Manchester Discussion Papers in Development Studies

'"ECONOMIC DEVELOPMENT":
A SUITABLE CASE FOR TREATMENT?'*

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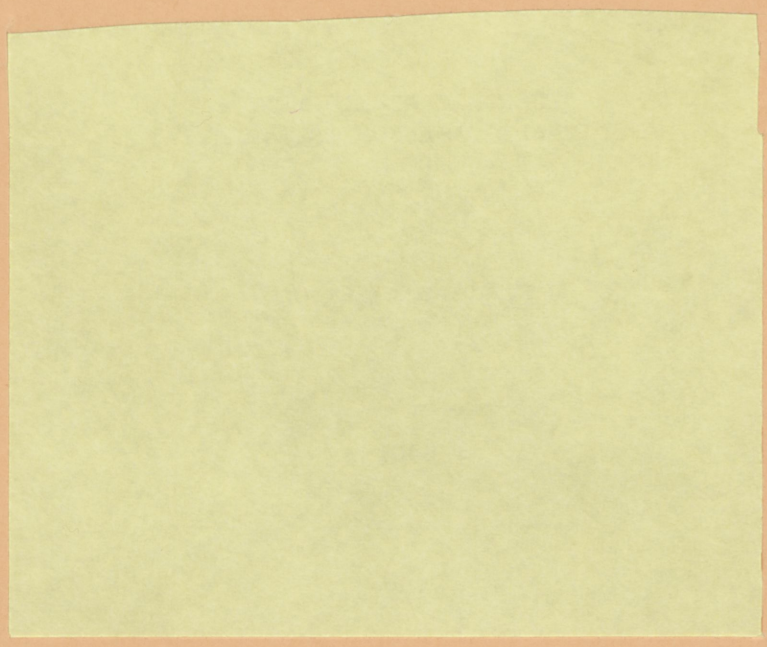

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Introduction

The origins of this paper lie in the increasing dissatisfaction felt by the author over the past few years with the way in which the concept of 'economic development' has evolved and with the manner in which the concept has been employed by the development profession. It presents a critique of the concept(s) of economic development currently fashionable in the literature and it argues that much of the pessimism currently expressed about the 'state' or 'status' of development economics can in fact be seen as a consequence of the abstract and unrealistic character of the notion of 'economic development' itself.

The starting point of our discussion is the distinction that is commonly made between economic growth and economic development. The development profession has been virtually unanimous in its insistence on the necessity of clearly distinguishing between economic growth and structural change on the one hand, and economic growth and economic development, on the other hand, with structural change itself often being equated with 'development'. Dissenting voices have been heard recently (for example, Palma, 1978; Bernstein, 1979; Warren, 1980), but across the spectrum of development economics - neo-classical, structuralist, dependency and neo-Marxist - the assumption remains that it is both valid and useful to make the distinction.

Indeed, the concern of development economics with policy (political) issues, which essentially underlies the variety of normative concepts of development propounded, is seen by many in the profession as a source of strength. For example, Lehmann (1979, p. 2), in his Introduction to the collection of essays by four well-known authors, notes the 'deep dissatisfaction with patterns of development' observed and the wish 'to discover a more egalitarian and autonomous pattern for the future' which

has motivated their writing.

He continues:

> 'This concern and involvement which lie so close to the surface of writing on development problems are not a defect but a virtue, and are one (but only one) element which makes the subject so potentially creative.'
>
> (Lehmann, 1979, p. 2)[1]

This paper argues, however, that although the distinction between economic growth and economic development has served a valuable purpose, the current hopeless confusion of explanation (or what Leeson (1983) refers to as the 'historical-analytic') with policy prescription is such as to obscure, rather than illuminate, what is happening in the less developed parts of the world. It is further argued that the recognition of the need to keep separate historical-analytic and policy issues should lead to a greater preoccupation with explanation and understanding and with the attempt to identify and comprehend underlying trends in the development of the world economy on the part of those not directly concerned with policy making or consultancy.[2]

The Development of the Concept of 'Economic Development'

Arndt (1981) has traced the emergence and evolution of what is now referred to as 'economic development' from Adam Smith onwards.[3] It is not our intention to repeat that exercise. Our more limited objective is to examine some of the salient features of the concept of 'economic development' as it has evolved in the more recent past and, more specifically, to highlight the divorce of economic development from economic growth. No attempt is made to present a comprehensive survey.

Arndt (1981, p. 460) highlights the important distinction that can and should be made between:

(i) economic development as an 'historical process that happened without

being consciously willed by anyone', and,

(ii) economic development as an activity, consciously engaged in, mainly but not solely by governments, with the intention of reaching or approaching specific goals or objectives.

We will discuss briefly each of these concepts.

The discussion of the concept of economic development as an historical process is to be found in the work of Karl Marx and Joseph Schumpeter.

