Philosophy of Economic Development

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‘Man is born free; and everywhere he is in chains.’
- Jean Jacques Rousseau in Du Contract Social

Prologue

In this article, Dr. Y. P. Anand has presented a historical overview of important trends and issues in development thinking and practice, of successive paradigm changes in development theory, specifically, the Dependency theory, Alternative development, Post-development, and Holistic development, and of the equity-based approaches relevant to the philosophy of development. It presents ideas and approaches which have played a vital role in the field of ‘development’ since the beginning of the age of modern development.

In ‘economic development’ the Author has included associated political, social, and cultural aspects. ‘Development’ has been taken not merely as ‘economic progress’ but also an instrument of desirable transformation in the lives of individuals and in the society.

The Philosophy brought out here is in congruence with Dr. Anand’s earlier writings on Gandhian Philosophy of Economic Planning and Gandhian Approach for Socio-economic Development.

Backdrop

Relative roles of the conventional agents of development – the state, the market, the society, and the global mechanisms – have been under continuous change. The original aim of ‘development’, ‘modernization’ or catching up with the West, itself is in question in view of the growing concerns of ecology, technology, equity, and cultural diversity. Further, several decades of development have not yielded expected results. The received thesis that
developing countries form a special case has been eroded by the politics of structural adjustment and of neoclassical economics.

There have been varied reactions to the recurrent crisis in the field of ‘development’, such as ‘post-development’ thinking – let’s close shop and think differently. Another is to recognize the successes and failures of ‘development’ and move on. Another view is to accept crisis as being inherent in development. All this makes development thinking an ongoing process of questioning, critique and seeking alternatives.

TRENDS AND ISSUES IN DEVELOPMENT THEORY AND PRACTICE

‘Development theories’ are really broad problem-driven explanatory frameworks, deeply contextualized by political processes and social imperatives. Development means ‘organized intervention in collective affairs according to a standard of improvement’ that varies ‘according to class, culture, historical context and relations of power’. (Ref. 1, p.3).

Meanings of ‘Development’

The era of modern ‘development’ starts from 1940s. However, classical political economists, from Ricardo to Marx, too had addressed similar problems of economic development. In the 19th century England, ‘development’ meant addressing the shortcomings of progress, involving issues like population, social questions and urban squalor. Latecomers to industrialization in Central and Eastern Europe too had faced basic development questions during 1870s and afterwards. Thereafter, development and progress both became complementary as well as distinctive. The immediate predecessor of modern development economics was colonial economics which spread over a century from 1850s onwards: the comparative advantage of the colonies was held to be to export of raw materials for the industries in imperial countries. From 1920s onwards, the Soviets found central planning as the instrument of industrialization and during cold war years, the two competing strategies were western development economics and some form of central planning.

The core meaning of modern development was ‘economic growth’. With time ‘mechanization and industrialization became part of this as in Rostow’s Stages of Growth.’ (Ref. 1, p.6) During 1950s, development perspective broadened to include ‘Modernization theory’ and economic growth was combined with political modernization – nation building – and social modernization. During 1960s, it came to include ‘Dependency theory’ to emphasize the national or auto-centric economic growth with accumulation. In 1970s, was added the perspective of ‘Alternative development’, which focused on social and community flourishing. With the ‘Human development’ perspective during 1980s, came the understanding of development as capabilities and entitlements – ‘the enlargement of people’s choices’. Around the same time two different perspectives came to the fore: ‘Neo-liberalism’ and ‘Post-development’, both anti-development, the former in terms of means and the latter in also that of the goals. Neo-liberalism eliminates the notion that developing economies represent a ‘special case’ while economic growth is to be achieved by letting market forces operate – through structural reforms, liberalization and privatization.
‘Development’ also includes ‘the application of science and technology to collective organization’ and management of its changes, as well as ‘reflexivity’ in respect of issues ranging from ‘infrastructure works to industrial policy, the welfare state, new economic policy, and Keynesian demand management.’ Thus, different meanings of ‘development’ over time and space reflect the changing relations of ‘power and hegemony’ in the collective local-global spectrum.

**Dimensions and the ‘Field’ of ‘Development’**

At any time, the different layers to each development theory include: (a) Context – historical and political; (b) Explanations – assumptions about causal relationships, epistemology, and methodology; (c) Representation – articulating particular political, class and cultural interests; (d) Imagination – images, symbols and desire; and (e) Future – agenda setting and policy.

Within the infrastructures of power different ideologies may prevail, but the question remains whose development? It is a field of multi-level negotiation and struggle among different stakeholders. New concerns that prompt new combinations include globalization, poverty alleviation, gender equality, environmental awareness, emergencies and conflicts.

Classical and modern development thinking was structuralist: the emphasis was on large-scale structural changes in the economy, the state, and the society. With time, there has been a shift toward institutional and agency-oriented views, from deterministic to interpretive views and from reductionist to multidimensional and holistic views. Hence, development thinking becomes more local or regional, more differentiated, and less generalizing and essentialist. It is no more simply development and growth, but what kind of development and growth: qualifications such as sustainable, pro-poor, enter mainstream discourse; as well as the relationship between the local and global, the endogenous and the exogenous, the micro- and the macro-policies.

