UNIT 1 CONCEPT OF DEVELOPMENT

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1.0 OBJECTIVES

After reading this unit, you should be able to

- define development,
- state the complex nature and the meaning of development,
- describe alternative approaches to the explanation of development,
- describe the development experience of the underdeveloped countries vis-a-vis the developed countries, and
- analyse the major development problems of the Third World countries like India.

1.1 INTRODUCTION

At the outset, it should be mentioned, that the concept of development is used here in a wide sense so as to include, not merely the definition or explanation, but also the theory, experience and problems. We hope you will be able to have a broad understanding of the concept of development. To understand the interaction between the media and society, it is very essential for you to be familiar with the various aspects and concept of development.

Therefore, this unit will introduce you to the concept of development in its simple and commonly understood form. It will also discuss, in detail, the concept of development as it has evolved over the years.

We shall discuss several theories of development to comprehend fully their policy implication and the underlying direction of development visualized in these theories. We have grouped the alternative theories or concepts of development into two world-views, viz., the "unilinear" and "non-unilinear". "Unilinear" means going from one point or stage to another point or stage in one linear direction, whereas "non-unilinear", does not follow the "unilinear" approach, and is generally multi-directional or moving from one stage to various stages.
In this unit, we shall compare the development experience of the developed capitalist countries with the contemporary strategies and performance to highlight the historical relevance of the development process. This comparison will help us to appreciate some of the in-built contradictions, like growth vs. justice, rural vs. urban or organised vs. unorganised activities, which we come across in the underdeveloped countries, in general, and in our country, in particular.

Later, we shall follow the comparison by a discussion of the problems of development like unemployment, inequality, poverty and illiteracy, which have been persistent. If you study the content of the media, then, I am sure, you will see these problems are being reflected in them. In fact, it is with these problems of development that the media are often concerned much more than any other aspects of development. These problems have been included with a hope that they would provide you with adequate ability to relate them to the sources, and help you to find possible solutions.

Activity 1

We shall be discussing some technical terms in the beginning of this unit. Full attention is required from the students so that they will be in a position to grasp the full meaning of these terms.

Before we go into these terms, engage yourself in an activity to find out what you mean by these concepts/terms. You have heard the word ‘development’ so often. In the space provided below, write what you understand when you hear the word ‘development’.

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In your village/locality/area, what are the main issues and problems which you think need immediate attention so that prosperity/progress/development may take place. Mention three such problems/issues and give reasons as to why you think they are urgent.

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1.2 THE CONCEPT OF DEVELOPMENT

Here, we shall have the occasion to see the difficulties involved in defining and measuring development. Also we can see the changing perceptions of development as it evolved over a period of time. Since much of the writings on development are by economists, the definitions often start with economic development. It is not that there is a general agreement on the definition of economic development, but it will serve as a simplified starting point.

We shall define economic development as "the process of increasing the real per capita income of a country over a long period of time accompanied by changes in its structure and institutions. For example the Indian government is inviting the foreign business companies to invest in India. This invitation, if accepted by several foreign companies, might create a large number of jobs. This means that the employed people will have a steady income, probably an increased one. I am sure you know that per capita income is calculated by dividing the yearly total income of all the citizens of a country by the number of its population. Therefore, less unemployment means higher per capita income. Once the people have money at hand, they
will definitely satisfy their immediate requirements such as food, clothing and shelter. The real development is not in the figure of the per capita income. It must be seen and felt — take, for example, the opening up of the Indian economy to the outside world. If we have less unemployment in India, it will make for more livable houses, which means lesser number of people sleeping on the footpaths of the cities like Calcutta or Bombay; more transport facilities, which means less crowded buses and trains; lesser beggars in the streets of metropolises; less number of illiterates, etc. These are the signs of development — real development. "The process involves not only changes in the economic structure, but is interlinked with the entire social, political and cultural fabric of society." It is necessary to note that development does not mean mere increase in the per capita income or mere industrialization, but "a process involving a number of qualitative changes", nothing less than the "upward movement of the entire social system." Some may interpret development as "attainment of a number of modernization ideals, such as rise in productivity, social and economic equalization, modern knowledge, and improved institutions and attitudes..." Proper and adequate development is not done by dislodging people from their roots, culture or environments. Proper development always helps people to be self-sufficient and self-reliant.

1.2.1 Measurement of Development

Having noticed the difficulties in defining development, we can easily see the problems that would arise in the measurement of development. As in the case of the definition, we may begin with the measurement of economic development. Economists have, traditionally, measured economic development by the level of per capita Gross National Product (GNP), which, in simple terms, means the total national income divided by the population. This measure was adopted by the United Nations, in 1950, when it classified all countries with a per capita income of less than $200 as less developed countries (LDC). This was a rough but convenient measure for the UN to identify the less-developed countries for the purpose of providing economic aid.

However, the limitations of the per capita GNP as a measure of development are well known. We can mention at least four such limitations here.

- First, it is based on national income statistics, which does not include major portions of real income, like the contribution of work done in the household. This will seriously undermine the value of the real per capita income of countries like India, where household work provides substantial proportion of goods and services.
Second, it is an average and does not say much about the structure of production or distribution of the national income. For example, Kuwait's per capita income, in 1990, was $32,680, the highest in the world, and that of the United Arab Emirates was $19,860. It does not mean that these countries are developed, and that is why the UN has categorized them as developing countries.