For Marx, development was the major pre-occupation, and in Deane's words (Deane, 1978, p. 130), 'Marx....saw the task of the political economist as being primarily an investigation into the long-term development of modern economic society'. His economic analysis was distinguished by its historical setting (Dobb, 1970, p. 6) and his historical interpretation was derived from Hegelian philosophy which envisaged progress as the product of continuous conflict (Deane, 1978, p. 127). Marx, however, rejected Hegel's idealistic philosophy and applied dialectics to material reality:

> '....the dialectic of development started from Nature, and from Man as initially an integral part of Nature. But while part of Nature and subject to the determinism of its laws, Man as a conscious being was at the same time capable of struggling with and against Nature - of subordinating it and ultimately transforming it for his own purposes.'
>
> (Dobb, 1970, p. 7)

For Marx, the analysis of society had to start with the examination of the structure of social relations specific to any particular mode of production:

> 'In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social

> consciousness. The mode of production of material life conditions the general process of social, political and intellectual life.'
>
> (Marx, 1970, pp. 20-21)

Each mode of production, however, contains within it the seeds of its own destruction:

> 'At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production....From forms of development of the productive forces these relations turn into their fetters. Then begins an era of social revolution. The changes in the economic foundation lead sooner or later to the transformation of the whole immense superstructure....In broad outline, the Asiatic, ancient, feudal and modern bourgeois modes of production may be designated as epochs marking progress in the economic development of society.'
>
> (Marx, 1970, p. 21)

Society, according to Marx, thus evolves through a series of stages or modes of production, although as Brewer (1980, p. 13) has pointed out, what is of greater importance is the 'analytical primacy of the mode of production, not the inevitability of a certain succession of stages'.

The concept of economic development as an historical process is also to be found in the work of Joseph Schumpeter (an economist familiar with, but critical of, the work of Marx).

In his *The Theory of Economic Development* (1934; 1961)[4], Schumpeter clearly distinguished between growth and development (or evolution). He began with the concept of a 'stationary state' or 'circular flow', 'running on in channels essentially the same year after year - similar to the circulation of the blood in an animal organism' (Schumpeter, 1961 ed., p. 61). Deane (1978, p. 192) has described this state as the 'quasi-equilibrium starting point', characterised by the fact that 'labour, capital and output are all growing at the same rate and just enough capital is being annually accumulated to equip additions to the labour force at a constant capital-labour ratio'.

Schumpeter continues:

> 'Economic life changes; it changes partly because of changes in the data, [changes in market conditions, consumer tastes, natural conditions, changes in social, commercial or economic policy] to which it tends to adapt itself. But this is not the only kind of economic change; there is another which is not accounted for by influence on the data from without, but which arises from within the system, and this kind of change is the cause of so many important economic phenomena that it seems worthwhile to build a theory for it, and, in order to do so, to isolate it from all the other factors of change....what we are about to consider is that kind of change arising from within the system *which so displaces its equilibrium point that the new one cannot be reached from the old one by infinitesimal steps.*'
>
> (Schumpeter, 1961 ed., p. 64, footnote 1, emphasis in original)

The 'mere growth of the economy', as shown by the growth of population and wealth, is not designated as development, for 'it calls forth no qualitatively new phenomena, but only processes of adaptation of the same kind as the changes in the natural data' (Schumpeter, 1961 ed., p. 63). Thus:

> 'Development in our sense is a distinct phenomenon, entirely foreign to what may be observed in the circular flow or in the tendency towards equilibrium. It is spontaneous and discontinuous change in the channels of the flow, disturbance of equilibrium, which forever alters and displaces the equilibrium state previously existing,'
>
> (Schumpeter, 1961 ed., p. 64)

Schumpeter further argued that 'Development in our sense is....defined by the carrying out of new combinations' (p. 66), that is, the introduction of a new good or new quality of good, the introduction of a new method of production, the opening of a new market, the conquest of a new source of supply of raw materials and the carrying out of the new organisation of any industry (for example, the creation, or the breaking down of a monopoly position). The carrying out of these new combinations is called 'enterprise' and the individuals whose function it is to carry them

out are 'entrepreneurs' (Schumpeter, 1961 ed., p. 74).

In his *Business Cycles* (Vol. 1, 1939), Schumpeter focuses more specifically on the importance of innovation in the process of what he now terms 'Economic Evolution'. Innovation ('the setting up of a new production function' (p. 87)) is the basis of the model of the process of economic change:

> 'To changes in the economic process brought about by innovation, together with all their effects, and the response to them by the economic system, we shall designate by the term Economic Evolution.'
>
> (Schumpeter, 1939, p. 86)

Of significance to our argument below is Schumpeter's assertion that:

> '....evolution is lopsided, discontinuous, disharmonious by nature - that the disharmony is inherent in the very *modus operandi* of the factors of progress....the history of capitalism is studded with violent bursts and catastrophes....evolution is a disturbance of existing structures and more like a series of explosions than a gentle, though incessant, transformation.'
>
> (Schumpeter, 1939, p. 102)

The second concept of economic development referred to above, emerged in the 1920s through the writings of those that Arndt (1981, p. 480) refers to as the 'British historians of empire', and now dominates mainstream development economics.

Although it was in general the case that, in the immediate post-war period, economic growth and economic development were seen as being synonymous (Arndt, 1981, p. 465), the position was perhaps less clear-cut than this statement would suggest. The authors of a leading textbook of the 1950s and 1960s (Meier and Baldwin, 1957) argued that:

> 'No single definition of "economic development" is entirely satisfactory. There is a tendency to use the terms economic development, economic growth and secular change interchangeably. Although it is possible to draw some fine distinctions among these

terms, they are in essence synonymous.'

