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Modeling Institutional Change and Subject-Production: The World Bank's Turn to Stakeholder Participation

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There is a robust literature on the World Bank's shift toward participatory development in the 1990s but scant attention to the specific way in which participation was defined in terms of "stakeholder" inclusion. Rather than the poor, NGOs, or some other constituency, participation was framed in terms of stakeholders, or all affected parties. Thus, there are two related outcomes to explain: a shift in institutional practice and the formation of a novel subject of development governance. Drawing on pragmatist and object-oriented international relations, I develop a model of how institutions become objects of sustained and collective reflection, at once opening the possibility for institutional change and new political subjectivity. In the case of the Bank, I specifically argue that out of a period of crisis, actors inside and outside the Bank reflected on the problem of development, borrowing from past experiments with systems managerialism to define the contours of the problem and pose solutions. Using Bank documents, I show how the logic of systems managerialism helped define the problem of development in terms of complexity and pose stakeholder inclusion as an effective solution. The result was not only new practices but the articulation of the stakeholder as a novel political subject.

Existen muchas publicaciones sobre el giro del Banco Mundial hacia el desarrollo participativo en los 90, pero escasa atención a la manera específica en la que la participación fue definida en términos de inclusión de las "partes interesadas". En lugar de referirse a las poblaciones más vulnerables, las organizaciones no gubernamentales (ONG) u otros sectores, la participación se enmarcó en términos de las partes interesadas o todas las partes afectadas. Por lo tanto, hay dos resultados relacionados para explicar: un cambio en la práctica institucional y la formación de un tema novedoso sobre la gobernanza del desarrollo. Basándome en las relaciones internacionales (International Relations, IR) pragmáticas y orientadas al objeto, elaboro un modelo de cómo las instituciones se convierten en objetos de reflexión sostenida y colectiva, abriendo, a la vez, la posibilidad de un cambio institucional y una nueva subjetividad política. En el caso del Banco, sostengo específicamente que, a partir de un periodo de crisis, los agentes dentro y fuera del Banco reflexionaron sobre el problema de desarrollo y tomaron prestados los experimentos del pasado con el gerencialismo de sistemas para definir los perfiles del problema y plantear soluciones. A través de los documentos del Banco, muestro de qué manera la lógica del gerencialismo de sistemas ayudó a definir el problema de desarrollo en términos de complejidad y a plantear la inclusión de las partes interesadas como una solución efectiva. El resultado no fueron solo prácticas nuevas, sino también la articulación de las partes interesadas como un tema político novedoso.

On dispose à ce jour de plusieurs ouvrages traitant de la tendance de la Banque mondiale à privilégier le développement participatif dans les années 90, mais on ne prête pas suffisamment attention à la concrétisation de la participation en ce qui concerne l'inclusion des « parties prenantes ». Contrairement aux pauvres, aux ONG ou à d'autres groupes d'intérêt, la participation a été définie en fonction des parties prenantes, ou de toutes les parties concernées. Par conséquent, il convient d'expliquer deux effets complémentaires : un changement dans la pratique institutionnelle et la naissance d'un nouveau concept de gouvernance du développement. En m'appuyant sur la RI pragmatiste et objectiviste, je propose un modèle montrant comment les institutions deviennent des objets de réflexion durable et collective, offrant à la fois des opportunités d'une réforme institutionnelle et d'une nouvelle subjectivité politique. Pour le cas de la Banque mondiale, je soutiens en particulier que suite à une période de crise, les acteurs internes et externes à la Banque se sont penchés sur le problème du développement, en s'inspirant des expériences passées concernant la gestion des systèmes pour en définir les grandes lignes et proposer des solutions conséquentes. En me basant sur la documentation de la Banque pour démontrer comment la dynamique de la gestion des systèmes a contribué à définir le problème du développement par sa complexité et à présenter l'inclusion des parties prenantes comme une solution efficace. Il en résulte non seulement de nouvelles pratiques, mais également la mise en place d'un nouveau sujet politique pour les parties prenantes.

Introduction

In 1994, the World Bank outlined its commitment to "participatory development." Although the state remained its primary partner, the Bank affirmed that the design, implementation, and evaluation of development programs required not only governments but also all relevant "stakeholders"—the poor, nongovernmental organizations (NGOs), private businesses, local government officials, and others. Alleviating poverty, in other words, could not be accomplished without the participation of state and nonstate actors. Much ink has been spilled assessing causes for and consequences of the Bank's participatory turn, including that which highlights gaps between stated policy and practice (Mohan and Stokke 2000; Lazarus 2008). Scant attention, however, has been afforded to the very specific way in which participation was framed in terms of *stakeholder* inclusion. Participation was not oriented toward the poor, marginalized people, NGOs, or some other constituency. Rather, it was the stakeholder or "affected party" that was discursively identified, elaborated, and produced as both an object (i.e., a target of regulation) and a subject (i.e., an authorized agent) of development governance. My wager, then, is that "the stakeholder" is no mere synonym for "nonstate" or "civic" actors

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but a specific kind of political subject, grounded in a distinct political rationality and deserving of analytical attention.

In this paper, I gain leverage on "the stakeholder" by focusing on the Bank's turn to participatory development and asking how participation became framed in terms of stakeholder inclusion. Attending to the political rationality that underpinned this move, I advance an account that identifies the discursive elements that shaped changing practices and articulated a novel subject (an authorized political identity and agent) of development governance. As such, I explain both institutional change and subject-production. I do this in four steps: first, I map the literature on the Bank's participatory turn, schematically staging an encounter between those interested in the dynamics of institutional change and those interested in changing practices as constitutive of neoliberal rationality and subjectivity. Although both offer rich insights, they gloss the significance of the stakeholder and, I argue, the managerial discourse that produced it. Second, drawing on pragmatist (Bauer and Brighi 2009; Friedrichs and Kratochwil 2009; Hamati-Ataya 2012; Marlin-Bennett 2013; Schmidt 2014; Avant 2016; Abraham and Abramson 2017) and select object-oriented (Aradau 2010; Corry 2013; Bueger 2015; Sending 2015; Allan 2017) work in international relations (IR), I theorize processes of institutional change and subject-production around two stages: crisis and creative problem-solving. Putting insights from pragmatism and object-oriented IR together results in what I term second-order problems of governance, or moments of institutional crisis in which institutions themselves become objects of collective, deliberate, and sustained reflection. Such moments, I argue, are not only likely to produce new governance practices but new subject positions as actors experimentally combine different ideas and practices to solve a problem. Adapting Olaf Corry's (2013) model of political structure, I sketch a two-stage model that can capture this process and be applied in the wider literature on global governance. Third, I use this framework to organize the story of the Bank's move to stakeholder inclusion, where I argue that systems managerialism provided the discursive elements that made possible the shift to stakeholder participation and the articulation of the stakeholder as a subject of development governance. I conclude with contributions to broader debates concerning global governance generally.

Beyond wider applicability of the model and its theoretical wagers, the argument speaks to an emerging literature on managerialism in global governance and, specifically, the place of stakeholders in it. Indeed, stakeholder participation is not limited to the Bank. Since the end of the 1980s, there has been an exponential rise in public–private partnerships (Westerwinter 2021) often premised on the language of stakeholder—or multistakeholder—inclusion (Scholte 2020). That the stakeholder increasingly orients governance of diverse issue areas, from the internet (Carr 2015) to global public health (Kruk 2012), the environment (Bäckstrand 2006) to the regulation of private military companies (Avant 2016), speaks to its significance in the wider system of global governance.

