

DEVELOPMENT ECONOMICS: DID THE PIONEERS LABOUR IN VAIN?
(Reflections on Gerald Meier and Dudley Seers (editors),
Pioneers in Development, Oxford University Press for the
World Bank, 1984)

There has been much recent soul-searching in the economics profession as a whole, nowhere more anguished than in the field of development economics. We have seen few linear developments from the insights of the early pioneers, and in North American Universities there have been complaints about the difficulty of filling chairs in development economics. Why should this be, when the problems of developing countries are no less urgent or threatening than they have ever been?

There seems to be a decline in global theorising about the problems of development. Dudley Seers argued that the Keynesian paradigm represented a special case and that a more general theory was needed to encompass the circumstances of the developed world. Perhaps the attempt to construct global theory for the third world was doomed by the same circumstance - no one theory could encompass the degree of variation in the third world circumstances. Global generalisations about development prospects have become less and less convincing, even though the IMF and the World Bank still cling to something like a global model. It is perhaps a good thing that global theorising should fall by the

wayside. We will begin to accelerate progress when the multinational institutions are weaned away from their addiction to a standard model.

The study of developing economies will continue but it will be a strange amalgam of all other branches of economics, viewed from developing world perspectives - at least that is what it needs to be if it is to be useful. Development economics as a subject always struck me as a strange animal. The economics of developing countries has to do with public finance, international trade and payments, with agricultural economics, with industrial relations, with money and banking - in short, with all the specialised areas which comprise the discipline. One cannot hope to encompass the inter-relationships in these many fields (for developing countries) within a single element of the discipline. Rather we must begin to segment individual fields themselves, so that one has differentiation within public finance, industrial economics, international economics and so forth. I would not want to make an argument for abandoning the study of development as such. What I should like to see is that development economists then specialise in some other branch of economics so that their insights about the realities of developing countries become more firmly embedded in the theoretical structure of all branches of the subject.

Reading the volume Pioneers in Development makes one acutely conscious of the lack of evolution of certain notions within the field of development economics - ideas such as the debate between balanced and unbalanced growth, notions of the stages of growth, the idea of a big push. None of these is any longer the substance of current debate. That in itself is some form of insight. By exploring the implications of these ideas we have come to realise that actuality is too complex to be represented in these ways. Evidently these notions are unhelpful from a prescriptive point of view and they may even have serious limitations from a descriptive point of view. Other ideas introduced by the pioneers have been of more lasting concern. These include the terms of trade issue and the question of labour supply, wage rates and wage differentials. Although a great deal of empirical effort has been devoted to these issues, the protagonists on either side of the debate have failed to reach consensus. That is by no means unusual in our profession. Another thing we should have learned by now is that economists can never resolve issues by appealing to the facts. Neither theory nor measurement is sufficiently unambiguous that what we see can provide us with inconvertible evidence for our propositions. That is a fact of life, however uncomfortable economists may be with it.

The World Bank invited a number of eminent economists who first addressed the question of economic development to reflect on their early ideas and the subsequent development of their thinking. A number of their more recent colleagues were asked to comment on these contributions. The results which are published in the Pioneers in Development include contributions by Lord Bauer, Colin Clarke, Albert Hirschman, Sir Arthur Lewis, Gunnar Myrdal, Raoul Prebisch, Paul Rosenstein-Rodan, Walt Rostow and Jan Tinbergen. The most fascinating aspect of these contributions seems to be the personal reflections and the comments on experiences that influenced the way their thinking developed. There are a number of topics which are discussed and debated, for and against; for those who have worked on these issues there will sometimes enlightening observations.

In the final chapter, Paul Streeten provides a stimulating contribution on the currents within the discipline and the prospects for its evolution. He points out that many of the problems which were first identified in the countries of the south have turned out to be just as problematic for countries of the north. The most ironic example, from a Caribbean perspective, is the so-called "Dutch disease", first identified by Sir Arthur Lewis in Jamaica and Dudley Seers in Venezuela; it was only given recognition by the profession when it subsequently turned up in Holland.

Streeten points out that many of the early generalisations of development economics were bound to fall by the wayside when it was discovered that "many problems of the countries of the south are shared by the north and few problems are common to all countries of the south" (Page 341). Streeten also discusses the fact that some of the most useful commonsense insights about development have not been translated into strict theoretical propositions and have therefore lost credibility in the profession. Streeten says that many of the people who developed these understandings, from their own practical experience, are not the same people who are working on economic theory. He suggests this is a gap that needs to be closed. He argues that "the most important function of a construction, be it a model, a paradigm or a theory, is to show up the limitations of other constructions and thereby add to the flexibility of our intellectual muscles, rather than to shed light on reality" (page 345). Instead of holding on tenuously to formal models in the face of reality, we ought to use the criticisms of the models to develop alternatives of greater resilience and relevance. Streeten argues that the debate between dependency and the benefits of free trade, and between openness and autarchy, is misplaced. Rather, developing countries should seek to "pursue selective policies that permit them to derive the benefits of the positive forces without simultaneously exposing themselves to the harm of the detrimental forces"

(page 354). Streeten however admits that there are many factors, social and political as well as economic, which determine the extent to which this is possible. He concludes by pointing out three areas in which development economics needs to be strengthened; one is an historical dimension, the second is to develop hypotheses about global changes in economic relationships (changes which transcend national boundaries) and the third is to develop insights about what goes on inside firms, inside farms and inside households. He argues that we should explore institutional options and "their dependence on certain technological processes and economic objectives" (page 361).

The failure of development economics is that we have produced no theories which can confront the inadequate theories developed from an industrial world perspective. We have not moved from the global theorising which proved over simplistic to another level where we would have models to explain structural adjustment and economic stabilisation in less developed countries. That field has been left to the IMF and the World Bank economists, who have themselves run out of ideas. The monetarist model which they have peddled for many years has now proved itself bankrupt and the IMF has found nothing to replace it. Since their thinking is dominated by economists with an industrial world view, they will find nothing that will be an effective replacement.

Development economists have the background to provide appropriate theorising; it is a task to which they must soon address themselves.

At the moment the field of development economics has shifted towards an excessive reliance on micro models and micro-economic concerns. There is merit in that, provided we avoid the sterile models of Gary Becker and company. However, we must go beyond that to provide models of the balance of payments and economic adjustment. Every development economist should have a second specialty to which he contributes theoretical insights or empirical work. In this way, the whole economics profession may be supplied with a truly global perspective, one which draws on the knowledge and background of economists who are able to call on a wide variety of experience and on careful study of many countries.

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