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WHAT HAS BEEN LEARNT ABOUT DEVELOPMENT ECONOMICS IN THE LAST FIFTY YEARS

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The present article makes an attempt to threadbare the changing ontology of development economics (DE) through a study of its differentia specifica, its theorising on underdevelopment and development, its paradigm shifts over the decades and, envisages its future as an academic discipline. It comes to the conclusion that DE is still alive and well, and is making significant contributions of putative academic standard.

I. INTRODUCTION

After the Second World War, poverty and backwardness of some of the world countries became extremely conspicuous. Many reasons including colonial exploitation, devastation by war, war-induced inflation and the like could possibly be said to be responsible for such a sad state of affairs in many countries. It is precisely at this time that the subject of development economics (DE) came into being to study the problems of backwardness and underdevelopment of these nations. To be precise, DE started as a sub-discipline of economics in the early 1950s. However, over the decades, it had a number of paradigm shifts, and the enthusiasm and gusto with which the subject took off in the fifties through sixties became somewhat mellowed in the subsequent decades.

The basic objective of the present discussion is to make an assessment of what has really been learnt about development economics in the last fifty years or so. The discussion here is organised into five sections. Section One outlines the *differentia specifica* of development economics, followed by a taxonomy of basic theories of development and underdevelopment in Section Two. Section Three gives a brief analysis of the paradigm shifts of DE from the 1950s to 1990s, and the visible change in the trajectory of DE will be discussed in Section Four, and Section Five will make some parting observations.

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II. DIFFERENTIA SPECIFICA OF DE

Development economics was basically designed to theorise on economic backwardness of the less developed countries (LDCs) and apply the theoretical knowledge to the analysis of particular problems of underdevelopment, low income and poverty, and to find ways and means to solve these problems. The generalisations in DE are often based on hypothesis testing of microeconomic case studies (Stern, 1989, p. 599).

DE is indeed a blend of many types of issues and questions including the analysis of causation and its perpetuation, and policies towards solution of a host of problems relating to underdevelopment. The epistemic basis of theories of DE in general has been the broad manifestation of the syndrome of poverty and underdevelopment prevalent specifically in LDCs. The purpose of DE has been mainly the study of the phenomenology of underdevelopment, and prescribe appropriate policies to eradicate it. Theorising on development has been based on the study of symptom and diagnosis of economic backwardness. Theories developed by development economists have encompassed the theoretical underpinnings of empirical facts drawn across the board from socio-econo-political realms of life of many poor countries.

However, over the years, the area of investigation of DE has transgressed the boundaries of pure economics, and has trespassed the fields of other allied disciplines. This is the reason why DE is often regarded as the *subject of trespass*. As a matter of fact, the fine line of demarcation of DE became increasingly blurred in the decades following the 1950s. At the present moment, it is indeed very difficult both conceivably and observably to pinpoint the precise scope and ontology of development economics. The subject has become over-expanded so much so that almost any type of study under the sun can be brought conveniently within the analytic umbrella of DE. Although this has produced certain positive externalities for the subject, it has also been responsible for its lack of specialisation, direction and focus. Be that as it may, the subject of DE has remained and is still popular especially among the students of Third World countries, though its importance and charisma among the doctoral researches might have been somewhat reduced in DCs, as Arthur Lewis has made us believe (Lewis, 1984, p.1).

The popularity of the subject at the academic research level has waned perhaps because of disillusionment with the subject as a problem-solving pragmatic discipline. In the early theories of development, there was some sort of permeating optimism that the subject would be able to take the LDCs out the morass of penury and pauperism (Bhagwati, 1984, p.24). But nothing of that sort has happened in actual practice. In the words of A.K. Sen, the would-be dragon-slayer seems to have stumbled on his sword (Sen, 1983, p. 745). One should, however, note that while theorising has remained innocuous in DE, things might have gone haywire at the levels of policy formulation and its implementation.

