CHAPTER 2

DEVELOPMENT DEBATES

- Development Perspectives
- Structuralist School
- The Neo-Marxist Approach
- The Neo-Liberal Approach
- Development Discourses: Anthropological Perception
- Equity- A Strong Pillar of Development
- Development Debates: Two Perspectives
- Growth with Equity and Decentralised Planning
Development was long viewed in reductionist economic terms. Critical assessment of performance eventually led to making development debates multi-dimensional and multi-disciplinary. It was belatedly recognised that development is a value-laden issue demanding explicitly ethical analysis. Dominant paradigms of development are not equitable; they must not be sustained. Sustainability¹ is needed in economic, social, political, and cultural arenas. Ethically-based development calls for a reversal of the inversion of means and ends by development actors.

Conventionally, development was treated as the function of investment expecting that growth will produce the natural outcome in the form of redistribution and poverty reduction. The over-riding influence has been industrialisation and the technological progress associated with it. As hypothesised, benefits were to trickle down to the lower levels. But Sixties witnessed growing dissatisfaction with these mainstream strategies as growth failed to do justice to masses and as poverty, inequality and unemployment increased. Evidences available on income distribution show that benefits of growth have gone to privileged sections of the society and the resources that could have been utilised for increasing the welfare of the masses, were wasted in the production of unnecessary luxury goods.

¹ Development’s definition of sustainable society as: occurring at the intersection of, or balancing of, the three global imperatives: environment integrity, economic efficiency and well-being of people and community, see Hackett, Steven 1998, environmental and natural Economics theory policy and sustainable society. Armonk, New York, Sharpe M.E. 1998.
The earlier theory of ‘Trickle Down’ proved wrong as inequalities in
the distribution of income and wealth has been ever widening and widespread
poverty still prevails in many countries of the world, especially in
underdeveloped countries. What is more, there are wide disparities in income
and wealth distribution among countries, between regions and social classes
within the same country. It means growth is taking place without equity in the
distribution of benefits between the rich and the poor. The “rich-poor country
divide” is a relatively recent phenomenon as the major part of the present
income disparities must have arisen over the last century. The UNDP has
described the world as “gargentra in its excess and grotesque in its human and
economic inequalities”-- the essence of the income disparities is called
‘development’ gap. In short the development debates are unending. The main
schools under development debates are discussed in the ensuing section.

Development Perspectives

A quick recapitulation of the major schools of development theories
is necessary here, however, superfluous it could be. For convenience we
divide the major theories into the following five schools of thought: (i) the
structural approach, (ii) the linear-stages-growth model\(^2\), (iii) the neo-
Marxist or dependency theory, (iv) the neo-liberal approach, and (v) the
anthropological approach that critically responded to the classical, neo-

\(^2\) Out of this somewhat sterile intellectual environment, fueled by the cold war politics of the
1950s and 1960s and the resulting competition for the allegiance of newly independent
nations, came the stages of growth model of development. See Todaro, Michael P and Smith,
classical, and Marxist economics to address what is generally called the domain of development economics.

By the 1950s, it was possible to divide the world into two groups of countries - the poor and the wealthy. The wealthy group was composed of most of the Western European countries, Canada and the United States. Inhabitants of these regions lived (and still live) in great affluence and consumed a large part of the world's resources. The other group-Latin America, Asia and Africa - was poor, underdeveloped, and contained almost 75 percent of the world's population. Economists and government policy-makers, especially those in developing countries, began to look for reasons to explain this disparity and for ways to eliminate it. The development economics has taken a multi-disciplinary approach to analysing and addressing the economic problems of developing countries, particularly chronic poverty. Classical or neo-classical economics is concerned primarily with the efficient and cost effective allocation of scarce resources and with the optimal growth of those resources over time. They hold that countries develop economically via the market\(^3\). In a market economy, economic benefits flow to participants, be they individuals or countries, from self-interested and voluntary acts. This behaviour is efficient and produces the greatest overall economic growth. To stimulate

\(^3\) For more details regarding market oriented approach to development, see Desta, Asayehgn, Environmentally Sustainable Economical development, Westport, CT: Praeger, 1999.
growth, those inefficient barriers have to be removed. This type of analysis and solution is universally applied - i.e., it does not radically change depending on the country being analysed.

The Structuralist School

The Structuralists focus on the mechanism by which "underdeveloped" economies transform their domestic economies from a traditional subsistence agricultural base into a modern economy. A modern economy is defined as one in which most of the population is urban and the bulk of the country's output is in the form of manufactured products or services. Under this model, the ultimate question becomes how to expand the modern economy while contracting the indigenous traditional economy of the country or region. The object of development is the structural transformation of underdeveloped economies so as to permit a process of self-sustained economic growth. This may only be achieved by eliminating the underdeveloped country's reliance on foreign demand for its primary exports (raw materials) as the backbone fuelling economic

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4 Structuralists treat the self as both a social product and a social force. The hypothesis that underdevelopment is due to underutilisation of resources rising from structural institutional factors that have their origins in both domestic and international dualistic situations. Development therefore requires more than just accelerated capital formation as espoused in the stages of growth and false paradigm models of development. See Todaro, Michael P and Smith, Economic Development, Pearson Education, 2003.

growth. Economic growth must be fuelled through an expansion of the internal industrial sector.

Structuralists argued that the fruits of those advances were being retained by the industrialised nations in the form of increased profits for the manufacturer and higher wages for the workers. Given these "structural" impediments in the world economy, the structuralists argued that economic development had to be pursued through an expansion of the domestic industrial sector. Structuralist economists warned that, given the United States' role as the world's new industrial leader, the demand for raw materials was going to diminish because the United States was rich in natural resources. Structuralists also argued that focusing on overall economic growth numbers was a necessary but not sufficient step in pursuing economic development. An underdeveloped economy is defined as one in which the technological levels of one or more sectors of the economy fall below the technological level of the most advanced sector, especially if technology exists that will enable those sectors to be more productive. To the structuralists, development had to include the expansion of new technology and methods of production in order to eliminate the gap between the most advanced sectors of the economy and those that lagged.

Thus, the structuralists measured development by the number of economic sectors using the most advanced levels of technology. The goal

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6   Extractive industries and manufacturing are two sources of income and profit.
was to have an economy in which the total output would be divided equally among all of the country's economic sectors. The existing scenario in which the bulk of the economy's output was derived from the primary product sectors was unacceptable. Economic development could only be achieved through the expansion of those sectors of the economy which up to that point had been neglected.

In addressing the causes of underdevelopment, structuralist economists focused on the evolution of economic relationships between developed countries and the rest of the world. Developing countries were brought into the international economy to serve two purposes: (i) to supply cheap raw material and (ii) to purchase finished manufactured goods from industrialised economies. This gave rise to "enclave" economies in developing countries that expanded the primary product export sector at the expense of the industrial sector.

The structuralists argued that the structural changes needed to bring about economic development could only be achieved by state intervention. For example, government-imposed tariffs on imports were designed to stimulate the internal market by protecting new industries within the country. A tariff was viewed as a way to even the playing field between a manufacturer in an industrialised country and one in a developing nation. The former tended to have better access to capital and technology as well as a more productive
work force. These factors enabled manufacturers in industrialised countries to produce a given product faster and cheaper than "infant industries" in developing countries. The structuralists believed that, given the underdeveloped capital markets in developing countries, only the state could generate and manage the sizeable investments needed to industrialise. Other policies that were recommended were fiscal (taxes and government spending) and monetary (money supply and interest rates) in nature.

