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Global Competition, Uneven and Combined Development, and Regulatory Reforms: a critical analysis of the World Bank's Doing Business ranking

Competição Global, Desenvolvimento Desigual e Combinado e Reformas Regulatórias: uma análise crítica do ranking Doing Business do Banco Mundial

Tiago Matos dos Santos[1]

[1]Universidade Federal da Bahia (UFBA) | Centro Universitário Jorge Amado (Unijorge), Bahia, Salvador, Brasil. **E-mail**: tiagoms@ufba.br **ORCID**: https://orcid.org/0000-0002-4543-8706

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ABSTRACT

In the last 30 years, performance indicators such as international rankings have gained relevance and influence in Global Development Governance. Mostly hosted by organizations from the North, these instruments have been noted for their ability to shape the behavior of states and induce reforms in a variety of areas. In this article, I focus on the World Bank Doing Business (DB) ranking, a tool responsible for inducing thousands of reforms in the regulatory environment of several economies in the South. Drawing on the Uneven and Combined Development (U&CD) approach, I analyze the origins, functioning and contradictions surrounding this tool. I argue that, while promoting a development perspective based on the neoliberal paradigm of deregulation and global competition, the Doing Business suggests a poor and ahistorical view of the International, which is also incapable of recognizing the nature of the inequality between central and peripheral states under global capitalism.

Key-words: Doing Business. Uneven and Combined Development. World Bank.

RESUMO

Nos últimos 30 anos, indicadores de desempenho como os rankings internacionais ganharam relevância e influência na governança Global do Desenvolvimento. Majoritariamente hospedados por organizações do Norte, esses instrumentos são notórios por sua capacidade de influir no comportamento de Estados e por introduzir reformas em um conjunto de áreas. Neste artigo, eu foco no ranking Doing Business do Banco Mundial, uma ferramenta responsável por induzir milhares de reformas no ambiente regulatório de diversas economias do Sul. Baseado em conceitos da abordagem do Desenvolvimento Desigual e Combinado, eu analiso as origens, funcionamento e contradições desta ferramenta. Eu argumento que, enquanto promove uma perspectiva de desenvolvimento baseada no paradigma neoliberal da desregulação e competição global, o Doing Business endossa uma visão pouco complexa e ahistórica do Internacional, a qual também é incapaz de reconhecer a natureza da desigualdade entre Estados centrais e periféricos no capitalismo global.

Palavras-chave: Doing Business. Desenvolvimento Desigual e Combinado. Banco Mundial.

INTRODUCTION

Over the past 30 years, the world has experienced a profusion of tools and metrics for monitoring and comparing the performance of a broad set of public and private actors. These transnational practices became known especially by the term *benchmarking* (Broome and Quirk, 2015, P.819). However, when these same benchmarks start to classify, rank and categorize actions and policies specifically promoted by public actors, such as States, they are also known as Global Performance Indicators (IGDs) (Kelley and Simmons, 2019)[2].

There are three main theses on the emergence of Global Performance Indicators. The first associates its boom with changes in the global development agenda, which began to incorporate new actors, themes, paradigms, and new practices in the production of global consensus (Kelley and Simmons, 2019, p.4). The second points to the so-called "neoliberal turn", understanding the popularization of benchmarks as part of the process of emergence of auditing firms in the 1980s and NGOs as governance actors (BROOME and QUIRK, 2015, p.820). Finally, the third factor is usually the object of consensus among authors: it is the technological factor. The advancement of communication and information technologies has tremendously facilitated the capacity for collection, production, and dissemination on States and their actions on an unimaginable scale and volume (KELLEY AND SIMMONS, 2019, p.4).

Rankings are one of the most widespread forms of IDGs. Over the past few decades, they have grown enormously in number and variety of themes (Cooley, 2015; N. Bhuta *et al*. 2018; Beaumont and Town, 2021). Their main characteristic is to promote the ordinal and relational classification of a State (or other actor) in relation to its peers, congratulating or stigmatizing them according to their performance *vis-à-vis* other units, or in the face of a pre-established model of governance in each area or theme (Schueth, 2015, p.152).

Most of the main international rankings are formulated by institutions hosted in central countries and their main concerns are to stimulate reforms in the political environments of States or to draw the attention of the international community to certain agendas, such as human rights, corruption, development, food security, education, inequality, etc. (Kelley and Simmons, 2019).

One of the most well-known *rankings* in the field of Development is Doing Business, a World Bank project that ran until September 2021. With wide dissemination among private investors, international donors, governments and media circles, the ranking, focused on monitoring the rules, norms and procedures that regulate the business environment of each country, has become the spearhead of a series of reforms introduced in the economies of the capitalist periphery over the first two decades of the 21st century.

In this essay, I depart from the assumption developed by Wood (2002, p.28) according to whom the current phase of globalization of capital is independent of imperial forms of expansion but is increasingly based on the role played by certain actors and institutions of the global political economy to ensure its territorialization among states.

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[2] Among the Global Performance Indicators is the practice of Rating, which deals with the attribution of a value equivalent to the performance of the State or unit observed regardless of the relationship with similar units. In this category there is the case of credit ratings operated by specialized agencies that operate in large financial centers, such as S&P Global Rating, Moody's and Fitch Group.

