UNIT 5: PATHS OF DEVELOPMENT

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5.1 LEARNING OBJECTIVES

After going through this unit, you will be able to-

- understand that there are varied perspectives to understand development
- understand the capitalist path to development
- understand the socialist path to development
- know the concept of Mixed Economy
- understand the analysis of Gandhian path to development
- critically analyse the pros and cons of each of these perspectives

5.2 INTRODUCTION

This unit seeks to explain the varied understandings of development through a systematic examination of its various meanings over the period of time. The module begins with the assumption that the concept of development, since its inception, has been dynamic in nature; and conferred different meanings and connotations at different periods of time. Second,

the module also asserts that development, in a sense has been 'reflexive' in nature; with its innate ability to adapt and change itself by accommodating the criticisms, reflections and challenges that were levied to it .Development is a well contested term in social sciences. The term means different things to academicians and social scientists. The definitions and indicators of development have therefore varied in different periods of history. For liberalist scholars, the understanding of development means improving the troika of economic, social and political conditions in a society. The socialist perspective blames the developed countries for the underdevelopment of countries in the third world. Several scholars trace the origin of the concept of development to American President Harry Truman's January 20, 1949 speech, where Truman announced the programme of development for the 'underdeveloped world' based on his democratic fair deal. Truman's doctrine envisioned to solve the problem of underdevelopment by way of replicating the features that characterized the advanced societies throughout the world. The problem of underdevelopment was perceived as something which could only be solved by imitating the paths travelled by then advanced nations of Western Europe and northern America, i.e. high levels of industrialization and urbanization, use of advanced technology in agriculture, rapid growth of material production, widespread adoption of modern education and cultural values.

5.3 PERSPECTIVES TO UNDERSTAND DEVELOPMENT

After World War II ended; there was a clamour for freedom in many colonies of the colonized world. In due course of time there were many countries which gained independence from their colonial masters including our own country-India. The process of decolonisation led to an economic reconstruction of the newly born nation states. Thus Economic development became the prime concern of the modern state .Arturo Escobar in his book *"Encountering Development: Making and Unmaking of the Third World"* writes, 'one of the many changes that occurred in the early post-World War II period was the "discovery" of mass poverty and underdevelopment in

Asia, Africa and Latin America'. These were the erstwhile colonies characterised by mass poverty and low quality of life marked by starvation deaths, famine and overall discontent. It was realized by then that around two-thirds of world population are living in conditions of acute hunger, which is at the same time cause and consequence of poverty, squalor and misery in which they live in. The persistent conditions of poverty and social unrest of the poor countries posed serious threat to world peace as well as prosperity of developed countries. Genuine world prosperity was perceived as indivisible, which cannot last in one part while other parts live in conditions of poverty and ill health. It is important to highlight here that the post-colonial understanding and treatment of poverty was quite different from that of colonial approach to poverty. Despite the colonial administration's efforts to enlighten the 'natives', no serious attempt was ever made for achieving economic development for the poor. In the post-colonial times, poverty was considered as a social problem, which required a new kind of intervention in society. The post-colonial treatment of poverty was conditioned by the belief that poverty could be eradicated by securing economic development of newly independent nations through economic and technological assistance from western world.The post-World War II period marked a profound transformation in world affairs, which conditioned emergence of the concept of 'development', as we understand it today. Three important characteristics of the period stand apart, which gave a shape to the programme of development worldwide. First, by the end of World War II, America has emerged as the undisputable leader of world affairs with its economic opulence and military pre-eminence. Second, parallel to the privileged position of United States, there were rising socialist regimes in Eastern Europe and successful march of communists to power in China and Soviet Russia. Third, in the context of cold war and the ideological struggle between capitalism and socialism, the old colonial systems of exploitation and control were becoming untenable leading to decolonization of erstwhile colonial nations of Asia, Africa and Latin America. This geo-political realignment of the world put in firm place three fold divisions of the

world: the first world, i.e. the free (capitalist) industrialized nations of Western Europe and north America; the second world, i.e. the communist industrialized nations; and the third world, i.e. non-industrialised nations of Asia, Africa and Latin America.

