, though, is that democracy favors and is favored by experimentalism. This is true because experimentalism requires openness, and openness requires democracy. It is also true because to flower, experimentalism requires the breakdown of social boundaries to communication and the presence of a workable procedural equality. These are also among democracy's commitments and consequences. In turn, the democratic ideal is one of individual and collective self-decision, self-imagination, and self-construction. These values support the experimentalist spirit and challenge its alternatives. The natural language of experimentalism is democracy. Perhaps democracy will now discover that its natural language is experimentalist?

We conclude by tentatively exploring some possible links between the learning-to-learn approach to development and some promising innovations in democratic participation and problem solving.

Learning and Democracy—The Example of Participatory Budgeting

Participatory budgeting is a democratic reform that has caught the attention of progressively minded people throughout the world. As practiced famously in Porto Allegre, Brazil, participatory budgeting involves the sustained engagement of large numbers of persons comprising the entire affected citizenry in sustained discussion of how the allocation of public monies among alternatives such as building roads, schools, sewage systems, and other infrastructure projects should be undertaken. On one view, participatory budgeting is a breakthrough in democratic activism with potential application to a broad range of public problems. On another view, it is an important innovation but limited in its significance to enabling local public control of the clientelism that has vitiated much public spending on infrastructure.

Might some of the methods of participatory budgeting be used to

make learning to learn more broadly accessible and accountable than it typically has been? After all, projects to improve error detection and correction in firms or financial institutions, even if they involve the workforce and government or public-private partnerships, are not the stuff of normal democratic politics. Indeed, they are likely to seem more a technocratic innovation than an expansion of democratic capabilities. Is there some way for deliberation about project selection, and the issues of development strategy it raises, to contribute to a broader public discussion and to be animated by it?

Is there some way that participatory budgeting might be generalized (through incipient institutions of learning to learn) so as to extend its reach into broader questions of development? An example of an area of convergent concern is land use and the licensing practices that determine it. Should the vast agglomerations of small firms in many developing countries' cities—some of the vanguard of the "third generation" of small, autonomous suppliers—be cleared to make way for large national and multinational firms or gentrification? Or should they and their surrounding communities be provided the combination of public infrastructure and business-support services that help make enduring connections to the outside world? Can the elaboration of a process for making such a decision itself be a proving ground for the integration of new forms of democratic participation and learning to learn as a development strategy?

Learning and Democracy—Self-Expression and Coexistence

There is a complex and confounded relation between the expression of self and the pursuit of material uplift. Development is not yet extricable from Westernization. It is confounded as a concept and as an ensemble of practices by its relationship to a particular history of doing. The confounding gives rise to an ambivalent response to the program of development. The effort to break free of this confounding leads most often to ineffectual rage or parody. The search for forms of development that are self-expressing and self-actualizing is anxious, active, and unfulfilled.

The lens of learning to learn offers the initial elements of an approach to this problem, although it cannot offer a determinate solution to it. Where the constraints created by a dirigiste vision preclude the flourishing of distinct forms of life and thwart the expression of self-identity, the approach of learning to learn offers in contrast new degrees of freedom with which to create new institutional arrangements that foster both self-expression and problem solving. Arrangements that foster learning to learn make it possible, in the setting of the world and of nations, to discover by experiment how to belong to a modern world society and yet to be oneself.

Democracy's challenge today is to find ways in which self-determination and self-expression, both for individuals and for societies, can be made compatible with practical advance. We propose that experimentalism offers such a means.

This much is certain: If dirigisme is a treacherous guide to developing an economy, it is the outright enemy of democratic renewal. For that reason alone, to be democrats today, we must also be experimentalists, learning to learn.