

## Note

# The Controversial Debate on Development Economics: An Opinion

S. I. COHEN\*

## I. INTRODUCTION

Papers on the state of development economics (DE) often make good presidential addresses and inaugural lectures and fit well into *Festschriften* for old-timers.<sup>1</sup> With notable exceptions, many papers show significant degrees of repetition, speculation and ideology in arguments.<sup>2</sup> In general, the negative tones in the debate tend to exceed the positive tones. This paper, which has a positive tone, focuses particularly on epistemological aspects of the discussion which have hardly been treated so far. In doing so, we emphasize the mutual relationship between DE and mainstream economics and hope to be in a better position to pass judgements on DE and the debate on DE. The paper sketches an outline for evaluation, gives a verdict and ends with a few sentences on potential breakthroughs.

Already, three decades ago, there was a difference in opinion among development economists on whether the economic process in developing countries was similar to or different from that in standard economic theory. As will be discussed later in more detail, this division into two opposite positions was instrumental in shaping the evolution of development thinking to its present form. The debate on development economics is for a great part an exchange between extreme advocates of the opposite positions.

\*The author is a member of the Faculty of Economics at the Centre for Development Planning, Erasmus University, Rotterdam (Holland). This paper benefited from a seminar on the topic organized by the Centre for Development Planning in October 1984. In particular, the author is indebted to S. Chakraverty, H. de Haan and Syed Nawab Haider Naqvi for discussions on the topic, and to P.A. Cornelisse for detailed and helpful comments on a preliminary version. The final product, as usual, remains the author's responsibility.

<sup>1</sup>Professor Syed Nawab Haider Naqvi's Presidential Address [26] to the First Annual General Meeting of the Pakistan Society of Development Economists, held at Islamabad, March 12-20, 1984, treated the same topic. The topic has also been treated by Adelman, Bauer, Chenery, Hirschman, Lal, Lewis, Little, Myint, Robson, Schultz, Seers, Sen, and Streeten, among others.

<sup>2</sup>In so far as the debate is able to place DE in a broader perspective and suggest fruitful directions of research, the debate is complementary to science, otherwise it is not science. Solow [36] rightly asks to what extent the debate has been a substitute for science, and not science.

It is paradoxical that the *two* main themes in the debate are the opposites of each other:

1. According to one theme the economic process in developing countries is remarkably similar to that predicted by the standard economic theory. Consequently, advocates of this theme argue that some of the thinking, planning and practice in DE does not conform with the standard theory, is irrelevant, and should be thrown overboard.
2. The other theme states the contrary: the economic process in developing countries is significantly different from that predicted by the standard economic theory and would require an alternative framework. By implication, advocates of this theme argue that DE, which is based on standard economic theory, is harmful and should be discouraged.

It is possible to identify two groups of economists who have defended the respective themes: the *neo-classicals* supporting the first theme and the *structuralists* who support the second theme. Structuralist opinion is very heterogeneous — although it is associated with neo-Marxist thought. Of course, this dichotomy does not do justice to the works of a vast number of development economists in which the themes overlap. Rather the dichotomy is relevant as far as the debate is concerned; for most of the exchanges can be categorized in terms of the above two themes.<sup>3</sup>

It is significant to note that one theme is the inverse of the other. It may seem confusing, but is understandable, if both Schultz and Myrdal, who are outstanding supporters of the opposite themes, would pass negative judgements on DE on practically opposite grounds.<sup>4</sup> This results in a double attack on DE.