The result has been to treat development not simply as a theory or policy but as a discourse.

**Unit of Development**

From the classical up to the ‘Dependency theory’, the unit of development was the nation but gradually development is becoming a multilevel, multi-scalar effort. Now there are community development, local development and regional development, endogenous development, macro-regional co-operation, and global policies of international institutions and the UN system. Hence, development policy increasingly involves a wide range of actors, institutions and frameworks.

Thus, after development thinking has been successively largely state-led (classical political economy, modernization, dependency), market-led (neo-liberalism) and society-led (Alternative development), it is now recognized that development action needs all of these.
Human development, social choice, public action, and local development all involve inter-sectoral partnerships. International co-operation too has shifted its emphasis to multi-lateral arrangements and through both formal and informal (NGOs) channels. There is no doubt as to the central importance of the state – unfettered markets increase inequality, and that is an economic liability – the real issue is the kind of role the state should play.

**Dilemmas of Development Discourse**

The central thesis of ‘development’ is that of social change according to a pre-established pattern, and of assertion of truth from the point of view of the centre of power. Modernization theory as such is more specifically an American discourse. It was equated with economic growth and adoption of ‘Western’ political institutions and making democracy contingent upon the formation of a propertied class. Soon, however, the keyword became economic development and as such measurable, and underwritten by the international institutions. Thus, ‘development’ has tended to be Western development model – linear, teleological, and with the state as conductor and conduit of development policy.

The initial optimism increasingly turned into skepticism about this concept of state capitalism and the capacities of Third World states for the necessary social engineering. In 1980s development started becoming market-led corresponding to the latest neo-liberal creed. In the meantime, came up the ‘Dependency theory’ which criticized development thinking for denying the role of imperialist exploitation in European modernization. Dependency theory and other critiques of development thinking generated the perspective of ‘Alternative development’.

The crisis of modernism in the West and of ‘development’ in the South is driven by the ecological limits to growth and limits to well-being, by the many remaining excluded and marginalized, and by an affirmation of autonomy and of cultural resistance by the South to Western ethnocentrism. However, the momentum of globalization – the Western hegemony, the world market, and technology – does continue to shape the emerging discourse on ‘development’.

**Development and Globalism**

Development theories promote the façade of consistency, but a re-examination may reveal a plethora of competing and successive schools, paradigms, and approaches. Distinctions also run between development sociology and development economics, and theory and practice.

The formative years of ‘modern’ development economic theory were the 1940s and 1950s when the colonial economies were its terrain but the issue was that of the transition from agriculture to industry. The premise of development economics was its being different from economics in the industrialized countries and from neoclassical equilibrium theory. State intervention and planning, along with accumulation and growth, general affinities with Keynesianism, and foreign assistance were features of the original discourse. In international
trade, radically differing premises of free trade as well as of tariff protection for infant industries prevailed.

In the 1960s what consensus existed in development economics was destroyed. In the 1970s, the Chicago version of monetarism became dominant. The ensuing wave of neoliberalism considers poor countries being poor due to mismanagement, development economics tends to be integrated into general economics, and the implicit logic of structural adjustment that all societies must adjust to global economic imperatives, or, ‘development’ should be reconstructed as world development, follows.

The process of development as typically one of state intervention is now followed by the marginalization of the state and ascendancy of the market, of finance capital and of debt crisis, which made the IMF and World Bank as leading arbiters of development policy. Current development policy is inspired by ad hocism and pragmatism as well as by ideological posturing. The issue is not of state versus market but that of democratization and decentralization which can make the state more accountable.

**Endogenous Change vs. Exogenous Change** [Ref. 1, p.43]

In development sociology the leading paradigm has been modernization, which hosts numerous projects, some of endogenous change: social differentiation, rationalization, achievement and specificity; as well as of exogenous change: the spread of market or capitalism, technology driven industrialization, Westernization/globalism and nation-building. The hiatus between development as an endogenous process and as an exogenous change may be the most significant contradiction in development thinking today.

While most development theories, based upon neo-mercantilism, ‘socialism in one country’, Keynesianism, or self-reliance, have been a national project, the market-oriented approaches of neoclassical economics and neo-liberalism have served equally national and international domains. The major changes in development thinking have really resulted from supranational dynamics: the energy crisis, the debt crisis, the ecological crisis and the instability of currency. However, while the theories follow the external model, their positive programmes defend the endogenous norms: auto-centric development, polycentrism and indigenization.

Part of the problem of development thinking is the hiatus between its economics and its sociology: market-orientation marginalizes the state, and vice-versa; both marginalize society; civil society orientation marginalizes the state and often the market too; and international forces remain largely untheorized. Market-oriented globalism clashes with state-oriented endogenism, leaving social forces (grassroots, NGOs, and informal sector) in no man’s land. While globalization is sharpening the North-South divide, it is also accentuating rich-poor and urban-rural differences and the process of casualization and informalization of labour in the South.

In these circumstances, the notion of world development takes on different meanings. One aspect is the growing awareness of global risk, involving ecological hazards
and the other the financial instability. A second aspect is that the role of the state in economic development may be greater but a different one considering that the state is getting increasingly internationalized. A third aspect is the relevance of international reformism that is host to many projects, such as, the formation of an international public sector, an international ‘welfare state’, global democratization. NGOs, especially international NGOs, too are a part of globalization.

