



History and Politics of Development

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Standard Definition

- Standard definition of a developing country is “a country with a relatively low standard of living, undeveloped industrial base, and moderate to low Human Development Index (HDI). The term has tended to edge out earlier ones, including the Cold War-defined "Third World".
- Therefore, development entails the creation of a modern infrastructure (both physical and institutional), and a move away from low value added sectors such as agriculture and natural resource extraction.
- Developed countries usually have economic systems based on continuous, self-sustaining economic growth and high standards of living.



Background

- Development is largely a post-WWII phenomenon
- Before WWII, little sense of moral/ethical obligation of one nation to another
- Idea of development is based fundamentally on classical Western concepts of evolution (i.e., of unfolding of pre-determined plan) and unending progress
 - But traditional notions of development have been increasingly challenged in recent years



“South”-oriented Definition

- ... “a process which enables human beings to realize their potential, build self-confidence, and lead lives of dignity and fulfillment. It is a process which frees people from [fear, exploitation, and oppression]. Through development, political independence acquires true significance.”
 - The Challenge to the South: Report of the South Commission, 1990



Human Development

- “The basic objective of human development is to enlarge the range of people’s choices to make development more democratic and participatory.”
 - Choices include: decent wages and employment opportunities, education, healthcare, clean and safe environment, ability to participate in community decision making, and enjoyment of basic human, economic and political freedoms.
- UNDP Human Development Report, 1991



Development as Freedom

- Development is the process of expanding the freedoms that people enjoy by removing barriers such as tyranny and unaccountable government, lack of opportunity, systematic social deprivation, lack of functioning infrastructure, and repression
- Development depends on people's ability to make good choices in their economic, political, and social lives.
 - Amartya Sen, *Development as Freedom* (1999)



Marxist Definition

- “Development consists of a set of practices, sometimes appearing in conflict with one another, which require...the general transformation and destruction of the natural environment and of social relations. Its aim is to increase the production of commodities (goods and services) geared, by way of exchange, to effective demand.”
 - Gilbert Rist, *The History of Development: From Western Origins to Global Faith* (London: Zed Books, 2002 [1997]), p. 13



Sustainable Development

- Defined in the 1987 Bruntland Commission Report, *Our Common Future* as:
 - Meeting the needs of the present without compromising the ability of future generations to meet their own needs (para. 27)
 - Adoption of a more ecologically sound lifestyle by affluent (para. 29)
 - Not a fixed state of harmony, but rather a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional changes are made consistent with future as well as present needs. (para. 30)
- Added later: development should be economically viable in the long-term and should pay for itself; large inputs of additional money should not be relied upon



Colonial Legacy

- Colonial acquisition by European powers began in 15th century and continued well into 20th
- Focused on resource extraction through cheap labor and creating market for finished goods
- Seen as necessary “safety valve” for Europe
- But also “civilizing mission” based on inherent superiority of European people and inferiority of “natives” (the “White Man’s Burden”)
 - Desire to instill a sense of morality, enlightenment (education), cleanliness, rule of law, prosperity, etc.
 - Convert to Christianity for salvation; traditional religion is bad; pagans and spiritualists live a deprived life in this world and go to the hell in the afterlife



Mandate System

- After WWI, colonies of the defeated powers (Germans and Ottoman empire) were divided up by the victors under the “Mandate System”
- BUT, annexation came with certain provisions, including a generalized duty of the West to uphold the “sacred trust of civilization” to work toward the well-being and development of people not yet able to stand on their own “under the strenuous conditions of the modern world.”
- And the best way to achieve this goal?
 - “The best method of giving practical effect to this principle is that the tutelage of such peoples should be entrusted to advanced nations who by reason of their resources, their experience or their geographic position can best undertake this responsibility, and who are willing to accept it...”
- The mandate recognized that different regions were in different stages of development, and that self-governance could be given to some regions (in the former Ottoman empire), but not others (esp. in Africa)