It is in this geo-political representation of the world, that development emerged as a 'grand strategy for advancement of West - East (i.e. capitalist - socialist) rivalry and lent legitimacy to the enterprise of modernization and development of the third world' (Escobar, 1995: 34). The cold war between two great ideologies and two great forms of economic transformation - capitalism and socialism - undoubtedly played an important role in conforming the strategy of development in the third world. The fear of communist expansion and the night-mare of losing access to raw-material and booming markets of the non-industrial third world became one of the most compelling arguments extending financial assistance and technology under the banner of the mega project of 'development'. The capitalist West had realized by early 1950s that if poor countries were not rescued from their poverty and underdevelopment, they would succumb to communism. Development was perceived as an effective instrument, which would help in successfully establishing US hegemony over the under-developed third world. Escobar mentions that besides the geo-politics of mid-20th Century, two other factors were crucial that influenced the formation of the new strategy of development: advancements in science and technology, and the increased experience with public interventions with economy. The advancements in science and technology, especially during the war years, gave legitimacy to the new discourse of development with its promise of modernizing the underdeveloped world. American President Truman's democratic fair deal of early 1950s also emphasized transfer of modern technology and capital from the economically developed nations to the underdeveloped world. It was believed that application of technology to the underdeveloped world 'would provide progress at a lower price' (Escobar, 1995: 36).

The early years of development emphasized to a great extent on the need for some sort of planning with active state intervention in economy. The experience of social planning of the 'new deal' programme in America and the influence of Keynesian economics strengthened the idea of development of the underdeveloped world with active state intervention and external financial assistance.

The factors discussed above, in a broad sense, were most important in conditioning and shaping the emergence of current discourse of development. A deeper insight into the past of the developed world and its comparison with their then economic opulence, not only emphasized possibility of transformation of the underdeveloped world, but also its desirability and inevitability through the programme of development. It was firmly believed that by tracing the paths of progress of the capitalist (developed) world, sooner or later the poor countries would become rich, and the underdeveloped world would definitely be developed

5.3.1 What is Development

The emergence of the concept of development in mid-20th century was not only an American dream of achieving world prosperity, but also was a product of its own time . The period immediately following World War II witnessed a drastic realignment of relations between the rich and the poor world, with the ascendancy of United States as the dominant power of the capitalist world on the one hand, and concomitant consolidation of communist power by Soviet Union on the other. The then newly independent nations of Asia, Africa and Latin America had one of two choices at that time: either to dissociate their national liberation movement from the framework of world capitalism, and join hands with the socialist/communist revolution; or to associate their national liberation with institutions and international framework of world capitalism (Alavi and Shanin, 1982). Development, as a project of specific intervention through active financial assistance and technological transfer from the then advance nations, pertained to those nations who adopted the second type of choice mentioned

above. In the last six and half decades of developmental history, both negative and positive connotations of the meaning of development have surfaced. In the introduction to the book *'The Development Dictionary',* Wolfgang Sachs writes, 'the epoch [of development] is coming to an end. The time if ripe to write its obituary……The lighthouse [of development] shows cracks and is starting to crumble. The idea of development stands like a ruin in the intellectual landscape. Delusion and disappointment, failures and crimes, have been the steady companions of development, and they all tell a common story: it did not work' (Sach, 1992). In a sharp departure from such a pessimism about the future of development, Daphne Thuvesson, in an editorial to a community forestry newsletter has written, 'As the existing systems crumble around us, new and exciting alternatives are sprouting up in the rubble' (Thuvesson 1995). Sach's pessimism and Thuvesson's optimism point towards the contested, complex and ambiguous meanings of development. Alan Thomas (2000) refers to the meaning of development as: (1) a vision, description or measure of the state of being of a desirable society; (2) a historical process of social change in which societies are transformed over long periods; and (3) a deliberate effort aimed at improvement on the part of various agencies, including governments, all kinds of organizations and social movements.

Duffield (2006) defines development as 'a set of bio-political compensatory and ameliorative technologies of security that define and act upon non-insured populations to improve resilience by strengthening self-reliance'.

According to Hettne (2008), 'development in the modern sense implies international social change in accordance with societal objectives'.

Nederveen Pieterse (2001) defines development as 'the organized intervention in collective affairs according to a standard of improvement'.

Woolcock (2009) defines development as 'the internal and external processes that shape, in a given society or for a particular social group, the

welfare, justice and opportunities of its members, but especially its poorest and most marginalised'.

While these definitions may have their individual specificities, one common feature among them is the idea that development connotes the notion of change, improvement and welfare. Thus one can conclude that economic development has been the central concern since last seven decades in world. What though needs to be pointed out is that there are varied perspectives on how to understand the problem and provide solutions thus to foster development in the third world countries.