> "Globalization has moved beyond earlier forms of imperialism. Not only have the economic imperatives of capitalism extended into every corner of the world, but new means have been found to implant them without the direct application of military force or political subordination: from 'structural adjustment' to disciplines imposed by capital lenders and speculators." (Wood, 2002, p.28)

In this sense, I argue that *benchmarks* such as Doing Business precisely serve the purpose of assisting in the expansion of the operational space of the global capitalist economy insofar as they stimulate a form of interstate competition anchored in the (neo)liberal imperative of deregulation of national economies. In this dynamic, which responds to the inherently expansionist character of the capitalist system (Green, 2012, p.85; Denemark, 2021, p.331), the incorporation of new spaces into the sphere of mercantile relations of accumulation has as its central focus the role of Nation States (Wood, 2002), which is reflected, in the case of Doing Business, in its focus on promoting changes in the regulatory environment of each country.

To help in the understanding of how the project worked, to unveil its logic and expose its contradictions, I resort to the contribution of the *Uneven and Combined Development Theory (U & CD*) approach as elaborated by Trotsky and recovered by Marxist theorists of International Relations (Alinson and Anievas, 2009; Rosenberg, 2010; Gleen, 2012; Antunes De Oliveira and Germann, 2023). Based on some of its central assumptions and the critical way in which it reads the international system, I seek to show that Doing Business was based on a problematic and uncomplex interpretation of the international system in many ways. In the article I argue that the project was blind to the conflicts and contradictions that marked the competition of the Southern States for better positions in their own rankings. Besides this, I show that despite the proclaimed idea of "Development", the Doing Business ranking did nothing more than produce niches of legal and procedural innovation which, despite the flow of private investment that they are capable of influencing, are not capable of changing the structural condition of these countries in the global political economy, but rather reinforce their "combined" character.

UNEVEN AND COMBINED DEVELOPMENT AND THE COMPETITIVE DYNAMICS OF CAPITALISM

The concept of Uneven and Combined Development (U&CD) has its origins in the analyses of the Marxist and militant theorist, Leon Trotsky (1879-1940)[3]. The People's Commissar during the Bolshevik Revolution elaborated this theoretical effort with a view to explaining how the domestic factors that converged on the outbreak of the communist revolution in an agrarian country such as Russia in 1917 could be understood in the light of a process of 'intersocietal' historical development (Rosenberg, 2010)[4].

Trotsky's thesis proposed that intersocietal competition was a transhistorical phenomenon common to the various temporalities of human societies, that is, a 'law' shaped national formation (Allinson and Anievas, 2009). Trotsky understood that throughout history, the forms of production

[4] Such a state position would correspond to what in some states is equivalent to the office of Chancellor or Minister of Foreign Affairs.

Santos, T. M.
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and means of development in each society had the trend to produce differentiation among them. These differentiations created inter-societal hierarchies and, therefore, relations of domination and subordination.

For Trotsky, the competitive and conflictual character of historical development intensified with the emergence of capitalism in the seventeenth century. Given the expansionist nature of the process of capital accumulation, new and more territories passed into the sphere of intersocietal competition, which in turn would shape domestic material and cultural conditions. In Trotsky's own words:

> In contrast to the economic systems which preceded it, capitalism inherently and constantly aims at economic expansion, at the penetration of new territories, the surmounting of economic differences, the conversion of self-sufficient provincial and national economies into a system of financial interrelationships [...] (Trotsky, 1936, p.19 *apud* Allinson and Anievas, 2009).

Critically analyzing Trotsky's work, some authors (Davidson, 2006, p.19; Allinson and Anievas 2009, p.56; Gleen, 2012, p.77) observe that the capitalist tendency to intensify intersocietal competition and, thus, accentuate inequality as a law of development, operates both at the level of vertical relations – such as in the disputes between capital and labor – and at the horizontal level, that is, in what concerns the disputes between individual capitals, sectors of the economy, dependent states, and between imperialist powers (interimperial rivalry).

The importance attributed to capitalism within the U&CD approach is explained by the way in which this system has contributed to the configuration of the hierarchies of the international order. Since the unfolding of the cumulative process presupposes the irregular distribution and concentration of capacities in some regions to the detriment of others through the economic dominance exercised in terms of investment, innovation and productivity capacity (Callinicos, 2010), inequality would here be an ontological element of the very idea of "international".

The U&CD thesis currently assumes particular importance for the Marxist contribution to International Relations, especially for the debate on the nature of the international. In the interpretation of authors who are inspired by U&CD, more than abstract notions such as "anarchy", it is the ever-constant inequalities in terms of development, territorial size, geographical scale, historical formations and the ecological environment of each national unit that will define the primordial foundation of what lies between them: an intrinsic hierarchy – the international (Rosenberg, 2010, p.167).

Based on this premise, the U&CD thesis will also make considerations about the process of "national" formation as directly resulting from the hierarchies that interpose themselves in the competitive relationship of each society in the face of factors that are external to them, that is, as intimately resulting from the interactions and dynamics of the International. In this way, it is possible to say that, based on the thesis of Uneven and Combined Development, the international shapes the National and vice versa. In other words, the configuration of national economies is as much a result of the way they interact with the global economy as it is of their intrinsic characteristics and capabilities.