Although the debate may only appear to be a storm in a teacup, it is fundamentally symptomatic of significant clashes of political and academic interests. Support for the neo-classical position is usually associated with arguments in favour of the market while that for structuralists is associated with planning. In these circumstances, support for one or the other theme would represent a choice between political systems, which is a sensitive issue. Academic interests clash, too, as often reflected in the calls for new paradigms. A mixed situation arises when development

<sup>3</sup>For characteristics of neo-classical and structuralist analysis, see Taylor [40]. A criticism of the extreme positions of the two opposite themes by Solow [36] is worth quoting here: "Anyone who believes that every true statement about developed capitalist industrial economics is also a true statement about underdeveloped economics whatever their institutional structure must be blind. At the other extreme, anyone who believes that there are not basic relationships that apply over a range of institutional contexts with appropriate changes in parameters is probably merely intellectually lazy. There is no dichotomy here, there is much more nearly a family of economic models".

<sup>4</sup>Hirschman's illustration [16] of how DE is being criticised from both the neo-classicals and the neo-Marxists is very illuminating in this respect.

economists get associated with international development forums with pleas for alternative paradigms and controls of the market mechanism on grounds other than the economic ones. Similarly, emotions soar if a general economist who is engaged in developing countries would publicly pass a negative judgement on DE. Furthermore, faculties with a strong base in DE have enjoyed for some time large amounts of research funding. This has tended to be a cause of irritation.<sup>5</sup>

Several participants in the debate voice worries regarding the prospects of DE. This is particularly characteristic of the first generation of development economists from the Western world whose engagement in DE was often coupled with high aspirations regarding the achievable progress in the developing countries. They take the considerable gap between 'aspirations' and 'achievements' as an indication of the shortcoming of the discipline. However, both 'aspiration' and 'achievement' are highly subjective and personal. It is hard to reach general agreement on common definitions of such terms. As long as this state persists, the voiced worries are subjective and can hardly be discussed objectively.<sup>6</sup>

## II. AN OUTLINE FOR AN EVALUATION

### General Economics, Applied Economics and Country Economics

For the purpose of clarity, I propose to use the following terminology. Development Economics (DE), as understood today, is economics for developing countries. More on this will be said later in the paper. By analogy, one may postulate what can be called economics of advanced countries (ACE). Because there are numerous variations among countries, whether they are developing or advanced, one may speak as well of country economics.

Country economics is bound to contain numerous local elements. By rigorous analysis and cross-country checks, the local bias can be reduced. The purified parts

<sup>5</sup> There used to be an itching sphere between DEs and non-DEs as reported in Streeten [39] and Yotopoulos and Nugent [42].

<sup>6</sup> Hirschman [16] discussed the noble motivations which inspired the development effort, and proceeded to the political and social instabilities in developing countries and ended his review in desperation by presuming that the cause of the 'decline' of DE is related to perceiving the developing countries as having only 'interests' and no 'passions'. Hirschman voices here a personal view which is not amenable to an objective appraisal.

In passing, one may quote Bentham who would go a step further by saying that the proposition that 'passion does not calculate' is false: "For proof, he offers a theorem in which two individuals, A and B, each have the whole care of each other's happiness. It is clear that they would not last a few months, or even weeks or days" [31]. It may be that Hirschman's 'decline' is due to the one taking charge of achieving the other's happiness.

Indeed, the reported withdrawal of elder economists from the discipline and the lesser enthusiasm by American students for DE may be indications of disappointment with the discipline as Hirschman maintains. On the other hand, the discipline is enrolling many more economists from other origins and with other motivations.

are more universal and, in time, will find their place in the main body of general economics (GE). It is perfectly legitimate to speak of 'African', 'Asian', or 'European' economics when referring to evidence, theory and policy. But when speaking of the science as a *formal system* of explaining choice, it is natural to think that there can be only one general economics.