5.4 CAPITALIST PATH TO DEVELOPMENT

As already discussed, post world war -II saw adverse set of responses to the industrial and political rise of the West and Southern Europe and North America on the one side, and Russia and communist states on the other, alongside the stagnation of a vast number of nations with low productivity, industrial backwardness and poverty which gave rise to the First, Second and developing world models of development respectively, i.e., Capitalist, Socialist and developing world.

The capitalist model of development is characterized by provision of private ownership of property and means of production, minimum state control on economic enterprises, and a free economy regulated by competition. The developmental model also emphasizes sustained growth and modernization with massive state investment at the takeoff stage.

From the view of this perspective, "economic development would revolve around Industrialization and the transfer of an underemployed rural labour force to the more productive occupations in the urban industrial sector. The state would have to mobilize domestic and foreign saving to create an investment pool from which it could finance a programme of directed industrial development."(Corbridge 1995:2).The First World model of development, however, encountered several challenges with the expansion of the socialist model of development represented by the Second World.

The socialist model was contradictory to the capitalist model of development as it propagated the abolition of ownership of private property and means of production, emphasised state ownership of means of production, state-owned public enterprise, and a state regulated economy and centralized planning by the state for economic growth. While both the capitalist and the socialist models laid primary emphasis on economic growth, the socialist model also emphasized on the equal distribution of the fruits of growth among all sections of the population.

The developing world is represented by the ex-colonial, newly independent and non-aligned countries of Asia, Africa and Latin America who are industrially backward. Indeed the developing world development perspectives are caught between the conflicting ideologies of the First and Second world. These countries represented a diverse variety in terms of their socio-cultural and political setting and historical experiences and levels of technological and economic development.

However, notwithstanding these variations these countries are economically and technologically underdeveloped, and are undergoing the process of nation-building and fast social transformation in the post-colonial era. As against these backdrops, these countries have been experimenting with diverse models of development. For example, India has followed the path of "mixed economy" by adopting a path of development in between the capitalist and socialist models.

5.5 SOCIALIST PATH TO DEVELOPMENT

The Socialist model of development is a general model in which several socialist thinkers advocate several different views about development goals and means. Some socialists accept democratic means for securing socialist goals of development. The idea of a society that would allow for the full development of human potential has always been the goal of socialists. In his early draft of the Communist Manifesto, Friedrich Engels asked, "What is the aim of the Communists?" He answered, "To organize society in such

a way that every member of it can develop and use all his capabilities and powers in complete freedom and without thereby infringing the basic conditions of this society." Marx summed it all up in the final version of the Manifesto by saying that the goal is "an association, in which the free development of each is the condition for the free development of all." Our goal, in short, cannot be a society in which some people are able to develop their capabilities and others are not; we are interdependent, we are all members of a human family. The full development of all human potential is our goal.However, the Marxist Socialists and the Revolutionary Socialists advocate revolutionary means and a centralized system of economic and political relations for rapid industrialization, progress and development.

The Marxist Socialist model rejects the capitalist-liberal model of development. The communist states like the USSR (1917-1990), Poland, Czechoslovakia, Hungary, Romania, Bulgaria, East Germany, Vietnam, North Korea and Cuba used a centralized command economic system as the means for development.

They placed full emphasis upon the social and economic rights, particularly the right to equality and social justice. They advocated socialization of means of production and distribution for rapid socio-economic development. Industrialization was held to be the means but it was to be pursued by ensuring the protection of the interests of the workers and common people.

Control of the communist state over the process of industrialization and development was held to be an essential condition for development. Such a state was regarded as the supreme agency for ensuring education, health and social security for the masses. Little emphasis was however placed on the civil and political rights of the people.

However, in 1980s the Socialist/Marxist model of development was found to be weak and unproductive. Around 1985-1991 the economies and polities of all the socialist states began collapsing. They found it essential to adopt

political and economic liberalization of their societies, polities and economies.

All these states decided to adopt liberalization, privatization, democratization and competitiveness as the means for growth, stability and development. The Socialist model of development suffered a big decline in its popularity and liberal-democratic-capitalist model got a new universal acceptance and popularity.

Democratic-Socialist Model of Development:

This model advocates development through the securing of socialist goals by using democratic means. India and several other Third World countries decided to adopt this model. In fact, these states combined the democratic socialist model and welfare state model for rapid industrialization, economic growth and development. Organised planning and democratic process of politics were adopted by them.