This facet allows U&CD to add complexity and a dialectical character to the relationship between the national and the international. In this case, instead of taking societal development as a given, derived exclusively from ontological singularities, these authors will look at these formations as resulting from an evolutionary process, cumulative and intoxicated with endogenous and exogenous factors. This is equivalent to saying that the international is less about a confrontation of units with predetermined identities, but about an environment markedly composed of multiplicity, interactivity and multilinerarity (Gleen, 2012, p.78).

This explains why Trotsky understood that the material conditions that made possible the emergence of Revolutionary Russia were a direct result of the constant competitive pressure suffered by the country vis-à-vis the more advanced economies that surrounded it. For Trotsky any theoretical effort that sought to explain a country international position and its historical experience exclusively based on domestic infrastructural or superstructural elements would inevitably be insufficient.

In this sense, the characterization of the "National" as the result of interactions with the "International" means that the thesis of Uneven and Combined Development is posed as an alternative to the *mainstream* views of IR, especially Neorealism, which tends to endorse the so-called "methodological nationalism" (Rosenberg, 2012, p.4; Alisson and Anievas, 2009, p.49). The methodological nationalism, Söyler (2023, p.34) explains, describes a way of conceptualizing societies as isolated, self-contained units of analysis, in which the possibilities of social change are usually only glimpsed within the limits of their own context and domestic social factors, with external variables, in this case, having little or no influence.

To understand another central aspect of the Trotskyist thesis of development, its "combined" aspect, it is necessary to point out to the influence that some debates had on its formulations, especially those around the theories of the "advantages of backwardness", which became popular during the period of its intellectual production. The detailed analysis of the different experiences of development in Europe and the rest of the world led Trotsky not only to recognize the empirical value of the backwardness thesis, but also made him add elements of critical analysis to it. As he says: “The privilege of historic backwardness – and such a privilege exists – permits, or rather compels, the adoption of whatever is ready in advance of any specified date, skipping a whole series of intermediate stages' (Trotsky 1977, p.27 *apud* Davidson, 2006, p.21).

While he understood that the adoption of techniques and forms of production incorporated from more advanced economies had been a decisive factor for countries such as Germany, Scotland and Japan to make technological leaps and reach levels of capitalist development close to those of England, in a much shorter period of time than the latter, Trotsky

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also inquired about the limits of this dynamic based on the failure of other great nations, such as India and China. The resulting reflections added important theoretical layers to the thesis of uneven development.

The explanation that followed sought to highlight to key factors that define the developmental experiences of Eastern countries compared to their Western counterparts: 1) each was structurally constrained by imperialism; 2) both China and India have not fully developed the economic, social, and political institutions required to align with advanced capitalist economies. Consequently, the incomplete integration of elements from the developmental experiences of core economies has led to a unique, albeit truncated, form of development that blends aspects of both the old and new socio-economic orders. Trotsky referred to this phenomenon as the "Combined" law of development.[5]

The concept of "combined" thus serves to enhance the law of uneven development by integrating elements into the analysis of national formation that may appear disconnected from theories that perceive development as a linear process. Such theories often categorize certain factors as "deviations" or "contradictions," which is notably evident in Modernization Theory. This viewpoint has faced substantial criticism from other Marxist scholars, notably those associated with World System and Dependency Theory, including Immanuel Wallerstein (1974) and Vania Bambirra (1978). This aspect relates to how development is understood within the U&CD framework, which views it "as a historical construction, resulting from the interplay of international pressures and opportunities, along with class struggles occurring in diverse geographical areas and historical contexts" (Antunes de Oliveira and Germann, 2023, p. 8).

In this manner, the introduction of techniques, organizational structures, and ideas from advanced capitalist societies, when interacting with the unique characteristics of the local socio-historical context, would generate genuine hybrid models of development rather than merely "deviant" forms (BARKER, 2006, p.74). This developmental perspective within the U&CD framework is based on the assumption that capitalism would not only exacerbate inequalities between nations but would also give rise to its own institutions, which emerge from a blend of various historical timelines (DAVISON, 2006, p.22). In essence, this combination is regarded as a universal element inherent to the developmental process of capitalist forces, resulting from the "interpenetration and interactivity of all social development" (ROSENBERG, 2006, p.320).

Analyzing the contributions of the Uneven and Combined Development thesis so far, we are confronted with some useful lessons to investigate perspectives and mechanisms for promoting capitalist development in contemporary times. First: 1) the international order is intrinsically unequal. This inequality projects the very condition of anarchy that gives vent to power relations in the international space (relations of domination and subordination between states). In this process, capitalism, as an expansionist economic system, feeds back and stimulates

[5] Marxist theorists who came to similar conclusions, such as Antonio Gramsci (1891-1937), called this process the "Passive Revolution

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interaction and competition as a means of maintaining or overcoming relations of domination/subordination at the international level, while incorporating more territories into this unified logic (Wood, 2002; Söyler, 2023, p.35).

The original and creative character of the concepts linked to the Theory of Uneven and Combined Development, as seen here, explains their resurgence in the debate of contemporary international political economy among IR scholars, especially among those authors interested in presenting critical alternatives for the interpretation of recent phenomena, such as the projection of the model of accumulation and China's insertion in globalization (A'zami and Liu, 2020; Söyler, 2023, p.37; Antunes de Oliveira and Germann, 2023, p.11).