(Meier & Baldwin, 1957, p. 2)

They went on, however, to qualify the above statement:

> 'Although an increase in output per head is in itself a significant achievement, nevertheless we cannot equate this with an increase in economic welfare, let alone social welfare, without additional considerations. To specify an optimum rate of development we must make value judgements regarding income distribution, composition of output, tastes, real costs, and other particular changes that are associated with the overall increase in real income.'
>
> (p. 8)

In this statement, development is clearly distinguished from growth and there appears to be some conflict with the first quotation. We find what is perhaps the clearest distinction between growth and development in the work of Clower *et al.* (1966) on Liberia:

> 'The title of our book, *Growth Without Development*, is intended to emphasise a central feature of Liberian economy, namely, that enormous growth in primary commodities produced by foreign concessions for export has been unaccompanied either by structural changes to induce complementary growth or by institutional changes to diffuse gains in real income among all sectors of the population. Our principal conclusion is that the rapid growth in production between 1950 and 1960 has had little developmental impact on Liberia or Liberians.'
>
> (Clower *et al.*, 1966, p. vi)

Again,

> 'Liberia's economic progress has consisted more of growth than of development. Major changes have occurred in the volume of primary commodities produced for export and the quantity of manufactured goods purchased from abroad. Development involves much more than this. It involves structural change in lines of production undertaken by Liberians moving from subsistence production in the tribal sector to production for sale; the adoption of more efficient techniques; a continuous decline in the proportion of unskilled labor in the labor force; and new social achievements and aspirations. Specifically, it involves the acquisition of social overhead capital (such as roads, power facilities and schools) and institutional improvements (more and

> better government services, higher levels of education and skill, and the transformation of tribal agriculture.'
>
> (Clower *et al.*, 1966, p. 31)

Clower *et al.* appear to be making two distinct points in the above quotations:

1. economic growth does not necessarily lead to changes in economic structure, whereas structural change is an essential part of economic development;(5)

2. economic development involves the move towards certain normative goals and objectives, which economic growth on its own may not achieve.

The first proposition is not, in our opinion, a tenable one. A conceptual distinction can be made between economic growth and structural change if it is explicitly assumed that all sectors in the economy grow at equal rates so as to leave the proportions of the national economy that they represent unchanged. In reality, however, it is highly unlikely that all sectors of the economy will grow at equal rates and thus the concept of economic growth as consisting of continuous increases in total or *per capita* incomes, *within unchanged structures*, cannot be defended. Szentes (1971) has convincingly argued that:

> 'Any distinction between the theories of "development" and "growth" can at best only be accepted for practical reasons,....however, by no means, as a scientific distinction.
>
> The terminological distinction on a semantic basis is unacceptable, because development always and everywhere involves and presupposes the dialectic of quantitative and qualitative changes, of evolution and revolution. And even if a purely quantitative "growth" can be observed in a given place and at a given time within the framework of the existing structure or system, it is not only the consequences of a previous qualitative change but it also inevitably paves the way for a new one.'
>
> (Szentes, 1971, p. 14)(6)

For a large number of less developed countries (LDCs), economic

growth has been rapid and sustained in the post-World War II period. World Bank data show that between 1960 and 1973, the GDP of the LDCs grew on average by 6.0% per annum. The average fell to 5.1% per annum over the period 1973-79, and there has been a further fall during the 1980-82 recession (World Bank, 1983, p. 7). Average figures, of course, conceal significant variations between different groups of LDCs, but overall, the growth experience of the LDCs in the post-war period has been impressive.

The LDCs have also experienced significant structural change during this period, as Table 1 clearly shows. As we would expect, the share of agriculture in GDP has fallen and the shares of industry and services have risen. Clearly, the LDCs have experienced both growth *and* structural change and indeed, as we have already noted above, it would be very surprising if this was not found to be the case in reality.(7)

The emergence of a variety of 'structuralist' schools of thought, ranging from radical, neo-Marxist approaches in Latin America to the more orthodox 'structuralism' of Chenery and the World Bank, has been an important feature of the 'development' of development economics in the post-war period. Chenery (1975, p. 310) conceives of the structuralist approach as an attempt to 'identify specific rigidities, lags and other characteristics of the structure of developing economies that affect economic adjustments and the choice of development policy'. The 'imperfections' of the real world will never be 'fully overcome' (it will never be possible to achieve perfect knowledge or instantaneous adjustment to market signals) and thus such 'imperfections' are incorporated into the economic model of the LDC in order that more realistic economic policies may be devised to cope with them.

'Development', for Chenery and Syrquin, is a 'multidimensional transition from one relatively constant structure to another' (Chenery and Syrquin, 1975, p. 8) and in describing the processes of development,

TABLE 1

LESS DEVELOPED COUNTRIES: STRUCTURE OF PRODUCTION, 1960 AND 1981
DISTRIBUTION OF GROSS DOMESTIC PRODUCT (%)

(weighted average)

	Agriculture		Industry		Manu-facturing(a)		Services	
	1960	1981	1960	1981	1960	1981	1960	1981
Low Income Economies(b)	48	37	25	34	11	16	27	29
Middle Income Economies	24	14	30	38	20	22	46	48
Oil Exporters	27	13	26	40	15	17	47	47
Oil Importers	23	14	33	36	22	25	44	50
Lower Middle Income	36	22	25	35	15	17	39	43
Upper Middle Income	18	10	33	39	23	24	49	51

Notes: (a) Manufacturing is part of the industrial sector, but its share of GDP is shown separately because it typically is the most dynamic part of the industrial sector.

(b) Economies are classified as follows: 34 low-income LDCs with GNP *per capita* of less than $410; 60 middle-income LDCs with GNP *per capita* greater than $410.

