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Economic
Development

1978

Relating the Terms "Development" and "Progress"
to Agricultural Economists' Roles
in Analyzing International Development Problems.

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1. Most economic theories of development are based on optimization of monetary returns from a given human and physical resource base. This theoretical orientation leads economists and often those they work with to judge the "progress" and "development" of the family, enterprise, firm, region and nation in monetary terms: net profits, median family income, GNP per capita, regional income, consumer price levels, etc. Preoccupation with these indices of growth and development is no longer confined to the rich, industrialized nations. It is part of the worldwide focus on the economics of development.
2. It is important to remind ourselves that optimization of monetary objective functions is an extremely incomplete view of the development goals that most individuals and nations seek. Although economic growth may be a necessary condition for human progress, it is certainly not a sufficient condition. The evils and inconsistencies of slavish devotion to greater GNP have been eloquently detailed, especially by Boulding:

The essential measure of the success of the economy is not production and consumption at all, but the nature, extent, quality, and complexity of the total capital stock, including in this the state of the human bodies and minds included in the system.^{2/}

Much more fundamental is that all of economics, the whole GNP mentality, assumes that economic activity is a throughput, a linear process from the mine to the garbage dump.^{3/}

^{1/} Notes for Symposium on Ethics, Resources and Development Theory: New Challenges for Agricultural Economists. Annual meeting of the AAEA, Blacksburg, Va., Aug. 6-9, 1978.

^{2/} K. E. Boulding, "The Economics of the Coming Spaceship Earth," in Environmental Quality in a Growing Economy. Henry Jarrett, ed., 1966.

^{3/} K. E. Boulding, "Fun and Games with the Gross National Product - The Role of Misleading Indicators in Social Policy," in The Environmental Crisis: Man's Struggle to Live with Himself. Harold W. Helfrich, Jr., ed., 1970.

3. Agricultural economists involved in and concerned with international development sense the incompleteness of our formation (discipline, tool kit) when we see economically and technically sound programs go sour because of mismanagement, corruption, and/or indifference. Or, alternatively, we become incensed and frustrated when we see the economic benefits of a program captured by an elite minority among widespread poverty.

4. What then is the nature of progress and development that seems to be desired when considering the universal welfare of humanity? There are many statements on this. Myrdal has cogently described and analyzed the modernization ideals (goals) within the South Asian context.^{4/} A few of his subheadings may convey the essence of his views: rationality, planning for development, rise of productivity, rise of levels of living, social and economic equalization, improved institutions and attitudes, national consolidation and independence, and democracy at the grass roots. Interdependencies and conflicts among the ideals are recognized and analyzed.

5. The interface of ethical, social and economic issues cannot be avoided in most roles that agricultural economists are asked to play. It dominates the daily discussions of the market and non-market allocations of resources in local, national and international contexts. How can the agricultural economist contribute more effectively to resolving the problems underlying these discussions and debates?

- First, perform good, first rate economic analyses. These are needed to meet the necessary conditions of human progress.

- Second, continue to develop theories and models that include conceptualization and measurement of nonmonetary objectives and performance. This requires the transformation of many exogenous variables (e.g. preference sets and institutions) to endogenous variables.^{5/} Notable

4/ G. Myrdal, Asian Drama, especially Vol. 1, pp. 57-69 and Vol. III, pp. 1859-1878. Also, see Chapter 3, The Meaning of Development in Michael P. Todaro, Economic Development in the Third World, 1977.

5/ Kelso emphasized this in his fellow's lecture on natural resource economics, "Natural Resource Economics: The Upsetting Discipline," AJAE, Vol. 55, Dec. 1977, pp. 814-823.

contributions by economists have and are being made in this area: Hayami and Ruttan's induced technological and institutional change models, research on environmental perception and valuation, studies of information generation and dissemination, and models of human capital formation are examples.

- Third, insist on multi-disciplinary approaches to subject matter and problem-solving research.^{6/} Most development problems involve several disciplinary areas and require close, in-the-field cooperation of scientists and decision makers.
- Fourth, give more attention to programs and means to improve the nonmonetary well being of the affected people. In large part this involves strengthening the institutions and organizations that serve and represent the people.^{7/}

^{6/} G. L. Johnson's concepts as developed in, "Contributions of Economists to a Rational-decision-making Process in the Field of Agricultural Policy," in Papers and Reports of the 16th International Conference of Agricultural Economists. Nairobi, Kenya, July 26-Aug. 4., 1976.

^{7/} For a fuller treatment of this point, see "Rural Institutions, Policies, and Social Science Research," in Supporting Papers: World Food and Nutrition Study, Vol. III, National Academy of Sciences, 1977.