Structuralists tried to explain how structural aspects of the domestic and international economy impeded the growth of developing countries. Their policy prescriptions called for major government intervention in the economy in order to promote industrialisation. Many countries in Latin America and elsewhere adopted structuralist policies, also known as "import substitution" policies. Import substitution was fundamental to the Indian economic policy in the 1960s. In the 1970s, Asian economies abandoned import substitution in favour of export-led growth. While the early phase of such policies promoted growth, state-led development ultimately suffered serious inefficiencies, which led to market reforms in the 1980s and 1990s in Latin America and elsewhere.

The Linear-Stages-of-Growth Model

By equating development with output growth, early development theorists, prompted by Ragnar Nurkse, identified capital formation as the

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7 Capital is a must for development. see Ragnar Nurkse. Ragnar Problems of Capital Formation in Underdeveloped Countries; New York: Oxford University Press, 1952
crucial component to accelerate development. The celebrated early work on the "dual economy" by Sir W. Arthur Lewis\(^8\) (1954, 1955) precisely stressed the role of savings in development. Early Keynesians, such as Kaldor\(^9\) and Robinson\(^10\), attempted to call attention to the issue of income distribution as a determinant of savings and growth. Of course, savings could themselves be manipulated by government intervention - as Lewis had intimated and the Keynesians insisted. Indeed, earlier, Rosenstein Rodan\(^11\) (1943) had argued that increasing returns to scale made government-directed industrialisation feasible. The notion of turning "vicious circles" of low savings and low growth into "virtuous circles" of high savings and high growth by government intervention was reiterated by Hans W. Singer\(^12\) in his doctrine of "balanced growth" and Gunnar Myrdal\(^13\) in his theory of "cumulative causation". Thus, government involvement-whether by planning, socio-economic engineering or effective demand management - was regarded as a critical tool of economic development. Other economists turned to international trade as the great

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\(^8\) The existence of subsistence and modern sector is called the dualism. See W. Arthur Lewis *Theory of Economic Growth*, Novello and Company Ltd. London W.1. 1954.

\(^9\) Welfare aspect was taken into account in the discussion of development. For details, Kaldor “Welfare propositions of economics and interpersonal comparisons of utility”. *Economic Journal*, 1939.

\(^10\) Savings and growth was correlated by many. For more details Joan Robinson, *The Economics of Imperfect Competition*, 1933.


\(^13\) Gunnar Myrdal, *Economic Theory and Underdeveloped Regions*. 
catalyst to growth. Already Hla Myint\textsuperscript{14}, Gottfried Haberler\textsuperscript{15} and Jacob Viner\textsuperscript{16} had stressed this avenue – arguing along lines similar to the classical doctrine of Adam Smith\textsuperscript{17} that trade and specialisation can increase the "extent of the market". However, earlier in the 1930s, D.H. Robertson\textsuperscript{18} had expressed his doubts on this account - and these were later reiterated by Ragnar Nurkse\textsuperscript{19}, H.W. Singer\textsuperscript{20} and Rául Prebisch\textsuperscript{21}. Following Alexander Gerschenkron\textsuperscript{22} (1953, 1962) and W.W. Rostow\textsuperscript{23} (1960), the concept of "underdevelopment", acquired dominance through the writings of Hollis Chenery\textsuperscript{24}, Simon Kuznets\textsuperscript{25} and Irma Adelman\textsuperscript{26}. Walt W. Rostow's stages-of-growth model was the only one or the best. It was, however, the model that achieved dominance in this strand of development economics. Rostow argued that advanced countries had all passed through a series of stages. He

\begin{thebibliography}{9}
\bibitem{14} Hla Myint "Economic Theory and the Underdeveloped Countries", JPE, 1965.
\bibitem{16} Jacob Viner, Studies in the Theory of International Trade, 1937.
\bibitem{17} For discussion, Adam Smith An Enquiry into the Nature and Causes of Wealth of Nations, Bentam Classic, 1776.
\bibitem{18} See D.H. Robertson A Study of Industrial Fluctuations, 1915 and Economic Incentive, 1921.
\bibitem{24} See Hollis Chenery,” Comparative Advantage and Development Policy”, American Economic Review, 196.1
\bibitem{25} For details, Simon Kuznets National Income and Its Composition, 1941.
\bibitem{26} See Irma Adelman, Theories of Economic Growth and Development, 1961.
\end{thebibliography}
designated the stages as follows: (1) the traditional society, (2) the preconditions to take-off, (3) the take-off, (4) the drive to maturity, and (5) the age of high mass-consumption. In his view, the advanced countries had all passed the stage of take-off and had achieved self-sustaining growth.

The developing economies were either in the "preconditions" or "traditional" stage. All that these societies had to do in order to take-off (to reach self-sustaining growth) was to follow a certain set of rules of development. Rostow defined take-off as a period when the degree of productive economic activity reaches a critical level and produces changes which lead to a massive and progressive structural transformation of the economy and society. The take-off stage could only be reached if three criteria were satisfied. First, the country had to increase its investment rate, with investment amounting to no less than 10 percent of the national income. This requirement could be satisfied either through investment of the country's own savings or through foreign aid or foreign investment. Second, the country had to develop one or more substantial manufacturing sectors with a high rate of growth. Third, a political, social and institutional

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27 Sustainable development is a more radical approach to environmental policy that doesn’t discount economics, but rather has a Malthusian understanding of the limits of growth. See DeWitt, John. 1994. Civic Environmentalism: Alternatives to Regulation in States and Communities. Washington, D.C.: Congressional Quarterly

framework had to exist or be created to promote the expansion of the new modern sector. Under this theory, economic growth was measured by a rising per capita income.

Unlike the structuralists, Rostow was not concerned whether the production was evenly divided among all economic sectors. Thus, again unlike the structuralists, Rostow equated economic growth with economic development. To stimulate growth, the country had to increase savings and investment. Given the low savings rates in developing countries, the government was responsible under this theory for creating a class of people with a propensity to save. The government also had to ensure that people who saved more would obtain a greater share of the national income. Otherwise, national income would be consumed rather than invested.

The linear model of development is based upon the European experience. This school focused on the lack of domestic savings and investment. In order to promote growth, policy-makers had to induce higher savings and investment rates in developing countries, a proposition that was easier said than done. The linear model of growth proved to be fundamentally flawed. Nevertheless, its optimism was infectious and still pervades the work of development institutions like the World Bank. It is easy to see why this model was so widely accepted. It justified massive transfers of capital and technology from the North (industrialised countries) to the South (developing
countries). At the same time, it provided a rationale for the massive concentrations of wealth that existed in developing countries.