Third, progress in a narrow sector, like natural resource-exports, oil, minerals, timber might show high per capita income as in Kuwait and the U.A.E., Trinidad and Tobago, ($3,610), Gabon ($3,330). But, by no stretch of imagination, can these countries be considered ten times more developed than India with a per capita income of $350 in 1990. Also the purchasing power of local currency is higher than the dollar in the U.S. or other countries. You can easily perceive that Kuwait, Brunai, the U.A.E. etc. are rich in non-renewable resources. Once these resources are consumed, the development process in these countries might cease. Therefore, this kind of development is hollow and temporary.

Fourth, the per capita income may increase even in the face of increasing unemployment. For instance, today we see that the gross national income of the USA has increased. The normal process and assumption is that with the growth of per capita income unemployment diminishes. However, in societies which use high technologies, i.e., labour-displacing or capital-intensive societies, the per capita income may rise with the rise of unemployment. For example, computerisation or the use of robots might cause a rise in the unemployment rate.

In spite of these well-known limitations of the measurement of 'economic development' in terms of per capita income, it is still used widely because of lack of a more satisfactory measure. The World Bank continues to classify countries on the basis of per capita income. In 1990, the UN classified the countries as

- **low income economies:** those with a GNP per capita of $610 or less,
- **middle income economies:** $611-7,619, and
- **high income economies:** $7,620 or more.

You should note that there has been growing criticism of this per capita income based concept. One such criticism is that it leads to misconception of the tasks of development. The growing disenchantment with a GNP per capita has resulted in a number of alternative ways of measurement of development. One such proposition is that "development means reducing unemployment, mitigation of inequality and eradication of poverty."

According to this
concept, a country may not be called developed, if it has poverty and high degree of unemployment and inequality.

Yet another concept of development suggests an index of physical quality of the life index (PQLI), which emphasizes quality of life as evidenced by the state of literacy, life expectancy, infant mortality, etc. Yet another notion of development emphasizes freedoms, capabilities, and entitlements for better life, which could be expressed in terms of a scale, similar to those considered under quality of life. One of the recent entries in the alternative development perspective is sustainable development. It draws attention to the need to conserve resources so that the process of development would be sustainable without endangering the resources for the future generations.” Thus, it is clear that the concept of development has advanced far ahead of the narrow confines of per capita income.

Check Your Progress 1

Note: i) Use the space below for your answers.

ii) Compare your answers with those given at the end of this unit.

1) We have discussed various definitions of development. Please mention at least 10 areas, which could be considered the signs of development, for example, total literacy.

2) How does one measure the “per capita income”?

3) Why does the UN categories countries as “low-income”, “middle-income” and “high-income” groups?

1.2.2 Characteristics of Developing Countries vis-a-vis Development

Faced with these complexities in conceptualizing development, there are many textbooks which try to present underdevelopment in terms of certain common characteristics of the developing countries. These include

- low levels of living,
- low levels of productivity,
- high rates of population growth,
- high and rising levels of unemployment,
- underemployment, and
- high dependence on agriculture and other primary production.
Development, in contrast, is associated with some of the characteristics of the developed capitalist countries. These include, the opposite of the characteristics mentioned above, and include:

- high levels of living,
- high levels of productivity,
- low or no population growth, and
- the predominance of industrial or non-agricultural activities.

Such characterization, at best, provide a description of development, and underdevelopment, but it does not offer any basis for explanation as to why and how countries are underdeveloped or what are the ways in which countries can develop. These are questions, which are the central concern of the development theories.

1) Why did this type of characterization of development come into being?

2) Theories and Paradigms of Development

In this section, we shall discuss various development theories and paradigms. Over the years in many parts of the world, various developmental aims have been pursued by groups of people. We have seen, earlier in the unit, that the purpose of development is not one, neither is it uniform. For one nation, it may be to achieve total literacy, for some it may be drinking water, for other it may be building of motorable roads, for still others it may be reforestation. Depending on the aims, a certain process has been employed for development. This process has been tried over and over again till it was refined. In other words, the process with its various trials became a theory. The development processes emanate from some philosophy. Therefore, a particular philosophy can have a group of developmental processes. In easy understanding, we might call these theories as paradigms. The central task of development theory is to explain why some countries are underdeveloped, and how these countries can
develop. Since the end of World War II, a number of countries became independent. Centuries of colonial rule left them underdeveloped. Development became a top priority for these countries. There was growing interest in understanding and explaining the process of development and underemployment. Since then, there have been a number of theories offering alternatives. Discussing each of these theories in isolation may not improve our understanding. It may even confuse a beginner. However, it is possible to group these theories on the basis of the vision and direction of development, i.e., the world view of development, visualized by these theories. We can, then, sub-divide them further on the basis of certain shared analytical approaches, i.e., paradigms common to these theories. Chart I provides an outline of the classification of the development theories.

The World Views of Development

Accordingly, all the theories of development and under development are divided into two broad groups, viz., \textit{unilinear world-view of development} and \textit{non-unilinear world-view of development}. We shall discuss two types of theories in the following sub-sections.

\textbf{Unilinear World View of Development}

The unilinear world view of development simply means that underdevelopment is a condition preceding development. All developed countries are late comers to the process of development, which had already taken place in the developed West. The Western developed countries followed some kinds of processes, and, they have achieved a kind of standard of living. The people of these countries enjoy certain consumer items, which are not easily available for the common men living in other parts of the world, at an affordable cost. Because of their tremendous influence on the world bodies and international scene, the Western countries have become models of development for the underdeveloped or developing countries. It suggests, therefore, that development is becoming more like the West or like the already developed countries. For becoming like the West, there are certain institutional or economic hurdles, whose removal will initiate the development process in the underdeveloped countries. Institutional or economic hurdles could be dictatorships, monarchy, and a closed type of economy like that of Burma, India, and China, to some extent.