Source: World Bank (1983), Annex Table 3.

they try 'to replace the notion of a dichotomy between less developed and developed countries with the concept of a transition from one state to another. This transition is defined by a set of structural changes that have almost always accompanied the growth of *per capita* income in recent decades' (Chenery and Syrquin, 1975, p. 135).

The identification and analysis of 'patterns' of development is, of course, an important exercise that yields many insights and one that does not lose sight of the need for the analysis of the 'real world'.(8) But its normative underpinnings and policy prescriptions are often implicit rather than explicit and its search for an abstract pattern of development, outside of, or separate from, specific historical, political and social structures has led to a tendency to elaborate and recommend optimistic (some might say naïve) policy prescriptions which are often divorced from political reality.

With respect to the second proposition listed above, it is in the work of Dudley Seers (1972; 1979A) that we find the most influential and widely reproduced arguments for distinguishing between economic growth and economic development. For Seers,

> '"Development" is inevitably a normative concept, almost a synonym for improvement. To pretend otherwise is just to hide one's value judgements.'
>
> (Seers, 1972, p. 22)

Posing the question 'where are these values to come from?', Seers replies:

> 'Surely the values we need are staring us in the face, as soon as we ask ourselves: what are the necessary conditions for a universally acceptable aim, the realization of the potential of human personality?'
>
> (Seers, 1972, p. 22)

As is well known, the criteria that Seers suggests to judge whether or not development is taking place relate to poverty, inequality and unemployment.(9) Other indicators relate to the educational and

political dimensions of development and in the Post Script to the republished article in Lehmann (ed.) (1979), Seers adds a further dimension - 'development now implies, *inter alia*, reducing cultural dependence on one or more of the great powers' (pp. 27-8). Self reliance thus becomes a crucial element in the contemporary concept of development.(10)

The criteria that Seers advances relating to poverty, inequality and unemployment appear eminently reasonable, sensible and acceptable and it seems unlikely that development economists, at least, would argue about the desirability of eliminating such problems (what they would argue about would relate to definitional and conceptual issues, the time period over which specific objectives were to be achieved and the strategies/policies implemented to achieve agreed objectives). Although arguably utopian, Seers' economic criteria are at least rooted in reality and have an appeal that is both understandable and sympathetic.

It is our contention that these qualities are lost in the definitions of development advanced in two recently published, widely discussed and influential books - Todaro's *Economic Development in the Third World* (2nd ed., 1981) and the Brandt Commission Report (1980).

Todaro builds on Seers' definition and then goes way beyond it:

> 'Development must, therefore, be conceived of as a multidimensional process involving major changes in social structures, popular attitudes, and national institutions, as well as the acceleration of economic growth, the reduction of inequality, and the eradication of absolute poverty.
>
> ....at least three basic components or core values should serve as a conceptual basis and practical guideline for understanding the "inner" meaning of development. These core values are *life-sustenance*, *self-esteem* and *freedom*, representing common goals sought by all individuals and societies.'
>
> (Todaro, 1981 ed., p. 70)(11)

Likewise, the Brandt Commissioners have their eyes fixed on somewhat extravagant and utopian goals:

> 'One must avoid the persistent confusion of growth with development, and we strongly emphasise that the prime objective of development is to lead to self-fulfilment and creative partnership in the use of a nation's productive forces and its full human potential.'
>
> (Brandt Commission Report, 1980, p. 23)[12]

It is not immediately obvious what purposes the idealised conceptions of economic development of Seers, Todaro, Brandt, etc., serve. Presumably, few would wish to argue that such conditions actually exist in the developed economies, capitalist or socialist. Furthermore, although it is not our intention to deny that economic progress has been made by these economies, there is no unambiguous evidence that would lead us to believe that they are moving, in some simple and straightforward manner, in the direction of fulfilling these objectives.[13] In the LDCs themselves, although political leaders and development plans pay lip service to the achievement of various political and economic goals (national development, democracy, socialism, equality, etc.), again there is little evidence to suggest that such goals are, in reality, being pursued, apart perhaps from the efforts of a small group of countries which have experienced revolutionary changes.

Before speculating on why such idealised definitions of development have become so widespread and popular, it is important to acknowledge the historical significance of the distinction that was first made in the 1960s between growth and development. With hindsight, the naïvety of those who expected economic growth to solve all problems is striking. To assume that the benefits of economic growth would be evenly spread between all sectors and classes ("trickle down") and that poverty and unemployment would be eradicated, irrespective of the economic, political and social structures within which such growth was occurring, was tantamount to closing one's eyes both to the lessons that could be drawn from the study of the history of the developed capitalist economies and to the salient

features of contemporary development.(14) The recognition that economic growth did not automatically lead to the wider, normatively defined goals of development was thus an important step in the evolution of the study of economic development in the post-war period. Having served its purpose, however, as we argued above, the utopian concept of development is an obstacle to the further evolution of development economics.(15)

Why Do We Need to Go Beyond the Concept of Economic Development?

We have argued above that the popular concept of development refers to an ideal world or state of affairs that is both ahistorical and apolitical - ahistorical because it postulates an idealised structure that does not and never has existed, and apolitical because development is defined in an abstract sense and is not related to any particular political/social/economic structure. The type of economic development espoused by Seers, Todaro, Brandt, etc., does not, in reality, exist and there is no evidence of significant movements in that direction.

It is the argument of this paper that this abstract conceptualisation of economic development has four significant but undesirable consequences.