In the next section, by taking an empirical leap, I present one of the development platforms promoted at the beginning of the twenty-first century: the World Bank's Doing Business ranking. I will discuss its origins, functioning, and contradictions, and then analyze how the initiative can be understood through the lens of Uneven and Combined Development.

THE DOING BUSINESS RANKING: ORIGINS, OPERATION AND CLOSURE

In 2003 the World Bank published a report which, a few years later, would also become one of the most influential rankings in the field of Development: The Ease of Doing Business project (here referred to by the acronym DB). The objective of the report was to assess the regulatory environment of each of the 191 states listed based on parameters that measured the costs and time to do business based on data on ten areas corresponding to a range of field and steps that could affect a business to "flourish". These areas are described in table 1.

Table 1 - Topics covered by the Doing Business Report and Ranking

1. *Starting a Business*
2. *Dealing with Construction Permits*
3. *Getting Electricity*
4. *Registering Property*
5. *Getting Credit*
6. *Protecting Minority Investors*
7. *Paying Taxes*
8. *Trading across Borders*
9. *Enforcing Contracts*
10. *Resolving Insolvency*

Source: World Bank (2018). *Own elaboration*.

The project's repertoire reflected some of the postulates of the so-called New Institutional Economics (NIE), a doctrine that began to enjoy enormous influence among World Bank economists in the second half of the 1990s (Burki and Perry, 1998). In this approach, the emphasis is placed on the institutional environment and its centrality to economic development, which would include both formal laws and regulations, but also social norms, cultural practices, and the public's capacity to enforce the rules of the game. The emergence of the NIE, particularly inspired by theorists such as Douglas North (2000), prompted self-criticism within the World Bank and shifted attention from macroeconomic stability (the focus of Structural Adjustment reforms) to the so-called "transactional costs", seen as the main obstacles to the development of peripheral economies. Since "...transactional costs would be incredibly high..." (North, 2000, P.39) in developing economies, it was necessary to redirect attention to elements such as constitutional arrangements, laws, state agencies, and social and cultural norms of each country, as these would be responsible for shaping the economic behavior of states (Cameron, 2004, p.99).

These ideas inspired Harvard economist Simeon Djankov, who led the creation of the Doing Business project. First established as an annual report, the DB was soon turned into a ranking by Djankov's team. The idea behind such a transformation was clear: more than a simple informational tool, they aimed at turning the project into a stimulus mechanism for deregulatory reforms in states – without resorting necessarily on coercive and politically exhausting macroeconomic interventions as done by both the Bank and the IMF two decades earlier through SAPS. Reinforcing its deliberate willingness to transform the nature and utility of the project, Djankov explains the relationship between the ranking and reforms as follows:

> The main advantage of showing a single rank: it is easily understood by politicians, journalists, and development experts and therefore created pressure to reform. As in sports, once you start keeping score everyone wants to win. (Djankov et al., 2005, apud Dosh *et al*., 2019).

The diffusion of the NIE perspectives that associated the reduction of regulatory mechanisms and processes with better performance in attracting investments and, consequently, in promoting development, led dozens of countries to compete for better relative positions in the *ranking*, which now has immediate repercussions and effectiveness. Between 2005 and 2021, the World Bank have influenced more than 3,800 regulatory reforms focused on business environments globally. Between 2018 and May 2019 alone, 114 countries promoted nearly 300 deregulation reforms (Doing Business, 2021).

The form of induction to competition promoted by the ranking operated from two main mechanisms: by 1. Awarding – sometimes literally – prizes to the best placed or those who were most aggressively engaged in reforms;[6] and through 2. Shameful exposure (shaming) of

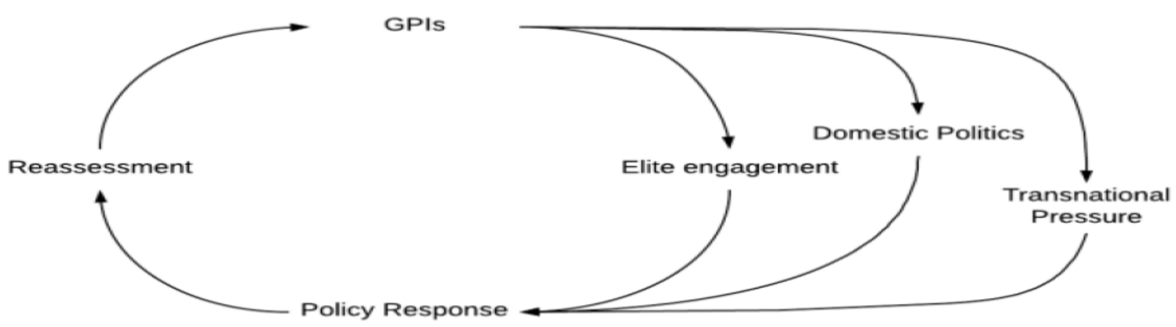
[6] The institution even created the "Top Reformer Award", an award that aimed to consecrate the heads of government responsible achieving the highest number of positions in a single fiscal year through the promotion of ranking-related reforms.

underperforming states or those opposed to the very existence of the benchmarking tool. However, the coercive basis of the instrument went far beyond the simple publicization of low performance by the countries evaluated. Kelley and Simmons (2019) analyzed the functioning of the competitive logic established by the ranking, listing the elements and actors that gave it meaning. In the epicenter of all this are transnational investors: capitalists who would theoretically allocate resources in national economies based on their respective performance in business indicators.