Despite its appeal, the Rostow model proved to be seriously flawed. The linear-stages-of-growth model blamed developing countries' stagnation on internal factors, namely a lack of internal savings and investment. The model assumed that if these components were injected into developing countries through direct foreign investment or aid, economic growth would naturally follow. This assumption was based, in part, on the success of the Marshall Plan in Europe. Thus, the model assumed that for the low savings and investment rates, developing countries and Europe were the same for purposes of development. But they were not. While post-World War II Europe lost its infrastructure and industrial base, social structures remained intact. It was a society rich in human resources - i.e., skilled labour and a competent managerial sector. It had a stable civil and criminal legal framework experienced in handling the many problems associated with capitalism. Developing countries' levels of human resources could not compare with those of Europe. Consequently, economic aid and foreign investment were not enough to industrialise the region. If sustained growth was to be achieved in developing countries, the society itself had

to be restructured. The linear-stages-of-growth model focused only on the symptoms of an ailing economic society. It never bothered to determine what factors led to a society that saved very little and invested even less.

**The Neo-Marxist Approach**

Marxist political economy provides a broader view of economic development. Like classical and neo-classical economists, political economists are concerned with the efficient and most effective allocation of scarce resources. They, however, bring a new coefficient – politics – into the development equation. When addressing why some groups or countries are better off than others, political economists do not look solely at market forces for an explanation. They focus on the social and political mechanisms that economic groups have created in order to control the allocation of scarce resources. Marxism tends to be universally applied as well. For example, to an orthodox Marxist, the class struggle is a by-product of capitalism. Capitalism inevitably creates a conflict between the working class and the owners of capital. Regardless of the country in question, the conflict will always reach the same result: the social inequities will reach an intolerable point and the working class will instigate a socialist revolution that will overthrow the capitalist regime.

The neo-Marxist theories of development focused on exploitative relationships between advanced capitalist countries and the developing world. Although much of neo-Marxist theory has been discredited, it
nevertheless constituted a useful rhetorical tool for developing countries seeking to establish economic sovereignty. Even today's Asian crisis has raised themes reminiscent of the neo-Marxist critique - i.e., certain advanced economies don't want the once-booming Asian economies to overtake them. One of the most controversial schools of development economics in the 1960s and 1970s, focused on neo-Marxist theory. Neo-Marxist economists accepted Marxist philosophy in principle but argued that it had to be modified if it was to be applicable to developing countries. They argued that Marx did not have sufficient information to develop a theory dealing with underdevelopment. Armed with observations that Marx could not possibly have made, neo-Marxists made important theoretical departures from orthodox Marxist doctrine. We will mention only two here.

First, Neo-Marxists broadened the scope of orthodox Marxist doctrine by looking at exploitation among nations. Marx's doctrine of surplus value stated that the worker was being robbed by the capitalist class. The worker received only a fraction of the value of the product which his labour produced. The difference was expropriated by the capitalists - the private owners of the factories and the machines. The neo-Marxists gave this theory an international dimension based on the behaviour of nations. Hence they concluded that industrialised countries historically extracted surplus value from developing countries. Specifically, they argued that developed countries paid very low prices for the primary products imported from
developing countries, transformed them into finished products and sold them back to developing countries at very high prices. This resulted in chronic poverty and misery in developing countries.

Second, Neo-Marxists took issue with the orthodox Marxist theory that a social revolution is possible only after a country has undergone a capitalist transformation. This orthodox position would mean that such a revolution could not occur in developing countries until industrialisation flourished. Neo-Marxists argued, however, that passing through the industrialisation stage was impossible for many developing countries, given the theorists' observations that developing countries were stuck in a state of underdevelopment and unequal exchange with advanced capitalist nations. The path to industrialisation was difficult and even impossible to follow because, as we have just noted, developing countries were brought into the capitalist international economy as producers of cheap raw materials. Thus, foreign capital flowed to and modernised only one sector of developing economies – the primary products sector. The by-product of this process was the destruction of indigenous industry, either directly or through neglect. Neo-Marxists argued that foreign capitalists had no interest in developing local industries. And the local capitalists were happy as long as they could extract surplus labour from the peasantry and wage labourers. The surplus capital was either invested abroad or consumed via the purchase of luxury goods from abroad, of course. All of these factors
contributed to static economies in developing countries, which meant that capitalism could not be achieved. Consequently, Neo-Marxists called upon the masses to engage in a socialist revolution without waiting for the arrival of industrialisation. The revolution would place the surplus value in the hands of the workers, who would invest in socialist development.

Neo-Marxist theory was an important and provocative contribution to development economics, primarily because it questioned many assumptions supporting development theory based on capitalism. Nevertheless, the theory was subject to a great deal of criticism, especially the neo-Marxist-based "dependency theory\textsuperscript{30}," which held that developing countries' development was dependent on, and thwarted by, advanced capitalist countries. Classically trained economists argued that heeding neo-Marxist calls for self-sufficient development would lead to economic stagnation in developing countries. Pointing to empirical evidence, Marxist economists claimed the Neo-Marxists incorrectly concluded that developing countries could not attain the capitalist mode that Marx deemed necessary for a socialist revolution. Others noted that neo-Marxist theory failed to explain patterns of specialisation in developing countries. Still others believed neo-Marxist theory was too formalistic to be useful.

\textsuperscript{30} Dependency theory is a body of social science theories which are predicated on the notion that resources flow from a "periphery" of poor and underdeveloped states to a "core" of wealthy states, enriching the latter at the expense of the former. It is a central contention of dependency theory that poor states are impoverished and rich ones enriched by the way poor states are integrated into the "world system".
The Neo-liberal Approach

Development economics goes beyond the scope of either classical/neo-classical economics or Marxist economics. It, too, is concerned with the efficient allocation of scarce resources. Its main concern, however, is sustained $^{31}$ economic growth over time that improves the standard of living for the masses in poverty in developing countries. To that end, one of the main goals of development economics is the formulation of public policies designed to bring about rapid economic growth. Like classical/neo-classical economists and Marxist economists, development economists see their role in society as model builders—they suggest models of economic growth for governments to follow. Development economists, however, do not believe that a single model can be universally applied, given the heterogeneity of developing countries. Thus, development economics has combined relevant concepts from traditional economic analysis with a broader Multi-disciplinary approach derived from studying the historical and contemporary development experience of the specific region or country in question. The tendency has been to first look at existing economic theories for inspiration or insight. These existing theories are then modified or expanded upon so as to make them applicable to

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$^{31}$ Fairlie focuses on planning in rural areas and encourages sustainable development at the grassroots level. Low impact development is described as having “a low negative environmental impact and either enhances or does not significantly diminish environmental quality. See Fairlie, Simon. 1996. Low Impact Development: Planning and People in a Sustainable Countryside. Charlbury: United Kingdom: John Carpenter.
developing countries. The resulting theories have been used to explain the
economic gap existing between developing and industrialised countries.
The goal of development economics has been to pinpoint the cultural,
political, economic and institutional mechanisms, both internal and
external, impeding economic development in order to modify them in such
a manner as to bring about economic progress.