Two Literatures on Participatory Development

The literature on the World Bank and participatory development is deep and nuanced but can be cast in two broad approaches. On the one hand, there are explanations that draw from institutionalism, which posits that behavior cannot be understood independent from the institutional context in which actors find themselves. On this view, political action and agency is always embedded in a broader institutional context that shapes behavior and, consequently, political outcomes. On the other hand, there are interventions that draw from Foucault's concept of governmentality. These do not explain the factors behind actor behavior but interpret institutional practices and discourse as constitutive of rationalities or logics of governance and political subjectivity. On this view, explaining the causes of institutional stability or change is less analytically promising than interpreting the process of changing practices as indicative of exercises of power and productive of neoliberal subjectivity. When applied to the Bank, both institutionalist and governmentality scholarship arrive at compelling insights into the mechanisms of institutional change and the discursive production of political subjectivity, but rarely do they meet. In staging an encounter between them, I both preface a desire to bridge these approaches and identify their shared limitation: neither grasp the significance of the stakeholder. That is, though both help us understand the Bank's shift to participation, neither unpack how participation was defined in terms of stakeholder inclusion or consider the ways in which the stakeholder marks a novel form of political subjectivity.

The first approach identifies institutional factors (e.g., rational self-interest or normative pressure) that led to participatory development. Although the Bank became a target for indigenous communities, community development NGOs, and environmental groups in the 1980s (Marshall 2008, 53; Clegg 2013, 108), institutional approaches reject the notion that social mobilization alone can account for the turn to participation in the 1990s. Like other moments of reform at the Bank (Weaver 2008; Vetterlein 2012), the transformation in development governance around participation was not simply the result of pressure from social movements but how these movements were linked to dynamics internal to the Bank itself. O'Brien et. al., for instance, argues that it is through the *encounter* of the Bank with "global social movements" that permitted actors within the Bank to push for institutional changes (O'Brien 2000, 3, 16). Kim Reimann offers a similar rejoinder to "bottom-up" explanations, advancing a sociological institutionalist story that highlights the strength of a "pro-NGO" norm derived from liberal and neoliberal economic ideologies (Reimann 2006, 46). And Liam Clegg (2013) combines elements of rationalist and sociological institutionalism to track the process of norm change at the Bank throughout the 1990s. Clegg (2013, 106) argues that the "process through which 'stakeholders' were constructed as identifiable groups, holding a legitimate entitlement to a direct relationship with the IO, occurred through the forging of alliances between external critics and internal advocates, with periods of crisis often playing a catalytic role."

A second approach is less interested in understanding prior institutional factors that led to policy outcomes than understanding changing practices as constitutive of novel exercises of power that produce political subjectivity. This literature draws on the concept of global governmentality (Merlingen 2003; Larner and Walters 2004; Zanotti 2005; Neumann and Sending 2007; Corry 2013). Employing the analytics of Foucault's studies on liberalism and neoliberalism, global governmentality theorists read the changing relations between nonstate actors and institutions as evidence of (neo)liberal exercises of power in which nonstate or civil society actors are discursively *produced* as a neoliberal subject, that is, an agent that takes responsibility for governing itself (Neumann and Sending 2010, 2–5). That nonstate actors now participate in international organizations such as the Bank is neither due to their autonomous social mobilization nor from normative pressure put on the Bank.

Instead, these heterogeneous processes constitute neoliberal governance.

Tania Murray Li's (2007) work on Bank programs in Indonesia, for instance, highlights the way participation is linked to neoliberal discursive practices. Li (2007, 230–32) shows how governing through the subject of the "community" was articulated through a set of techniques and technologies made possible by neoliberal logics. Broadening out from particular programs, Zanotti (2005, 468) posits liberal political rationality underpinning the United Nation's (UN)'s emphasis on good governance in the 1990s, which, she argues, was shaped by the discourse at the Bank and its interest in NGO participation. Jonathan Joseph (2012), on the other hand, argues that the Bank's turn to participatory initiatives forms part of a larger technique of limiting the role of states in the political economy of international development. Empowering the poor to take ownership over development projects, he maintains, is not a departure from the neoliberal priorities of structural adjustment, namely cultivating open markets and retrenching state welfare programs; instead, it should be understood as a means to govern postcolonial states (Joseph 2012, 248–49).

Institutional and governmentality approaches offer valuable accounts, but they are limited by conceptually treating all forms of "participation" in the same way. Institutionalists focus on organizational culture and structural norms but do not fully capture how notions of participation shifted from empowering the poor to including stakeholders. Governmentality approaches step outside of institutions to see how antecedent knowledges, rationalities, and discourses make governance practices possible (Corry 2013, 60–62), but like institutional accounts, they gloss the specific kind of political subject that was produced—the stakeholder—and, therefore, attribute the shift at the Bank to the logic of (neo)liberalism at the expense of interrogating other possible discursive sources (on this broader critique, see Walters 2012, 39–40). Rather than "the poor," "civil society," or some other constituency, the stakeholder became the primary subject to be identified, regulated, and encouraged to take part in development, a position made possible by the political rationality of systems thinking.

Although existing literature on the Bank tends to elide the significance of the stakeholder and systems managerialism, there are exceptions. Graham Harrison (2004, 104–106) locates the stakeholder as a significant way in which the Bank maintained control over development governance, but he situates these shifts within liberal discourses. My argument instead situates it within systems managerialism. Further, although there are moves to understand managerialism as a distinct discourse structuring global governance (Eagleton-Pierce and Knafo 2020), generally, and practices at the Bank, specifically, there has not been a demonstration of how these ideas came to shape debates around participation. Franco Moretti and Dominique Pestre (2015), for instance, document key terms in managerial speak at the Bank but do not link it to participation, while Sadhvi Dar (2008) highlights the relationships between international development and managerialism but does not show how these ideas played out on the ground. Jonathan Murphy's (2007) argument that the Bank operates as part of the global managerial elite also suggests that managerialism may be at the root of the participatory turn, but he stakes these claims on the parallel shifts of managerial thinking in the 1990s. That is, Murphy (2007, 91–94) focuses on "Third Way" politics in the formation of a global managerial elite, while I show how systems managerialism, developed in the 1960s, began appearing at the Bank in the 1980s to manage problems of complexity.

Modeling Institutional Change and Subject-Production

The significance of the Bank's turn to participation is incompletely captured by the literature because there is an analytical elision of the stakeholder. Because not all participatory politics are the same, the ways in which institutional change was oriented to the stakeholder—rather than another constituency—matters. As such, there was not only a change in institutional practice at the Bank but also the articulation of a novel political subject. Required, then, is a heuristic that helps to organize an explanatory account of both institutional change and subject-production, one that will be useful for understanding developments at the Bank and within the wider field of global governance. The model that I advance is not an explanatory theory but a useful and transposable tool meant to organize the empirics and direct us to moments where institutional change and the production of political subjectivity are likely.

Accounts of institutional change and political subjectivity rarely meet, even when they both make recourse to ideas, norms, or discourse, because they rely on different logics of explanation: while the former seeks to establish independent causal force, the latter pursues constitutive analysis. Even "discursive institutionalism," which is partly indebted to Foucauldian insights, poses a poststructuralist interest in identity or subjectivity as the limits of institutional analysis (Schmidt 2017, 253). However, this need not be the case. Constructivists such as Audie Klotz (1999, 32–33) have long argued that discourse and institutions are sites to understand how norms shape individual beliefs and actions as well as the broader intersubjective frameworks in which subject positions are articulated. A recent literature emphasizing norm contestation similarly goes beyond treating norms as either regulating behavior or constituting identities (Krook and True 2012; Wiener 2014, 2018; Iommi 2020).

Drawing from pragmatist theories of social action and object-oriented ontologies helps attend to these moments in which institutional change and the production of novel subjectivity appear. I argue that they do so in two ways. First, pragmatism highlights the generative capacities of problems, which emphasizes uncertainty as a source for creative social action (Joas 1996) and a conception of discourse as heterogeneous and dynamic. Problems are interruptions in the everyday flow of experience, and in moments of crisis, actors draw from different discursive registers, combining ideas and practices together to permit new forms of social action and solve problems. In problematic situations, ideational factors are not treated as fixed things or structures but heterogeneous elements that serve as "raw materials" for creative action (Berk and Galvan 2009, 575). In moments where actors establish new strategies of social action, they may simultaneously correlate changes in practice with novel forms of identity. As Ann Swidler (1986, 280) intimated decades ago, viewing ideas as a "tool-kit" or repertoire from which social action is shaped means that "unsettled" periods of crisis make possible "new strategies of action—constructing entities that can act (selves, families, corporations), shaping the styles and skills with which they act, and modeling forms of authority and cooperation."