As a result of lengthy processes of purification, abstraction, additions and eliminations, a respectable textbook of general economics today is a combination of the neo-classical and its modification from theories of optimization, economic welfare, stability and growth (cf. Walras, von Neuman, Arrow, Keynes and Harrod, respectively). Five decades ago, the textbook was neo-classical economics only, and more than ten decades ago it had to be classical economics. Normally, the economist observes and analyses what he is working on (whether in a developing or an advanced country) making use of the latest available account of general economics. That is then the *standard economic theory*. Should he encounter a need to adapt or deviate from the standard economic theory, he will be encouraged to do so by some and discouraged by many of his fellow-economists. Ultimately, he may succeed in changing the standard as the above-mentioned economists did before. Thus, over time, there is no fixed standard economic theory, or the discipline would have stagnated long ago. The economist working on developing or developed countries would, therefore, *simultaneously* attempt to apply the textbook but also be receptive to modifications of the textbook because the phenomenon of *choice* and the *attitudes* behind them may be different across places and may evolve over time.<sup>7</sup>

The debate takes a different angle when one deals with applied economics. It is noted that textbooks on applied economics do not contain rigorous tests for checking whether a certain choice among alternative means and ends was optimal or not in a specific situation. For instance, there is no rigorous test for checking whether in 1983 the protection rate on the import of high technology into Europe from Japan went beyond the infant-industry argument or not. Similarly, it is almost impossible to draw conclusions about the success or failure of protection in a large number of developing countries. Such rigorous tests were not performed; nor are the required economy-wide data available for an eventual application.

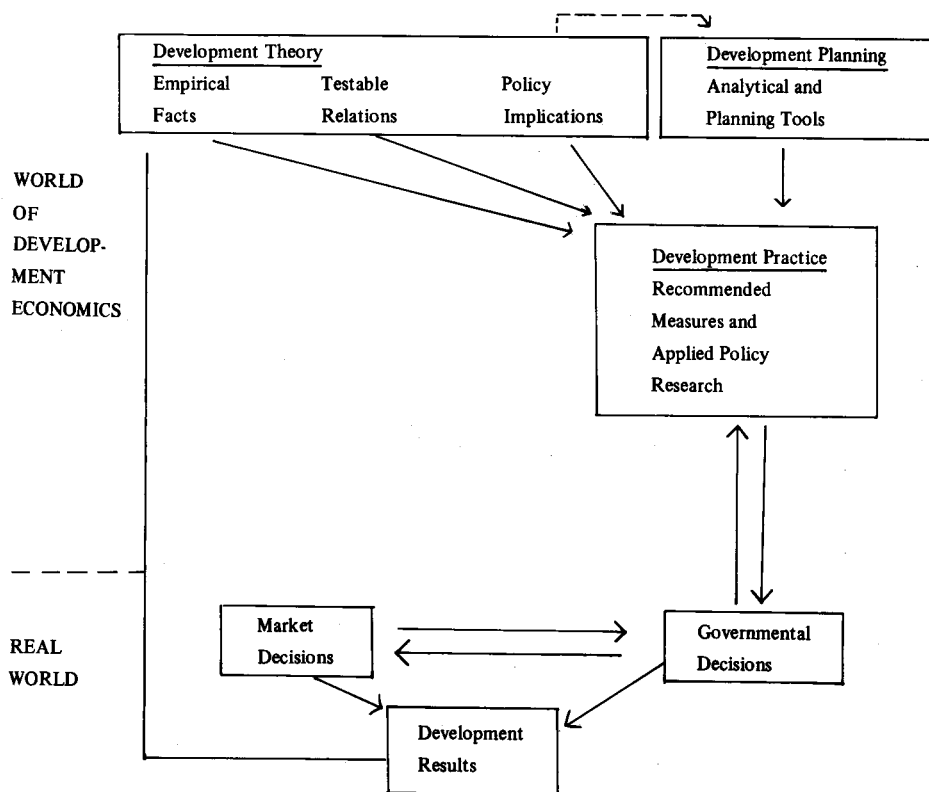
It follows that when appraising or evaluating a certain policy measure, the economist is supposed to practise a high degree of self-restraint, which is often absent in the debate. Results in applied economics need to be subjected to a wide range of interpretations.<sup>8</sup>

<sup>7</sup>The decision to reject one paradigm is almost simultaneously the decision to offer another. To think different things at the same time must be tormenting but is inescapable. Keynes wrote in the *General Theory*, "The difficulty lies, not in the new ideas, but in escaping from the old ones, which ramify, for those brought up as most of us have been, into every corner of our minds" (p. viii).