III. THEORISING ON UNDERDEVELOPMENT AND DEVELOPMENT

Theories and strategies of development of LDCs have been based on theories of underdevelopment which were developed mostly in 1950s and 1960s. There are basically two strands of thoughts and theories explaining economic backwardness: (i) structural-cultural theories and (ii) linear stage theories.

Structural-cultural theories seek to explain underdevelopment in terms of structural factors, such as, rigidities and inelasticities in the supply of factors, suboptimal occupation structure, inability of the economy to respond to price mechanism to increase agricultural output, and thereby to contain inflation. Underdevelopment in these countries is also explained in terms of market imperfections and suboptimal allocation of resources. The structural-cultural models also view institutional rigidities responsible for the proliferation of dualism of various types, such as, sociological dualism (Boeke, 1953), ecological dualism (Geertz), financial dualism (Myint, 1971), technological dualism (Higgins, 1987) and foreign enclave dualism (Myint, 1971) as important constraints for economic development. A dualistic structure makes interaction among the entities difficult, and stands in the way of progress. Myrdal demonstrates how a growing sector generates *backwash effect* for the underdeveloped sector or region. The spread effect of growth/development cannot often be absorbed by the backward sector owing to structural-cultural inhibitions and insulations.

Due to structural inflexibilities, structural adjustment necessary for development often becomes impossible. In the context of limited capital, both physical and human, limited or no modern technology, fixed factor proportions existing in backward economies (Eckaus, 1955) lead to overt and covert unemployment and underemployment particularly in labour-surplus economies. All these may end up with the situation of low income, low saving, low investment, and low income again. This creates a system that begets a vicious circle of poverty among poor nations (Nurkse, 1967). Lack of adequate stock of capital and of modern technology stands in the way of exploitation of resources which may be abundant in many backward economies. Considered from a different perspective, limited income, consumption and demand are said to be primarily responsible for limited market investment, employment and income. Thus, both demand and supply sides of the vicious circle can substantiate the fact that poverty generates poverty. Hence, the maxim: a country is poor because it is poor.

Socio-economic behaviour of people in LDCs remains highly culture-bound, and the traditional cultural milieu is found to be partly responsible for economic backwardness. People have low aspiration (Mellor, 1966) and limited target level of income, giving rise to backward-sloping supply curve of labour, low productivity, unemployment and underemployment. Too much dependence on fate, and metaphysical belief in other-worldly pursuits, coupled with indifference and ignorance of the materialistic economic calculus, creates a mind-set that easily tends to neglect the importance of population control in LDCs. Needless to say, a very high rate of growth of population has been looked upon as a factor primarily responsible for low per capita income and poverty[1]. The low level equilibrium trap (Nelson, 1956) is found to be one of the main reasons for the perpetuation of economic backwardness. Many theories of development have come to the conclusion that sporadic, inadequate and unbalanced sectoral investment cannot give sufficient boost to create a situation of sustainable development. Value system, institution and culture can indeed, to a great extent, be regarded as the basic constraints to growth and development.

Another way in which culture is looked upon as an associated factor impeding economic development is the culture of foreign domination and dependency. The international structuralist model has two main versions: the false paradigm version (Todaro, 1977, pp. 91-92) and the colonial dependency models (Samir Amin, Gunder Frank, Emmanuel, Dos Santos, Marini and others). The false paradigm version contends that the advice given by international institutions on economic development of the LDCs is harmful. There is a kernel of truth in the paradigm which is being recognised presently by the Southeast Asian countries which recently went for IMF bailout packages. The dependency theories in general have brought home the fact that the so-called backward countries were indeed rich countries in terms of resource endowments, and that the resources from these foreign-dominated colonies (periphery) had been transferred to the exploitative foreign colonial powers (centres). Dependency has created international dualism that has exacerbated the economic distance between DCs and LDCs.