Second, as I discuss below, the kind of problematic situation or crisis matters. Not all problems are the same, and in second-order problems of governance, where institutions themselves are called into question and made an object of governance, both novel institutional practices and forms of political subjectivity are likely. That is, in reflecting on institutional problems, we would expect discussion around how to govern and, as such, articulations of appropriate *subjects* of governance. To develop this argument, I advance a two-stage model that (1) begins with the generation of crisis and then (2) examines the role of discourse in shaping problem-solving experiments.

Theorizing Crisis: Between Routine Disruptions and Environmental Shocks

The model's first stage theorizes crisis from a pragmatist perspective, viewing it as a source of institutional change and subject-production. For much of the institutionalist literature, crises are "critical junctures," significant exogenous shocks that serve as the origin of historical institutionalist as well as rational–functionalist accounts of change. On this view, "crisis" emerges from an untheorized environment, as institutions fall into the historical logic of "punctuated equilibrium" (Krasner 1984). For other institutionalist accounts, the language of crisis is dismissed, and mechanisms of institutional change are endogenously identified in the ambiguity of institutional rules, the disjuncture between intentions and actual outcomes, or other disruptions that result from outcomes that undermine institutional regularity (Greif and Laitin 2004). Most pragmatist contributions, which emphasize the creativity of social action, often align with the latter (Berk and Galvan 2009; Jabko and Sheingate 2018; cf. Schmidt 2014).

I offer a pragmatist theory of crisis as periods of destabilization that operate between routine institutional disruptions and exogenous shocks that emerge from an untheorized environment. That is, crisis is distinct from everyday problems that offer the possibility of incremental change and critical junctures that permit revolutionary change, thereby departing from the institutionalist literature. On my account, *crisis marks a moment in which institutions themselves become problematic objects of reflection.* To clarify, I situate crisis in relation to two key concepts: objects and institutions.

Consider problematic issues such as environmental degradation or poverty. These concrete—what I would call "first-order"—problems generate a set of concerned actors oriented to that problem, or a public. Publics emerge in response to a concrete problem, namely to a moment when a private interaction has effects on actors outside of that interaction such that the consequences need to be regulated and cared for (Dewey 1954, 26–27, 35). Phrased in the language of object-oriented IR: as publics form around problematic exchanges, these interactions are constituted as an abstract issue area or "object" to be governed such as "the climate," "migration," or "poverty" (Corry 2013). When the heterogeneous mess of practices, knowledge, material things, tools, affective dispositions, and values that make up problems becomes, as Bentley Allan (2018, 853) puts it, "yoked together and constituted as an entity distinct from other objects, events, and actors," they become objects of governance. This process of becoming a distinct object emerges from collective reflection and scientific expertise, and once formed, objects become distinct from the mess of things to which they refer. On my view, there is always a gap between objects and the complex configuration of processes to which they refer and from which they have been yoked together. This gap proves to be the source of routine disruption for institutional actors trying to regulate an object, making first-order problems a continual source of institutional adaptation and change.

If first-order problems are routine disruptions that make incremental changes in institutions possible, "second-order" problems are moments when an institution itself becomes a problematic object of reflection and governance. When disruptions are deep enough that they not only provoke reflection on a concrete object such as "poverty" but also call into question an institutional architecture such as "international development," then the institution itself becomes an object to be governed. *Crisis*, then, denotes this second-order problem, a moment of uncertainty when institutional actors ask the broader and more abstract question of how to govern, how to arrange peoples and things toward some ends. In reflecting on general problems of governance, there is a possibility for the articulation of new subject positions. Thus, second-order problems or crises offer real opportunities for both institutional change and subject-production, as actors collectively decide on who should be subjects of governing and how. While in practice individual reflection about an institution as its own object might frequently occur (Schmidt 2008, 316), I maintain that deliberate, structured, and sustained collective action with respect to an institution occurs only when a set of disruptions call it into question writ large. Thus, crises are likely to involve institutional change and the articulation of new subject positions.

Discourse and the Dynamic Role of Ideas in Collective Problem-Solving

The model's second stage focuses on collective political action organized in response to crises. As crises emerge from the friction-laden action of actors oriented to a common object, as institutions themselves become objects of governance, actors come to reflect on the problem at hand and pose novel solutions. In moments of uncertainty, both sets of actions emerge together and inform each other; for example, in drawing together different solutions, actors simultaneously define the contours of a problem. Such collective action is experimental, as actors dialogue and explore different ideas and practical tools from prior institutional moments and/or translate ideas from other institutional settings. For pragmatists, this kind of political action, experimental and creative, is described as "bricolage" (Campbell 2004) or "creative syncretism" (Berk and Galvan 2009).

Within moments of institutional crisis, when the question of how to govern arises, discourse is key to understand how problems are defined, the types of solutions that are posed, and the underlying rationality or logic that helps to make ideas resonant among oppositional actors. Here, discourse is not a "blueprint" for action but a dynamic and heterogeneous "repertoire" of ideas (Jabko 2019, 494–95). The experimental, combinatorial, and communicative part of discourse involves a dynamic practice of linking together diverse concepts, meanings, propositions, and norms into a legible political rationale. Actors do not do so from a position exterior to intersubjective contexts but rather from the intersection of multiple, mixed, and competing discursive elements. Discursive practices, then, are not post-hoc justifications for deeper logics such as rational interest (Jabko and Sheingate 2018, 315) but something that collectively emerges in the process of solving a problem. This understanding of discourse posits ideas as important to understanding social action within institutions as well as how institutions might change, aligning with the pragmatist-inspired accounts discussed above, discursive institutionalism (Schmidt 2008, 314), evolutionary accounts of discourse (Babb 2013), and, indeed, a longer tradition of analyzing the role of culture and ideas in sociology (Swidler 1986). Because a dynamic and heterogeneous view of discourse is

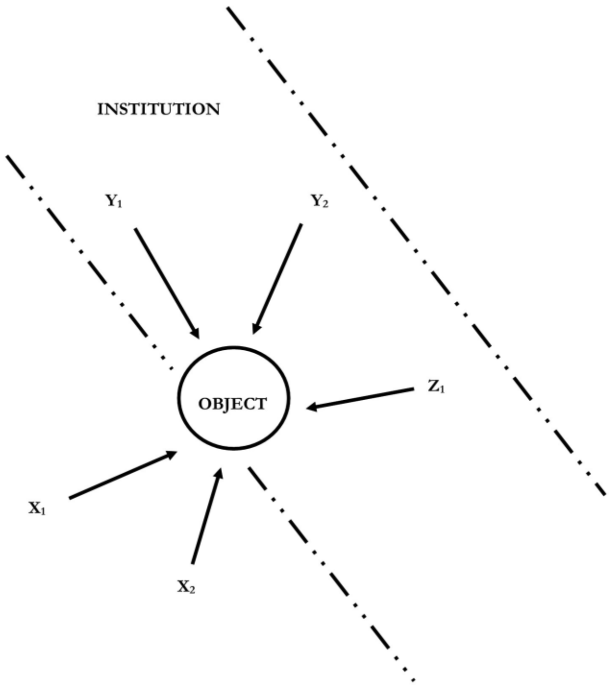

Figure 1. Adaptation of Corry's (2013) model of political structure.

also emphasized by critical approaches to the construction of political subjectivity, analyzing discursive practices amid institutional uncertainty allows scholars to account for novel institutional practices as well as correlative subjectivities. Just as novel institutional rules and practices may be specified through the dynamic process of problem-solving, so too may novel subject positions be defined and justified. Thus, while my theory of crisis highlights empirical moments in which institutional change and subject-production are likely, viewing discourse as a repertoire of ideas that grounds policy solutions and articulates political subjectivity bridges the institutional and governmentality literatures.