Firstly, it is in part a cause of the pessimism currently expressed over the 'condition' and 'life expectancy' of development economics as a discipline. Seers (1979B) laments the fact that development economics has not proved as useful as expected and doubts whether it can survive as a subject. Streeten (1979, p. 23) refers to the 'present atmosphere of gloom, boredom and indifference surrounding dicussions of development problems', compared to the 'exciting time of ferment' of the early years. Hirschman (1981, p. 1) argues that in the early years of the development of the discipline, 'development economics did much better than the object of its study, the economic development of the poorer regions of the world', but more recently, 'this particular gap has been narrowing, not so much

unfortunately because of a sudden spurt in economic development, but rather because the forward movement of our subdiscipline has notably slowed down'. (For a further discussion and critique, see Leeson, 1983.)

Underlying this pessimism is the notion that the discipline of development economics has 'failed' or is doomed to extinction because of its own supposed failure to, in some way, change the world, presumably in the direction of idealised 'economic development'. But development economics as such can hardly be blamed for present conditions in LDCs, however misguided its early analyses and policy pronouncements may have been (for a contrary view, from a neo-classical perspective, see Lal, 1983; Little, 1982). Development theory may well have 'failed' in the sense that it gave a false or misleading explanation of the problems of underdevelopment and development, but it is not a cause of those problems. Our argument, therefore, is that part of the current pessimism in the profession is related to its own concept of economic development, and its own inflated expectations of what economists as policy-makers or advisers could be expected to achieve in LDCs.

This point is closely related to the second consequence of the conceptualisation of development in an abstract and utopian form - the confusion between explanation (the historical-analytic) and policy prescription.

Without wishing to descend to parody, the present situation in much writing about development problems is as follows: it is recognised that economic growth and structural change are occurring, often to a widespread and significant extent, but because the economic, political and social consequences of these specific patterns of growth and change[16] are not consistent with the analyst's normative concept of development, the typical reaction is to seek for policies which will change the situation, rather than to attempt to understand and explain why that situation had developed

in the first place.

As far as development economics is concerned, much writing masquerading as analysis is in reality far more concerned with policy prescription, a conflation found in both the neo-classical and structuralist/dependency paradigms.

In the neo-classical critique of import-substituting industrialisation, for example, government intervention in product and factor markets, leading to so-called 'policy-induced distortions' is variously condemned as excessive, misguided and/or irrational (see the classic study of Little *et al.*, 1970, and the more recent attack of Lal, 1983). The logical policy prescription is that government intervention should be reduced and/or made more selective (the promotion rather than the protection of industry, for example).

As we have argued elsewhere, however (Nixson, 1981), it cannot simply be asserted that all government intervention not consistent with neo-classical precepts is 'unreasonable, illogical, absurd, not endowed with reason' (the dictionary definition of 'irrational') or that government policies are motivated purely by ignorance, perversity, corruption or sheer stupidity. The attempt must be made to understand why government behave as they do in the economic sphere, recognising that, of course, they make mistakes and that some intervention is undoubtedly irrational, but emphasising nevertheless, that most government policies serve specific interests or are directed at the achievement of certain objectives (even though those interests or objectives may not be acknowledged or made public).

With respect to Latin American structuralism and dependency theory, we find a similar situation. As Warren (1980, pp. 157-8) has argued:

> '....the inadequacy of existing theory and the propriety of formulating a new approach were grounded above all in the desire to elaborate adequate policies for national

> development. Analysis was secondary. In itself this need not have adversely affected analysis, had the theorists either controlled policy or represented a class or group realistically capable of doing so; or, for that matter, had they been able to probe the politics of economic policy. But since none of these conditions pertained, the policy orientation rendered analysis prey to nationalist utopias; actuality, potentiality, and desirability became hopelessly confused. The dynamics of Latin American capitalist development were approached on the basis of subjective-moralistic criteria, which not only produced conclusions widely at variance with reality, but even prevented the posing of the relevant questions, whether analytical or practical.'
>
> (Warren, 1980, pp. 157-8)(17)

Our general point, therefore, is that the policy orientation of much work in the field of development studies has undoubtedly weakened the analytical grasp and value of that work. Again, to avoid misunderstanding, it is not the intention of this paper to argue against policy prescription *per se*. As Leeson (1983, p. 24) argues, 'Certainly most development economists would reject the notion that policy advice is not a proper sphere for the involvement of the profession'. Rather, we are criticising the blurring of the distinction between the historical-analytic and the policy-prescriptive, the intermingling of *ought* with *is* (Lall, 1976, p. 182), the confusion of the desire for a better world with the fuller understanding of the very imperfect reality.

The third undesirable consequence of utilising an abstract concept of economic development is that the concept itself is devoid of political content and the problem of development is effectively, for want of a better term, depoliticised. Again, without wishing to parody the situation, in much writing we see a failure or a refusal to recognise that the undesirable features of growth and structural change are not the inevitable consequence of such forces as such, but are, rather, the characteristic features of the specific process of capitalist development as it is unfolding in contemporary LDCs. What should be condemned, therefore,

if it is felt necessary or desirable to pass judgement, is capitalism itself, rather than some (unspecified) economic system that does not produce results consistent with the normative definition of development. Very rarely in the mainstream of development literature do we find capitalism itself condemned and alternative economic and social systems proposed. Rather, the attempt is made, via redistribution with growth, basic needs strategies, etc., to promote policies that will produce more acceptable results within unchanged political and economic structures.(18)

Our general point, therefore, is that the introduction of the normative concept of development denies the *specificity* of the processes of growth and change that are occurring in contemporary LDCs. Attention is diverted from the characteristics of capitalist development within these countries and instead it is usually concluded that development is not taking place.