On the contrary, the "non-unilinear world-view of development" suggests that development is \textit{not becoming like the West}. Under the changed historical conditions, it may not be possible for the less developed countries to become like the already developed countries. These less-developed countries shall have to find an alternative path of development.

\textbf{Types of Unilinear Theories}

Theories falling under the unilinear world-view may be divided into two broad categories.

First, there are those theories, which consider development as \textit{harmonious} and \textit{non-contentious processes}. The development process benefits all rich as well as poor people, and rich as well as poor countries. There is more harmony between different groups of people and different countries.

The second category of theories consider development essentially as a \textit{conflicting process}. These theories refer to the rich exploiting the poor as much as the rich countries exploiting the poor.
Mainstream Paradigm

Theories under category which suggest development to be a harmonies process, lead to two paradigms: one which advocates state intervention or active role of the Government as an essential requirement for development. Most of the modern theories of development that have emerged during the post-war years come under this paradigm. This may be called as the ‘Mainstream Paradigm’.

Counter-revolutionary Paradigm

The other paradigm, which emphasizes non-intervention by the state or non-involvement of the government, and advocates the efficiency of the market (the forces that determine demand, supply, and the cost, pricing, and production of goods, commodities and services) in promoting development, which favours “free market” for developments, is called as the ‘counter-revolutionary’ paradigm.

The Structuralist Paradigm

Similarly, within the category of theories, which consider development essentially as a contentious and conflict-ridden process, we find two paradigms. The structuralist paradigm suggests that underdevelopment is a consequence of the internal as well as the international structure (system of production). Internally, the less developed countries are totally dependent on the production and export of primary products (raw materials, like oil, sugar, tea, rubber, iron and other minerals etc.). On the international front, the developed countries (capitalist West) produce and export “manufactured” goods. Now, the low level of technology and industrialization, the low elasticity of demand and adverse terms of trade (the West protecting its manufactured goods through trade tariffs, and buying the primary products of the less developed countries at low prices, has had to the exploitation of the less-developed countries by the developed countries. Therefore, these theories suggest that if the less developed countries want development, they are required to change the structure (system) of production increasingly in favour of manufactured goods through capital based technology and industrialization. Once the ‘underdeveloped’ countries do this, they too can developed like the West.

The Orthodox Marxist Paradigm

On the other hand, the Orthodox Marxist Paradigm considers that conflict and contradictions in the development of capitalism are inevitable, and that these can only be resolved through a revolution, which will then usher in the next phase of development.

Types of non-unilinear theories

If we turn to the theories under the “non-unilinear world view”, here too we can subgroup the theories into two paradigms: one, the populist paradigm and the other the neo-Marxist paradigm. Thus, we can broadly classify two “World-views of development”, the unilinear and the non-unilinear, in six paradigms, viz., the mainstream paradigm, the counter-revolution, the Structuralist, the Orthodox Marxist, all the four belonging to a Unilinear World View. The populist and Neo-Marxist are the two paradigms of “non-Unilinear world View”.

Check Your Progress 3

Note: i) Use the space below for your answer.

ii) Compare your answer with those given at the end of this unit.

1) Write down the main difference between “Unilinear” and “Non-Unilinear” theories of development.

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1.3.1 Unilinear World-view of Development

We shall discuss, briefly, the important features of the theories of development under each paradigm and their implications for the strategy of development in the Third World countries. We shall discuss the main features of each and every paradigm of the unilinear world-view of development. Let us start with the mainstream paradigm.

i) Mainstream Paradigm: Of those paradigms, which project development as becoming more like the West and developing countries as late-comers to the process, with certain initial conditions, which should be overcome to experience transition to development, the more familiar is what could be described as the 'Mainstream paradigm'. It includes most of the familiar development theories like the 'big-push' or 'balanced growth' theory of Rosenstun Rodan, the 'vicious circle' theory of Ragnar Nurks, the 'unbalanced growth' theory of Alber Hirsheman, the 'dualism' theory of Arthur Lewis, the 'stage theory' of W.W. Rostow and the 'neo-Malthusian' theory of Harvey Leibenstien. (For an explanation of some of these theories, see Glossary).

In spite of differences in the framework, point of emphasis etc., there are certain aspects, which are common in these theories. The most important resource for development is savings or accumulation of capital. The transition from underdevelopment to development is essentially a process of moving from low savings ratio of about 5% of the GNP to a high savings ratio of about 12% or more. "Development is a process of transforming an economy, which is predominantly agriculture-based and other related primary activities, towards predominance of industry and non-primary activities."

Therefore, these theories describe the initial conditions or barriers responsible for the low savings, and suggest strategies to overcome those hurdles, which would put the underdeveloped countries on the path of development like the West. The persistence of the low savings is due to the vicious circle of poverty: low income, low savings, low investment, low productivity, low income.

There is also the vicious circle on the demand side like the low inducement to invest because of the low level of productivity due to low level of investment.

Once this low savings syndrome is overcome, then aid or foreign investments help in a sustained development, either through balanced investment or investment in the unbalanced sectors, that would set up inducements and pressures.