<sup>8</sup>So, while it is legitimate to speak of a standard (or orthodox) economic theory, it is misleading to speak of standard (or orthodox) economics if the speaker has applied economics in mind.

## The Activities

The accompanying chart brings together a number of activities on which development economists work, and is complemented by blocks representing the real world.



By theory we mean a statement of testable relations among empirically identifiable factors, such relations and factors having been found relatively invariant under diverse conditions, in time and space, as shown by Kuznets (1955). By policy implications we mean derived postulates from tested theory. The score of theory and policy in the above senses is rather low in DE. These will be commented upon in a short while.

Following Tinbergen [41], planning tools for DE are supposed to be reflections of a tested development theory. For instance, one may proceed to use a model for planning purposes only after it has been shown to explain satisfactorily the economy in question. Hence the broken line which joins development theory and development planning in the Chart. Economists have hardly observed this rule. In fact, development planning has made relatively more advances than development theory. There has been a fair amount of adaptation of borrowed tools from elsewhere to the kind of problems treated, and probably a fair amount of feed-back the other way round.

The block on recommended measures and applied policy research is the outcome of collaboration between development economists and governmental departments. This is typically the domain of applied economics. In terms of quantity, there is no doubt that very few branches of economics have produced so much. And much output is not even published. Quality must have been inversely related to quantity, for there has been little noticeable scientific contribution from these activities, but they may be in the pipeline.

Among the activities which attracted the attention of a significant number of development economists and which we rightly do not include in the world of development economics are the discussions on national and international development policies, mostly, but not exclusively, in the framework of the United Nations. For example, many statements on development policy in the reports of Hammar-skjold, Pearson and Brandt are not directly traceable to specific theory.<sup>9</sup>

Finally, positive or negative development results belong to the real world and cannot be identified with the success or failure of development economics. The market, the government, and a large range of exogenous factors determine development results. Development economics, which may contribute to the formation of the opinion of decision-makers, cannot be held accountable for the specific decisions made.

## Development Theory

Development thinking has been dominated by neo-classical theory throughout the last three decades in spite of the rapidly increasing contribution from structural economists.

The themes of development thinking in the Fifties were broader than Hirschman wants us to believe: he mentions rural underdevelopment and late industrialization! The development economists of the time, following Harrod, were preoccupied

<sup>9</sup>One can find a high correlation between the timing of such discussions and the appearance of a Hammar-skjold Report, a Pearson Report or a Brandt Report, and an UNCTAD, a UNIDO or an FAO Conference. Our argument is not that these forums do not serve a purpose. On the contrary, they do fulfil very relevant needs. The point is that they probably contain elements which are foreign to economics. As a result, it will be misleading to make development economics accountable for what goes on outside its domain.

with formulating a theory of economic growth for developing countries which would tie appropriately with the neo-classical tradition. Foremost among them were Lewis [21; 23] and Rostow [30]. Both have paved the way for significant contributions.

What led these economists to formulate the theories they have formulated? It is appealing here to use a Kuhnian interpretation, although other factors must have played their role. The facts which the development economists observed at the time were low levels of aspired demand, backward-sloping supply curves of labour effort and risk-taking, zero marginal productivity in agriculture, the extended family as a decision unit, traditional values contrary to self-interest, and a dualistic market which was still in formation. It was also recognized that preferences, population, technology, and government policy were undergoing significant changes. These facts were at variance with the generally accepted neo-classical model of economic behaviour.