Visualizing the Model

To represent the process of crisis and collective problem-solving, I borrow and adapt a model political structure developed by Olaf Corry (2013). Corry's model of political structure specifies that objects of governance—for example, the climate and poverty—not only orient actors but also constitute their subjectivities in relation to the object. It is through collective reflection and action on objects of governance that subject positions are produced. Corry's focus on objects as the starting point in analyzing processes of global governance is partly intended to get away from institutional analysis, but I would argue that a notion of institutions, borrowed from Rebecca Abers and Margaret Keck (2013, 3) and defined simply as "common ways of doing things," may be useful in his model to show how actors within a public may be situated in different institutional settings. After all, it is not only objects that shape actor identities but also broader institutions that structure their actions and ways of seeing themselves. Thus, if objects orient a set of subjects—that is, actors who construct identities in relation to the object—constituting a public, then institutions as common ways of doing things should be broader guides or channels in which some of these actors are embedded. I depict the relations among objects, subjects, and institutions in figure 1.

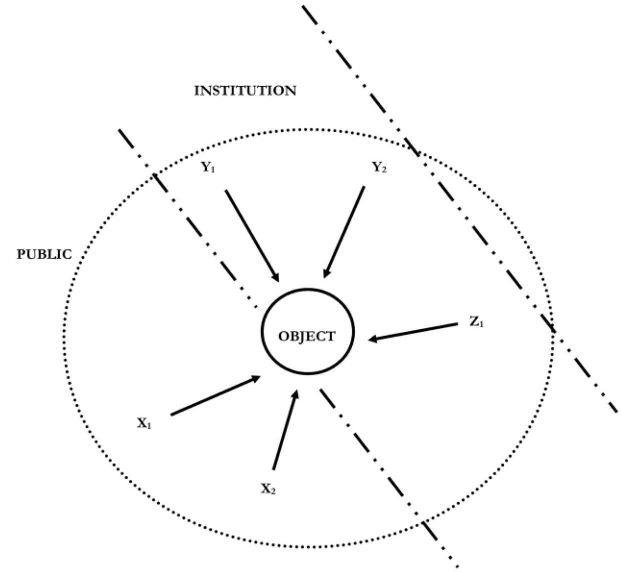

Figure 2. Relationship of public to object and institution.

Multiple objects may be "within" institutional settings, just as actors may be embedded within multiple institutions (Orren and Skowronek 2004, 108), but for the sake of simplicity, I theorize that an object orients a set of actors of which some but not all are embedded within an institutional context. Multiple actors may be oriented to an object such as "poverty" or "economic development," but not all public actors share the same institutional context (figure 2); for example, a grassroots, consciousness-raising organization may be oriented to "poverty" but not be situated within the same institutional context as the World Bank and International Monetary Fund. Some public actors are institutionally authorized and others are not, some recognize rules and norms of action—even as their practices may rub against or buttress these rules—while others are not within the institution (under analysis) and therefore have fundamentally different visions and ways of acting (Tsai 2006).

Crisis unfolds when political problems exceed institutional capacity and prompt deeper reflection on an institution, permitting a change both in institutions and in subjectivity. This happens in three ways. First, crisis comes about from the contradictions among multiple overlapping institutions, that is, "intercurrence" (Orren and Skowronek 2004, 108–18). The friction between synchronous and contradictory institutions offers the opportunity to fundamentally rethink an institution, leading to the possibility of institutional change and production of novel subjectivity. Second, exogenous shocks in the untheorized environment—that is, beyond a public oriented to a common object—can also offer possibilities of change. These critical junctures can produce institutional crisis depending on the resiliency of an institution. Finally, and most relevant to pragmatist and object-oriented perspective adopted here, crisis emerges from the political practices of public actors excluded from powerful institutions and converging with routine problems found within the institution. The power asymmetries between public actors inside and outside of institutions but oriented to the same object can result in problematization of an institution (Dewey 1954, 30–31). For example, in figure 1, X_1 and X_2 may demand to be recognized and heard at the same moment an institution faces first-order problems. In this case, sources of institutional change and subject-production are partly endogenous to the institution and partly exogenous but remain within the theorized public.

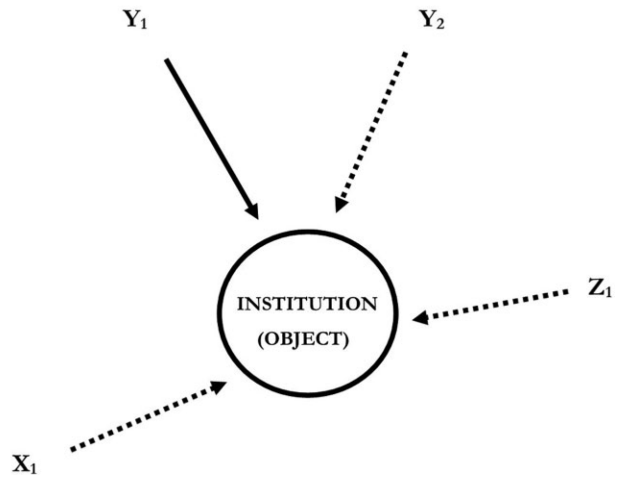

Figure 3. Reflecting on the problem of governance.

When crisis unfolds, an institution itself becomes an object of reflection that orients select institutional actors concerned with how to understand and respond to crisis. Typically, responses will be taken up by dominant institutional actors who collectively work to identify the contours of a problem and pose solutions to stabilize an institution. In this moment of uncertainty, they will likely not adhere to a singular normative or rational logic but experiment with different ideas and practices, discursively linking them together in a legible political rationale. As indicated in figure 3, powerful institutional actors (Y_1), in reflecting on larger problems of governance, become conscious of the views and interests of a larger public (X_1, Y_2, Z_1, etc.) that they explicitly or implicitly govern (Best and Gheciu 2014; Wiener 2018).

In the next section, I turn to using this model to understand the dynamics at the Bank. However, while it serves to analytically organize the Bank's turn to stakeholder participation, it has wider applicability to understanding change within global governance, which I discuss in the conclusion.

A Turn to Stakeholders: The World Bank and Participatory Development

I advance an alternative account of how the Bank turned to stakeholders in the 1990s, one that foregrounds systems managerial discourse in the process of solving an institutional crisis. In brief, my argument is that the coupling of public actors oriented to the object of economic development and policy failures in Bank lending converged in the 1980s, making the *institution* of international development finance a problematic object, or a second-order problem of governance. Crisis at the Bank was produced through the convergence of extra-institutional and institutional factors. However, social mobilization among public actors did not efficiently lead to stakeholder participation. Amid crisis, actors reflected on the institution of international development, experimented with alternative ways to approaching development, and drew from past knowledges to reconstitute institutional order along different lines. Specifically, the Bank defined the problem of international development as one of complexity and drew upon the logic of systems managerialism to pose stakeholder inclusion as a necessary solution. A discourse on managing complexity, drawn from systems managerialism, helped to not only shape the direction of institutional change but also articulate a novel subject of development governance—the stakeholder.

Stage One: A Developing Crisis

In the 1980s, several processes precipitated a second-order problem of governance or crisis within the institution of international development finance. Problems internal to the Bank, mobilizations among public actors outside of the *institution* of international development but oriented to the governance object of economic development, and macroeconomic instabilities in the global economy produced a sense of crisis, prompting sustained reflection on the institution itself. These problematic processes and events did not independently converge but were interconnected. As such, institutional crisis at the Bank was neither a singular nor an exogenous event but a configuration of processes that prompted sustained reflection on how the Bank should govern.

At a macroeconomic level, the 1973 oil crisis had significant repercussions connected to institutional crisis at the end of the 1980s. Ernest Stern—who as Vice-President of operations would push the Bank toward structural adjustment loans (SALs)—emphasized the challenge that the oil crisis presented to Southern economies, which included depressed commodity prices and declining terms of trade (Kraske, Galambos, and Milobsky 1995). According to Barbara Stallings (1987, 222–23), the rise in oil prices created surpluses for Organization of the Petroleum Exporting Countries (OPEC) countries, which were "largely deposited in the Eurocurrency market, thus providing an additional influx of funds to lending banks." In an internationalized capital market, lending to Latin America expanded throughout the 1970s despite excessive risk; even persisting after OPEC surpluses evaporated because of the importance of foreign loans for bank profits and fear of a balance of payment crisis (Stallings 1987, 223). The 1980s debt crisis was the consequence of Southern states having to service significant private and public debt as higher oil prices undermined demand for commodities (Marshall 2008, 40).