‘Critical globalism’ would mean a forward-looking engagement with globalization processes – capital flows, financial transactions and technological changes. It means that not only the nation-state but and micro- or macro-regionalization may as well become major avenues of development. Development thinking is currently leaving totalizing paradigms behind and choosing diversified approaches, building on the critical resources available. This means combining globalization and diversity, as in ‘glocalization’.

**Development and Culture**

In post-World War II period, modernization and westernization were virtually synonymous. But now, ‘culture’ figures as a dimension of development, both as cultural diversity and as cultural capital. The freedom struggles have tended to bring about a unique ‘national’ culture. Dependency theory, which serves largely as the political economy of Third World nationalism, extends to culture also: protectionism, dissociation, and endogenous development protect national culture as these do for national economy. In post-colonial countries, there has been a replication of the cultural process of nation building in the West.

Culture comes into development discourse while micro, informal and agency approaches are replacing structural and macro approaches. ‘The world’s indigenous peoples are the last custodians of paradises lost to late capitalism, ecological devastation, McDonaldization and Disneyfication.’ (Ref. 1, p.65-66)

Culture, however, has been part of development thinking all along, though implicitly. Economic growth strategies have been based on the culture of economism or other inflections of Western ethnocentrism. Development politics, then, is a politics of difference, navigating and negotiating multicultural co-existence locally and globally.

**Development and Ethics** [based on Ref.7]

Development ethics is about choices, values and strategies. As a subject it arises from the following insights: (a) The very idea of development being one of societal betterment, is value relative, and development ethics attempts to assess the values which underlie the direction of development. (b) Development strategies chosen typically involve human costs and suffering. There are winners and losers. A higher share of ‘development’ costs tends to fall on the weak precisely as they are weak. (c) Non-development too has terrible costs. Hence, an ethical calculus of who will get and lose what, is necessary before hard choices are made. (d) Hence, identification of alternative approaches and policies is essential. Each
prevailing orthodoxy – such as Eurocentric ‘stages-of-growth theory’, ‘Washington Consensus’, ‘Human Development’ – deserves a value-critical examination as there may be serious empirical and value alternatives to it.

**APPROACHES IN ‘ALTERNATIVE DEVELOPMENT’**

Alternative Development (AD) has been concerned with introducing alternative practices and redefining goals in mainstream development. It is now generally accepted that community participation can make development efforts more successful – as seen in involvement of NGOs and grassroots politics but also in the 1980s rollback of the state, the advance of market forces and of deregulation. It is also accepted that, the goal of development is, not simply GDP growth but even more it is, ‘human development’.

Structuralist approaches to development alternatives, such as Dependency theory and Keynesian reformism, emphasize macroeconomic change whereas Alternative Development emphasizes agency – people’s capacity to effect social change. In 1970s, dissatisfaction with mainstream development crystallized into an alternative, people-centred approach. Over the years, it has been reinforced by virtually any form of criticism of mainstream developmentalism, such as anti-capitalism, Green thinking, eco-feminism, Buddhist economics, Gandhian economics, cultural critiques, and post-structuralist discourse. Alternative development is the field of development from below (or third system) in place of the failed development effort of government (the price or first system) and economic power (the merchant or second system). AD involves also distinguishing with respect to development methodology (participatory, endogenous, self-reliant) and objectives (geared to basic needs, in harmony with the environment).

However, alternatives get co-opted and yesterday’s alternatives are today’s institutions. AD reflects certain normative orientations and disparate theoretical strands and is in flux. Green thinking about sustainability has been institutionalized as ‘sustainable development’. The informal sector has been embraced by development agencies. Foreign aid is now ‘development co-operation’. Mega-summits – in Rio, Cairo, Copenhagen, Beijing and Istanbul – have aligned official and unofficial channels.

Several trends on account of which AD has assumed a more assertive position include: the enormous growth of NGOs, weakening of the economic growth paradigm due to the concerns for sustainability and boost to alternative and ecological economics, and growing challenges to the Bretton Woods institutions and failure of several development decades. These diverse trends also generate friction between the AD preoccupation with local and endogenous development and the demand for global alternatives. The keynote of AD epistemology is local knowledge. In the South ‘indigenous knowledge’ can be a countervailing position to Western science.

AD travels under many names – appropriate/participatory/people-centred/human-scale/autonomous development. The elements relevant to AD but developed under specific headings include participation, grassroots movements, NGOs, empowerment, liberation
theology, human rights, development ethics, eco-feminism, and so on. Modernization then means the ‘modernization of tradition’ and revalorization of existing social and cultural capital.

In 1970s, of the big three – state, market and society – the emphasis was entirely on society as a protest position against state-led development. However, the rise of NGOs became also a de facto part of neo-liberal ‘counterrevolution’ in development. In 1980s the private sector came to be seen as the leading sector of development, and the scope of AD widened to include the state as an enabler of people’s self-development. It is now recognized that government, business, and voluntary organizations all have essential roles in development, and synergies among them such as CSR (corporate social responsibility) are increasingly prescribed.