Somehow, a theory of economic growth for developing countries should accommodate both the new facts and the old ideas. The novelty of the solution by Lewis, Rostow, Schultz, Rosenstein-Rodan, Higgins and others was that it hypothesized for developing countries a once-and-for-all transition from a pre-capitalist economy (governed by traditional attitudes) to a capitalist economy (governed by utility maximization). The catchwords of the Fifties and the early Sixties were transition, take-off, transformation, and big push. Most economists seemed to agree that after the transition the path is the same as the one which was taken by the now developed countries when they were developing countries.<sup>10</sup> The implication is that the standard economic theory will also be applicable to developing countries, once they have attained the status of a developed country.

Such a *transition thesis* seemed to fit in with the results of research on the economic history of European countries. The impulse to acquire is probably common to all times and all places but can be kept under control through custom and religion. This was the situation in Europe until the seventeenth century, when the search for profit was regarded as immoral. The rise of capitalism around that time has been an attractive area of research. Max Weber's explanation in terms of a Protestant ethic which liberates these impulses took a prominent place in this research.

When a *justifiable foundation* was laid down for DE, in the form of the thesis of transition of Third World economics to a neo-classical economy, it was possible to make a large number of advances in various directions. Not all the theories put forward have gone through the required empirical tests. Nevertheless, their tacit acceptance has opened the way for important contributions. The belief in a universally valid transformation put forward by Rostow coincided with the works of Chenery and Kuznets on socio-economic development patterns.

<sup>10</sup> A. Gerschenkron was one of the first to produce historical evidence against the universality of stages of economic growth.

Other themes which can be traced back to the idea of the transition are models of consumption versus investment, labour versus capital use, and export versus home market. Even though such topics as intra-generational distribution, inter-generational distribution, simultaneous satisfaction of basic needs, and productive investment in human resources had caught the attention of classical economists much earlier, the recent contributions relating to these topics can be seen as generalizations of the model of consumption versus investment.<sup>11</sup>

Last, but perhaps foremost in terms of providing new insights, was the concept of duality, introduced by Lewis, with regard to agriculture and industry, and the transition towards the industrial economy. This concept paved the way for studies on rural-urban relationships, formal-informal relationships, and labour mobility.<sup>12</sup>

Besides the above advances, ample attention was devoted to testing the validity of established hypotheses in advanced countries and to the adaptation of these hypotheses if they proved to be too restricted to accommodate the range of observed behaviour. Examples of these are the applied research on consumption and production theory.

We may turn now to the contributions of dominant streams in structural thought: neo-Marxism and endogenous development. While the neo-classicals start with the assumption that universal transformation is voluntary, neo-Marxists assume that there is a first-stage universal transformation of poor countries and poor classes into peripheral entities, but that this is *enforced* by the existing economic structure. This thesis has uncovered a good deal of theorizing regarding the interaction between economic actors nationally and internationally.<sup>13</sup> But, in a sense, this thesis is also transitional in nature, and shares with the neo-classicals a common heritage.

Mention may be made of a significant alternative line of development thinking, sometimes called endogenous development. This line of thinking, which is particularly popular among development economists of the Third World, starts with the assumption that *different cultures* would ultimately produce *different economic systems*. A synthesis would draw on elements from different economic systems.<sup>14</sup>

<sup>11</sup>The transition thesis has been consistently maintained up to the present. This is most vividly observed in the various works of Lewis. According to Lewis [21], the transition occurs at the point where surplus labour in agriculture becomes exhausted. The economy would then cease to be dualistic and its behaviour can be explained simply by neo-classical rules. Three decades later, Lewis [22] defines DE as dealing with the structure and behaviour of economies where output per head is less than 1980 US \$ 2000. The transition to a neo-classical economy would occur, by assumption, at around that level. By implication, DE loses its justification as all countries pass that level.

<sup>12</sup>See, for example, the models by Cohen [10] and Hopkins and Van der Hoeven [18].

<sup>13</sup>See Palma [28] for a survey of the dependency theory.

<sup>14</sup>See Naqvi [27] for a recent attempt to derive basic elements of economic behaviour from the ethical norms of Islam. Naqvi elaborates further a synthesis which integrates such basic elements with progressive elements in a modern economy.