The distinguishing point of many dependency writers is that they treat the social and economic development of LDCs as being conditioned by external forces: the dominance over LDCs by other powerful DCs. As Gabriel Palma asserts, the most distinguishing feature of dependency theory is its focus on the interplay between internal and external structures in the analysis of underdevelopment (Palma, 1985, p. 139). The main line of analysis of the dependency model is based on two approaches: (i) surplus extraction approach and (ii) unequal exchange approach. Frank and Amin, among others, show that the present-day LDCs are underdeveloped because their surplus resources have been taken away by the DCs. Emmanuel and others maintain that there is unequal exchange between DCs and LDCs, and that there is a transfer of value from the latter to the former. LDCs are compelled to sell their goods at prices below their values, and purchase goods from DCs at prices above their values. In the international interaction at many levels, the exploitation still continues unabated. In the pre-industrial revolution period, the DCs used to take away resources from their colonies in the form of physical capital, while in the post-industrial revolution period, they have been draining the human capital resources (brain drain) from LDCs, (Ghosh, 1999, p. 46).

The second strand of thought explaining underdevelopment is in terms of *linear stage model* mainly popularised by W.W. Rostow (1960). However, prior to Rostow, Karl Marx in his theory of *social formation* pointed out that there were three important stages of social and economic development that one could encounter before entering into the most progressive stage of capitalist development. These three stages were: primitive communism, slavery and feudalism. In a five-fold classificatory schema of stages of growth, Rostow observed that the LDCs were backward as they were not yet prepared to enter into the stage of perceptible development (take off) due to lack of required level of saving and investment[2]. The LDCs are dominated by traditional societies and some of them were passing through the stage of pre-conditions for take off. Thus, to Rostow, each country has to graduate through the natural stages of backwardness before it can finally attain the stage of economic development.

The requirements for development are indeed multi-dimensional. and hence, different theories had to focus on different issues and dimensions. However, it is recognised by all that the most essential need for development and growth is capital accumulation and investment, a reminiscient of the classical theory of growth. Many economists including Harrod, Domar and Ragnar Nurkse harped on the need for investment for accelerating economic growth. Harrod and Domar's theory provided a formula for measuring growth: growth is measured by the reciprocal of capital-output ratio times the rate of investment (or saving). The formula is handy and simple, and was later on used both as a growth model and as a planning model. The importance of investment lies in the dual functions that it performs: income generation and capacity creation.

The *threshold theory* suggested that investment would have to be of a critical minimum amount (Leibenstein) so that growth-retarding factors like population explosion and so on can be swamped out by the growth-inducing factors. In this connection, Rosenstein Rodan suggested the theory of big push, and Ragnar Nurkse and H. Leibenstein separately put forward the view that what was essential for sustained development was the strategy of balanced growth for making investment in different sectors mutually supportive. Hans Singer, however, maintained that balanced growth doctrine is applicable only to subsequent stages of sustained growth rather than to the breaking of deadlock (Singer, 1958, p. 10). That investment is the kingpin of growth was also acknowledged by H.W. Singer, W.W.

Rostow and Robert Hirschman. But Hirschman prescribed the strategy of unbalanced growth, for he believed that investment in some strategically selected leading sectors creates further investment opportunities, and growth gets momentum through a process of communication from growing points to the stagnant points. However, it was soon realised that the debate between balanced growth and unbalanced growth was based on false consciousness, for there are many common grounds between these so-called two strategies. Paul Streeten (1959 & 1963) contended that it was possible to reformulate the choice between balance and imbalance. As a matter of fact, balanced and unbalanced growth need not be mutually conflicting, and an optimum strategy of development should combine some elements of balance as well as imbalance (Mathur, 1966, pp. 137-157).