Human Development as Indicator of Development

It is long since development was defined as growth and simply measured by per capita GNP. ‘Poverty’ as an economic indicator follows from this paradigm. But if development is about social transformation, then the concern is not merely with economic capital but as much with social, cultural, symbolic and moral capital. Starting with basic needs and other heterodox approaches in the 1970s, development has been redefined as enlargement of people’s choices and human capabilities to harness and utilize resources for sustainable and equitably distributed improvements in their quality of life – as if people’s basic needs, health, education and housing matter. The Human Development Index (HDI) has thus become a mainstream position. However, some see a limitation of human development in that critical concerns are being instrumentalized short of the overhaul of development-as-growth model and there is still a ‘fetishism of numbers’. Besides human and citizen rights, ‘human flourishing’ is seen as the value orientation of AD. AD is not only about practical but also about strategic needs, about redistribution of resources within the society and in the world.

For example, Human Development Report, 1999 (published by the United Nations Development Programme) has listed new threats to ‘human security’, polarization of the world into the Connected and the Isolated (thanks to the new Information and Communication technologies) and squeezing out of care, the invisible heart of human development, among the major consequences of economic globalization. So, the values of ethics, poverty alleviation, equity, inclusion, human security, and sustainability are essential to human development.

In-between positions have included a ‘growth plus approach’ – growth plus redistribution, participation, human development, or sustainable growth – and structural adjustment with a human face. An increasingly prominent line of research links growth and social development and concerns the idea that social capital is crucial to economic development.

The final agency of human development is the state, while the agency of AD is local, grassroots activism, and yet a strong civil society needs a strong state too. Thus, alternative and human development together represent a combination of local, grassroots
and state perspectives. What matters is the direction and character of overall development, and for this the differences between alternative and human development are minor.

**POST-/ANTI-/BEYOND DEVELOPMENT**

‘Anti-development’, ‘post-development’ and ‘beyond development’ are the radical reactions to the dilemmas and dissatisfactions with standard development rhetoric and practice. Post-development starts out with a realization that a middle-class life style for most of the world population is impossible. Development cannot manage its promise.

All critical approaches to development deal with its dark sides. Dependency theory questions about global inequality, Alternative Development about participation, and Human development about investment in people. The issues raised under ‘Post-development’ positions include the problem of poverty, seeing development as Westernization, critique of modernism and science, and the difference between Alternative Development and ‘alternatives to development’.

‘Poverty’ is not a simple economic issue. Subsistence economies which serve basic needs through self-provisioning are not poor in the sense of being deprived. But these may become destitute when weakened through interference of growth strategies (as in the case of ‘development refugees’). Growth strategies should be implemented with caution, building on frugal life-styles, appropriate technology, and maximum use of local resources and skills, and yet poverty elimination must not slip-off the development or growth map.

‘Development’ is seen as external, based on the model of the industrialized world. But this view overlooks the more complex nature of globalization and the existence of a multiple centred world. Part of the critique of modernism is that of ‘science as Cartesianism and positivism, an instrument of achieving mastery over nature’. But this too is a partial view as, for example, ecological movements also use scientific methods to monitor energy use, pollution and climate changes.

Post-development faith in the endogenous resembles Dependency theory and Alternative development. But while Dependency thinking privileges the state, Post-development privileges local and grassroots autonomy, and Alternative development is rejected because most of it follows the same worldview as the mainstream concept of science, liberation and development.

Development aims to shape economies and societies, which makes it an interventionist and managerial system. ‘Post-development’ means ‘an anti-authoritarian sensibility, an aversion to control and perhaps an anarchist streak’. (Ref. 1, p.105) But its ‘do nothing’ attitude tends to favour the status quo and a compartmentalized world, and negates the idea of global civil society.

Post-development does make affirmative counterpoints such as indigenous knowledge and cultural diversity, frugality against consumerism, and grassroots movements,
but these are not specifically post-development nor do they add up to rejection of development. The political horizon of post-development is thus one of resistance rather than of emancipation. It misses the meaning of development in the wider sense of human evolution.

**GROWTH with EQUITY for ‘SOCIAL DEVELOPMENT’**

Redistribution with growth, prominent in the 1970s, is being revisited. Human development makes a strong case for combining equity and growth in terms of human capital, leaving out the social dimension. Study of welfare states refines equity-growth arguments. Sociology of economics goes into issues of embeddedness, social capital, networks and trust. During the World Summit for Social Development in Copenhagen in 1995, it was stated that effective social progress is not possible without a socially oriented economic policy.

Market forces marginalize many in society, but the appropriate response may not be to reject market forces but to explore the common ground between market and social development, a social market approach. So we turn to growth with equity summed up under the title of ‘social development’ as an integrated approach to social concerns and growth strategies: moral arguments such as that there must not be a deprived and excluded underclass in society may not be outweighed by the importance of economic growth.

**Redistribution with Growth**

In 1970s, Gunnar Myrdal argued for redistribution as a precondition to growth, for social policy and equality as a precondition to economic efficiency, and thence to democratic socialist society. In a 1974 World-Bank study *Redistribution and Growth*, it was argued that egalitarian and developmental objectives are complimentary. This approach was outflanked by the rise of monetarism, supply-side economics and neo-conservatism in the 1980s. In 1990s, the idea of redistribution with/for growth reappeared as a general concern with social indicators, redefinition of development with emphasis on human capital, and a critique of trickle-down. It was noted that more equal the income distribution to start with, the more likely was the poverty to be reduced for a given change in average income. The World Bank package included ‘Promoting labour-demanding growth, investing in people, providing safety nets, and improving governance’, thus assimilating social development as part of structural reform.