In various reports, the World Bank identifies investors as the ultimate beneficiaries of reforms to be implemented by states. The organization aims to establish a causal relationship between the implementation of deregulation and facilitation reforms and the attraction of foreign direct investment. In its 2006 report, the Bank stated that even simple reforms, promoted through administrative acts, could have a great impact on attracting global capitalists: "Small as these initial reforms may be, they can attract investors who seek the growth opportunities that will follow." (World Bank, 2007, p.2). In the 2010 report, the Bank went on to insist that the regulatory environment of reform countries used to have higher levels of attractiveness for investors/companies than those less engaged in reforms, bringing the comparison between the United Kingdom and Germany: "Before Germany's reform, several thousand of its companies chose to register in the United Kingdom, attracted by their cheaper and simpler start-up processes." (World Bank, 2009, p.15).

The reform mechanisms set by the World Bank through its Doing Business initiative place transnational investors at the heart of decision-making processes. However, the influence of these actors is not the sole factor at play. According to Kelley and Simmons (2019), the international competitive pressure exerted by transnational capital interacts with organized pressure from domestic actors, including members of the elite and political class. These groups, motivated by their own class interests, also aim to sway the political responses of the State, particularly in light of how their standings in the rankings are publicized. This dynamic is illustrated in figure 01.

Figure 1 - Cycle of competitive pressure exerted by Global Performance indicators such as the Doing Business



Source: Kelley and Simmons (2019).

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The combination of both external and internal pressure exercised by different actors and interests on behalf of the Doing Business regulatory reforms has had great influence in shaping State administrative structure. As can be inferred from table 02, since the release of the Doing Business Ranking, several countries have modified their governance structures to accommodate their own regulatory reform committees specialized in the parameters of the Doing Business (Dosh et al, 2019).

Table 2 - Countries with reform committees using DB data - by region.

Region	Countries
East & Southeast Asia	Indonesia, Republic of Korea, Malaysia, Philippines, Sri Lanka.
Middle East & North Africa	Algeria, Kuwait, Morocco, Saudi Arabia, United Arab Emirates.
Europe and Central Asia	Azerbaijan, Croatia, Czech Republic, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Macedonia, Moldova, Montenegro, Poland, Russia, Tajikistan, Ukraine, United Kingdom and Uzbekistan.
Sub-Saharan Africa	Botswana, Burundi, Central African Republic, Comoros, Rep. D. Congo, Republic of Congo, Côte d'Ivoire, Guinea, Kenya, Liberia, Malawi, Mali, Nigeria, Rwanda, Sierra Leone, Togo, and Zambia.
Latin America	Chile, Colombia, Costa Rica, Dominican Republic, Guatemala, Mexico, Panama and Peru.

Source: Own elaboration based on DOSH *et al.* (2019, p.37).

Table 2 indicates that, with a few exceptions, the majority of states embracing modernization based on deregulation principles, as outlined in the ranking, are predominantly low-income countries from Africa and former Soviet socialist republics. For instance, in Georgia, which is notably committed to the Doing Business initiative, the adoption of these ranking principles extended beyond their practical aim of attracting foreign direct investment (FDI). It also represented a broader commitment to the liberal order and the Western worldview promoted by post-war institutions (Cooley, 2015). Conversely, the implications of the ranking have significantly impacted countries reliant on foreign development assistance, as international donors and agencies, including USAID, utilize it to guide their financial allocation decisions concerning international aid (Schueth, 2015; Broome, 2021; McHugh-Russell, 2022).

The impact and influence of the Doing Business ranking on shaping competition for deregulated business environments was broad and almost unrestricted. In addition to former Soviet satellites and aid-dependent countries, the ranking also influenced the engagement of countries such as Brazil, Russia and China. In the case of Russia and Brazil, both Vladimir Putin and former President Jair Bolsonaro promised to reach 50th in the ranking by the end of their terms (Cooley, 2015, p.2; Government of Brazil, 2021), while China was at the epicenter of the latest

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scandal that culminated in the cancelation of the Doing Business itself, in September 2021 (Mariotti, 2021).

The closure of the ranking took place after a series of accumulated criticisms and contradictions pointed out especially by civil society. The main one was that Doing Business promoted the so-called "*race to the bottom*", that is, pressure on governments in which the flexibility or abandonment of regulatory mechanisms to promote corporate interests is rewarded (Sonkin and Muchhala, 2021). The International Labor Organization (ILO) itself even came out to publicly criticize the ranking for denying the consequences of deregulation on workers, leading to the exclusion of one of its indicators on the regulation of labor relations (Santos, 2021, p.91). Critics also accused the Doing Business project of promoting the adoption of instant licensing procedures, which reduced public oversight of enterprises and heightened the risks associated with natural disasters (Dosh *et al.,* 2019, p. 32).