In the process of mobilizing savings and channeling the same for development, the mainstream theories consider state intervention, either through the governmental planning or state programmes, as essential. Most of the newly independent countries have embarked upon the development strategies, which were inspired by the theories of the mainstream paradigm.

ii) Counter-revolution Paradigm: In contrast, the Counter-revolution paradigm considers the state intervention as the cause of inefficiency and distortions in the resource use. According to this paradigm, the state intervention through licensing and regulation leads to 'directly unproductive profit seeking', corruption, and red tape. Minimizing the state's role, and allowing the market to play the role in allocation of resources, would improve efficiency, competitiveness, and rapid growth. This paradigm has gained some popularity only in the 1980s, by which time there was widespread disenchantment with the interventionist policies. In recent years, this paradigm is at the basis of the package of liberalization that is recommended by the World Bank and the International Monetary Fund.

iii) The Structural paradigm: The origins of the structuralist paradigm could be traced to the writings based on the Latin American experience. There are two variants of the structuralist paradigm, one referring to the distortions in internal structure, and the other pointing to the global or international structure. It is the 'international structuralism' of the Rural Prebisch that is more familiar. According to the paradigm, the world is divided into the developed capitalist countries forming the core of 'the Centre', and the underdeveloped countries forming the Periphery. Over the years, there emerged a division of labour with the Centre producing and exporting manufactured goods and the Periphery depending on the production and export of the primary products. While the income elasticity of demand for high technology and high
productivity-based manufactures is high, it is low for the primary products. As a result, while the demand for the manufactured goods increased faster, ensuring higher prices for their exports, the demand for the primary products increased slowly, and the export prices did not keep pace with the rise in the prices of imported manufactured goods. There was, in the long-run, deterioration in the terms of trade of the primary exports from the less-developed countries. All the benefits, technical progress and productivity flowed to the developed centre, keeping the periphery in a continued state of underdevelopment.

To break this structural distortion and to initiate the development process in the periphery, it is necessary to pursue a policy of protection to the manufacturing sector from the developed countries. The strategy directly flowing from the structuralist paradigm is Import Substitution Industrialization (ISI). Though it has caused sufficient problems later, the ISI was a very popular strategy of development, particularly in Latin America.

iv) Orthodox Marxist Paradigm: The familiar marxist concept of development is associated with the five epochs or stages: (i) Primitive Communism, (ii) Ancient Slave State, (iii) Feudalism, (iv) Capitalism, and (v) Socialism. Each of these epochs is marked by a corresponding mode of production. Development, in this framework, may be viewed as one of transitions from feudalism to capitalism.

The Orthodox Marxist theory also visualized the future of the underdeveloped countries, entirely in terms of the developed capitalist countries. Karl Marx wrote that "the country that is more developed, industrially, only shows to the less developed the image of its own future." It is such an image of development that led Marx and Engels to believe that the capitalist colonial expansion would result in the spread of development of capitalism in the countries.

Contrary to such expectations, as capitalism spread all over the world, a greater part of the world has experienced only its disintegrating effects, without benefiting from its creative side. Moreover, the united industrialisation of the West was possible only at the expense of the so-called underdeveloped world, which was doomed to stagnation and regression. The classical Marxist writings, by concentrating on the European experience, anticipated the spread of development and not underdevelopment. They did not have much to say on the process of underdevelopment. There appears to be not much analysis of the historical experience of the colonial countries in Asia and Africa. Hence the criticism that Marx's writings were Europe-centric, denying all the history and experience of the colonial countries.

Check Your Progress 4

Note: i) Use the space below for your answer.

   ii) Compare your answer with the one given at the end of this unit.

1) While discussing the unilinear World view of the development theories, we have stressed that all the paradigms included had some common features. In the space below, please write all the common features of these paradigms, and deduce that for those features, these paradigms could be put under the cluster of Unilinear World view of Development:

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1.3.2 Non-Unilinear World-view of Development

So far, we have discussed how the developing countries could attain the status of the developed countries. We have said that the process adopted by many Third World countries is unilinear moving from one step to another logically. Now, here, we shall discuss some paradigms which are not unilinear. Their nature is not that systematic. So, let us move ahead.

a) Populist Paradigm: The term "popu..." is used here in the absence of any other term that is adequate to describe this approach. The theories under the "Populist" approach question
either the need or possibility of the less-developed countries developing on the lines of the already developed capitalist countries. The Gandhian thinking on the appropriate development for countries like India, and some contributions from some one like E.F. Schumacher, who wrote Small is Beautiful, may be considered as part of the "populist" paradigm.

Gandhi thought that the Western type of development had nothing to commend to societies like India. His contention was that the Western industrialization had brought along with it immorality, crime, and cultural degeneration. "Development in a country like India should make the village as the centre, and provide employment and livelihood through a network of cottage and village industries. 'Gram Swaraj' or 'village united development' would not only ensure against the evils of industrialization and urbanization, but also absorb millions of people without uprooting them from their appropriate village industries.

The contribution of Schumacher is also inspired by the Gandhian thinking. It is well-known through his book, Small is Beautiful. The two severe problems of the less developed countries, according to him, were mass unemployment and mass migration to the urban areas. Much of the Western type of industrialization initiated in the less developed countries helped only a fraction of the population living in the urban areas, while the mass of population living in rural areas were bypassed. Thus, in the less developed countries, there emerged what is known as "dual economics" of urban and rural areas, each within different patterns of living, widely separated from each other, living as two different worlds. That the rural masses would be absorbed by the Western type of industrialization is utterly unrealistic. What is needed is creation of appropriate technology that would promote employment opportunities through a network of small production units, a primary condition for such a development involves education, organization, and development.