Neoclassical theory experienced resurgence in the 1980s. It is not
coincidental that, during this same period, the governments of most of the
industrialised nations were governed by conservative political parties.
Neoclassical economic theory dismissed neo-Marxist theory as flawed and
unrealistic. It also rejected structuralists' claims that developing countries'
problems were due to structural impediments in the international economy
and that domestic structural flaws required significant state intervention in
the economy. To neoclassical economists, economic stagnation in developing
countries was a by-product of poorly designed economic policies and
excessive state interference in the economy. They argued that in order to
stimulate the domestic economy and promote the creation of an efficient
market, developing country governments had to eliminate market restrictions
and limit government intervention. This was to be accomplished through the
privatisation of state-owned enterprises, promotion of free trade, reduction or
elimination of restrictions on foreign investment, and a reduction or
elimination of government regulations affecting the market. These reform
measures collectively were called “the Washington Consensus.” In sum, market forces, not government intervention in the economy, would bring about development in stagnating economies.

Although capital-formation never really left the field, the meaning of the term mutated somewhat over time. T.W. Schultz\textsuperscript{32}, drawing upon his famous Chicago School thesis, turned away from physical capital accumulation to emphasise the need for "human capital" formation. This led to an emphasis on education and training as pre-requisites of growth and the identification of the problem of the "brain drain" from the Third World to the First. W. Arthur Lewis and Hans W. Singer extended Schultz's thesis by arguing that social development as a whole – notably education, health, fertility, etc. – by improving human capital, were also necessary pre-requisites for growth. In this view, industrialisation, if it came at the cost of social development, could never be self-sustaining.

However, it was really only in 1969 that Dudley Seers finally broke the growth fetishism of development theory. Development, he argued, was a social phenomenon that involved more than increasing per capita output. Development meant, in Seers's opinion, eliminating poverty, unemployment and inequality as well. Singer, Myrdal and Adelman were among the first old hands to acknowledge the validity of Seers's complaint and many

\textsuperscript{32} T.W Schultz, "Investment in Man: An Economist’s View," The Social Service Review XXXIII, 1959.
younger economists, such as Mahbub ul Haq, were galvanised by Seers's call to redefine economic development. The neo-liberal that has already been there as a part of the neo-classical became assertive with the onset of the debt crisis. The IMF and the World Bank pushed for market-based reforms in developing countries, with the intention of reducing the amount of state intervention in the economy. Deregulation and privatisation became key goals for reformers. This framework is being adopted virtually worldwide today. Once again, the Asian crisis, discussed elsewhere in the E-book, provides the most recent example of market-based reform efforts.

Development Discourse: Anthropological Perception

The anthropological perception of development owed its thesis partly to critical political economy developed by Andre Gunder Frank, Walter Rodney, Samir Amin, Immanuel Wallerstein, Hopkins and many others who exposed the hidden agenda of diplomatic treaties and agreements executed by the developed countries with the underdeveloped as neo-colonial/neo-imperialistic strategies. It owed its pattern of thinking

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to Michel Foucault\textsuperscript{37}, the famous French thinker who introduced discourse analysis, a powerful device for analysing knowledge and human behaviour in terms of archaeology and genealogy. According to the perception, development is a discourse, a power – knowledge combine that transforms the mind-set of people seminally and fundamentally and makes them subjects uncritically accepting meanings, measures, and truth claims rendered plausible by the ‘discourse’. Discourse analysis, thus, aims at understanding a text through methods of both linguistics and social science. It tries to find out to what end and purpose a certain text had been written and what impact it has or might have on society.

The discourse thesis by development anthropologists such as Escobar\textsuperscript{38}, James Ferguson and others is directed as a critique of the neoclassical and neo-liberal perception of development, as the ‘stage theory mentality.’ It is on the basis of this mentality, Latin American, Asian and African countries were seen as "underdeveloped" countries, "primitive" versions of European Economy that could, with time, "develop" the institutions and standards of living of Europe and North America. The task of the development economist, in this light, was to suggest "short-cuts" by which underdeveloped countries might "catch up"

\textsuperscript{37} Foucault’s analysis of discourse has never included discursive and linguistic analyses of real texts, a fact that is seen by some as one of his weaknesses (see Fairclough, 1992: 56).

\textsuperscript{38} Escobar, Arturo, 1995, Encountering development – the making and unmaking of the Third World, Princeton.
with the developed and leap over a few stages. The so-called underdeveloped nations got inserted into the discourse\(^{39}\) like the developed and enabled to uncritically accept their status exactly as construed by the development discourse\(^{40}\). With the result they accepted themselves underdeveloped and at the mercy of the developed for evolving strategies of development.

The development anthropologists\(^{41}\) directed their critique to the perspective of equity and primacy of social development that was gaining acceptance even among liberalists who viewed structural issues such as dualism, population growth, inequality, urbanisation, agricultural transformation, education, health, unemployment, etc. in their own merits, and not merely as appendages to an underlying growth thesis. Particularly worthy of note was the resurrection of the work of Chayanov on the unique structures of peasant economies. Also emergent, in this period, was a debate on the very desirability of growth. E.F. Schumacher argued against the desirability of industrialisation and extolled the merits of handicrafts economies. As the world environmental crisis became clearer in the 1980s,

\(^{39}\) Nevertheless, many who propose the inclusion of actual texts in discourse analysis have based their ideas on the works of Foucault. Escobar, Arturo, “Discourse and power in Development: Michel Foucault and the relevance of his work to the Third World,” in Alternatives 10/3, 377-400, 1985.


\(^{41}\) Sustainable development is touched on multiple times and is recognised as an effort to avoid the basic issue and a means of shifting from an industrial focus. See Berry, Thomas. The Great Work: Our Way into the Future. New York, New York: Bell Tower, 1999.
this debate took a new twist as the very sustainability\(^\text{42}\) of economic development was questioned. It became clear that the very desirability of development needed to be reconsidered.

Development anthropologists preferred to go further and radically by focusing on the marginalised as victims of development. They seek to discuss as to how discourse works in everyday development situations and orders social relationships in marginalised local communities. They argue that one has to understand as to how local actors use different development discourses in practice. These scholars explore the underlying and significant about local development initiatives, the meaning of development and social change in a village\(^\text{43}\). For reasons that are not entirely clear, anthropological critiques of development produced by European social scientists tend to be more subtle, more nuanced, more interesting than those emanating from this side of the Atlantic. One reason for this difference may be that European academics are more tolerant of development, accepting it as a given, whereas their American counterparts often view it as morally undesirable and politically questionable. Without examining development as discourses we cannot understand the systematic ways in which the western developed countries have been able to manage


and control and, in many ways, even create the Third World politically, economically, sociologically and culturally, and that, although underdevelopment is a very real historical formation, it has given rise to a series of practices (promoted by the discourses of the West) which constitute one of the most powerful mechanisms for insuring domination over the Third World today.” (Escobar, 1985: 384). 

Poverty is one of the central development concepts. The term poverty has always been used to describe a situation a person is living in, but it was used differently in different regions, times and groups. It was only after World War II and during the following phase of widespread decolonisation that the concept of global poverty or of poor, underdeveloped countries emerged in the international arena. Regions that were formerly considered uncivilised by Western standards were now labelled underdeveloped. The concept of poverty served as an indicator to determine whether a country or a region was to be considered underdeveloped or not. Countless reports, analyses and books were written specifying as to what entails poverty, i.e. what different aspects there are to poverty, and particularly, how poverty can be reduced.