Among the immediate responses to macroeconomic instability was loan conditionality at the Bank (Mosley, Harrigan, and Toye 1995, 29). Throughout the first decades of its history, the Bank had few tools to inflect government policy with minimal effective leverage in project-based lending. After the oil shocks and declining international economic environment, Stern noted, "it was becoming increasingly clear that successful, sustainable projects required improvements in sectoral policies and the incentive framework," a premise that led to more emphasis on evaluation of projects, sectoral work, and "comprehensive reviews of country portfolio" (Kraske, Galambos, and Milobsky 1995, 24–25). "All these strands," Stern asserted, "contributed to [the Bank's] decision in 1978 to propose structural adjustment lending" (Kraske, Galambos, and Milobsky 1995, 25). In the two years after the 1973 oil shock, for instance, three East African countries were offered loans premised on domestic policy reforms (Mosley, Harrigan, and Toye 1995, 32). By the 1980s, SALs were important lending instruments.

By the end of the 1980s, however, it was evident that SALs were not leading to increased economic growth, especially in several African countries where experimentation with SALs was pronounced. Failure in generating growth through this governance tool meant that the object of economic development became a salient first-order problem. As Jacqueline Best (2014, 4) notes, the Bank was haunted by failure during the transition to a post-Cold War world. An indication of this failure was not only the massive 1987–1989 staff reorganization, in which the then

President Barber Conable restructured the organization in response to shareholder concerns, but also the demand for a Bank-wide portfolio review of *all* lending commitments in 1992, which became known as the Wapenhans report.

During the same period that global economic shocks were catalyzing interventionist policies, extra-institutional mobilizations of public actors increasingly targeted the Bank. Several movements, oriented to the shared object of economic development, were articulating alternative notions of development, emphasizing local control, empowerment of the poor and marginalized, and respect for environmental conditions. Such movements for popular participation and people-centered development came in many colors but often took aim at the Bank's SALs. For instance, ideas around "community participation," which was linked to anticolonial thought, converged with a broader movement demanding more opportunities for participation of people in political life and a transnational movement for including women in development (Midgley 1986, 18–21).

In addition to people-centered development, environmental actors were increasingly entangled with and therefore oriented to the object of economic development. The demand to protect the natural environment while advancing economic growth in the postcolonial world was institutionalized in principle during the 1972 UN Conference on the Human Environment. However, environmental concerns became a significant problem for the Bank when activists began mobilizing and putting direct pressure on the organization. Concern for the environment, according to Katherine Marshall (2008, 53), "was heavily shaped by protests against specific [Bank] projects, especially India's mammoth Narmada Dam" and those in the Brazilian Amazon.

Thus, a configuration of extra-institutional and institutional factors came together in the late 1980s: exogenous shocks in the economic environment catalyzed the use of interventionist lending instruments that not only failed to achieve economic development but also served as a target for those public actors interested in people-centered and ecologically sound development. Crisis did not precipitate from exogenous shocks or endogenous disruptions but from the configuration of extra-institutional and institutional factors (schematically depicted in figures 4 and 5).

There emerged, in other words, a second-order problem of governance, a problem not only concerned with stabilizing what economic development meant and how it could be managed but also posed questions about how to govern the very institution of international development finance. From an uncertain context, actors within (staff) and outside (NGOs, such as Bread for the World) the Bank set to work defining the problem of development and posing institutional solutions that would effectively govern a new complex of people and things. This reflective action took place in the Bank-wide portfolio review and a Learning Group on Participatory Development (LGPD). Contrary to those who might argue that social mobilization or the broader ideological environment can explain how participatory development emerged at the Bank, I argue that tracing the discursive elements that came to define participatory development in terms of stakeholder inclusion provides another story. Systems managerial ideas were important in articulating problems and posing creative solutions.

Stage Two: Systems Managerialism and the Turn to Stakeholders

Amid crisis, the Bank initiated two institutional processes in the early 1990s that led to formal policy on participatory development: a Bank-wide portfolio review of all its lending commitments (the Wapenhans report) and the LGPD. While the 1994 policy document on "participatory development" commits the Bank to stakeholder inclusion, the Wapenhans report is important in tracing how systems managerial ideas shaped discussions about participation. To be sure, broader structural and ideological changes brought on by the end of the Cold War cannot be ignored, but liberal and democratic ideas were creatively combined with and linked to systems managerialism. Thus, I foreground the role of systems managerial discourse through which the Bank defined the problem of development in terms of complexity and posed stakeholder participation as a necessary solution. While I tell the story chronologically, tracing how this language entered the Bank and was adopted at an infrastructural level, key to the story is how early ideas formed a discursive repertoire that actors used during the institutional crisis discussed above.

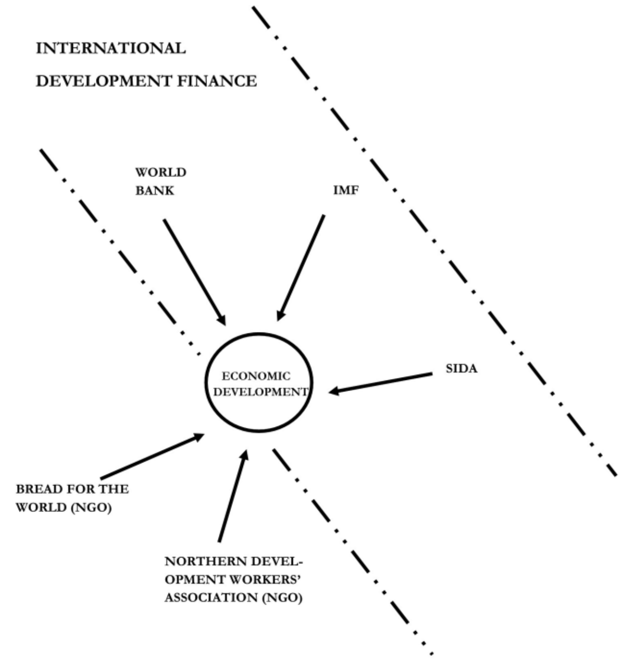

Figure 4. Simplified public oriented to economic development.

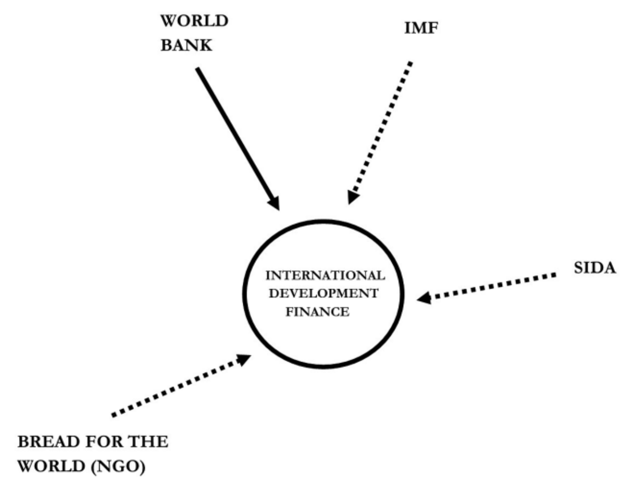

Figure 5. Second-order reflection on international development.