Populist paradigm is discussed as an alternative strategy by not housed by any less-developed country. This is partly because of the dominance of the mainstream paradigm in the initial stages of independence, and the creation of an impression among the people that development means becoming like the West. After raising such false hopes, any attempt to adopt a Gandhian or "populist" alternative strategy, it is feared, would not be liked by the people. Most of the less developed countries hold on to the "mainstream" paradigm, its failures notwithstanding.

b) Neo-Marxist Paradigm: A serious challenge to the unilinear world-view of development did not arise until the emergence of the neo-Marxist paradigm. There are quite a few economists who can be called neo-Marxist, but here, we are concerned with the writings of Paul Baran, A.G. Frank, and the related "dependency theory". An attempt is made here to capture the neo-Marxist paradigm, as far as possible, in terms of the original writings. The essence of the paradigm lies in the fact that, at present, the less developed countries cannot develop like the West. It stresses the interconnectedness of development and underdevelopment, of traditional and modern, and indeed many other social, political and economic factors. It seems many conflicts and clashes of interest in the development process occur, both between nations and between social classes within the underdeveloped countries. It emphasizes the historical factors, especially, the active process of how underdevelopment has come into being in the various Third World countries.

Paul Baran declared that underdevelopment of most of the world was a direct result of the dynamics of monopoly capitalism, which had blocked the primary accumulation of capital in the underdeveloped regions, and smothered their novice industries. He sums up his thesis as follows: "thus the people, who came into the orbit of Western capitalist expansion, found themselves, in the light of feudalism and capitalism, enduring the worst features of both worlds. Their exploitation was multiplied, yet its fruits were not to increase their productive wealth; they went abroad or served to support a parasitic bourgeoisie at home. They lived in abysmal misery, yet they had no prospect of a better tomorrow. They existed under capitalism, yet there was no accumulation of capital. They lost their time-honoured means of livelihood, their arts and crafts, yet there was no modern industry to provide new ones in their place. They were thrust into extensive contact with the advanced science of the West, yet remained in a state of the darkest backwardness."

Referring to India as a case in point, Baran observes, "India, if left to herself, might have found in the course of time a shorter and surely less tortuous road towards a better and richer society. It would have been, however, an entirely different India (and an entirely different world), had
she been allowed as some more fortunate countries were, to realize her destiny in her own way, to employ her resources for her own benefit, and to harness her energies and abilities for the advancement of her own people.""

The most forceful presentation of the neo-Marxist thesis is found in André Gunder Frank:

"Under development is not just the lack of development. Before there was development, there was no underdevelopment. This relation between development and underdevelopment is not just a comparative one, in the sense that some places are more developed, and yet there is underdevelopment".

A.G. Frank contents that underdevelopment as we know it today, and economic development as well, are the simultaneous and related products of development on a world wide scale, and over a history of more than four centuries, at least, of a single integrated economic system: Capitalism. Though integrated in the sense that its far-flung parts are interrelated, and in the sense that it internally generates its own transformation, the capitalist system is also wrought by contradiction. One part exploits another, though it also diffuses back some of the fruits of the economic and cultural development based on that exploitation.

Check Your Progress 5

Note: i) Use the space below for your answers.
ii) Compare your answers with those given at the end of this unit.

1) What is the main point of view of the 'populist paradigm'?

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2) Do you agree with what Paul Baran has said about the course of development taken by India? Why?

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1.4 DEVELOPMENT EXPERIENCE: THE THIRD WORLD

After the Second world war, many colonies got independence, and started re-building their nations. The leaders of these newly independent countries were desperate to bring their nations out of the vicious circle of poverty, uneducation, disease, hunger, etc. Thus, 'development' became a key word in most of their speeches. And the meaning of development were as varied as the countries. We shall discuss the experience of these countries, known as the Third World countries, in the field of development. About three quarters of all humanity, numbering three and a half billion people, living in the developing countries in Asia, Africa and Latin America, spanning two thirds of the earth's land surface, constitute the Third World. A Third World because it belongs neither to the group of industrialized capitalist countries nor the socialist countries, wherever such countries still exist. These Third World countries vary greatly in size, natural resource endowments, in the structure of their economies, in the level of economic, social, and technological development. The diversities are fairly marked, making even the Third World less homogeneous. But the unifying aspect is that, in these countries, the need to overcome poverty and secure a better life for their people is primary. Yet, it is ironic, by the end of the 1980s, it could be seen that the achievements of the Third World during the post-World War II decades had not fundamentally changed the status of these countries in relation to the world economic system. "They remained poor, subordinate, and powerless. In general, their national self-reliance had not increased, in some
countries dependence intensified as they tried to modernize". Poverty persisted and the income gap between the developed countries and Third World widened.

The growth in the Third World rarely removed the structural inequalities and cleavages. On the contrary, the income gap between the rich and poor became wider. As a result, the economic growth brought along with it the problem of growing disparities, tendencies towards disintegration and instability. The social and economic status of women leave much to be desired. And there was growing dependence of these countries on the developed ones. In spite of the fact that any of the developing countries are dependent on international trade, their share of the world trade has dropped from over 30 per cent in the 1950s to about 15 per cent by the end of 1980s. A considerable part of the declining share has been due to the deteriorating terms of trade. These countries are becoming increasingly dependent on aid and borrowings from abroad, resulting in a growing foreign debt. There has been an increase in the participation of the multinational corporations in these countries, and their influence on economic policies has been growing. The Third World accounts for hardly two per cent of investment on research and development, thus leaving these countries technologically dependent. Most often the imported technologies are inappropriate, leaving little scope for expansion of much needed employment opportunities.

