

UNDERSTANDING THE CONCEPT OF DEVELOPMENT

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WHAT IS **DEVELOPMENT**?

Idea existed since ages.

Social scientists have discussed from early times.

It is a notion which is expressed through competing ideological, theoretical and practical views.

Traditional View: Per capita GDP.

New Economic View: Redistribution with Growth by
H.W. Singer

Capability Approach: Functionings by Amartya Sen

CORE VALUES OF DEVELOPMENT

Sustenance: The ability to meet *Basic Needs*

Self Esteem: To be a *Person*

Freedom: From *Servitude*: To be able to *Choose*

OBJECTIVES OF DEVELOPMENT

- Increase availability and widen distribution of basic life sustaining goods.
- To raise levels of living
- To expand the range of economic and social choices.

THEORISING DEVELOPMENT- I

Adam Smith (1776) *Self-interest as economic drive*

- Limited government intervention—free trade; self regulating markets
- *Invisible hand of self-regulating markets transform self interest into public virtue*

Malthus (1798)

Human progress limited by human passion-- population outgrows food production.

David Ricardo (1817)

Economic development through Comparative Advantage

THEORISING DEVELOPMENT - II

NEO CLASSICISM

Alfred Marshall (1890)

- Free competitive markets as means of efficient allocation of resources
- Assumption: Rational and self-interested individuals maximizing their utility
- Significance of *marginal utility*
- Minimal state intervention: Laissez-faire

THEORISING DEVELOPMENT – III

Keynes (1936) Critique of Classical economics; gained credibility after the 1929 Great Depression

- Markets not self-adjusting ; Economic uncertainty
- Savings = investment for economic growth
- Economic growth can be accelerated by changing the saving rate
- Active fiscal policy to control markets (planned economies)

THEORISING DEVELOPMENT – IV

Post IInd World War - Asian and African economies gaining independence from imperialist powers

Dominated by **four major** and sometimes competing strands of thought.

- Linear stages of growth- 1950s and 60s
- Theories and patterns of structural change — 1970s
- International dependence revolution —
- Neoclassical free market revolution – 1980s and 90s

THEORISING DEVELOPMENT –V

Trickle down economics

No specific economist associated with this; yet, the view has implicitly or explicitly subscribed

Overall economic growth benefits the poor,

Critique: Overall economic growth does not imply that benefits are shared by all in the economy (there could be dualistic economy).

Redistribution is not automatic

Despite being derided, it manages to survive in many circles.

Meanings of development over time

Period	Perspectives	Meanings of development
1800s	Classical political economy	Remedy for progress; catching up
1870 >	Latecomers	Industrialization, catching-up
1850 >	Colonial economics	Resource management, trusteeship
1940 >	Development economics	Economic growth – industrialization
1950 >	Modernization theory	Growth, political and social modernization
1960 >	Dependency theory	Accumulation – national, autocentric
1970 >	Alternative development	Human flourishing
1980 >	Human development	Capacitation, enlargement of people's choices
1980 >	Neoliberalism	Economic growth – structural reform,
1990 >	Post-development	Authoritarian engineering, disaster
2000	Millennium Development Goals	Structural reforms
2015	Sustainable Development Goals	

MEASURING DEVELOPMENT

- Gross Domestic Product
- Physical Quality of Life Index
- Basic Needs Approach
- Human Development Index

References:

1. Pieterse, Jan Nederveen (2010), *Development Theory*, New Delhi: Sage Publications
2. Todaro, Michael P. and Smith, Stephen C. (2013), *Economic Development*, Pearson Publications