From Business Schools to the Bank: The Origins of Stakeholders

The contemporary meaning of the term, stakeholder, as well as techniques to identify and regulate stakeholders, is found in midcentury business managerial discourse. R. Edward Freeman's (2010, 31–33) history places its origins at the Stanford Research Institute (SRI), a research firm involved in corporate planning, in 1963. However, the idea that a corporation should be responsive to all those parties that were affected by—and therefore could affect—its activity was a key argument for managerial thought grounded in systems thinking. "Systems managerialism," as I refer to it here, posed the corporation as a complex system embedded in a dynamic environment. Under systems managerialism, short-term profits could not be the only purpose of the firm; instead, survival over the long term was predicated on managing the firm's turbulent environment, an environment constituted by parties that were affected by and therefore could affect the firm's activities—or, its stakeholders (Freeman 2010, 37). In other words, since internal and external parties (including customers, local environmental groups, lobbyists, government, workers, etc.) could impact business activity, conventional management models (e.g. Taylorism) would not be sustainable; instead, long-term survival of the firm under complexity required the recognition and, ultimately, the support of these stakeholders (Emery and Trist 1965; Ackoff 1970; 1974).

The logic of systems managerialism was introduced to the Bank by William E. Smith (2008), a management consultant, who used stakeholder analysis to advance rural development projects. Hired by the Bank in 1976, Smith (2008, 55) brought systems managerial techniques to international development discourse, influencing several working and discussion papers throughout the 1980s. In a 1980 document on rural development, Smith and two other Bank staffers argue that principles of systems managerialism are important to successfully managing all organizations (Smith, Lethem, and Thoolen 1980). Whereas organizational design had focused on structures and processes internal to an institution, "Bank projects…were increasingly concerned with ways to organize relationships *among a number* of individual agencies, each with its own purposes, to achieve jointly the project's broader developmental objectives" (Smith, Lethem, and Thoolen 1980, i). Because of this, the Bank had to go beyond relating its activities to its environment but "deal with the environment itself" (Smith, Lethem, and Thoolen 1980, i). Drawing from his mentor Russell Ackoff, an important systems managerial theorist, Smith et al. state the conceptual problem clearly: the "Machine Age," which tries to break a problem into its component parts and clearly analyze the overall structural relationship, has given away to the "Systems Age" where holistic or synthetic thinking is needed. That is:

> Our problems do not come in simple unitary entities; they come in huge clusters or 'messes.' The solution of any problem tends to give rise to a whole new sets of problems to be solved. …Synthetic thinking attempts to understand the problem of organization as a whole operating in complex interrelationship with its environment. (Smith, Lethem, and Thoolen 1980, 5)

Project success under conditions of complexity, in environments so "complex that simple cause-effect relationships are almost impossible to trace," depends not on "efficient arrangement of internal organization and resources but by an appropriate co-alignment with external agencies" (Smith, Lethem, and Thoolen 1980, 6). Smith, Lethem, and Thoolen (1980, 17) argue that rural development must not be planned in the abstract. Rather, the design of "complex projects" must be embedded within a political environment, responding and adapting to the relative power of various "stakeholders." In organizational design, there is a "*need for people to become involved* in and committed to what they undertake in the community" (Smith, Lethem, and Thoolen 1980, 6–7, emphasis in the original). This need, however, is premised on managerial necessities in a complex world rather than democratic or liberal commitments.

Smith trained hundreds of Bank officials in systems management principles, produced influential reports such as the 1980 document, and developed his own model of Appreciation, Influence, and Control (AIC) that would become a favored technique in the World Bank's 1996 *Sourcebook* on participatory methods (World Bank 1996, 185–86). Significantly, systems managerial ideas were important for how the Bank came to conceptualize "country commitment" in lending. In a 1986 document outlining the concept of country commitment, Richard Heaver and Arturo Israel (1986, 4) contend that commitment to development projects varies according to the character of the specific project, with "complex" and multilevel SALs proving most difficult given the various actors involved and diversity of interests. Citing the importance of Smith's 1980 report, Heaver and Israel (1986, 5) advance "stakeholder analysis," or identifying and responding to "key actors," as the primary technique by which to systematically assess and direct country commitment. This involves identifying individuals and groups in relation to how their position had the "power to influence program performance" (Heaver and Israel 1986, 4–5). Building country commitment, they argue, should involve workshops with relevant groups where "participants from all major and minor agencies and groups concerned with project implementation [can] build understanding of and commitment to the goals of the project" (Heaver and Israel 1986, 27). Like the 1980 Smith document on rural development, Heaver and Israel do not ground the idea of stakeholder participation in any normative commitments to democratic empowerment or liberal pluralism but in the logic of securing buy-in to manage complex projects.

Discussions of participation and stakeholder inclusion appear in other non-policy documents at the Bank in the 1980s, often connected to the discourse of complexity and systems thinking (Rasmussen and Batstone 1989). For instance, a working paper on the relationship between ecology and economics classifies different paradigms of thought to intervene in Bank discussions on environmental management. The author, Michael E. Colby (1989, 30–31), prefers an "eco-development" perspective that integrates ecological and environmental concerns. In outlining this paradigm, he cites several systems managerial theorists—including Hasan Ozbekhan, Fred Eemry, Russell Ackoff, and others—as evidence of the idea that "planning out to be embedded in the total environment of the systems being planned for, including all of the parties affected (stakeholders)" (Colby 1989, 24). He continues:

> In order to achieve improved conditions for both the system being directly planned for *and* its environment, global systems awareness must be coupled with local responsibility for action. This direct involvement of all concerned parties in the settings of goals, planning of means, and sharing accountability and benefits, is why decentralization is required, and what makes the process of 'planning' more effective. (Colby 1989, 24)

Colby concludes that as environmental concerns deepen, there may be "a more rapid evolution from Resource

Management to Eco-Development than it is politically expedient to advocate at this time" because, it would seem, the "co-evolutionary approach would require inclusion of all user groups, or stakeholders, in the development of future environmental management and development strategies" (Colby 1989, 30–31). Although Colby hints at political obstacles, an explicit commitment to more democratic governance is not his aim. Indeed, perhaps because of institutional rules preventing the Bank from engaging in politics, systems logic provides a creative solution whereby stakeholder participation is necessary for sound environmental management.

While the previous documents evidence ideas about stakeholder participation at the Bank, it would be a mistake to assign a primary causal agency to Smith as a "norm entrepreneur" (Florini 1996, 375) because this language was only assessed and adopted at a Bank-wide level—rather than in local experiments and working group papers—in the 1992 Bank-wide portfolio review, known as the Wapenhans report. I argue that only when there was a second-order problem of governance, only out of the period of institutional crisis discussed in the previous section, was there systematic reflection, discussion, and translation of these ideas into novel institutional practice and subjectivity. Thus, the significance of second-order problems and the set of processes leading to reflection on the institution of international development should not be dismissed. Crisis offered a moment in which systems managerial ideas could frame larger institutional changes. In tracking these ideas, I turn to two sites of institutional reform: the Wapenhans report and the LGPD.

Defining the Problem of Development: Complexity and Stakeholder Participation

Prior to the release of his report in September 1992, Willi Wapenhans, the then Vice-President of the Bank, had already voiced deep concerns about the management of Bank activities, questioning what information the Bank's financial statements revealed about the organization's performance. According to Wapenhans, financial statements accurately reflected the Bank's role as a lending institution but said nothing about the Bank's performance as an agent of development governance (Becker and Milobsky 1993, 2). "While McNamara," Wapenhans recalled, "had the foresight to begin the process of evaluating the Bank's effectiveness as a development institution with the creation of the Operations Evaluation Function…this had not developed to the point where we were in fact able to measure ourselves in terms of sustainable development" (Becker and Milobsky 1993, 3). Thus, the emerging crisis prompted second-order reflection on the institution of international development. These discussions were broader than understanding how best to achieve economic growth or eliminate poverty (first-order problems) but how to govern the object of international development.

The Wapenhans report (Wapenhans 1992, i) clearly documents a process of sustained reflection in the institution of international development, specifically acknowledging that the Bank is "a development institution" with "[i]ncreasingly ambitious goals and development priorities." Thus, what is needed is "constructive self-evaluation," an inquiry into how the Bank manages itself and others (Wapenhans 1992, i). The report advanced the claim that over the last decade, the history of the Bank's lending practices for development projects had failed: the number of "problem projects" nearly doubled between fiscal years 1979–1981 and 1989–1991, and success rates for post-project implementation declined from 87 to 65.7 percent (Wapenhans 1992, 4). The "volatility" of international markets "strongly affected" the portfolio (Wapenhans 1992, 5), but according to Wapenhans, the role of the Bank was precisely to guard against these macroeconomic forces and design programs that could adapt accordingly (Wapenhans 1992, 17–18, 32).