However, the actual operation of this model of development also proved to be inadequate for securing the goal of rapid socio-economic- political development. Bureaucratic inefficiency, corruption, faulty planning priorities and slow growth led to an inadequate success in all areas of development.

In the last decade of 20th century, these states also decided to go in for liberalisation, privatisation, competition, market economy and globalisation. These began registering some rapid development by using the new model. However, this model of development has also started showcasing some limitations and dangers of privatisation and globalisation.

It has started acting as a source of commercialization of human relations and even commercialization of education, healthcare and social service sectors. A need for reforms and changes is currently being designed and adopted, particularly for meeting the pressures resulting from global economic recession.

5.6 MIXED ECONOMY AND DEVELOPMENT

A mixed economy is variously defined as an economic system blending elements of market economies with elements of planned economies, free markets with state interventionism, or private enterprise with public enterprise.This meaning of a mixed economy refers to a combination of market forces with state intervention in the form of regulations, macroeconomic policies and social welfare interventions aimed at improving market outcomes. According to Douglas Brown there are in general two broad yet distinguishable definitions of 'mixed economy': a political definition and an apolitical definition. The political definition refers to the degree of state intervention in what is basically a market economy. The political definition of 'mixed economy' precludes extending it to non-capitalist systems. The apolitical definition of 'mixed economy' generally refers to the mix of public and private ownership forms. Here, 'mixed economy' itself does not specify a political form. It means an economy characterized by a combination of public and private ownership as well as planning and markets. The concept of mixed economy represents a middle position between the two extreme type of economies- capitalist economy and socialist economy. One main characteristic of a mixed economy is the ownership of goods by both private and government/state-owned entities. For the economy to be mixed, the government can control some parts but not all. For example, the government may control health care and/or welfare in some mixed economy countries The concept of mixed economy is flexible and has its own means and methods of approaching economic, political and social issues. India is regarded as a good example of a mixed economy. The Indian economy is the world's twelfth largest according to market exchange rates. It is also the fourth largest economy by purchasing power parity (PPP) basis. From 1947 to 1991, the India economic system was based on social democratic-based policies. The features of a mixed economy which exist in India are:

(a) Both private and public ownership of means of production: This is observed in most of the agricultural, industrial and service sectors.

(b) Important role of market mechanism: Market forces of demand and supply have a free role in determining the price of the commodity.

5.7 GANDHIAN MODEL OF DEVELOPMENT

The Gandhian perspective of development, for analytical purposes, needs to be located in the general theoretical framework of humanist and moralist social philosophy which Gandhiji not only spoke about but also practised. The two central distinguishing features of Gandhian perspective on development can be stated as [i] Self-development over material prosperity and [ii] development of villages in a holistic fashion that would include strengthening of rural industries.Gandhian model of development is based upon the following salient features:

[i] Gandhian Model is totally different from Western materialistic model of development. It gives place of primacy to moral development and ethical view of socio-economic-political development. Truth and non-violence are advocated as the basis of all human activities and decisions.

[ii] It stands for complete decentralization of functions and powers with each village acting as a self-regulating and self-sufficient unit of development.

[iii] Development must ensure food, clothing, shelter, education and employment for all.

[iv] Strong reservation about mechanization and industrialisation. Machines deprive human beings of employment and industrialization generates consumerism and profiteering. Industrialization must be based upon the use of manpower and its aim should be to meet the primary basic needs of all the people.

[v] Emphasis upon cottage industries, handicrafts, agriculture and labour.

[vi] Total emphasis upon social equality, non-violence, truthful living, social responsibilities, dignity of labour and moral and spiritual happiness. Development has to be measured on the scale of happiness and not consumerism and profit-making.

[vii] All development must ensure environmental health and happiness.

[viii] Gandhian view of a developed state is a peaceful, happy, non-violent state based on morality and respect for the equal dignity, worth and needs of all the people of society. .

The critics of this model hold it to be an idealist model which cannot be really used. However, the supporters of the presently popular model of sustainable development appreciate the value of Gandhian Model of Development.

5.8 SUSTAINABLE DEVELOPMENT MODEL

The significance and consequences of the current perspective and model of development can be easily comprehended by the numerous social, environmental and economic indicators that can be seen. Unprincipled and over-exploitation of natural resources; Air, Water, Soil and Sound Pollution; climate change and its adverse effect on human life; increase in radiation levels; depletion of ozone layer; and disturbances and pressures on the eco-systems, all have amply demonstrated the fact that the past socio-economic development has not been a real development.