Faced with the growing international inequalities in economic power and influence in the existing world economic order, the Third World countries lobbied for a better deal, which resulted in the U.N. Resolution popularly referred to as the New International Economic Order (NIEO), which sought a programme of action towards an equitable world. Some of the important aspects of NIEO were

- renegotiating the debts of the developing countries;
- redefining the terms of trade, and assuring greater access to the developed country markets;
- reforming the IMF and its decision making process; and
- attaining the UN official development assistance targets.

Except for some attempts to negotiate debt repayment in a few cases and some discussion in UNCTAD on access to trade, not much progress has been made. In fact, the tendency has been towards disparities between the rich and poor countries by subordinating their interests to those of the former.

Check Your Progress 6

Note: i) Use the space below for your answers.
   ii) Compare your answers with those given at the end of this unit.

1) Why did the New International Economic Order (NIEO) come into being?

2) What were the demands of the NIEO?

3) Why did not the NIEO succeed?
1.5 DEVELOPMENT DICHOTOMIES

By now it should be possible to see that economic development deals with objectives, which may result in conflicting consequences. Here, we shall consider some of these conflicting aspects, which are called development dichotomies. Here we shall consider only a few of such dichotomies like Growth vs. Justice and Rural vs. Urban.

a) Growth vs. Justice: We have seen earlier that the mainstream development paradigm as well as the counter-revolution paradigm suggested that economic growth should be given priority, even though it would result in growing disparities in income distribution. Traditionally, it is believed that unequal distribution of income is a necessary condition for rapid growth. It is argued that growing inequalities in income distribution, by making the rich richer, would provide more savings, and, therefore, higher growth. If growth is accompanied by more equitable or just distribution, the poor also get more income, but may not have much left for showing, and the consequent low savings will result in slow growth. Thus, the traditional theory implied a dichotomy between growth and justice, we have a very rich, elite class in India. Did their way of spending make a difference in the economy?

Now, many development economists believe that just or equitable distribution of income would actually promote better growth for the following reasons:

- First, the rich in the developing countries appear to be spending much on unproductive activities, imported commodities, and in any case do not seem to save a higher proportion of income than the poor.
- Second, perpetuation of low levels of income through unequal distribution may affect, not only their purchasing power, but also their health and productivity, both of which affect the growth.
- Third, raising the income of the poor would increase the demand of indigenous production and, therefore, higher growth.

Thus, it is argued that just distribution does not conflict with growth and, indeed, growth with justice is possible and desirable.

b) Rural vs. Urban Dichotomy: This is another dichotomy. There is a widespread feeling that the theories of the unilinear world view would suggest strategies of economic development, which would only result in urban bias. I am sure, we in India have experienced and are experiencing this phenomenon. Our metropolises and cities are over-populated. Unprecedented migration from the rural to the urban areas is taking place. This urban bias would lead to growing neglect of the majority who live in rural areas as well as unmanageable rural to urban migration affecting the quality of life in the urban areas. Alternative strategy based on the theory that development is not becoming like the West, but one of strengthening the investments in the rural sector. Though there are no examples of Gandhian or populist strategy being implemented, the Chinese experience with the Maoist model, a variant of the neo-Marxist paradigm, gives ample evidence of a health development of the rural areas at the same pace as the urban sectors.

Activity 2

Name 5 TV programmes telecast by Doordarshan and 5 radio programmes broadcast by All India Radio, which, according to you, contribute to development:

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1.6 PROBLEMS OF UNDERDEVELOPMENT

We may be aware that some countries after decades of trial have increased their per capita income. But notwithstanding the changes that took place in the form of increase in the GDP per capita, the basic problems of underdevelopment continue to plague most of the less developed countries including India. These are

- Poverty
- Unemployment
- Inequality, and
- Illiteracy

If we do not take appropriate action, India will have almost 600 million illiterate people by the turn of the century.

i) Poverty: It may be defined as the inability to attain a minimal standard of living. The minimal standard of living may be expressed in terms of the expenditure necessary to buy a minimum standard of nutrition and other basic necessities. Such a measure may suffice as a poverty line for a country. The World Development Report, 1990, estimated "that more than one billion in the developing world are living in poverty. Nearly half of the world's poor live in South Asia, and nearly half of them, i.e., about 250 million live in India". In other words, India accounts for about 25 per cent of the poor in the Third World. The poor in these countries are concentrated in the rural areas. A substantial proportion of them live in areas of acute environmental degradation. Much of the deprivation is due to poverty suffered by women and children. In poor households, women shoulder more workload than men, are less educated, and have less access to remunerative activities. Children, particularly girls, suffer disproportionately. Their future quality of life is compromised by inadequate nutrition, health-care, and education. Low life expectancy and educational attainment are common among the poorest households.