Ultimately, Wapenhans identified project factors as contributing to poor performance, setting the problem of international development in terms of managing complexity (Wapenhans 1992, 6). At all levels of project development, implementation, and evaluation, complexity is present:

> Project complexity cannot always be avoided and complex project designs may be the only appropriate instruments of change in specific sectoral and policy contexts. Nonetheless, project complexity—particularly organizational complexity—inevitably complicates project implementation. Many of the Bank's current practices generate complexity:
>
> - The number of *cofinanciers*…;
> - The number of project *components* or *disbursement categories*…;
> - The rapid introduction of various *programs of special emphasis* (the environment, women in development, poverty reduction, etc.)…There is no countervailing effort or incentive to make simplicity—in project designs and implementation plans—a specific goal;
> - Excessive reliance on *covenants* in legal documents…can increase the complexity of compliance, and complicate monitoring and reporting;
> - Project complexity can be compounded when implementing agencies do not systematically participate in loan/credit *negotiations* or are not properly briefed or trained in Bank requirements and procedures. (Wapenhans 1992, 8)

Importantly, problems of complexity were not only due to extra-institutional public actors making demands on Bank activities but also due to institutional factors: the Bank's own practices of conditionality and political intervention. In the 1980s, SALs emerged as a tool that could force what the Bank saw as necessary macroeconomic reforms within deteriorating international and domestic environments. Yet, it was precisely the practice of conditionality that generated complexity and, therefore, failures in achieving economic growth. SALs were geared to high-level reform, carrying with them high-level funding (Mosley, Harrigan, and Toye 1995, 43). The amount of funding positively correlated with the number of conditions, which were "spread out across a broad range of policy areas" including trade, public finance, price reform, and organizational changes; with average loan conditionality encompassing ten policy areas, each "SAL could have as many as one hundred separate policy conditions" (Mosley, Harrigan, and Toye 1995, 43). These lending instruments generated their own failure through the practice of conditionality by specifying too much, overburdening debtor states tasked with implementing these reforms and overburdening the Bank's evaluation and monitoring efforts.

In defining the second-order problem of development as one of complexity, the Wapenhans report announced institutional reforms, including managerial ideas around "stakeholder" participation. The report discusses changing the relationship between the Bank (as manager) and debtor states (as those managed) by bringing the latter into the process of program development and implementation through the language of stakeholder participation.

Specifically, the success of development programming will depend heavily upon country "commitment, built on stakeholder participation and local 'ownership'" (Wapenhans 1992, ii). Participation in development was not rendered in terms of popular involvement of the poor but country "ownership" through "stakeholder participation." As the report makes clear, dealing with the problem of project complexity and developmental failure could not be resolved by merely simplifying lending when possible; rather, in recognizing that complexity was inherent to the role of development agency (i.e., inherent to governance institutions), encouraging systematic country strategies and commitment would be necessary (Wapenhans 1992, ii, 6). This is a marked departure in governing practices: whereas technical advice and conditionality had long been integral to Bank lending, the Wapenhans report makes clear that dealing with "project complexity" is a matter of attending to and changing the relationship with debtor states and the "coalitions that sustain the project/program" (Wapenhans 1992, 8). "Bank leadership," to be sure, "is often indispensable, but if it is exerted through coercion rather than persuasion…the outcome is likely to be deficient ownership and poor implementation" (Wapenhans 1992, 8–9). Although it is not explicit which specific aspects of "Bank leadership" were "exerted through coercion," top-down conditionality is implied. The Wapenhans report makes clear that going forward, there need to be proper systems that integrate all aspects of pre-appraisal, negotiation, implementation, evaluation, and monitoring that includes relevant stakeholders, which involves borrowing countries to have a stake in the process. Although the practice of setting conditional loans did not shift, permitting some continuity in first-order governance of economic development, the relationship between governors and governed or the Bank and debtor states certainly did.

Three things are important about the Wapenhans report. One, it is a significant document to emerge out of the crisis that represents systematic reflection over the question of how the Bank could deal with problems facing international development, experimenting with prior institutional ideas and practices initially drawn from systems managerialism. Defining the problem as one of complexity and posing stakeholder participation as a solution align with midcentury systems managerialism. Two, although there is no language discussing systems thinking as the underlying political rationale, the link to systems managerialism is evidenced by the fact that the Wapenhans report cites prior working papers that informed its conclusions – the Heaver and Israel report being identified as a "key document" in preparations (Wapenhans 1992, i). The vocabulary of stakeholder participation to build country commitment is further evidence of this connection, demonstrating how prior ideas reemerged in response to institutional failures. Finally, because of its timing and prominent place at the Bank, the Wapenhans report shaped the 1994 outcome document of the LGPD wherein participatory development was defined through the participation of not only the poor but also all relevant stakeholders. That is, framing participatory development in terms of directly and indirectly affected parties, or stakeholders, was shaped by managerial discourse.

From the Poor to Stakeholders: Shaping Institutional Change, Producing Political Subjects

Between 1990 and 1994, the World Bank convened a LGPD to address the concerns raised by NGOs and other public actors. The members of the LGPD included not only internal staff but also several academics and NGO representatives from around the world, and the deliberative process was financially and intellectually supported by Swedish (SIDA) and German (GTZ) bilateral development agencies (World Bank 1992, 1). SIDA was an active constituency in the Bank's participatory efforts because its own policy had supported "popular participation" in the "planning, design, and implementation of rural development projects" since 1980 (World Bank 1994, 19). In fact, to the extent that they existed, participatory experiments in the Bank's regional offices were often made possible by SIDA funding (World Bank 1992, 2). Capitalizing on its "lack of a colonial past," Sweden's strategy of rural development placed equality at the center of development projects, presuming that "democratic development of society" must necessarily entail democratic forms of participation in the development process itself (World Bank 1992, 48–49). The Swedish drive toward democratic forms of "popular participation" certainly did not preclude a focus on economic growth and the efficient management of development projects, nor did it specify the extent of participation required across different projects, but SIDA's balanced valuation of economic growth *and* equality through democratic participation made it a critical learning resource for the LGPD (World Bank 1992, 55–56).

Thinking on popular participation in the LGPD circulated between "normative" concerns with empowering the poor and "instrumental" perspectives, but the imprint of SIDA's work was felt in the basic operating definitions of the LGPD's 1992 conference outcome document:

> For purposes of the Bank-wide learning exercise, we propose to define popular participation as a process by which people, especially disadvantaged people, influence decisions that affect them.
>
> The term "popular" refers not only to the absolute poor but also to a broader range of people who are disadvantaged in terms of wealth, education, ethnic group, or gender. "Participation" means influence on development decisions, not simply involvement in the implementation or benefits of a development activity, although those types of involvement are important and are encouraged by opportunities for influence. (World Bank 1992, 177)

The focus on disadvantaged groups and robust participation provided the basic orientation of the LGPD, although such democratic commitments were tempered and held in balance with the interests of other affected parties:

> While participation should involve all stakeholders, including official borrower representatives from central ministries, mid-level managers, line agency staff, interest groups such as nongovernmental organization (NGOs), local government representatives, and concerned people acting individually or collectively, special attention needs to be paid to women, indigenous people, and the very poor. A distinction is made between direct participation by affected people and indirect participation by other stakeholders. (World Bank 1992, 2)

Here, "stakeholders" are constituted by borrowing agencies, administrative experts, interest groups (including NGOs), and government, whereas "women, indigenous people, and the very poor" constitute a group deserving "special attention" (World Bank 1992, 2). Thus, there is a careful parsing of those disadvantaged groups *directly affected* from other indirect *stakeholders*, or a distinction between "direct participation by affected people" and "indirect participation by other stakeholders" (World Bank 1992, 2).