Equitable policies are widely recognized as a crucial factor in the East Asian development: their unusually low initial income inequality in 1960, their labour-oriented growth pattern, their near-universal primary school enrolment, their being co-operative in relation to market and society.

**Human Development (HD)**

The HD perspective took the further step of making a general case for the nexus between equity and growth: on considerations of the cost of perpetuation of inequality,
inequality undermining political legitimacy and encouraging violence, inequality reduction measures simultaneously contributing to growth, and the role of investments in education and liberation of women in rapid growth. Mahbub-ul-Haq mentions four ways to create desirable links between economic growth and human development: investment in education, health and skills; more equitable income distribution; government social spending; and empowerment of people, particularly of women. He proposed a HD paradigm of equity, sustainability, productivity, and empowerment. HD owes its definition to the emphasis on investment in human resources and human capital. The growing knowledge intensity of economic growth, as an innovation driven growth, reinforces the argument that investment in human capital fosters growth.

However, to the extent that HD does not challenge neo-liberalism, social development, redefined in a wider framework, may be a more inclusive perspective than HD.

**Welfare States**

Looking at social development side by side with the welfare state helps to clear the path from economic generalizations to institutional and political issues. Of course, equity-growth policies do not necessarily have to take the form of the welfare state, which may be seen as a particular way in which economy is embedded in society. Its failure lies not so much in fiscal strain but rather as a sign of incompatibility between a fossilized welfare state and a fast changing system of production and consumption. Further, studies of welfare states also highlight their diversity.

Arguments on equity-growth relationship suggest that up to a certain point the welfare state will have a positive influence on economic growth but that this then turns negative. Another argument is that once a certain level has been reached, growth yields diminishing returns in terms of welfare and well-being.

**Social Capital**

Economic performance and social issues together concern two dimensions of social development: social policy and the economic significance of social networks and relations of trust, often summed up as social capital. Current interest is more concerned with social capital as a clue to economic capital, as an asset in the process of accumulation, as an avenue to outflank the state or to combine strong civil society, strong state and strong economy.

Notions like social capital and social market carry a double meaning: the socialization of the market as well as the commodification of social relations. Social capital is a strategy of risk management: to network there are boundaries and boundaries are exclusionary. Social exclusion facilitates co-operation through predictability of relations and protection of resources. Co-operation can also be a competition strategy. We must look not only at internal relations within groups but at relations among groups, the widening circles of social capital. Government can facilitate growth of managed pluralism, and synergies between regional, urban, rural, and local economic development. Transnational social capital could further enrich these propositions.
Conclusion

The objective here is to take social development beyond poverty alleviation in a substantive and pro-active approach, and to go beyond the human capital approach of human development. In multiple ways human capital, social capital, democratization, i.e., social development – can contribute to overall economic achievement. The market may as well serve social objectives.

DEVELOPMENT AS FREEDOM & SOCIAL JUSTICE

Development as ‘social development’ or a social/political construct has been the subject of many thinkers of modern times. Here, it is proposed to introduce two of them whose works have had probably the most widespread influence, viz., Amartya Sen and John Rawls. While Sen revolutionized the ground situation through his concept of human ‘freedoms’ which enable every human being to function to his/her fullest potential, Rawls meticulously delineates the map for a political order which ensures human liberties as well as distributive justice for all.

Being in the same category, a brief outline of ‘Millennium Development Goals’ sponsored by the United Nations in 2000 is also presented here.

‘DEVELOPMENT as FREEDOM’, by Amartya Sen [Ref. 2]

Sen writes in his Preface: ‘We live in a world of unprecedented opulence … And yet …. remarkable deprivation, destitution and oppression … violation of elementary political freedoms as well as basic liberties … of the interests of women … threats to our environment and to the sustainability of our economic and social lives. … Overcoming these problems is a central part of the exercise of development. We have to recognize … the role of freedoms of different kinds in countering these afflictions …’ (emphasis added)

It should be possible for everyone to attain the enormous scale of ‘functionings’ (‘an achievement of a person: what he or she manages to do or to be’) that make up the human life. These may change over time. The ‘functionings’ uppermost in Sen’s analysis include adequate nutrition, access to healthcare, a low chance of dying young, literacy and education according to one’s abilities, dignity and self-respect that comes from gainful employment, and freedom from insecurity due to sudden economic, physical and social changes.

Sen then goes from freedom as actual attainment of functionings to freedom as the removal of all (manmade) restraints on ‘capabilities’ (‘Capability’ reflects the various combinations of functionings a person can achieve, his/her freedom to choose different ways of living). ‘Capability approach’ means ‘options’ out of which the actual functioning may be chosen.