For quite some time, the discussion on saving/investment became a prominent issue in DE. Ragnar Nurkse expressed his note of optimism for LDCs by pointing out that, although these economies contained huge amount of disguised unemployment and surplus labour, the stock of redundant labour could be utilised for rural capital formation, and disguised unemployment implied disguised saving potential. However, whereas Nurkse prescribed the strategy of shifting the surplus labour from rural to urban areas, Gunnar Myrdal found the strategy to be quite counterproductive, because the industrial sector in LDCs did not have sufficient pull factor, and could not create sufficient job opportunities for the rural labour. Some of the LDCs in Asia did emphasise the development of agriculture for food and fibre, but the realisation of saving potential could not be translated into action. Some of the Southeast Asian countries, prominantly Malaysia, gave more emphasis to industrial development and followed Preobrazhensky type of model of squeezing agriculture. And labour was with drawn from agriculture for the development of the industrial sector: the Lewis model was in operation. However, this was not a suitable strategy for the labour-surplus economies of Indonesia, India, Pakistan and Bangladesh.

The question then precisely becomes tangential to the choice of technique. The debate between capital-intensive vs. labour-intensive methods of production became a lively issue in the past, and A.K. Sen made an attempt to resolve the debate by pointing out that no technique of production is always distinctly superior to the other and that there is nothing like once-for-all choice of technique (Sen, 1962, p.57).

Harking back to the crucial question of investment, the main pressing issue that was identified was: how to increase saving and investment for higher rate of growth (Rostowian take off)? Nurkse observed that investment was limited by the extent of the market. Chenery and Strout mentioned in their two-gap model about the two constraints to development, namely saving constraint and foreign exchange constraint. Since endogenous possibilities for augmenting saving and trade were found to be rather bleak, many theories in DE proposed the importance of foreign aid and foreign trade. Trade was regarded important not only as a channel for goods and services but also as a channel for new ideas and technology. Many countries adopted the twin policy of export promotion and import substitution, and Schumpeterian risk-takers and innovators got the reward (Bhagwati, 1984, p. 30).

How-be-it, in the process of interaction through the foreign sector, some countries opened up more than the others and allowed different degrees of liberalisation and privatisation through multinational capitalism and foreign direct investment. Although foreign technology could not be transferred fully to the newly industrialising economies for various reasons, improved technology was made available to augment production and export.[3] All these made possible to realise the growth rate between eight and nine per cent per year in the Asia Pacific region, which was nothing short of a miracle (World Bank, 1993).

There are indeed many reasons why growth rate differs and why some countries lagged behind while some went ahead of others (Denison, 1967). Apart from capital stock, technology, high quality manpower and the like, the role of state has remained a contributory factor to the process of growth and development. On the basis of resource use efficiency which ensures efficient utilisation of factors of production, and the level of economic growth which ensures effective direction or channelling of resources, the developing world can broadly be divided into mainly three categories: almost stationary or very slow moving economies, developing economies and newly industrialising economies. These economies are having accordingly non or least participatory state, marginal state, and strong and expansive state (Ghosh, 1998, pp. 108-112). The marginal, very weak or unstable states (noodle states) in many Asian countries including India and Bangladesh have been found to be responsible for low rate of economic growth compared to the strong visible hands of states of the ASEAN economies which experienced high rate of economic growth. According to the World Bank (1993), the economic success of the East Asian economies is, to a large extent, due to strong power of the states. On the other hand, a weak state remains soft not only in policy formulations but also in policy implementation. And government failure and market failure in such economies are primarily responsible for all suboptimalities and systemic dysfunctions.

Countries where economic development or growth has remained sluggish have in general also experienced poor structuralist and/or institutionalist role of states; but bureaucracy, on the other hand, gained substantially through the activities of rent-seeking (Krueger, 1974), and in some countries including India, it became a dominant class both economically and politically (Bardhan, 1989). In contradistinction to it, in the East Asian economies, where economic growth has remained consistently high for a long period of time, bureaucracy has been found to be rather ineffective and weak.