By 1994, the Bank's outcome document institutionalizing participatory development was markedly different from such cautious and at times ambiguous negotiation of democratic and instrumental rationales—a function of it being reviewed and altered by the Policy Review Committee of the Bank (World Bank 1994, 1). Rather than speaking of "popular participation," the 1994 policy document defines "participatory development" in terms of the management of all affected groups or stakeholders. Specifically, the document defines participatory development as "a process through which stakeholders influence and share control over development initiatives, and the decisions and resources which affect them" (World Bank 1994, i). Encouraging the "participation of a much wider range of stakeholders," the Bank affirms, is a necessary "business" practice to "improve and sustain its development efforts" (World Bank 1994, i). The six-point action plan developed in the document is, as a result, oriented toward proper management practices to improve programming: supporting governments that enable participation within client countries; allowing regional offices to share responsibility with government and "a wider range of stakeholders;" tying lending to the identification of relevant stakeholders and their possible paths for participation; training staff in "participation-related" programs; allocating resources to mainstreaming participation; and institutionalizing networks of learning and collaboration among staff (World Bank 1994, i).

Although there is no direct citation to the Wapenhans report in defining stakeholder participation, the 1994 document maintains that the LGPD's work had been influenced by "many initiatives inside and outside the Bank," including the Portfolio Management Task Force that produced the Wapenhans report (World Bank 1994, 1). Moreover, the discursive ties between the two are clear: the 1994 outcome document links country "commitment" and "ownership"—important mechanisms to manage complex projects in the Wapenhans report—to "stakeholder" participation. Specifically, the main findings of the LGPD note that participation not only improves "the quality, effectiveness and sustainability of projects" but also strengthens "ownership and commitment of government and stakeholders" (World Bank 1994, 1). Given that "the Bank interacts primarily with governments," the outcome document argues that it must work with them to "enhance their ownership of development projects – including through involving relevant stakeholders in policy development and implementation" (World Bank 1994, 2). Such connections between ownership and stakeholders are repeated throughout the document (World Bank 1994, 5–6, 14, 15, 22). That said, the outcome document does discuss "empowerment" and acknowledge the ways in which bilateral agencies are interested in building "democratic environments" (World Bank 1994, 20), but the Bank's mandate does not support political interventions. Thus, although there is a recognition that the poor and marginalized need to be included (World Bank 1994, 29), *stakeholder* participation is posed as a creative solution to the limits of institutional rules, one that resonates with democratic and neoliberal ideas but grounded in managerialism.

Systems managerialism shaped institutional change, advancing stakeholder participation as necessary to reconstitute order in a moment of crisis. However, the process of collective problem-solving also evidences the production of a novel political subjectivity with which actors, oriented to the object of international development, came to identify. That is, the outcome of collective deliberations was not simply new policy commitments, begrudgingly accepted by vying constituencies (e.g., neoclassical economists, government officials, NGOs), but also the articulation of a subject position—indeed, a new subject of governance—through which the said constituencies began to define themselves and others.

Consider how some members within the LGPD push back against the recommendations set out in the 1994 Bank document. In the addendum to the report, dissatisfied members of the LGPD commend steps toward a participatory ethic but argue that the Bank requires transformational rather than merely instrumental mechanisms of empowered participation (World Bank 1994, Annex VI, 6). Fearing the Bank's shift to participatory development would only involve stakeholder consultations to make project implementation "work," the addendum claims that providing opportunities for local stakeholder *decision-making* was paramount (World Bank 1994, Annex VI, 6). Mechanisms specifying shared decision-making and collaboration are what distinguish participation among *key* "stakeholders" (i.e., the poor) from mere social "marketing" of Bank projects (World Bank 1994, Annex VI, 5–6). What is significant about this detraction is that even while LGPD members reject aspects of the managerial language used in defining participatory development, even as they worry about the extent to which marginalized communities will have a real voice in development, they nonetheless affirm the category of "stakeholder" as consistent with democratic empowerment of the poor. They accept and amplify the logic of stakeholder inclusion, even as they contest who should count as primary participants.

The participatory turn at the Bank, then, was not only a shift in institutional policy but also the production of political subjectivity with consequences for participatory politics. Through systems managerial ideas and practices, there was an epistemological rethinking of the object of international development—how it should be organized and, significantly, *who* should be included. Institutional change was accompanied by subject-production—or more accurately, institutional change was *accomplished through* the production of the stakeholder, through defining and elaborating the affected party whose buy-in was needed to manage complexity. Therefore, I argue that the process of institutional change and the production of political subjectivity were necessarily entangled and, as such, understanding both outcomes allows us to arrive at something missed by other accounts: in the process of institutional change, power was exercised in the production of a new subject, an authorized agent within international development.

The Rise of Stakeholders in Global Governance

The model presented here, grounded in pragmatist political theory and object-oriented IR, foregrounds scientific ideas and discursive practices in shaping institutional change around the subject of the stakeholder at the Bank. By focusing on a two-stage process that emphasizes (1) crisis, where institutions become governance objects, and (2) collective problem-solving, where discursive elements are creatively advanced to define and solve problems, this model captures dynamics that are missed in the existing literature. Although discussions of participatory development involved neoliberal arguments around securing competitive markets (Picciotto 1992, 8–10) and democratic impulses for emancipatory politics (World Bank 1994, Foreword), tracing the discourse at the Bank through the 1980s demonstrates how defining participatory development as stakeholder participation was linked to systems managerial solutions to complexity.

While my argument pertains to dynamics at the World Bank, there are three larger contributions for the study of global governance. First, the discursive approach adopted here aligns with a pragmatist notion of creative social action, posing discourse not as a fixed structure constituting practices but as a heterogeneous set of tools that simultaneously shape actors while being shaped by them. Analyzing discourse in this way allows for the kind of bridge building between institutionalist and governmentality approaches, which are important frameworks in the literature on participation at the Bank as well as other areas of global governance. Second, the model can be applied elsewhere as a useful heuristic. While Corry's (2013) model provides a robust theory of international political structure, the adapted version presented above can organize accounts of political change. Taking an object-oriented approach is useful in theorizing crisis differently and making a distinction between first- and second-order problems of governance, the latter of which prompts general collective reflection on how to govern, how to arrange people and things toward concrete ends. As such, they signal moments in which both institutional change and the production of novel subjectivity are likely. Because such moments involve more general reflection on governance itself, we are likely to find efforts to develop new practices as well as rationales for who should be authorized agents of governance. Thus, applying this model elsewhere can grasp similar dynamics with respect to other governance objects. Moreover, further work can examine how processes set off by second-order problems shape the politics of first-order governance objects. For instance, in the case of the Bank, "faith" in governance tools such as SALs continued after the crisis despite evidence of failure to achieve economic development (Weaver 2008, 83). Rather than jettison these complex instruments, stakeholder participation along with "country ownership" and "good governance" became new ways of constructing the object of economic development that also permitted the *continuation* of neoliberal policies.

Finally, treating "the stakeholder" as a distinct category of political agency provides leverage in broader processes shaping global governance concerning the rise of nonstate or private actors (Haufler, 2009; Tallberg, Sommerer, and Squatrito 2013; Green 2014). Stakeholder or multistakeholder initiatives are widely studied in specific issue areas (Bäckstrand 2006b; DeNardis 2014; McKeon 2017) and normatively defended as approximating global democracy (Macdonald 2008), but there is little work that investigates the underpinnings of "the stakeholder"—where it came from and how international organizations and institutions came to converge on stakeholder participation as *the* mechanism for participatory global governance. Focusing on changing discourse at the Bank and tracing systems managerial ideas from the corporate world to international development provides part of this story. Dynamics at the Bank demonstrate how outside of neoliberal ideologies, democratic mobilizations, or functional self-interest, systems managerial discourse has shaped governance of concrete problems and informed the institutional practices of international development. That the subject of the stakeholder orients participatory experiments in global governance necessitates further attention.

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