Its human cost has been excessively high. It has created a situation of a social-economic-environmental imbalance. It has made it essential for us to work for securing social sustainability, economic sustainability and environmental sustainability. i.e. Sustainable Development. The greatest need of the hour is to put in comprehensive and coordinated efforts for securing development which is socially, economically and environmentally stable and enduringly sustainable.

The Sustainable Development Model is the approach to development which seeks to generate present growth without in any way disturbing and limiting the quality of life for future generations. It focuses attention upon the need to maintain a necessary, healthy, productive and enduringly sustainable balance between human needs, natural resources and features, and eco-systems.

These are to be developed and made to sustain and reinforce each other. The Brundtland Report defines Sustainable Development as: "Development that meets the needs of present without compromising the ability of future generations to meet their own needs".

Main Dimensions of Sustainable Development:

The concept of Sustainable Development is very comprehensive. It contains within itself several dimensions of development. It is to secure social economic and environmental development. It includes the concept of sustainable population levels, poverty alleviation, socioeconomic justice, social development, economic development, environmental protection, prevention, control and abatement of pollution, securing of balanced ecosystems and biodiversity, conservation and systematic use of natural resources, development and use of eco-friendly technologies, meeting the challenge resulting from climate change, and securing the needs of present without in any way limiting or harming the ability of the future generations to meet their needs. All these dimensions of Sustainable Development are emphasized by a large majority of the contemporary supporters of the model.



CHECK YOUR PROGRESS

Q 1: State one characteristic of a 'mixed economy'.

Q 2: Mention one characteristic feature of the capitalist mode of development.

Q 3: Which model of economic development has India adopted?



5.9 LET US SUM UP

- Generally, the term 'development' is used and understood in terms of economic development. But it is more than purely economic and physical. It is directly related with satisfaction which may have little or nothing to do with objective statistical measures, such as GNP, GDP or per capita income.

- Economic development with no concern for social development is dubbed as 'development without human face'.

- 'Social development is the process of planned institutional change to bring about better adjustment between human needs and aspirations on the one hand and social policies and programmes on the other' This module attempted to examine the ideas and ideologies of development through an exploration of different meanings and connotations of the concept.

- We began with an examination of the geo-politics of mid-20th Century, which explained the role of decolonisation, World War II, Cold War and rising powers of United States of America (USA) in shaping the meaning as well as the practice of the concept. Having originated in the geo-political atmosphere of decolonisation and cold war, development in the early 1950s was conceptualised as economic growth. However, with the increasing criticisms of the growth approach, the concept of development became more inclusive to accommodate concerns of justice, redistribution (equity), education, health, and other non-economics parameters into it

- The divergent meanings and perspectives to the concept of development notwithstanding; we may, for the analytical purpose, conceptualise the term development by delimiting its scope to three most important aspects: (a) development as a long-term process of structural societal transformation, (b) development as a short-to-medium outcome of

desired targets, and (c) development as a discourse of dominant western modernity.

- The capitalist model of development is characterized by provision of private ownership of property and means of production, minimum state control on economic enterprises, and a free economy regulated by competition.
- The democratic-socialist model of development advocates development through the securing of socialist goals by using democratic means.
- Mixed economy refers to a combination of market forces with state intervention in the form of regulations, macroeconomic policies and social welfare interventions aimed at improving market outcomes.
- The Sustainable Development Model is the approach to development which seeks to generate present growth without in any way disturbing and limiting the quality of life for future generations.



5.10 FURTHER READING

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Bhaduri, Amit. 2005. *Development with Dignity: A Case for Full Employment.* New Delhi: National Book Trust India.

Cowen, M. Shenton, R. 1998. *Doctrines of Development.* London: Routledge.

Dube, S. C. 1988. *Modernisation and Development: The Search for Alternative Paradigms.* New Delhi: Vistaar Publications.

5.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Ownership of goods is both by the private and the state entities in a mixed economy.

Ans to Q No 2: The Capitalist mode of development emphasises on the private ownership of means of production.

Ans to Q No 3: Mixed model

5.12 MODEL QUESTIONS

A) Short Questions (Answer each question in about 150 words)

Q1:Define Sustainable Development.

Q2:Define development.

Q3:What is meant by the 'democratic-socialist model of development' ?

B) Long Questions (Answer each question in about 300-500 words)

Q1:Critically examine the evolving perspective on development.

Q2:Explain how in Gandhian perspective economic progress is not real progress.

Q3:Distinguish between the capitalist and the socialist models of development.

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