IV. PARADIGM SHIFTS IN DE

Even since its inception as a new subject, DE has been pursuing its basic desideratum of amelioration of poverty, increase in employment and income, elimination of diseases, malnutrition and under-nutrition from the world, especially from the Third World, by means of growth and development. It is in this sense that one can say that there is a continuity of purpose and action sustained by DE over the last fifty years. However, in spite of purposive unity and continuity, DE has been experiencing new challenges and constraints, and the response to these issues and problems has induced paradigm shifts in the subject which will be discussed in the present section.[4]

The 1950s can be described as a decade of *theoretical innovations* in DE. Many theories of development that were put forward during this period attempted to explain the existence of underdevelopment from various perceptual angles, and accordingly suggested remedies to the problem of backwardness and poverty. The approach was simplistic and non-technical, easily comprehensible by planners and policy-makers. The attainment of economic growth was the fundamental objective set for the Third World countries, for it was presumed that economic growth could automatically solve the problems of poverty, unemployment and other associated problems.

The 1960s is often regarded as the *golden period* and a decade of optimism in development economics (Singer, 1997, pp. 16-17). Development was more objectively defined as a blend of growth and change. While new theories of growth and development were forthcoming, some of the old theories and issues were refined and reconciled. Influenced by the Keynesian economic theory, positive role was assigned to the state to manage economic growth and development. It was thought that foreign aid and technical assistance from DCs would be able to make a dent on poverty and unemployment. Many Third World countries initiated economic planning with gusto and grist but the outcome was not commensurate with the efforts. It was soon realised that despite concerted efforts for a decade, and the realisation of around five percent economic growth by LDCs, the basic problem of poverty and inequality in these countries could not be perceptibly reduced. And on the other hand, the economic gap between DCs and LDCs was widening up. The optimism with which the decade started off could not be sustained, and a sense of pessimism entered the arena of DE.

The 1970s can be looked upon as a *decade of reappraisal*. The achievement of five per cent rate of growth was not sustainable, and poverty and inequality intensified in most of the poor countries.[5] Economic growth as the basic desideratum of DE was challenged by many economists, and it was thought that blind application of western growth models was not only inappropriate but also harmful, for these caused enormous maldevelopment to LDCs. All these called for *limits to growth*.

On the other end of the spectrum, one could discern growing economic domination by DCs through trade and aid. The debt burden of LDCs started increasing, and it was realised that trade was not the engine of growth; rather, it was a mechanism immiserising growth.[6] The negative externalities of large industrial projects in terms of ecological costs looked conspicuously overwhelming. The New International Economic Order reflected these issues for the first time.

Basic human needs including education, health and employment and the like were regarded as the correct components of development which were reflected in the formulation of *basic needs approach* to development popularised by the World Bank and UN Research Institute for Social Development.[7] The agenda for employment generation was the main agenda in this development decade. The most significant achievement of this development decade was the realisation that it was distribution rather than production *per se* which was necessary for ensuring basic needs required for human development.

The 1980s is characterised as a *lost decade* in development economics for many obvious reasons of which the following remain important: first, in the course of time, many contradictions became evident in simplistic economistic paradigm of development (Wignaraja, 1997, pp. 81-83). Development became unstable and volatile in many countries (Esteva *et al.* 1998, pp. 46) and there was apparent failure of conventional theories of development.

Second, the welfare state of the Keynesian type no longer brings any hope for solving the problems relating to underdevelopment and poverty; and at the other end of the continuum, there was a smouldering discontent both against capitalism and socialism for their failure to show a viable road to growth and development in poor countries. Third, while the countries in the South were trying to find out alternative driving forces for socioeconomic changes in the desired direction, they constantly castigated the North as responsible for their sad plight: the North-South debate became more vociferous and vitriolic. Fourth, the new international economic order lost its momentum, and could be dubbed as a system of new international economic disorder. Contrary to the expectation of people, less capital and less technology flowed to the LDCs from DCs; and there was also *reverse transfer of technology* from the poor to the rich countries.[8] Fifth, there was an apparent disillusionment with aid and trade as mechanisms for helping the desired process of development. Both trade and aid became means for *surplus extraction* from the poor countries. The passage of time suggested alternative strategies for people's empowerment, participation and grass root development with top down planning process, settlement of gender conflict, elimination of, or at least, reduction in ecological imbalance, and a powerful civil society that can bring about social changes.