The fact that the consequences of capitalist development in these countries are not similar to the normative concept of development of Seers *et al.*, that is, that 'development' is not leading to an equitable distribution of the benefits of material progress and is not 'solving' the problems of poverty and deprivation should come as no surprise to those familiar with the history of the now developed capitalist economies. One of the striking features of capitalist development is its unevenness, both between countries and between groups, classes, regions, etc., within individual countries. The greater material benefits enjoyed by the mass of the population in the developed capitalist economies, particularly in the post-war period, have resulted not merely from the interplay of impersonal market forces or 'benevolent' state intervention (that is, not merely as the result of some abstract concept of 'development'), but also (and perhaps largely) as a result of the interplay between specific economic, political and social forces (including the state) within those

countries, forces which will not necessarily manifest themselves with equal intensity in other countries or at other times.

The final consequence of the utilisation of an abstract concept of development partly arises from what has been said above. Development economics all too often assumes that structural problems have somehow been 'solved' in the developed capitalist economies and that their problem is 'merely' one of ensuring self-sustaining and continuous growth, a process which is essentially non-problematic.(19)

This is, of course, not the case. Problems of unemployment, inequality, poverty and deprivation and various kinds of structural disequilibria (balance of payments problems, problems relating to 'de-industrialisation', etc.) exist in many of the developed capitalist economies (for example, the U.S.A., U.K., Italy). These are problems rooted in the very structure and fabric of society that have not been 'solved' by capitalist development within these countries. Indeed, they are, in some instances, problems that arise as a consequence of both the specific forms of capitalist development within those countries and of changes within the international capitalist economy. In this sense, these countries 'need' structural and other kinds of change as much as many LDCs.

This point is now being increasingly recognised. Seers (1979A, pp. 28-9) refers to the 'geographical extension of development studies' to cover all countries and argues that 'development' now 'involves our all working on *common* worldwide problems, while, paradoxically, keeping national interests (long-term, of course) firmly in mind'. The Brandt Commission Report, too, emphasises the global nature of many problems (energy, the environment), and recognises that 'development' has not come to an end in the 'North' (see Footnote (13)). However, the full implications of this shifting perspective have not yet been fully worked out. Clearly, the poorer countries do have problems, both structural and other-

wise, that are not found in the developed capitalist economies and it is too early to pronounce (conventionally defined) 'development economics' dead. Nevertheless, the recognition that structural problems exist in all countries and that the very process of development continually solves and yet at the same time generates new problems, is an important advance on the previously uncritical acceptance of the normative definition of 'development'.

Some Conclusions

The first point that we wish to emphasise, following on from the above, is that economic development is not smooth, unidirectional and non-problematic, but is, to borrow Schumpeter's words (quoted above), 'lopsided, discontinuous, disharmonious'.[20] In contemporary LDCs, we see the solution of one set of problems leading to the creation of new ones. Enterprises may be nationalised, 'solving' problems relating to ownership but creating new problems relating to control. Gains achieved by one group or class during one period are dissipated or eliminated with a change of regime and policy (perhaps the latter are even brought about by those previous gains) and the direction that development is taking can be effectively reversed (for example, with respect to the role of foreign capital). Many other examples could be given of the point that is being made.

In this respect Arndt (1981, p. 466) is surely wrong when he argues that, in order to get away from the identification of 'economic development' with 'economic growth', economists have breathed 'into "development" some of the Hegelian connotations that had got lost on the way'. The divorce of 'development' from 'growth' has indeed been virtually complete for over 20 years, but more to the point, as this paper has tried to argue, it is precisely the 'Hegelian connotations' that have been deliberately

eliminated in the increasingly utopian definitions of 'development' adopted. The recognition of the dialectical nature of the development process should, therefore, lead to the abandonment of abstract definitions of development.

The use of the term 'dialectical' to describe the development process requires clarification. We are using the term in a general sense to argue that every new development brings with it new problems and adjustments, which, in turn, may either reinforce or oppose the initial development. This is not meant to imply that development happens by chance, nor is it meant to deny the possibility of directing or exercising some 'control' over 'development'. It is meant to emphasise, however, the complex and often contradictory character of the development process, a process which, in Leeson's words, involves,

> '....growth of output, of luxuries and necessities, sectoral change, new tastes, new technologies, new distribution of income, new classes and pressure groups, new forces pressing on the state, new vested interests inside the state, new policies.'
>
> (Leeson, 1983, p. 36)

It is the argument of this paper that the dialectical nature of the development process is best captured in the concept of development as an historical process. We should, therefore, move away from the position where we see 'development' as an activity, or as a set of objectives, and return to the Marxian/Schumpeterian concept of development as an historical process which unfolds itself in a dialectical manner. Such a perspective will also inevitably highlight the unevenness of the development process, to which we have already referred, and to which we must now briefly return.

Given the unevenness of economic growth and structural change within the less developed parts of the world, and the general heterogeneity of LDC societies, the question must be raised as to whether it is still, in Warren's words, 'appropriate to treat these societies in aggregate' and

whether 'the related conceptual division of the world into developed and underdeveloped countries is at all accurate' (Warren, 1980, pp. 189-190).