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44 Escobar Arturo, Encountering Development-the making and unmaking of Third World, Princeton 1984

Theory and practice of development politics emerged as the arena of interaction between the West/North and the South. Considering the rise of the concept of poverty after World War II and taking into account the idea that concepts and ideas are something not given and evident but dependent on historical contexts and relations of power and domination, one should question the validity of the idea of poverty as presented and transported by the rhetoric of international organisations and forums such as the International Monetary Fund. Therefore, it is necessary to analyse the concept of poverty in the context of international development cooperation. The basis of this essay is the conviction that language is not just a means of transport of facts but is a product of societal processes and itself constitutes, interacts with, and changes our ideas and our notions of truth. Language as such does not exist. It is always connected to material power relations and to actual practices.

There is a good body of literature belonging to the so-called post-developmentalist thought, which occupies itself with questions concerning the discourse on development and applies a great number of ideas of Foucault to the so-called Third World. As Aram Ziai (2003) has pointed out, the post-developmentalist thought uses Foucauldian terms but does not always follow their theoretical implications. The foreword of the World
Development Report 2000/2001 entitled “Attacking Poverty”\textsuperscript{46} signed by the director of the World Bank, James D. Wolfensohn, is a text worth to be analysed in this context, for it is part of a report dealing specifically with poverty and because the foreword in the reports of the international organisations mentioned above often serves as an outline or summary of the report itself. The rhetoric is very similar in the case of any other developmentalist text\textsuperscript{47}. The chosen text can be seen as exemplary for the recent and current discussion on poverty in the international development arena\textsuperscript{48}. The most recent document dealing with global poverty, the so-called Sachs-Report Investing in Development: A Practical Plan to Achieve the Millennium Development Goals published by the United Nations in January 2005, is using very similar language and can be regarded as being in the same line of thought\textsuperscript{49}.

The following are the main points in the arguments of Escobar: Development in the post-war period rests upon discourses of development. Such development discourses construct different representations of the Third World. However, what dominates is the representation by the hegemonic discourse of development. This representation of the Third


\textsuperscript{47} see Maxwell, Simon, 2003, “Heaven or Hubris: Reflections on the New Poverty Agenda”, in \textit{Development Policy Review} 21/1, 5-25.\textsuperscript{44} ibid.: 8

\textsuperscript{48} ibid.: 8

\textsuperscript{49} see. Escobar among others has shown his validity for analysing the discourses on the so-called Third World, 1985 and Escobar, 1995.
World consists of a set of descriptions of the Third World and its people as 'powerless', 'poor', 'ignorant', 'underdeveloped' etc. The representation of the Third World in the dominant development discourse\textsuperscript{50} distorts local reality, ignores diversity and local capacity of the Third World. Such practices also serve the interests of the 'developed' countries, e.g. need for markets for domestic products, new sites for investment and cheap labour and raw materials. Such discourse and practice in development has produced the opposite of its desired result, i.e. massive impoverishment and increasing inequality, exploitation and debt crisis etc. in certain countries. Discourses that correlate to local reality, acknowledge diversity and local capacity are the necessary conditions for successful 'alternative development'. Therefore, in order to increase the possibility of generating successful alternative development, efforts have to be made to facilitate the strengthening of grassroot social movements.

**Equity- a strong pillar of development**

Economic growth alone cannot be regarded as the sole criterion for development. To quicken the process of benefits of growth reaching the bottom of the society, administrative reforms and governmental intervention are required. That is, distributive routine also should be taken

\textsuperscript{50} Samir Rihani’s core argument is that development must occur at the local level and that it will follow only when agents are able to freely interact. The greater the possible number of interactions the greater the complexity of the system; more complex systems have a greater chance to adapt and grow. (Samir Rihani, *Complex Systems Theory and Development Practice*, New York: 2002. p. 238).
into consideration. Only when economic growth is combined with ‘equity’, real development can take place.

Equity is a concept that cannot be formulated precisely. The closest to precision that one can come would be to define equity as equality. But even equality is not really a very precise term and no society in the world is seriously striving for absolute equality. As the term equity is normally used it is akin to social justice. Equity means not permitting greater inequalities of income, wealth, power, privilege and social status than a good society should.

Complete equality in economic terms not only seems to be virtually impossible to achieve but is a real question of whether people would want it. Every purchase of lottery ticket indeed represents a demand for economic inequality. There may be a real conflict between equality and equity, if equity means that people should get what they deserve. This is part of the extremely complex and difficult concept of justice. The redistributive aspect of equity measures is likely to dilute incentives, diminish risk taking, and retard innovation and slowdown growth.

The growth process during the past has affected the lives of the people only tangentially. The number of people benefiting from this developmental activity is very small. Neither the absolute number of poor has declined nor is there any marked improvement in their economic
condition. The development activities carried out did not benefit the poor sections much because the gains rarely percolated to them. This realisation has caused a shift in the approach of growth among development economists.

In most of the LDCs (less developed countries), there is a conflict between rapid growth and social justice. The growth process in such countries has been an egalitarian process. The development efforts have accentuated the income inequalities. Available empirical evidence from the developing countries proves that the trickle down theories of growth are not relevant in the case of the developing countries and some other theory of development planning should be made the basis for an effective planning process to solve the problem of unfair distribution of assets and income in the economies.

Equitable sharing of income must be one of the important objectives of the development planning. But in practice this objective is not taken very seriously as many countries give priority for economic growth. This is due to their unwillingness to come out of the traditional policies and programmes related to development. But this attitude has changed a lot and today the right to development associates development with equity and justice. Any human rights approach to economic and social policy may be constructed on the basis of notion of human dignity and of social contract in the drawing of which all members of the civil society are supposed to have participated.
Today equity and justice are regarded as the primary determinants of development. Not only that, the whole structure of development is shaped by these determinants. For example: if poverty has to be reduced, the poor have to be empowered and the poorest regions have to be uplifted. The structure of production has to be adjusted to produce these outcomes through development policy. The aim of the policy should be to achieve this with the minimum impact on other.

If the right to development is a human right, it necessitates arranging process of development with equity and justice. The development process can be most aptly described as expansion of substantive freedom or “capabilities” of person to lead the kind of lives they value or have reasons to value. It is also possible to identify the capabilities with human rights as propounded in the Universal Declaration of Human Rights. Then, there is the advantage of situating such human rights firmly in a theory of justice that would bring out the logical implication of a concept of equity. It will improve our ability to operationalise the notion of equity and fairness embedded in the right to development. It can thus ensure a fair distribution and equality in access to the resources and expand the fundamental freedoms of individuals. These freedoms, as Sen point out, should be seen as enabling all individuals to freely choose to participate in the development process and part-take in enabling all individuals to “the primary end” and “the principal means” of
development, both in a “Constitutive role” and the “instrumental role”. All the individuals have the right to participate in decision making.

Development is, above all else a question of human values and attitudes, goals self-defined by societies, and criteria for determining what are tolerable costs to be borne, and by whom, in the course of change. These are far more important than modelling optimal resource allocations, upgrading skills, or rationalising of administrative procedures. Nor is development a harmonious process but rather a traumatic one full of contradictions and conflicts. Development is an ambiguous adventure born of tensions between what goods are sought, for whom, and how these are obtained. Innovations create strains between new demands for information, material goods, services, and freedom and the effective capacity of societies to meet these new demands.