Assumptions of Mandate System

- Stages of development
- Developed nations at top of the ladder
- Justification for governance of less developed regions by developed nations
- Seen as benevolent, not paternalistic
- League of Nations was meant to ensure that the Mandate System worked on behalf of the colonized (but it was impotent and could not)



WWII

- WWII turned Europe on its head. In order to be rescued from the Nazis, the dominant colonial powers had to put themselves at the mercy of the USA and USSR, neither of whom had any interest in maintaining the colonial regime as it stood



Cold War & Development

- For both USA and USSR, best set-up would be independent, but closely aligned, countries that emulated the particular array of social, political and economic arrangements that they did (for USA, liberal free market capitalism; for USSR socialist central planning)
- Thus, once cold war began, USA and USSR struggled for global dominance through the language and practice of development
- Technical and social assistance to the newly decolonized countries of Africa, Asia, and the Americas was often conditional on military cooperation



Truman: Point Four

- Sought to make the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas, so long as the people who lived there were “peace-loving” and free
- The key to peace around the world was increasing economic and industrial productivity of less developed countries
- Argued that the poverty of these areas was a handicap and a threat both to them and to more prosperous areas
- The old imperialism--exploitation for foreign profit--has no place in our plans. What we envisage is a program of development based on the concepts of democratic fair-dealing.



Consequences

- Took development to be internal, self-generated process that could be assisted, but not dictated, from outside
- Countries were seen as individual entities that could seize opportunities and better themselves through diligence, perseverance, and the proper political orientation (sound familiar?)
- Little or no regard for systemic forces that put these regions in the position that they were in
- Development and economic *growth* became naturalized and seemingly inevitable (the only other alternative was failure)



Marshall Plan

- Tremendous aid to Western Europe to help rebuild after being devastated in WWII
 - IMF and World Bank were both created in this context
- Highly successful, but crucial to remember that Western Europe was *rebuilding*, not being built for the first time.
 - Western Europe had appropriate institutions, knowledge, culture, and infrastructure *before* the Marshall Plan went into effect
 - Total aid was only a small percentage of GDP (not 15-20% like in many developing countries) and project last only 3 years
 - Marshall Plan was not about growth, it was about strategic resource allocation
- But, like the democratization of Germany and Japan after WWII, it became the main model for subsequent development projects in the post-war era



The Ugly American

- By the 1950s, there was already a tremendous amount of resentment about the US's efforts to control communism around the world, esp. in SE Asia
- 1958 publication of “The Ugly American” by William Lederer and Eugene Burdick
 - Hero of the book was an engineer (who happened to be ugly on the outside and beautiful on the inside); villains of the book were US diplomats (who were handsome on the outside and ugly on the inside)
- Questions arose about whether the US should be meddling in other countries' business



Kennedy

- Why should the United States continue a foreign economic assistance program?
- Short Answer: Because our national security depends on eradicating poverty around the world and assisting nations before the Soviets do
- Long Answer: "The answer is that there is no escaping our obligations: our moral obligations as a wise leader and good neighbor in the *interdependent community of free nations*--our economic obligations as the wealthiest people in a world of largely poor people, as a nation no longer dependent upon the loans from abroad that once helped us develop our own economy--and our political obligations as the single largest counter to the adversaries of freedom. "To fail to meet those obligations now would be disastrous; and, in the long run, more expensive. For *widespread poverty and chaos lead to a collapse of existing political and social structures which would inevitably invite the advance of totalitarianism into every weak and unstable area*. Thus our own security would be endangered and our prosperity imperiled. A program of assistance to the underdeveloped nations must continue because the *Nation's interest and the cause of political freedom require it.*"



USAID

- Foreign Assistance Act of 1961 separated US military aid from non-military aid in an effort to quell criticism
- USAID was a product of this Act—it's focus is solely economic and social development
- USAID plays no role in military aid; but its activities are still determined largely by the US's foreign policy objectives