Warren's answer to his own question is that:

> 'The present situation could more appropriately be conceptualized as a spectrum of varying levels, rates and structures of national development, one in which the positions of individual countries are constantly shifting. Nevertheless, the Third World countries do retain sufficient common features to justify aggregate treatment, provided the elements of change qualifying such treatment are duly taken into account,'
>
> (Warren, 1980, p. 190)

This is remarkably similar to the argument of Chenery and Syrquin quoted on pp. 9-11 above, and is clearly not a completely satisfactory answer to the question posed. Increasingly in the future, it will become necessary to elaborate alternative classificatory schemes which, while recognising that LDCs are part of a single global economic system and that they possess characteristics common to all capitalist societies, nevertheless will acknowledge and accommodate the diversity of LDC experience. We should also add the qualification that the similarity of certain structural problems in both developed capitalist economies and LDCs should be recognised, and that the categorisation of some countries as 'developed' should not be taken as implying that specific normative objectives have, in practice, been realised in those countries.

Another aspect of the uncritical acceptance of an ahistorical and idealised concept of development has been the characterisation of the contemporary development experience as being either different from that which previously occurred elsewhere and/or different from that which *should* be occurring now.[21] Various terms have been used to describe contemporary development patterns (with the authors usually referring to industrial development) - 'distorted' (Seidman, 1974); 'perverse' (Rweyemamu, 1973; Sachs, 1980); 'dependent capitalist development' (Cardoso, 1972, and a large number of other dependency theorists). For

Rweyemamu, for example, 'perverse capitalist industrial development' is perverse because, in its given institutional setting, it is unlikely to lead to self-generating and self-sustaining development as was the case with classical industrial capitalism. However, at the same time, Rweyemamu thinks it impossible that classical industrial growth could repeat itself in contemporary LDCs (Rweyemamu, 1973, p. 90).

Clearly, both non-Marxist and neo-Marxist/Marxist writers have in their minds some ideal model or pattern against which the actual experience of contemporary LDCs can be judged.(22) Moreover, it is implied by many authors that, in the words of Warren (1980, pp. 166-7), there is a 'latent, suppressed historical alternative to the development that actually took place'. Furthermore, it is argued, the failure of this alternative to materialise was the result of external forces (colonialism), yet *if* that alternative had been achieved, economic growth and development would have been more rapid and in some sense superior to that actually achieved.

There is little to be gained from this sort of speculation ("what would have happened if....?"). Obviously, what are now referred to as the LDCs would have developed along different lines in the absence of colonialism, and in that somewhat limited sense, alternative courses of development were 'open' to them. But we cannot simply assert that any particular alternative would have been superior to that which actually occurred, and again to quote Warren, it cannot be assumed that 'social forces capable of embodying the allegedly suppressed [and superior] alternative actually exist' (Warren, 1980, p. 167). To argue that there existed, in the past, some suppressed, superior, pattern or model of development, the achievement of which was prevented solely by external forces, is as misleading as arguing for the utopian, idealised concept of development that we have criticised in this paper.

It goes without saying that it is logically impossible for contemporary LDCs to replicate the development experience of the developed capitalist economies.(23) It is thus necessary to recognise the specificity or uniqueness of the development experience of the former countries and to refrain from making comparisons with often idealised and ahistorical alternatives.

Once we abandon our search for an all-embracing and utopian definition of economic development and focus our attention instead on what is actually happening in the LDCs, the specificity, unevenness and dialectical nature of the process of growth and structural change in these countries becomes apparent. The processes of change that we observe occur within specific political and social structures and if we wish to criticise the consequences of particular changes, we need also to recognise that the political and social structures themselves cannot escape criticism. Equally, if it is our intention to promote particular forms or objectives of development, we must acknowledge the political content or implications of such proposals and begin to ask: what political and economic system is going to permit the realisation of full employment, low levels of inequality, "particupation in the productive use of the nation's resources", etc.? Paradoxically, even though we are arguing in this paper for the primacy of the historical-analytic over the policy-prescriptive, policy issues, far from being ignored by this approach, come to the very forefront of the discussion.

We appreciate that this paper raises a number of questions that it either does not answer, or answers only imperfectly or partially. Nevertheless, we remain convinced that once development economists begin to go beyond the mere espousal of abstract ideals and begin to pose, and attempt to answer, such questions, both explanation and policy prescription will begin to acquire qualities of conviction and perception that they all too frequently lack at present.

Footnotes

(1) Lehmann does subsequently observe, however, that 'The drawback of concern with policy is that it may attract attention away from wider theoretical issues insofar as it encourages research to concentrate on problems defined by national or international bureaucracies in terms of their definitions of situations or their ideological or propagandistic requirements' (Lehmann, 1979, p. 3).

(2) This is *not* meant to imply that policy prescription is not important nor that moral judgements should not be made about current political and economic developments (nor indeed, that attempts should not be made to change the world). It simply means that such judgements should not be confused with, or take the place of, explanation. It is also recognised that 'explanation' as such can never be wholly objective but will in part be a reflection of the ideological position of the person advancing that particular explanation.

(3) Flammang (1979) too, identifies and discusses various definitions of economic development, but he does not confront the problems to which this paper is addressed and the conclusions that he reaches are somewhat idiosyncratic.

(4) This book was first published in German in 1911 and was entitled *Theorie der wirtschaftlichen Entwicklung*. It was not translated into English until 1934.