The right to the development calls for additional policy actions to accelerate the expansion of GNP together with equity and justice instead of stressing simply on a mere increase in GNP. Those who approve and support Kuznet’s view of negative relation between economic growth and equality, are also in favour of redistributive measures for attaining equality, after the attainment of high economic growth. This was the case with the famous “minimum needs approach” according countries to supply the poor with provisions that met these minimum needs.
Socialist nations were making an attempt to provide a minimum level of income to the poorest. They wanted to improve income distribution and alleviation of poverty. Thus, there is a conflict between growth and equity–where distributive justice was given importance, degree of equality has increased.

In promoting equality in space, the government efforts should be directed towards creating equality of opportunity and full utilisation of human and natural resources rather than towards equalising wage rates or per capita monetary income. How growth affects poverty or inequality, equally depends on how the additional income generated by growth is distributed within that country. The inequality will fall or the chance for equity will increase were the distribution of income becomes more equal. If it is the rich people who get the additional income resulting from economic growth, the gap between the rich and the poor will increase. Then the incomes of the poor will lag behind growth in average income and thereby inequality will rise and equity will fall. That is why it is said that when economic growth happens inequality will increase.

Another possible explanation for the lack of association between economic growth and inequality is that places with similar overall growth rates could experience very different changes in income distribution because of differences in regional and sectoral composition of growth. If growth bypasses poor regions and poor people cannot early migrate to
regions where opportunities are expanding, growth can lead to rising inequality.

If growth is concentrated in sectors from which poor people are more likely to derive their income, such as agricultural growth can be associated with rising equity or declining income inequality. Growth lead to less poverty reduction in unequal societies than in egalitarian societies. In the presence of social inequalities such as the caste system of discrimination against indigenous people, poor people will benefit less from growth. It is important to eliminate social barriers for women, ethnic minorities and socially disadvantaged groups in making growth broad-based.

Early thinking was that greater inequality might be good for economic growth. This is by redistributing income to the rich who save, from the poor, who do not. More growth could be bought for the price of more inequality with ambiguous effects on the poor people. More recent thinking is that lower inequality and thereby more equitable distribution can increase efficiency and economic growth through a variety of channels.

Unequal societies are more prone to difficulties in collective action, possibly reflected in dysfunctional institutions, political instability, a propensity for populist redistributive policies or greater volatility in policies—all of which can lower economic growth. And to the extent that
inequality in income or assets co-exists with imperfect credit markets, poor people may be unable to invest in their human and physical capital, with adverse consequences for long-term growth. A recent study of sugar-co-operatives in India, found that those that are most unequal in land ownership among co-operative members are the least productive. A study in China found that living in high inequality area reduced growth rates at the farm household level, controlling for a household’s human and physical capital.

Empirical evidences open the possibility that policies to improve the distribution of income and assets can have a double benefit–by increasing growth and by increasing the share of growth that accrues to the poor people. But if the reduction in inequality comes at the expense of the other factors conducive to economic growth, the gains from redistribution can vanish. Expropriation of assets on a large scale can lead to political upheavals and violent conflicts undermining growth. And sometimes attempts to redistribute income can reduce incentives to save, invest and work. But there is a number of win-win possibilities.

Policies should focus on building up the human capital and physical assets of poor people by judiciously using the redistributive power of Government spending and such other weapons. Whether economic growth can reduce inequality and promote equity depends on the initial position of
income distribution and the changes in income distribution when economic growth takes place.

**Development Gap and India**

The planning process in India stressed the need for economic growth in the hope that in course of time benefits of growth would trickle down to the lower status of society and income-wealth inequality would be reduced. But gradually it became obvious that inequalities in income were not decreasing in India. As Irma Adelman says, “Thus our results for 1960 to 1970 indicate that during this period, in average less developed countries, the benefits of faster growth were distributed up a very “skewed manner”. The rich not only captured this proportional share of benefits from growth, but also benefited from a trickle up from the poorest 80 per cent of the population. The regression in their study had indicated faster GNP growth is associated with a steadily increasing deterioration in the share of income of the poorest of the population. They comment: “Taken together, the result of our regressions for both periods indicate that growth up to a point tends not to benefit the poor in relative terms except with a substantial delay, and then, only if growth is quite rapid. These results support the notion of a trade off between growth and income distribution”. (I. Adelman51).

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In the Keynesian literature, income distribution is central to the pace and pattern of economic growth in terms of its implication for aggregate demand. Within the mainstream economic discourse, micro economic arguments are increasingly brought in, to understand how greater equality is conducive to faster economic growth.

Another strand in recent years has shown how income distribution influences economic growth as it affects voting behaviour is a democracy. In this genre of literature there are several chains of causation, in which initial level of inequality affects economic outcomes. These are perhaps best described in Alberto Alensina’s\textsuperscript{52} words. Several channels imply an inverse relationship running from initial income inequality to growth. A fiscal channel suggests that income inequality creates a demand for redistributive fiscal policy…. Redistributive fiscal policies tied to high level of taxation, which negatively affects growth.”

Thus the chain of causation goes from high initial income inequality to high taxes and from large redistributions to low growth. An alternative argument is that the rich in very unequal societies have the political and economic resources to escape taxation by exiting the economy with capital flight or by tax evasion. Thus, demand for redistribution policies with a vanishing tax base may lead to large budget deficit.

Another channel linking inequality and macro economic performance goes through political instability. Income inequality fosters social discontent and unrest. The associated threats to property right, policy volatility and government fragility depress productive investment, promote capital flight and intimately reduce growth.

Comparing the performance of the East Asian economics with those of Latin America, Jeffray Sachs\textsuperscript{53} remarked that “income inequality contributes to intense political pressure for macro economic policies to raise income of lower income groups, which in turn contributes to bad policy choices and weak economic performances (Sachs 1989:91). Empirically, it has been found that in the OECD countries in the post-war period, economies with less unequal income distribution have performed better.

**Development Debates – Two Perspectives**

The two perspectives of development with mutually distinct and incompatible theoretical foundations have given these to conceptualisation of development in opposite ways. The two different schools\textsuperscript{54} of thought are the liberal interventionist or the bourgeois democratic school and the radical populist or the Marxist school. Both the schools have unity in their matters like the opposition to the centralised planning and execution,


\textsuperscript{54} For brief discussion of the two schools See B. Folke and K. Waterguard, Political occasional paper No.7 International Development Studies, Roskilde University, 1993 pp. 9-23.
rebuttal of the top-down approach and prescription of development and participation for achieving equitable development etc. But they have been using development and participation with widely different meanings\(^5\).

**The Liberal Interventionist School**

The liberal interventionists are by and large developmentalists who subscribed to the dominant paradigm of economic growth. To them development means capital intensive industrial development. They look at development as an effective means to make the government more efficient in developmental administration. They strengthen the local bodies for implementing various developmental schemes. To them development is a means to achieve development and can resolve the problems like lop-sided economic growth, poverty, delay in the distribution of benefits etc. They define development as deconcentration or redistribution of administrative responsibilities of the central government in favour of local bodies.

To them, the term participation means collaboration of people of all strata in planning and execution of development activities at the local level. As Oakley\(^5\) has shown, the central concern here is to quick implementation of development programmes by increasing the local human resource input.

According to Liberal democrats universal franchise is enough to claim

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peoples participation. As pointed out by Soren Lund\textsuperscript{57}, participation is viewed here as an instrument of development.