Thus, there were indeed many types of debates, conflicts, issues and questions during the decade. But there was no synthesis and solutions in the offing, and neither was there any new consensus on the feasible strategic action and direction. In the words of W.A. Lewis, the development economics was in complete doldrums.

The 1990s will go down in the annals of DE as the decade of *new vision and new direction*. The decade has witnessed attempts for re-development after years of maldevelopments in the Third World countries. The entire development process so far based on state planning and patronage came in for serious criticism, and more reliance was placed in market as an organising mechanism for global relations (Harcourt, 1997, pp. 5-8). Privatisation which was already in the agenda in many developing countries occupied the front seat in terms of priority. But towards the end of the decade, the limitations of free market mechanism came to the surface with the financial crisis of the East Asian economies. Perhaps, it was a new perception. Economic underpinnings of the development paradigms came once again under critical scrutiny with feminist movement taking the lead (O'Connell, 1997, pp. 119-120). Instigated by the Beijing conference of 1995, the whole gamut of issues concerning gender was recast, and the earlier notion of *women in development* was replaced by the more comprehensive issue of *gender and development*.

There has been mounting pressure from the Third World to reform the UN, to democratise the WTO, and to make the international institutions more accountable and transparent in their dealings. It was realised that the old institutions like IMF and World Bank need structural changes to effectively deal with the financial crisis of the Asian countries. The civil society movement which was prominent in the early 1990s became very positive and innovative in its agenda for action asking for all-round policy changes both within and without. Globalisation was the most publicised and confused slogan in this decade. It reminds one of the exploitative globalisation of the nineteenth country, and many well-informed groups have been trying to spin away from it because the MNC-led globalisation may unleash a regime of unequal competition between DCs and LDCs, and this may be destructive to economic and social development processes. These groups are engaged in achieving self-sufficiency and autonomy while recognising limits to competition in the globalised world. The focus, however, shifted from the question of underdevelopment to the problem caused by industrial development. Human and social dimensions of development which were emphasised in international conferences from 1992 to 1996 are going to get the upperhand, and are likely to be the basic theme song of DE in the new millennium.

V. THE FUTURE OF DE

DE, as it appears, has not yet outlived its utility, and economists do strongly feel that there is such a dire need for the discipline. If this is correct, then DE has a future. Most of the fundamental prescriptions of traditional DE are still valid today. For instance, what Hans Singer was emphasising as the mechanics of development in the early 1950s (i.e. the importance of higher rate of saving and investment and the need for changes in the occupational distribution of population for economic development) still retains its prescriptive value (Singer, 1952). As A.K. Sen observes, the broad policy themes of traditional DE are still relevant, and the discipline of DE does have a central role to play in the field of economic growth in developing countries, and its problematique is rather limited (Sen, 1983, pp. 753 and 745). Albert Hirschman also believes that conditions for healthy growth of DE seem to be remarkably favourable: the problem of world poverty is not yet solved, but encouraging in-roads on the problem have been and are being made (Hirschman, 1986, p. 3).

Sen has argued that in the past, the scope of DE was very narrow concentrating too much on growth and too little on development (Sen, 1983 and 1989). DE has been less successful in characterising development involving human capabilities. Development has to be interpreted in terms of human participation, empowerment, entitlement, justice, equality and freedom. To segregate human consideration from DE is like playing Hamlet without the prince of Denmark. Development does not necessarily mean that one should have more but that one should be more. This concept of development, which would predominate in future, implies human development as opposed to meaningless amassing of material goods for meta-needs.