ii) Inequality: It refers to disparities in the living standards. Often, it is attributed to unequal distribution of income. Though the majority of people in less-developed countries continue to live in the rural areas, there has been growing disparity between the rural and urban incomes, leaving the rural incomes much behind. It is a burning issue in our country. There have also been growing disparities in the interpersonal income distribution. In other words, the share of the rich is increasing faster, while that of the poor has not been increasing or, if at all, at a very slow rate. Thus, the gap between the rich and the poor is widening. The income disparities in the less-developed countries are wider than in the developed countries. For instance, the ratio of the incomes of a factory worker and a professional worker is of the order of 1 to 2 or 3 in the West, but 1 to 15 or 20 in Asia and the other LDC areas. Sharper social stratification in the LDCs hinders mobility from the lower to higher levels. Inequality, therefore, is a persisting hindrance to development.

iii) Unemployment: It is one of the most striking problems of the less developed countries. We do experience it in each and every family. It is not only open unemployment, but also underutilization of all those employed resulting in underemployment that plague these countries. An additional problem is the low productivity of those employed. In many poor countries, open unemployment, especially in the urban areas, affects 10 to 20 per cent of their labour force. The incidence of unemployment is much higher among the young and increasingly more educated in the 15-24 age group. Even more fractions of both the urban and rural labour force are underemployed. One of the major causes for persistence of poverty is the widespread unemployment and underemployment, the solution to which holds the key to the problem of underdevelopment. The unemployment issue occupies a central place in the study of underdevelopment.

iv) Literacy: It is one of the scourges that perpetuates low productivity and prevents mobility to the higher levels of living of the masses in the Third World. Education is not only a lever to improve the productivity, but also a basic need. Progress in education is to be sought mainly as an end in itself. In addition, there is growing evidence that schooling contributes substantially to the over all development. It is shown that one year increase in schooling can increase wages by more than 10 per cent. An additional year of schooling has in some
countries, raised farm output by 2 to 5 per cent. Schooling of women has brought down substantially the infant mortality and fertility while raising life expectancy.

Though there has been substantial increase in the public expenditure on education, school enrolments in some of the Third World countries remain very low. It is more so among the poor, in the rural areas, and much more among the girls. Even among those who enroll, about 40 per cent drop out before the fourth year. By 1991, there were more than 1 billion adults, who were still illiterate in the developing world.

Check Your Progress 7

Note: i) Use the space below for your answers.

ii) Compare your answers with those given at the end of this unit.

1) How does the neo-Marxist paradigm of development differs from the Orthodox Marxist paradigm?

2) Name two dichotomies of development. To what extent are these real?

3) How does illiteracy affect a country like India?

1.7 LET US SUM UP

Now let us recapitulate by way of summarizing the important aspects of development discussed in this unit. To begin with, we have started with the definition of the concept of development. Though there are difficulties of precise definition, we have tried to understand development as a process or increase in the standard of living accompanied by structural and institutional changes embracing social, political as well as economic factors. Then we tried to look for a measure of development. One of the widely used measures of development is the per capita GNP. It is an average, focusing on end product, which suffers from a number of deficiencies. The growing disaffection with the per capita GNP, gave rise to alternative measures like the physical quality of life index (PQLI) and capabilities and entitlements. Some are even contended with the description of the characteristics.

We have concluded that development is a complex process, which may not be amenable for easy measurement. Therefore, we have to be content with whatever working measures have been devised with a continued search for better explanation and measurement.

We have had discussions on the alternative paradigms of development, which explain the process of development or underdevelopment. For convenience, we have grouped all these paradigms into two world views, viz., unilinear and non-unilinear. We found that four paradigms viz., the mainstream, the counter-revolution, the structuralist, and the orthodox Marxist, broadly treating development as becoming more like the West, come under the
unilinear world-view. The other two, the neo-Marxist and the populist paradigms, belong to the non unilinear world view of development. We have seen the differences of these two in the world-views. This background is to help us understand the development experience of the developed and the less-developed countries.

We could see that the development experience of the Third World during the post-Second World War years has not been satisfactory. Then, we have seen some of the distortions of the experience of development, surfacing as certain dichotomies of development. Related to this is what we have described as development problems like poverty, inequality, unemployment and illiteracy, which have been persistent in most of the less developed countries. The impression gained was that the less developed countries have much to do before overcoming these problems.

1.8 GLOSSARY

Aid
Concessional lending by the developed countries or multilateral agencies like the World Bank to the less developed countries.

Balanced Growth Theory
A theory which shows that for sustained growth the investment should be spread in a balanced manner over a number of sectors, the demand for the products of which is interlinked.

Big Push Theory
It is similar to the balanced growth theory, emphasizing a massive initial investment to overcome certain indivisibilities in industry and infrastructure, in sustaining development.

Capabilities
The ability of a person to contribute to the national income. It depends upon the level of nutrition, education, health-care, etc., one can command.

Counter-revolution Paradigm
One that is opposed to the state-intervention, and favours a free market for development.

Dependency
Conditioning of the less-developed countries by the developed countries. It may take trade, technology or financial form of dependence. This results in the LDCs relying on the policies of the developed countries designed in their own interest.

Dualism
Coexistence of small modern capitalist forms of production for profit along with a vast traditional subsistence sector.

Gross Domestic Product (GDP)
The value of the annual output of goods and service produced within a country.

GDP per Capita
The average gross domestic product per person, i.e., the GDP divided by the population.

Inequality
A distribution of national income in a manner where the share going to the rich persons in a country is far greater than that going to the poor. Similar inequality could be seen in the asset distribution as well.
Infant Mortality

The deaths among the children between birth and one year of age. Infant mortality rate measures the number of these deaths per 1000 live births.

Life Expectancy

Average expected years of living of a citizen for a country.

Paradigm

A constellation or collection of theories, beliefs, values, techniques, etc., commonly shared by an approach or explanation.