The Radical Populist School

The radical populists look at development as an integrated socio-economic development determined to do justice to nature as well as people. Poor people should be put first in development programmes, which is their slogan, in the march towards growth with equity, should be the guarding principles. To them development means democratic redistribution of political power to the grass roots. It is an extensive political campaign of mass empowerment for them.

Diana Covers\textsuperscript{58} a champion of the radical populist view has specified the level, nature and degrade of development in her study by setting the criteria. She has outlined the following five important attributes of democratic development.

1. The functional activities (such as agriculture, health, education etc.) over which the authority is transferred.

2. Type of authority that is transferred (relating to policy, financial and personal matters.

3. Level to which authority is transferred (province, district, locality etc.)


4. To whom authority is transferred (political bodies, bureaucrats, social groups) and

5. The legal and administrative means by which authority is transferred.

The radical populists envisage an autonomous local governance on which everything relating to the locality is locally owned and controlled and do not want the centre to retain the ultimate power over all important functions. According to them participation is, poor peoples political participation in decisive roles in planning and execution of development schemes at the grass roots, not mere voluntary collaboration of people from all strata for local level development administration. Peoples’ participation is a major movement for the political empowerment of the poor and backward sections of local societies to enable them to function influentially in the process of local level planning and execution. Participatory politics implies exertions of power from below to effect structural changes in local society. In the opinion of Soren Lund, they cannot think of people’s participation without resources of power transferred to the poor.

**Development Debates in the Age of Globalisation**

Under the single banner of globalisation are to be found multiple interconnected phenomena that provide the basic conjunctural setting for present-day debates on development. One perceptive analyst, Thomas Friedman, sees globalisation as having its own logic: it is not viewed as a
mere phenomenon or passing trend but a new international system. Globalisation extends its reach into diverse realms: economics, finance, culture, technology, information and governance. Economics is now viewed more in international than in national terms. And trade, investment, money, technology, ideas, consumer practices, recreational images, individual persons, organised group actions and cultural goods of all sorts circulate across national borders with ever fewer restrictions and in rapidly increasing volumes.

Protesters included disparate environmental, labour, and consumer groups. Other groups expressed a more explicitly political concern over the absence of democratic voices in the institutions of globalisation representing interests other than those of large corporations or powerful governments. Resistance to elite international bureaucratic decision-making had led, in 1998, to the postponement of MAI (Multilateral Agreement on Investment) at the OECD (Paris). Labour union groups, in turn, accused the WTO of encouraging dumping (which, unions claim, destroy jobs ‘at home’) and of failing to set “international labour standards that would prevent poor countries from using child labour, or lax labour laws, to lure jobs away from wealthy countries.”

Environmental irresponsibility, favouritism toward rich and powerful elite institutions, placing higher value on profitable trade over consumer safety
and health, the destruction of jobs, the dilution of state sovereignty (in particular, control over the national economy and financial system)—these represent the broad array of general complaints levelled against globalisation. Champions of globalisation, and of its central prescriptions and practices—free trade, liberalisation, privatisation—retort that these complaints are unfounded or exaggerated.

Europe and America have sharp disputes over protectionism in agriculture and over free trade in cultural goods. And large divergences between rich and poor countries over labour standards remain. Poor countries “resist the inclusion on the agenda of labour issues, which they see as a pretext for rich-country protectionism.” Disputes over the benevolence of globalisation bring to the forefront a set of three broader and interconnected disagreements over development’s present state: over the diagnosis to be made of the world’s present uneven development, over evaluation of the merits and demerits of development pathways pursued in recent decades, and over prescriptive directions in which to aim policy decisions in the short-term future.

**Key disagreements center on four issues:**

- Should free trade and maximum integration into global competitive markets be promoted, or is selective integration around locally/regionally/nationally/transregionally specific forms of endogenous (or autocentric) development be sought? Widening economic, financial, and technological integration into competitive global markets has adversely
affected not only countries that have been the direct victims of financial collapse but several developed countries as well, notably in their ability to create remunerative employment and to provide governmental welfare services at an acceptable level.

- Should rapid and high levels of economic growth continue to be pursued, on the assumption that it is necessary for development, or should growth be restrained, or qualitatively altered, in order to ensure environmental and social sustainability over the long-term?

- Should investment and resource transfer strategies be guided by global macroeconomic concerns, or should more alternative, bottom-up development be pursued, in recognition that these must not be confined to micro arenas but must gain purchase (in harmony with values and institutional creations) on criteria of decision-making at work in micro and macro arenas? Something analogous is required here: macroeconomic policies that promote integral sustainable\textsuperscript{59} human development, and not merely economic development, which may well prove to be not only unsustainable but humanly damaging.

- Should internationally operating business corporations be viewed as the main agent or institutional actor in development, with governments, civil society organisations, and even international financial institutions

viewed as their subordinate partners or facilitators? Or are novel constellations of horizontal partnerships, engaging NGOs, business firms, international agencies, and governments at several levels, and diverse civil society groups the actors best suited to promote authentic sustainable\textsuperscript{60} development? It is far from certain that even ethically responsible conduct of business, even were it to become general practice, can produce sound development. The entire realm of economic activity is instrumentally related to the goal of qualitative, multifaceted human development.

The above questions suggest what are the contours and the content of development debates in the present era of globalisation.

- What kind of development does globalisation, on the present model, generate—elitist, dependency-inducing, culturally destructive, socially disruptive, personally alienating, environmentally damaging development?

- Or, conversely, is globalisation development that is participatory, emancipating, and liberating for the many, serving as a dynamic catalyst of regenerated cultural vitalities, conducive to social cooperation if not placid harmony, and environmentally sound for the long-term?

\textsuperscript{60} Sustainable development as part of ecological modernisation in which restructuring is based on the possibility of making money. Sustainability as a benefit that allows for decentralisation and ecological modernisation as a possibility for reflexive environmental discourse. See Dryzek, John. 1997. \textit{The Politics of the Earth: Environmental Discourses}. New York, New York: Oxford University Press.
The Common Eclectic Views

In almost all places where decentralisation is being introduced, what we see is a mixture of ideas drawn arbitrarily from the two schools of thought- the liberal interventionist and radical. The main points of these eclectic views can be summarised as the following.

Development is a public policy of the Central Government aiming to speed up development by meeting local needs more quickly through politically empowered local governments. Government avoids red tape, making administration efficient, quick, flexible, accountable and responsive, bringing government closer to the people, enabling political and administrative penetration of national policies, increasing political stability and national unity, improving the link between demand and supply of public goals and facilitating better mobilisation of local resources.

These are not true in reality. These are conflicting interests of all sections; the rich as well as the poor collaborate in the politics of development for the reduction of the goals. There is no correspondence between the normative deeds and the actual practice, for what is put up as the façade, is not a preamble of theoretical consistency.

The concept of democratic development as a strategy of development administration gained currency in the region through the world-level documents like the Agenda 21, national government documents- regional
and local level hand books, press reports etc. The politics of development has been conceived by the majority of the people in Kerala in the usual eclectic fashion, without knowing the lurking danger of its depoliticisation. The nature, degree and type of decentralisation, the nature of public responses, development activities, programmes, mode of functioning etc. help us to understand the eclectic notion that prevails upon the people.