Notwithstanding the problems intrinsic to the *ranking*, issues such as the manipulation of data based on political-ideological interests also contributed to its closure. In 2018, Paul Romer, then chief economist of the World Bank, while resigning from his position, apologized to Chile as, according to himself, changes in the methodology of the *ranking* caused – coincidentally – the Andean country to fall in position in Doing Business at every period that the Chilean economy was administrated by socialist Michelle Bachelet, while rising again during the administrations of conservative Sebastian Piñera, even though no substantial change had occurred in the country's business environment (Montes, 2018).

Finally, in 2020, after investigations carried out by an internal audit, the pressure to close the *ranking* increased considerably. The conclusion of the investigative process showed that World Bank technicians manipulated data from four countries in the ranking between 2016 and 2020 (Azerbaijan, Saudi Arabia, the United Arab Emirates, and the People's Republic of China), compromising the integrity and reliability of the methodology employed. At the time, members of the team responsible for the ranking claimed to have been pressured by then World Bank vice-president, Kristalina Georgieva, who allegedly pushed for the manipulation of some indicators data to favor China's performance (Mariotti, 2021).

Despite the formal closure of the initiative – whose continuation on other bases has already been discussed by the World Bank since mid-2022 – Doing Business left a curious legacy on how to engage States in a certain Development perspective. The initiative showed that in order to guarantee adherence to reforms capable of transforming the nature of states, one must not (necessarily) put direct pressure on them, but rather create the ideal informational environment where capitalist competition could flourish.

INTERPRETING THE DOING BUSINESS RANKING THROUGH THE LENS OF UNEVEN AND COMBINED DEVELOPMENT

As seen in the previous section, the power of reform-inducing mechanisms such as THE Doing Business lies precisely in the display of a hierarchy (a ranking) of the International based on how, from a regulatory point of view, capitalist relations in each country are supposedly configured, the so-called "business environment". However, this representation is only a photograph of each case. Its constitution, on the other hand, would require a film. In other words, what development rankings such as the Doing Business do is compress and crystallize into a single datum the complexity of the historical formation of a set of societies that are unequal in their insertions in the global capitalist economy. By doing so, these instruments stimulate a process of depolitization of the very notion of Development, while simultaneously legitimizing a particular form of State, which Giannone (2017) will name “Competition State”.

To critically address this feature of performance indicators, Broome and Quirk (2015, p.821) will propose a careful examination of the aspect of "commensuration" associated with instruments like Doing Business. In this analytical endeavor, the Uneven and Combined Development approach proves particularly useful, especially due to its inclination towards historization. As Allinson and Anievas (2009, p.55) explain, despite the abstract character of the "Law" of Development posited in Trotsky's formulations, the U&CD thesis is based on historicity, therefore, on the analysis of the material conditions of each historical period for understanding the current international reality. This aspect is also one of the factors that distinguish this approach from mainstream theories in International Relations, such as Neorealism, which regards the nature of the international realm as ontological.

In this case, historicizing the hierarchy produced by the ranking in the form of its ordinal classification would imply taking some of its data as those contained in Table 2 below and asking questions about its constitution. After all, what historical and geopolitical factors explain the success expressed by New Zealand's leadership in the DB? How can we explain South Korea's 5th position in the Doing Business without considering its history of industrial policies, its projection as an export-led economy and their subsequent shift towards the domestic market? On the other hand, is it possible to understand the persistent underperformance of some countries without taking into account historical factors such as colonization, imperialism and recent conflicts? As Broome and Quirk (2015, p.831) argues: "how much of Iraq's poor performance in a series of current benchmarks is the responsibility of the Iraqi people?"

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Table 2 - Ranking Ease of the Doing Business (EODB) 2019 report - Top 12

Rank	Economy	EODB score	EODB score change
1º	New Zealand	86.59	0.00
2º	Singapore	85.24	+0.27
3º	Denmark	84.64	+0.59
4º	Hong Kong SAR, China	84.22	+0.04
5º	Korea, Rep.	84.14	-0.01
6º	Georgia	83.28	+0.48
7º	Norway	82.95	+0.25
8º	United States	82.75	-0.01
9º	United Kingdom	82.65	+0.33
10º	Macedonia, FYR	81.55	+0.32
11º	United Arab Emirates	81.28	+2.37
12º	Sweden	81.28	N/D

Source: Own elaboration based on World Bank (2018, p.5)

In addition to co-measurement, rankings are usually based on a false isonomy between the units whose performance is being monitored. In the case of the Doing Business, this means that the tool disregards the profoundly hierarchical character of the international political economy and, therefore, the unequal effects projected by the competitive pressure for mobility on countries distributed in an international order divided into center and periphery. To properly grasp this contradiction, it is necessary to resort once again to the U&CD approach:

> Differential development among societies impacts upon development inside societies through its consequences for political and military relations between them. Uneven economic development, for example, produces effects mostly through pressure on the independence of weaker societies—pressures to which the sovereign authority affected may choose to respond by actions directed either at its own society or at the external source of the pressure (Rosenberg, 2010, p.168)

As explained by Justin Rosenberg (2010), in addition to different effects, uneven development under capitalism implies unequal response capacities on the part of states, especially in the case of those most fragile economies. In practical terms, this means that while for countries such as Singapore or Denmark, which occupy, respectively, the 2nd and 4th positions in Ease of Doing Business Report 2019, the maintenance of their rankings does not require much more than the stability of the conditions that earned them such positions. The mobility in the

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ranking by poor countries (those who occupy the worst positions) will depend, in turn, of a greater commitment to reforms and, therefore, greater "sacrifices" in the form of worsening conditions of reproduction and social and environmental protection.