Economic Development

- Much of the US's early economic development program was based on Walt Rostow's 1960 book, *Stages of Economic Growth: A Non-Communist Manifesto*
- Rostow provided a blueprint for economists seeking to “help” developing countries reach their “natural” potential



Rostow's Five Stages

1. **Traditional Society:** pre-Newtonian (!); limited to ad hoc (i.e., non-systematic) technical innovations; largely agricultural; “long-run fatalism” (no hope for improvement)
2. **Preconditions for take-off:** spread of idea that economic progress is possible and good; mobilization and use of savings in pursuit of profit or modernization; but still not very productive as a society; political change and shift to nation-state (from traditional family/tribal regional interests) seen as crucial
3. **Take-off:** ethos of economic progress dominates society; tradition marginalized; compound interest; technology is central; growth becomes centerpiece of politics; investment and savings rates increase from less than 5% to 10% or more of national income; rapid industrialization and plowing profits into modernization; agriculture commercialized and productivity of farms increases; urbanization
4. **The Drive to Maturity:** savings and investment increases to 10-20% of national income; new industries emerge and old ones die off; change becomes the only constant; joins global economy; science-based industries emerge and prosper
5. **Age of High Mass-Consumption:** Leading sectors shift to consumer's goods and services; real income rises; most people can afford to consume; “consumer sovereignty”; technological advance no longer and end-goal → shift to social welfare and security



Rostow

- Economic historian of the West
- Process depends crucially on increasing rates of savings and investment (THIS WAS THE TAKE-HOME MESSAGE FOR MANY WHO READ ROSTOW)
- Development of new industrial sectors, effective use of technology, and innovation
- Also requires social, political, and cultural climate that favors growth



Limitations of the Special Case

- BUT, in a 1963 article entitled “The Limitations of the Special Case,” Dudley Seers suggested that Rostow’s observations about the evolution of economies were limited to today’s developed countries
 - Rostow and others like him assume that all people around the world behave the same way and are motivated by the same things
 - Economic theories and rules from the developed world cannot be applied to places with different histories, cultures and starting conditions
 - Even within countries that fit general model, there are notable exceptions (e.g., American South until very recently)



Also...

- Early American industry was aided by the surreptitious transfer (or piracy) of technologies from England and other European countries
- Industrialization and agricultural development was built on the availability of cheap labor, esp. women and immigrants in the North and slaves and freed blacks in the South
- The process of industrialization, urbanization, and “development” caused the same sorts of social problems that we see in the “developing world” → the west did not escape disease, poverty, corruption, etc.
- Western solutions took a long time to get right, and still leave a lot to be desired



Potential “Fallacies” of Dev. Theory

- Underdevelopment is caused by one or a few problems that can be fixed given rational policymaking
- Development performance can be measured using one or a few indicators
- The West is the appropriate model to use when creating these policies
- Economic growth is always a worthy goal
- The developing world is homogeneous, so growth will occur at the same rate everywhere once you get conditions optimized
 - development is a complex, non-linear, non-rational, contextually dependent (regionally, historically, environmentally, etc.), dependent upon starting conditions, dynamic, ever changing process



Monocausal Solutions

- We know from both common sense and classical economic theory that achieving growth requires a multifaceted set of conditions, but most development theory since the end of WWII has been shockingly monocausal in its analysis
- William Easterly devotes the better part of *The Elusive Quest for Growth* to demonstrating that grand, monocausal solutions to “underdevelopment” have failed miserably.



Sclove

- Why does Sclove discuss the installation of indoor plumbing in a Spanish town and the Old Order Amish's complex relationship with technology?
- What is the lesson for a class on technology and development
- How might it affect your work in developing communities



Sclove, cont.

- Technology always alters the social fabric—in expected and unexpected ways
- In the developed world we have become largely complacent about these changes—we accept them without question
- The Old Order Amish still vet new technologies as a community and only adopt the ones that enhance their pre-existing values and social relations
- Do you agree with Sclove's reading of the two cases?