To be precise, DE will have to consider the following substantive issues in future which have been rather neglected in the past:[9] : (i) the issues and problems relating to human development; (ii) the study of institutions and their dimensions: exogenous/endogenous, functional/dysfunctional, and the capability of the institutions to absorb the shock of market failure which is very pervasive in LDCs (Knight, 1991, p.21); (ii) various dimensions of technology and technology transfer need to be studied by DE for assessing their impact on economic development. The causes and effects of low technology equilibrium, and the possibilities for reverse engineering also need careful study; (iv) it would be imperative to make more detailed analysis of the causes and consequences of government failures and market failures in LDCs. Why privatisation is successful in some countries while it has met limited success in others? Why is it that some states can pursue effective development policies and some do not? (Bardhan, 1988). Development economists need to know the nature, policy and motivation of governments and the rent-seeking bureaucratic behaviour in different types of economies, and the impact of *dirigisme* on development and underdevelopment. Such a type of study analysing the tension between government failures and market failures belongs to the area of political economy; (v) the study of various constructive and destructive dimensions of globalisation on development including the issues on accountability, equity and democratisation could preoccupy quite sometime in the new millennium. And along with this, would be the need to have a re-look into the political economy of the international institutions and of the North-South relations with respect to issues involving human rights, technology transfer, ecology, trade and so on. It is very likely that political economy of development would emerge as a more powerful and promising area of DE for studying the phenomenology of both national and international events.

The aforesaid issues cannot always be properly visualised and appreciated through the dazzling light of formal theoretical analysis which may blur the vision. These need to be studied by DE through empirical analysis, and microeconomic methodologies may often have to be pressed into service. Moreover, for realising the truth-value, the DE may have to cross the traditional boundaries of economics, and thus, have to be transcendental and eclectic in approach. This, of course, implies that DE needs to reaffirm its cross-discipline nature more strongly in line with the recent development in DE and beyond.

On the question of methodology, DE will have two alternatives to choose from. First, if DE is to be a strong and pure academic discipline, it has to be more sophisticated and rigorous in its approach without being vitiated by soft and simple methodological reductionism. Second, however, if it has to be interdisciplinary, which it is, then it will have many methodological trade-offs. In future, the second possibility seems to be more appropriate for the survival and expansion of DE. As a matter of fact, the disciplinary boundaries between economics and other disciplines cannot be regarded as sacrosanct (Toye, 1985, p. 13).

VI. CONCLUDING OBSERVATIONS

In the movie *Casablanca*, the police chief, when something goes wrong, always gives an order to round up the usual suspects. This has somehow become the public attitude towards DE. When something goes wrong, or a specific development objective (say, poverty reduction) cannot be achieved, there is often a general proclivity to put the blame squarely on DE, although, conceivably, it does not have any complicity. Be that as it may, DE is an evolutionary subject, and one can learn many positive lessons from it either as a practitioner, or a policy-maker, or as a researcher. A few of these lessons may be mentioned here by way of *obiter dicta* which need to be kept in mind while evaluating the performance of DE.

First, no policy, strategy or theory can have universal applicability in analysing development-related problems, and there is no once-for-all solution to the problem of underdevelopment. Secondly, economic development has many facets and dimensions, and therefore, it can be studied from different perspectives: economic, social, political and so on. Thirdly, DE has helped us to understand and differentiate between many myths and realities through its empirical epistemics. For instance, Malthusian theory has long taught us that overpopulation is the fundamental cause of poverty but it fails to give us a new insight that in many developing countries, poverty is not caused by higher population growth. Instead, higher population is induced by poverty. This is to be explained in turn by DE despite economic growth, there may be poverty and social underdevelopment, and even some amount of unemployment and underemployment. We must recognise the unpalatable fact that we may have reached the end of age of full employment, and this seems to be an irreversible phenomenon. Fourthly, the issues relating to human development are indeed convoluted issues, and it would be too much to judge the success or failure of DE in terms of its ability to solve human problems. The solution to these problems are functions of political will, resource availability, policy parameters and their implementations, over which DE *qua* DE has hardly had any influence. Economic decisions are essentially political in nature.