The leftist agenda has been for effecting structural changes in the power relations of the local society in sustainable development,\textsuperscript{61} local self reliance and political empowerment of the weak. Lack of theoretical insight has made the public quite confused about the avowed nature of development, decentralisation and participation. The remarks of a UDF politician was that development is a mere administrative rearrangement. Most of them view it as a local response to the centrally adopted public policy of constitutional sanction and not as a bottom up process of structural implications.

Development may result in the transfer of several responsibilities from the state level authorities and bureaucracy to local public bodies. Even it is being impeded by the conflicts between the ruling front and the opposition. Naturally, decentralisation has not succeeded in initiating

\textsuperscript{61} Daly argues that the idea of sustainable development has become a catchword for environmentalists and in international finance. He believes that sustainable development is being used in ways that are vacuous, certainly wrong, and probably dangerous. See Daly, Herman E. 1997. \textit{Beyond Growth}. Boston: Beacon Press.
structural changes in local society. As Esman and Uphoff\textsuperscript{62} have argued decentralisation as such brings about no social change in the structural sense, so long as it leads to no institutional development in local administration, capable of upsetting the existing local power structure.

Though certain isolated effects can be traced prior to 70s, the process gathered momentum and became concretised in the 70s after the intervention of international organisations like World Bank\textsuperscript{63}. The new innovative approach of growth with equity began to be visualised as complementary elements. Efforts for redistribution employment generation and provision of basic needs were given top priority. However, the basic structure of development and the top down approach continued to rule the scene as it had hardly any measures to empower people to play any active role in economic decision-making. Development effects continued to be geared from the top, the mass being denied any positive contribution and participation in it.

Theoretical debates about decentralisation began in the 70s. The context of the debates was that the dominant paradigm of development had not only failed in achieving its proclaimed goals but also succeeded in


widening the economic inequalities among people all over the world in amazing proportions. Technical defects at the level of administration that delayed development was pointed out by the proponents of development. On the contrary, the opponents viewed the paradigm as the fraud, a scheme of economic growth incapable of doing justice to the people and nature. They pointed out the pronounced goals constitute a mere rhetoric for the goal being economic growth pure and simple. The principle of equity cannot have any place in such a scheme of development. So the opponents of development sought to replace it with an alternative. These ideas put equality first and took development to mean much more than mere economic growth.

**Growth with Equity and Decentralised Planning**

Then the question is how we can attain “growth with equity?” Without much differences of opinion, scholars in this field have agreed that the planning is the right way to realise growth with equity. There should be a co-ordinating mechanism whereby reasonable growth coupled with fair distribution can be realised. It was also accompanied by a number of issues – Whether planning is centralised or decentralised? Democratic or imperative and so on…. There are various groups in this regard. But there

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is a strong notion that decentralisation process at the grassroot level is the best solution, as it will help to realise growth with equity, if proper strategies are worked out.

In India, from the very beginning of the planning process, aspiration was for decentralisation. But the existing institution and problems of the time led to centralisation. K. N. Dubey and Tarlok Singh probed into the reasons of centralisation and established a case for decentralisation of planning, at least up to the district level. Under the existing spatial administrative structure, district is considered as the most efficient and viable unit of planning and development.

There are attempts in certain Panchayats at building up self-help institutions, neighbourhood groups and co-operatives where members use economic and human resources for local benefits. The general situation shows that the development of institutions aiming the empowerment of the local poor through better access to power resources, is at the lowest ebb. There are NGOs, women organisations and forums of environmental activists, who work for this. The Government cannot at the moment support many a movement for the goals set in the constitutions, because such supports affect the Status quo regarding social relations of power, that the dominant section cannot allow. Constitution declarations and promise, constitute the rhetoric and also have not come true because the government
represent the dominant interest. So government support would mean virtually government participation on the side of the poor in the class struggle.

The overall political system is the same and development has not so far succeeded in affecting any change in it, for the political meaning of concepts like development, local autonomy, participation, institution building, sustainability\(^{65}\), transparency etc. in vogue. Following the observations of Long and Ploeg\(^{66}\), it can be asserted that the main reason for the predicament is the lack of interconnection between theory and policy.

Our experience is that liberal democracy always lacked mass participation. In fact development has been accepted now as an alternative. As pointed out by Rajani Kothari, Majid Khanema and others\(^{67}\) in the Indian context, and Escobar, Ferguson and others in the world context

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the poetry system based on vested interests impeding democratisation at the grass roots has given rise to non-party political formations all over the world. This predicament necessitates an assertive role of the leftist, the political parties by making their political agenda of poor people’s empowerment explicit.

To conclude, theoretically, the devolution of power to the local level administration would provide a chance for the local communities and NGOs to take part in the local level decision making. It would involve political empowerment of the poor and facilitate institutional development leading to structural changes in the local society. However, this does not produce an expected outcome in Kerala so far, due to a variety of reasons such as the tradition of liberal democracy, capitalist, co-option, depoliticisation, peoples vagueness about the meaning, lack of explicit assertion of the political agenda, vested interests of the political parties etc. However decentralisation is widely welcomed as a campaign for strengthening the local government in Kerala. It is a starting point for the local people to acquire conceptual clarity about the process and redesign it more meaningfully for the future. People became more aware of the fact that true development will happen only when rise in income is accompanied by equitable distribution. Therefore, if equity in the distribution of income resulting from the growth of Indian economy is to be achieved, panchayat-level decentralised planning is recognised as an
essential factor. As Guy Gram argues, decentralisation should lead to the development of local institutions and organisations limiting and controlling state actions and private forces.

The development drama that was going has been a top down process in which the beneficiaries were silent spectators of designing their future by outside experts. As a result, growing number of experts and theorists argued for orientation of development efforts towards the satisfaction of basic human needs at the local community level. The concept of taking care of GNP was thrown overboard and the concept of taking care of poverty was widely accepted. Development was understood to move around people rather than making people to move around development.

**Afterword**

Over the six decades in which development has served as a propelling myth, the nature of development has evolved away from the quest for maximum economic growth, via targeted investment (public and private) and resource transfers. Investments and transfers were energised by state actions to plan, to provide incentives, and to create infrastructure around a threefold general goal: to modernise, to technologies, to specialise. Initially there was at least an implicit assumption that wealth would be created rapidly and that it would trickle down in accord with the later dictum that a rising tide raises all ships. Eventually it was learned that
wealth does not trickle down and that rising tides sink small boats. In addition, institutional and political modernisation and even technologically driven economic growth did not necessarily create employment. Worse still, economic and social disparities became more pronounced. Nor was poverty eliminated, notwithstanding significant advances in some countries, some sectors, some classes, some population groups.

Notwithstanding the early rationales for growing inequalities provided by certain economic theorists, it became empirically evident over time that inequalities were not only durable but were growing wider. Communities are reduced to the status of objects, known and acted upon instead of actively knowing and acting. Hence their emphasis on local control, nay more, local decision-making reaching to the higher reaches of every people’s putative ‘right’ to define its own development paradigm. Decentralised planning has been identified as a means to realise high growth coupled with equity and other ethical based systems. Hence, the next chapter discusses the review of decentralisation.