(5) See also Meier (1976 ed.): '....economic development involves something more than economic growth. Development is taken to mean growth plus change' (p. 6).

(6) Cf. Schumpeter (1961, p. 64): 'Every concrete process of development finally rests upon preceding development....Every process of development creates the prerequisites for the following.'

(7) As with economic growth, it is necessary to point out the diversity of experience among LDCs, with respect to structural change. The data in Table 1 must be treated with great caution and at the very most, they only illustrate one aspect of the complex changes taking place in many LDCs. We recognise also that in particular cases, what appears as 'structural change' may be a statistical rather than a substantial phenomenon but there are no reasons for believing this is the case for all LDCs. On the other hand, however, structural change may be occurring in LDCs but the 'results' of that change have yet to manifest themselves in various economic or socio-political indicators.

(8) The various statistical exercises concerned with identifying 'normal' patterns of development have not, of course, escaped criticism. See Sutcliffe (1971, Chap. 2); Jameson (1982).

(9) 'The questions to ask about a country's development are therefore: What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have become less severe, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if

all three have, it would be strange to call the result "development", even if *per capita* income had soared. This applies, of course, to the future too. A "plan" which conveys no targets for reducing poverty, unemployment and inequality can hardly be considered a "development plan"' (Seers, 1972, p. 24).

(10) A large amount of ingenuity and resources have gone into the design of "better" measures of development, including modifications of GNP, social indicators and composite indicators of development. For a recent survey, see Hicks and Streeten (1979).

(11) Life sustenance: the ability to provide for basic needs;
self-esteem: to be a person;
freedom: to be able to choose.
Todaro's statement that such goals are sought by all individuals and societies is clearly contentious but a critique of it is beyond the scope of this paper.

(12) In another widely used and influential textbook (Kindleberger and Herrick, 3rd ed., 1977), the authors, after listing the usual all-embracing economic and political dimensions of development, admit without embarrassment that 'This characterization of economic development implies lofty goals. Because the human condition is our foremost concern, we feel strongly that anything less would not do' (Kindleberger and Herrick, 1977, p. 2).

(13) The Brandt Commission Report (1980, p. 24) recognises that the process of technological and economic development has not yet come to an end in the "North". Seers too (Seers, 1979A, p. 28) in spelling out the implications of his extended definition of development, makes an important point that we shall return to below: '....if "development" is now not primarily about *per capita* income, but also about distribution, and even more about the national capacity to negotiate with transnational corporations, and to cope with their technological innovations and their cultural impact, then it is not just needed in "developing" countries, but in *all* countries'.

(14) We do not wish to imply that all theories or models of economic development assumed the immediate achievement of all desirable goals. In the so-called "Lewis Model" (Lewis, 1954), increased inequality in the distribution of income will, under certain assumptions, accompany the process of economic growth.

(15) To avoid any possible confusion, it should be emphasised that it is *not* being argued that self-reliance, freedom, self-fulfilment, etc., are not of importance. Our purpose is to argue that merely because such objectives have not been achieved in reality, it should not be concluded that "development" has not taken place.

(16) Structuralist and dependency theorists would be mainly concerned with the problems of greater inequality, marginalisation, military dictatorships, etc.; neo-classical theorists might be more concerned with excessive government intervention in the economy, bureaucracy, inefficiency, etc.

(17) See also Palma (1978, p. 908).

(18) It is also necessary and desirable to highlight, analyse and criticise the undesirable features of the various models of 'socialist' development.

(19) At its simplest level, the 'developed' economies must have, by definition, solved the problems of 'development'.

(20) From a different analytical perspective, a similar point is made by Nugent and Yotopoulos, 1979, p. 543.

(21) That early theorising about economic development assumed the model of the developed capitalist economy as the archetypal developed economy, towards which all others were moving, is now well known and generally accepted. A similar criticism could perhaps be made of many of the arguments made by Warren (Warren, 1980). Chenery's work is certainly open to the charge that it views development as a single "path" along which all countries are moving in the same direction, towards the same goal, with some countries merely being "in front" of the others. In his latest published work (Chenery, 1983), published after the completion of this paper, he argues, *inter alia*, that further empirical work will make possible the formulation of computable models in which the distinction between developed economies and LDCs will be reduced 'to observable differences in certain statistical parameters: initial conditions, price and income elasticities, and adjustment lags' (p. 853). Chenery also makes the somewhat surprising observation that the economic transformation of the more advanced economies is 'near completion'

(22) Phillips (1977, p. 11) argues: 'The "development" against which "underdevelopment" is conceptualised has tended to become an amalgam of different concepts, such that the theories are *partly* drawing a contract between the process of development in the advanced capitalist countries and in the underdeveloped countries, but *partly* a contrast between development in the UDCs and an idealised process of development which would ensure "maximum utilisation of resources" or the "most rational allocation of surplus".' See also Bernstein (1979, pp. 91-4) for an elaboration of this point and further examples of the left's pre-occupation with 'misdevelopment', 'deformed development', etc.

(23) This is not to deny the many similarities between countries at different levels of economic development, in terms of the goods that they produce, the technologies that they utilise, the life-styles and consumption patterns enjoyed by the middle and upper income groups of different countries, and so on. But to note the similarities only, is like looking at a snapshot of these countries - a moment frozen in time - and to ignore how they have got where they are and where they are going after the photograph has been taken.

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