In a very controversial monograph, Deepak Lal has asserted that the demise of DE is likely to be conducive to the health of both the economics and the economies of LDCs (Lal, 1983, p. 109).[10] While it is not the purpose of the present discussion to enter into dialectics over this subjective effusion, in view of what has been adumbrated in the earlier section, and from the quantity and quality of meaningful research in the subject, it can be reiterated with the words of Arthur W. Lewis that development economics is still alive and well (Lewis, 1984, p.10). As an interdisciplinary subject, its umbilical cord is tied with a number of closely interactive social sciences from which DE will be able to draw the necessary elan vital for its sustenance. An interdisciplinary subject never dies, though its lustre may fade out in the course of time.

It would be rather sacrilegious to contend, as many economists really do, that no good theories or studies are coming up in DE any more, and that the milch cow has already dried up. To get out of this kind of intellectual myopia, one really needs to see the good works being published in academic journals like, *Journal of Development Studies. Economic Development and Cultural Change*, and *Journal of Development Economics*, to name only a few, and also the publications on DE by international book publishers. The subject is still making significant contributions of putative academic standards, and, the final word in development economics cannot yet be taken as the last word.

ENDNOTES

[1] The positive relationship between population growth and poverty was first brought out by Malthusian theory of population. The theory propagated the idea that overpopulation is responsible for poverty, unemployment, famine and so on. However, many studies in development economics have brought home the fact it is poverty which is responsible for higher population growth.

[2] According to Rostow, take off will require a productive investment of over ten per cent of national income. He estimated that a 2 per cent per annum increase in net national product per capita would require a regular investment of 10.5 to 12.5 per cent of the net national product.

[3] One of the reasons for the low degree of technology transfer (TT) is the low and limited capability of the local workers to absorb the technology (Ghosh, 1998a, p. 155). The other reasons are high cost of technology transfer, and in some cases, the technology suppliers are rather reluctant to transfer technology. Our study of TT in electronics, electrical and supportive industries in Penang (Malaysia) came to the conclusion that while the rooting process of TT is quite satisfactory, the diffusion effect of the acquired technology was not very perceptible in Malaysia (Vide, Narayanan, *et al.*, 1994).

[4] The major achievements and failures of DE have been elaborated on by many academic journals, vide, *Development* (March, 1997) and *Development Practice* (August, 1998), among others.

[5] For instance, poverty intensified in India and China. In India, poverty increased from 34 per cent in 1960 - 61 to 52 per cent in 1972 - 73. Jan Myrdal's study showed that poverty increased in China since the end of sixties (Vide, Jan Myrdal, 1966).

[6] For an elaboration on the idea of immiserising growth, vide, Bhagwati (1958).

[7] The basic needs included physical and cultural needs. The basic needs approach can be regarded as social indicators of development. Initially, the following six basic needs were considered e.g., nutrition, basic education, health, sanitation, water supply and housing and related infrastructure (vide, Norman Hicks and Paul Streeten, June, 1979).

[8] The UNCTAD Report (1974) observed that US foreign aid to LDCs amount to \$3.1 billion in 1970; but the income by the United States through brain drain, the seed-corn technology, amounted to \$3.7 billion in the same year. The study makes it quite clear that it is really the poor countries which are, on balance,

aiding the rich developed countries, and not the other way round (vide, Ghosh, 1999, p. 46).

[9] Most of the issues considered here are also elaborated on by J.B. Knight (1991), John Toye (1985), P. Bardhan (1988) and others.

[10] Deepak Lal's frontal attack against the *dirigiste* dogma highlighting pro-government controls and anti-price mechanism in the 1960s is no longer valid now. Moreover, present-day world has been really experiencing the limitation of free market mechanism, and hence, the need for some amount of government control, supervision and direction. DE has experienced both government failures and market failures. Therefore, a mixed economy type of model in DE seems to be more appropriate; but all these do not imply the demise of DE.

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