Looking at the figure below, it is possible to analyze the case of the World Bank's assessment of reforms promoted by Liberia and captured in its 2018 and 2020 reports. As can be inferred from the iconography adopted, while congratulating the country for facilitating the insolvency of enterprises and improving the legal certainty of creditors, the Bank condemned – with a downgrade of position – when the same African country increased the share of the social security contribution companies are supposed to pay or the cost of import and export licenses.

Figure 2 - Actions that facilitated or hindered business according to the Doing Business. Case of Liberia 2018 and 2020

Liberia

DB2020

✖ Liberia made paying taxes more costly by increasing the employer paid social security contribution rate.

✖ Liberia made trading across borders more expensive by requiring traders to obtain Cargo Tracking Note certificates, thereby increasing the cost of documentary compliance for exports and imports.

DB2018

✔ Liberia strengthened access to credit by granting secured creditors absolute priority over labor and state claims inside bankruptcy.

✔ Liberia made resolving insolvency easier by introducing a legal framework for corporate insolvency, making liquidation and reorganization procedures available to debtors and creditors.

Source: Doing Business (2021).

The analysis of disparate socio-economic contexts, such as those of Singapore and Denmark contrasted with Liberia, as suggested by the Doing Business framework, obscures the vastly superior public financing capabilities of the former compared to the latter. This perspective diminishes the reality that both Singapore and Denmark could, if they chose to temporarily forgo tax collection or labor protections to improve their Doing Business rankings, offset any resulting revenue losses through alternative means unique to the complexity and productivity inherent in their economies. Conversely, for Liberia, given its current developmental stage and the pressing needs of its population, such a strategy would severely hinder the state's ability to sustain public services and implement policies crucial for the welfare of local communities.

The false isonomy peddled by the "one size-fits all" perspective within the Doing Business project, as can be seen, is incompatible with the uneven nature of capitalist development. However, it feeds back into a powerful narrative that emerged with modern development thinking, according to which the stage of Development could be reached by any country, that its path is linear, and, for this reason, it would solely depend on the fulfillment of certain "steps", in this case: the creation of the ideal regulatory environment. Seductive to many countries, this narrative is particularly useful for intensifying competition between emerging countries and for

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encouraging poor states – dependent on international aid – to engage in neoliberal reforms, at the risk of losing the attention of creditors, international donors and financial institutions.

The U&CD approach also helps us understand the conflicts that mark the reforms that define each country's position in the ranking. As seen in the framework constructed by Kelley and Simmons (2019), the competitive social pressure stimulated by Doing Business has transnational investors, the engagement of elites, and the context of domestic politics as its main driving factors. However, when we look at the domestic context of states as 'combined' configurations, we notice a complex web of actors and interests with different reactions to the competition and reforms advocated by the Doing Business, which exposes their conflicting dimension.

The analysis of emerging economies such as Brazil and India reveal significant nuances in the repercussions of the Doing Business project. In Brazil, for many years, this project served as a key benchmark for criticizing the so-called "Brazil Cost," a term that gained popularity in liberal and conservative circles to refer to bureaucracy, low competitiveness, and the high costs of doing business in the country. In this context, the annual publication of the Doing Business report and its rankings consistently provided a convenient opportunity for various sectors of the national bourgeoisie—such as industrial federations, service magnates, and mainstream economic journalism—to pressure the state into deregulating previously protected sectors. During Michel Temer's government (2016-2018), Doing Business began to inspire and directly guide substantial labor reform (Santos, 2021), which, in turn, triggered a series of protests organized by trade union federations nationwide (UOL, 2017). This dynamic illustrates how external benchmarks can be instrumentalized to promote political and social changes, often at odds with the interests of the working classes.

In India, under the conservative government of Narendra Modi, the Doing Business has also spearheaded a series of regulatory reforms. Even before coming to power, Modi and members of his party were already using the country's position in the DB as a platform for criticism of the then Delhi government (Dosh et al, 2019). Upon taking over the country, an investment attraction program ("Made in India") inspired by the World Bank ranking was conceived and received delegations from the financial institution to help build its own domestic indicator, which would serve to expand the scope of reforms on subnational entities (Dosh *et al*, 2019, p.52). The implementation of the reforms ensured several annual jumps in India's position in the DB, but it was met with resistance just when they reached the agricultural sectors. There, with the strong opposition built by the peasant movements, the government began to face some of the largest protests ever seen in the country in decades. The mobilizations, which brought together millions of rural workers amid the COVID-19 pandemic, prevented the legal reform, causing Modi's government to retreat from its implementation in November 2021, a year after the mobilizations began (Curtis, 2021).