‘Development requires the removal of major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as systemic social deprivation, neglect of
public facilities as well as intolerance or over-activity of repressive states.’ Freedom is central to the process of development for the ‘evaluative’ reason, as well as for ‘effectiveness’: people’s free agency is essential to success in development, and what people achieve is affected by economic openings, social powers, and other enabling conditions. Sen especially specifies five types of ‘instrumental’ freedoms: political, economic, social, transparency guarantees, and protective security.

Human opportunities and prospects depend crucially on what institutions exist and how these function. We have to view various institutions such as the market, the democratic system, the media, or the public distribution system in combination to see what these can achieve. Sen shows how policies and situations could be improved so as to maximize procedural and substantive freedoms. However, such a vision does overlook tensions between ensuring substantive freedoms and process or agency freedoms, between procedural democracies and the social opportunities, and how extension of freedom in one area often leads to its loss of freedom in another.

Overall, Sen has shown that the rate of economic growth *per se* contributes little to the well-being of majority of the people. Growth must be well-distributed and accompanied by availability of public goods health, education and living environment – for ordinary people. As he says at the end: ‘Development is indeed a momentous engagement with freedom’s possibilities.’

**‘JUSTICE as FAIRNESS: a Restatement’, by John Rawls [Ref. 3]:**

According to Rawls, the central organizing idea of social co-operation has three essential features: It is distinct from merely socially co-ordinated activity; it includes the idea of fair terms of co-operation; and it includes the idea of each participant’s rational advantage, or good. The ‘principles of justice’ serve to specify the fair terms of social co-operation, and provide a response to the fundamental question of political philosophy for a constitutional democratic regime. Their basic points are: ‘Justice as fairness’ is framed for a democratic society; it takes the primary subject of political justice to be the basic structure of society; and, it is a form of political liberalism as it tries to articulate a set of highly significant (moral) values that characteristically apply to the political and social institutions of the basic structure.

The core of Rawls’s theory, the ‘Two Principles of Justice’, are:

(a) Each person has the same indefeasible claim to a fully adequate scheme of equal basic liberties, which scheme is compatible with the same scheme of liberties for all; and

(b) Social and economic inequalities are to satisfy two conditions: first, they are to be attached to offices and positions open to all under conditions of fair equality of opportunity; and second, they are to be to the greatest benefit of the least-advantaged members of society (the difference principle).’ (Ref. 3, p.42)
The principles of justice are adopted in a four-stage sequence. In the first stage, the parties adopt the principles of justice behind ‘a veil of ignorance’, which is progressively relaxed in the next three stages: the stage of the constitutional convention, the legislative stage, and the final stage in which the rules are applied by administrators and followed by citizens generally and the constitution and laws are interpreted by judiciary. The first principle applies at the stage of the constitutional convention. The second principle applies at the legislative stage and it bears on all kinds of social and economic legislation. We can expect more agreement on constitutional essentials than on issues of distributive justice. (Ref. 3, p.48) The problem of distributive justice in ‘justice as fairness’ is: how should the institutions of the basic structure be regulated so as to maintain ‘a fair, efficient, and productive system of social co-operation’. (Ref: 3, p.50)

**The Millennium Development Goals, 2000** [Ref. 4(i) and 4(ii)]:

The United Nations Millennium Declaration was adopted at the Millennium Summit of heads of State and Government, held on September 6-8, 2000. They recognized that they had ‘a collective responsibility to uphold the principles of human dignity, equality and equity at the global level’, for which they considered fundamental values of freedom, equality, solidarity, tolerance, respect for nature, and shared responsibility to be essential to international relations.

They specifically declared: ‘We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a reality for everyone and to freeing the entire human race from want.’

The associated objectives which the Declaration emphasized were Peace, Security and Disarmament; Protecting our Common Environment; Human Rights, Democracy and Good Governance; Protecting the Vulnerable; Meeting the Special Needs of Africa; and Strengthening the United Nations. The Declaration adopted eight Millennium Development Goals (MDGs) with respective ‘Targets’ as under:

*Goal 1 Eradicate extreme poverty and hunger:* [T.1 & T.2: Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day, & the proportion of people who suffer from hunger.]

*Goal 2 Achieve universal primary education:* [T.3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.]

*Goal 3 Promote Gender equality and empower women:* [T.4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education by 2015.]

*Goal 4 Reduce child mortality:* [T.5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.]
Goal 5 Improve maternal health: [T.6: Reduce by three-quarters, between 1990 and 2015, the under-five mortality rate.]

Goal 6 Combat HIV/AIDS, malaria and other diseases: [T.7 & T.8: Have halted by 2015 and begun to reverse the spread of HIV/AIDS, & the incidence of malaria and other major diseases.]

Goal 7 Ensure environmental sustainability: [T.9: Integrate the principles of sustainable development into country policies and reverse the loss of environmental resources. T.10: By 2015, halve the proportion of people without access to safe drinking water and basic sanitation. T.11: By 2020, have a significant improvement in the lives of at least 100 million slum dwellers.]

Goal 8 Global partnership for development: [T.12: Develop further an open, rule-based predictable, non-discriminatory trading and financial system. T.13 to T.15: Address the special needs of the least developed countries, & of landlocked developing countries and small island developing States, & the debt problems of developing countries. T.16 to T.18: Develop and implement strategies for decent and productive work for youth, & provide access to affordable essential drugs in developing countries, & make available the benefits of new technologies.]