Physical Quality of Life Index (PQLI)

An alternative measures of development to the GNP per capita. PQLI emphasizes a vector of indicators of better quality of life like high literacy, low infant mortality and high life expectancy.

Poverty

There are two concepts: "relative poverty" and "absolute poverty." We are concerned with absolute poverty, which is measured in terms of the proposition of people who are not able to meet the minimum subsistence of food, clothing and shelter.

Poverty Line

It is estimated on the basis of consumption expenditure that is necessary to meet the minimum national consumption. Expenditures below this line are classified as the proportion below the poverty line.

Savings Ratio

Savings as a ratio to the national income, the size of the market, and the extent of demand.

Stage Theories

Theories which explain development as taking place in stages. W.W. Rostow’s theory is a popular example.

Sustainable Development

Increase in output without growth in the 'throughput' that will disturb the environmental carrying capacity. 'Throughput' refers to the using up of resources, particularly those which cannot be renewed.

1.9 FURTHER READING


1.10 CHECK YOUR PROGRESS: MODEL ANSWERS

Check Your Progress 1

1) • Shelter for every citizen
• Clothes for each citizen
• Adequate health care facility
• Low rate of infant mortality
• High rate of women’s literacy
• Adequate supply of drinking water for all citizens
• Very low level of unemployment
• Motorable roads
• Uniform distribution of the media
• Proper use of the mass media for education, information and entertainment of the people.

2) The per capita income is measured by dividing the total income of a country with the number of the population of that country.

3) The categorization helps the United Nations to distribute aid adequately among the needy nations.

Check Your Progress 2

1) The type of problems currently faced by the developing countries were once (at least, similar problems) by the developed nation of the present time. After the Second World War, these developed countries were mostly dominating all the international fora, especially the United Nations. Therefore, many of their ideas, values, and customs were filtered into the world system. Thus, this type of characterization of development came into being.

Check Your Progress 3

The main difference between the unilinear and non-unilinear world-view of development is that the unilinear view says that development means becoming like the West. After taking some measures, the developing or underdeveloped countries will become developed nations like the UK, France, the USA, Canada, and the like. But non unilinear view says that becoming like the West will mean disaster. The earth cannot sustain such development worldwide, and alternative paths have to be found out by the developing countries.

Check Your Progress 4

We have discussed four sets of unilinear paradigms, namely (a) mainstream, (b) counter-revolution, (c) structural, and (d) orthodox Marxist. All these paradigms say that:

i) development was becoming like the West;
ii) there were steps, which were to be crossed or overcome to attain development;
iii) these steps were set; one could not bypass any step; any
iv) all the steps were logical and inevitable.

For these reasons, the paradigms could be put together under the heading, unilinear paradigms.

Check Your Progress 5

1) The populist paradigm questions the wisdom of copying the West as far as the goal and path of development is concerned. The populist paradigm advocates an indigenous goal of development with a suggestion to harness local resources, technologies, and wisdom to achieve the developmental goal.
2) Yes, I agree with Paul Baran. The nature, culture and resources of India are different from that of the West. Therefore, what has evolved naturally in the West over centuries could not be applicable in India. Transplantation might not work, because it would not be able to draw nourishment from the Indian culture. Hence, what has evolved in India over the centuries, should be cared and nurtured. India must have its own parameters and process of development.

Check Your Progress 6

1) The Third World countries could not come out from the vicious cycle of poverty, uneducation, diseases, etc. They could create capital and progress economically, because the developed nations were dictating terms and condition in the international trade arena. The Third World countries, realizing this situation, asked for a better deal in the trade and commerce, and the movement was coined as New International Economic Order (NIEO).

2) The Third World countries through the NIEO demanded that
   - the debts should be renegotiated, and the Third World countries should get better concession;
   - the Third World countries should have more access to the markets of the developed countries;
   - the decision-making process must be democratised; and
   - the assistance of the UN should be made available to the needy countries.

3) The NIEO meant a lot of concession to be given to the Third World countries. It also meant a lot of power and wealth to be given up by the developed countries. And surely, the developed countries, with all their business and financial institutions would not like to share power and wealth with the Third World. Hence, it can be said that the NIEO could not succeed till now.

Check Your Progress 7

1) The orthodox Marxist paradigm suggests that there are five stages through which a country must pass to attain development. These stages or steps are inevitable, and cannot be leapfrogged or bypassed. The movement for development progresses along a unidirectional path. The neo-Marxist protagonists, take the basic philosophy of Marx as far as owning the mode of production is concerned, but differ widely regarding the path of development. They say that the history of the process of underdevelopment should be studied thoroughly as it is connected, with complex political, economical, and social factors.

2) The two dichotomies are:
   - Growth vs Justice
   - Rural vs Urban

These are real, India is the sixth largest economy in the world. But the majority of the population of this country are living below the poverty line. A lot of villages are without any drinking water, disease, hunger and illiteracy are rampant in this country.

Similarly, because of unemployment and poverty, there is mass migration of people from the rural to urban areas creating a havoc in our cities and towns. We can cite many more examples to substantiate these dichotomies.

3) Studies have shown that with the spread of literacy the productivity of a country increases. This is true in the case of Japan, South Korea, Singapore, Taiwan etc. India, having such a huge number of illiterates, cannot progress because of various problems emanating from it—ignorance, unwanted population growth, ill-health, low productivity, superstitions, etc. These are all problems affecting the country’s growth.