The combined nature of development not only illustrates, in this case, that the incorporation of development paradigms by States is not usually peaceful, but also that it tends to change very little the underdevelopment condition of the Global South by adhering to initiatives such as the Doing Business. This is because, despite committing to reforms that promise to "modernize" their business environments and transform then according to "international best practices" (a catchphrase to designate business practices imported from the Global North), what these countries are able to effectively generate are islands of legal innovation. In other words, despite legal environments that are more conducive to the free movement of capital, such innovation will continue to coexist domestically with modes of production already surpassed by the central countries, thus creating hybrid socioeconomic configurations, true amalgams of Law and Economics.

This observation reflects an aspect of the uneven and combined development in capitalism already discussed here: the incorporation of the imperatives of capital accumulation, although it produces innovations in the forms of production that can contribute to broad and complex processes in the long run, is not sufficient to transform or completely change the position of societies in the hierarchy of the global economy, as attested by Trotsky's example of nineteenth century China and India. As put by Allinson and Anievas (2009)

> The universalization of the imperative of capital accumulation does not, however, homogenize the units subject to that imperative. Rather, the 'skipping' creates unstable amalgams of capitalist and pre-capitalist relations whose very instability feeds back into the geopolitical dynamics that produced them. (Alisson and Anievas, 2009, p.58).

Far from producing developed capitalist societies such as New Zealand, South Korea or Denmark, adherence to the imperatives of reforming regulatory environments under the neoliberal phase of capitalism has actually created scenarios such as those described by Veronica Gago (2015) in what she calls "baroque economies": forms of social reproduction of labor based on a marginal integration into the circuits of globalization, where informality, precariousness, environmental degradation and the absence of rights predominate.

CONCLUSION

More than 100 years since its first elaborations based on the revolutionary thought and experience of Leon Trotsky, the thesis of Uneven and Combined Development remains relevant for understanding the dynamics of expansion and conflicts engendered by the globalization of the capitalist economy. Its resurgence in the first decades of the twenty-first century served to breathe new life into the debates on the Marxist contribution to International Relations, integrating and complementing other theoretical currents, such as post-developmentalist, dependentist, and decolonial approaches (Antunes De Oliveira and Germann, 2023, p.9).

In this essay, I sought to analyze the World Bank's Doing Business project based on some of the basic premises of this thesis on the nature of capitalist development, seeking to point out the contradictions of the ranking that has become one of the most popular tools for promoting regulatory reforms in the world over the last decades.

The analysis of DB from a U&CD perspective led us to some interesting considerations about this initiative. The first of these is the ahistorical representation of the International. The perspective from which the ranking was operated leads to interpretations of the international as a temporally static sphere of the reality of each national unit (State) that composes it. Thus, in addition to a profound simplification, its dissemination has contributed to reinforcing stigmas ('better' vs. 'worst') about entire complex societies and to legitimizing a hierarchy of the international system built mostly by imperialism, colonization and racism.

In addition, by exploring the face of alleged isonomy in the treatment given to the monitored States, the ranking hides that the costs of moving forward with regulatory reforms produce results, in terms of accentuating the exploitation and vulnerability of the workforce and the environment, which are profoundly different between peripheral countries interested in improving their positions *vis-à-vis* investors and central economies. As illustrated by some of the examples shown in the article, those states have already reached the status of development and only seek to preserve their capacities.

When looking at the "combined" aspect of development, the conflictive dimension that involves the adoption or engagement of peripheral countries with development paradigms disseminated by institutions from the Global North is highlighted. From this we can draw that the search for better positions in rankings such as the Doing Business also marks conflicts of interest between different social groups and national class fractions, while the final result of this insertion usually produces a "mix" of elements of innovation from advanced economies – in the case of Doing Business, of legal practices and mechanisms –, with productive structures, relations of exploitation and institutions that in turn reflect typical characteristics of peripheral capitalism.

Despite these numerous contradictions, it is important to acknowledge that Doing Business has been successful its goal. The project introduced an innovative approach to fostering reforms aimed at redesigning the State and the relationship between Law and Economy. Perhaps due to the misleading notion of an “impersonal” tool grounded in the validity of numbers and data, the ranking has been adopted by many economies in the Global South. When examined comparatively, the characteristics of the Doing Business ranking render the overtly coercive methods previously employed by the World Bank, such as the Structural Adjustments of the 1980s, appear outdated and politically ineffective compared to this more subtle and engaging instrument.

Nevertheless, the primary accomplishment of rankings like Doing Business extends beyond simply promoting microeconomic management practices aimed at attracting resources or achieving the utopia of Development. Its most significant impact lies in using the inherent inequalities among states within the international system and make It became the driving force of a competition for deregulation. This competition encouraged entire economies to dismantle legal barriers, initiating a new cycle of accumulation, while governments were led to believe they had discovered a pathway to development in the current phase of global capitalism.

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Challenging the reform logic initiated by instruments such as the Doing Business report—and its role in disseminating deregulated economic models—requires far more than merely denouncing potential methodological inconsistencies inherent in the modeling and computation of data captured by these initiatives. It requires an intellectual endeavor to unveil their political and ideological dimensions, thereby "repoliticizing" both the international realm and the concept of development, as they are subjected to ahistorical and technocratic frameworks mobilized by the narrative of global performance indicators, such as those exemplified by Doing Business.

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