In his ‘Foreword’ to The MDG Report 2005 issued by United Nations on the progress made by then in achieving the Goals, Kofi Annan, former Secretary General, UN, says: ‘We will not enjoy development without security, we will not enjoy security without development, and we will not enjoy either without respect for human rights. Unless all these causes are advanced, none will succeed. … If current trends persist, there is a risk that many of the poorest countries will not be able to meet many of them. … we have the means at hand to ensure that nearly every country can make good on the promises of the Goals. Our challenge is to deploy those means. Let us be clear about the costs of missing this opportunity: millions of lives … will be lost; many freedoms … will be denied; and we shall inhabit a more dangerous and unstable world.’

HOLISTIC DEVELOPMENT

‘Development processes take place across dimensions – on a physical level, in an ecological framework, as shifts in social relations, changes in emotional landscapes, on a mental plane, in a political field, a historical context, on a moral plane and in universe of meaning. Given the partial nature of development theories … which, in addition reflect political and institutional interests – the development field is carved up in many ways. How then to arrive at a comprehensive approach?’ (Ref. 1, p.129)

‘Really existing development has been an arena of ideological posturing or pragmatic reformism, either way involving brutal simplifications and crude interventions.’ (Ref. 1, p.137)
In its heyday, development was mainly economic development, and other disciplines came in as qualifiers influencing economic development.

Development thinking has been a politics of measurement and of neoclassical economics driven by the assumptions of universal applicability, measurability, objectivity and modelling. The rising gaps between economic (hard) development and social (soft) development are represented by the institutional gaps between the Bretton Woods and the UN institutions. Modern development has preferred technological progress over human development.

Positions in the development field often operate on simplistic dichotomies, such as modernization vs. ‘tradition’, science vs. indigenous knowledge, global vs. local. But the global and the local complement each other in many ways, as seen by the push for ‘glocalization’ and ‘insiderism’. What is needed is a new sense of balance-bridging the development gaps, recognizing multiple dimensions of existence and modes of cognition. Most problems in development field now demand a combined approach, such as poverty, structural adjustment, financial instability, corruption, environment, conflict management and emergencies. Many policies need joint efforts, such as of government, firms and social agencies. Even though disciplinary knowledge still ranks as the foundation, many concepts now current in development discourse, such as good governance, human development, institutional development and economics, public action, political economy, ecological economics, and sociology of economics are inter-/multi-disciplinary. A holistic approach, which means integrated from the outset, a revisioning of each discipline, is a step further.

Development, however, participates in inherent antinomies, such as those between measurement and meaning, between intervention and autonomy, between the global and the local. Critical holism means balancing ‘across dimensions of collective existence, from the epistemological to the practical, which may take several forms’: a) a multidimensional approach, or a balance between the horizontal (worldly and social spheres) and the vertical (inner dimension of subjectivities and meanings); b) a multifaceted approach, which throws light upon relations across sectors; c) a chiaroscuro social science which abandons the assumption of full transparency of society; d) a distinctive combination of objective and subjective dimensions of development; e) a holistic partnership across sectors and development actors; f) combining multiple time-frames for measurement of desirable change in development, and a balance between ‘slow knowledge’ in ecological context and ‘fast knowledge’ of instant problem solving. (Ref. 1, p.145)

FUTURES OF ‘DEVELOPMENT’

Clearly, complexity is a factor of growing importance in development. It is multi-dimensional. There are varied stake-holders and interest positions. We may consider future options of the existing set of major development perspectives as under:

Modernization Theory: Its current themes include neo-modernization theory, which involves a complex understanding of modernity and a
revaluation of ‘tradition’ as resource. It means co-operation between development agencies and NGOs and social groups. Likely future trends include generation of new modernities, and an engagement with post-modernism as a sensibility.

Dependency Theory: Rethinking, it includes the renewal of structuralist analysis and innovative historical revisions, and new political economy is a likely approach.

Neoclassical Economics: Earlier, structural adjustment was sought to be given a ‘human face’; the new concern is to make it country-specific and user-friendly, combined with good governance and state-effectiveness.

Alternative Development: Its core components of participation and empowerment, increasingly co-opted in mainstream approaches, could be redefined more critically. The blurring of the line between alternative and human development, or society and state-oriented perspectives, can lead to synergies between civic organizations, local governments, and firms.

Human Development: The HD approach now extends to gender (Gender Development Index), political rights (Freedom Development Index), environment (sustainable human development), regional development, and other areas. It needs to examine the relationship between human capital and social and cultural capital. Thus, what underlies the success of micro-credit schemes may be their building on people’s social capital.

Complexity and Reconstructions

Development unfolds in varied contexts of power relations, cultural values, social practices, ecological constraints and historical backgrounds. The first orthodoxy of modern development theory was modernization and growth theory, out of whose failures arose structuralism, Dependency theory and Alternative development. The neo-liberal reform rejected orthodox development economics and state intervention. Post-development rejects conventional development. Human development resumes the ‘growth and equity’ approach of the 1970s along with Rawlsian social liberalism. Safety nets and structural adjustment with a ‘human face’, human security and poverty alleviation are a reaction to neo-liberal reform. This is a historical process of changing ideologies and institutions, which go under and then regroup differently.

Early development concentrated on the ‘hardware’, such as infrastructure, capital inputs and technology. By and by, equal attention is being paid to the ‘software’, such as institutions, processes, management, education and knowledge.

Development is no more confined to the South. The North too faces developmental issues such as those of social exclusion, empowerment, good governance and financial
shocks. With globalization of technology, capital, and trade and rising labour migrations, newly industrialized countries (NICs) are developing much like advanced countries, albeit from a lower base. But the gap has been widening between both of these and the least developed countries which have remained outside the global development drives.

Broad collaborative efforts or ‘participatory development’ signals a deep-rooted change as seen in social choice theory, public action and new institutional economics, and in public-private partnerships, social inclusion, empowerment as a goal, and concern over urban/rural problems. Of course, democratization processes run into the hurdles of transnational and other hegemonic power structures. All changes in development do not run in the same direction.

Over time development, as some form of improvement, ‘has meant growth, modernization, nation building, industrialization, betterment of life opportunities, enlarging people’s choices, enhancement of capacities, rollback of the state, good governance, state effectiveness, sustainability, poverty alleviation, poverty eradication, social inclusion, etc.’ The faith that growth-development, or economic growth-social development, is no longer taken for granted.

“The first synthesis in modern development was the state-centred Keynesian consensus … The current successor to this approach is human development, which is close to the experiences of East Asian capitalism. The market-centred neoclassical approach as represented by Washington consensus reflects the interests of Anglo-American capitalism. The third major synthesis, society-centred participatory development, is now being co-opted by the two other approaches, which both embrace ‘participation.’” (Ref. 1, p.164) All this shifts the focus to the role of complexity in development, and a feedback pattern is emerging wherein development policy is increasingly concerned with the management of development itself.

CONCLUDING COMMENTS

These include summing up of the philosophy of economic development since World War II (as based on Ref. 5), and a brief reference to the Gandhian approach to development.

‘FRONTIERS of DEVELOPMENT ECONOMICS: The Future in Perspective’ (Ref. 5)

Gerald M. Meier has neatly summed up ‘The Evolution of Development Thought’ over the second half of 20th century thus [in his essay, ‘Introduction: Ideas for Development’, in Ref. 5: 3]:

*Goals of Development:* Gross Domestic Product → Real per capita GDP → Non-monetary indicators → Entitlements and Capabilities → Freedom → Sustainable Development.
Dr. Y. P. Anand 11.19

**Macro-economic Growth Theory**: Harrod-Domar analysis → Slow sources of growth → “New Growth Theory”.

**Capital Accumulation**: Physical capital → Knowledge capital → Social capital.

**State and Market**: Market facilities → Non-market facilities → New market failures → Institutional failures.

**Government Interventions**: Programming and planning → Minimalist government → Complementarity of government and market.

**Policy Reform**: ‘Poor because poor’ → Poor because poor policies – ‘get prices right’ → ‘Get all policies right’ → ‘Get institutions right’.

Shahid Yusuf and Joseph Stiglitz (in their essay, ‘Development Issues: Settles and Open’, in Ref. 5:227-258) sum up the current issues in development discourse.

In the very process of development new situations have emerged: Globalization; Localization; Environmental degradation; Demographic changes; Food and water scarcity; Urbanization. From these trends have arisen two distinct groups of issues:

**Group 1. Multilateral Governance and Regulation Issues**: Participatory politics; Organizational capability; Decentralization; Inequality; Urban governance.

**Group 2. Management of Human and Natural Resources**: Cross-border migration; Aging and capital supplies (social security systems); Managing the global commons (e.g. environmental treaties, climate change); Food and water security.

These issues are more and more multi-disciplinary as well as both global and local.

**Gandhian Approach to Development**

Mahatma Gandhi’s thinking during India’s freedom struggle epitomizes the current holistic view of development. Even during the freedom struggle, he built up enormous enthusiasm and participation for his gradually expanding ‘Constructive Programme’, a comprehensive agenda for the socio-economic betterment of the masses, particularly in rural areas and of the deprived sections of Indian society. To him political freedom was not an end in itself but an instrument to attaining social transformation. On January 27, 1948, three days before his martyrdom, he wrote: ‘The Congress has won political freedom, but it has yet to win economic freedom, social and moral freedom. These freedoms are harder than the political, if only because these are constructive, less exciting and not spectacular. All-embracing constructive programme evokes the energy of all the units of the millions.’ [Ref. 9]

His advice to India’s rulers at the time of independence (August 1947) remains the best available guide in development approach and policy: ‘Recall the face of the poorest and the weakest man whom you may have seen, and ask yourself if the step you contemplate is going to be of any use to him? Will he gain anything by it? Will it restore to him a control over
his own life and destiny? In other words, will it lead to swaraj for the hungry and spiritually starving millions? Then you will find your doubts and yourself melting away.’

Had we followed these precepts, India would not be having nearly a third of population below the ‘poverty line’, the largest number of child labourers and undernourished children, or the growing problems of ‘displacement refugees’ even six decades after a highly ‘planned’ course of development.

The philosophy of development must finally address the question: Development for whom and of what?

References

This article is based largely on Ref. 1, and in specific parts on the other references listed below:


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