Looking back at the last thirty years, one may ask now: can the recent development of developing countries be interpreted in terms of (a) a voluntary transition to a utility market economy, (b) an enforced transition to a subjugated dependent economy, or (c) a self-evolved endogenous development? One may speculate that for a few countries it is probably true that there has been a transition to a universalistic behaviour, but for the vast majority of the countries the transition to a neo-classical economy has not occurred yet, or it may not occur either. We are told that there is substantial evidence on genuine differences in the functioning of the present-day Japanese economy and the Western economies [17]. It is evident today that attitudes vary with countries and tend to be stubborn over time.<sup>15</sup>

The limited validity of the transition thesis for explaining the recent development of many countries must have engendered frustration and the urge to look for alternative theories. As is well known, these gaps between facts and explanations are not peculiar to DE, and should not be interpreted as a failure of DE. In the economics of advanced countries, too, there is a search for an explanation of anomalies with the help of the standard economic theory.<sup>16</sup> Such searches are typical of any growing discipline.

### III. DEVELOPMENT AND PLANNING

There is much truth in a statement by Myint that the standard economic theory, instead of becoming obsolete under governmental intervention in the market, has assumed a greater significance in the context of development planning. Most of our analytical and planning tools are based on the general equilibrium and optimization theory. In the course of their application they turned out to be very adaptable. Through a process of incorporation of modifications and restrictions, they are made to reflect specific conditions or development aims in developing countries and through parametric changes the modeller can simulate foundational shifts, for these can be econometrically identified. The situation may be different with regard to such tools as are based on partial-equilibrium analysis, e.g. cost-benefit analysis and decomposition analysis, for which the limits to adaptations are more pronounced.

In the light of the foregoing, it is not strange that research on tools has thrived more than the research on the conventional formulation of theories and their policy implications which were treated above. One can interpret this tendency in terms of a

<sup>15</sup>Chenery [7] and Little [24] explain the observed difference in behaviour between more developed and less developed countries in terms of a longer lag in the latter's adjustment to price changes. This explanation, however, solves little since the nature and the impact of the adjustment lags are unknown. By believing that the conflict between the observed stubborn behaviour and an expected price response following neo-classical rules is only a matter of time, this line of thinking is merely a restatement of the transition thesis.

<sup>16</sup>Scitovsky, Galbraith, Garboua and Boulding are among the critics.

substitution of one tradition for the other; for a fairly comprehensive economy-wide model, such as that formulated by Adelman and Robinson, can be looked upon as a consistent and refutable theory of growth and distribution, capable of deriving long-term policy implications. The experience with tools has also thrown some light on the ways of integrating the views of neo-classical and structuralist economists.

#### IV. DEVELOPMENT PRACTICE

The debate on the contribution of development practice has been most woolly, partly because development practice has been confusingly mixed with development theory, development planning and development performance, and partly because development practice can be very rough and impure.

As implied already, when it all started, the case for development planning was partly based on welfare economics (correction of market distortions) but mostly, and much more significantly, on the argument that the whole socio-cultural and politico-economic setting in a developing country is that of a traditional society with attitudes and institutions which discourage growthmanship and workmanship. Government was called upon to transform the traditional society during a period of transition. This justified large sums of foreign aid to governments of developing countries, associated with significant inputs of advisory missions which were led by development economists in practically all areas of economics.

Two or three decades later, we find four countries that are particularly successful in terms of their economic development — Korea, Taiwan, Singapore and Hong Kong — and many others which have been less successful. This record has been interpreted by some economists to mean that market forces are a better performer than planning; for the four countries have relied more on the market while the others were victims of distortive governmental decisions. Several economists have, as a result, acknowledged the failure of development planning and, along with it, the failure of development economics!

The relationship between development practice and development performance is much more complex than is implied by the simple interpretation given above by some economists. We can only illustrate the complexity of the matter in a selective way.

We shall deal with two policy areas, since most policy discussions in the debate have centred on them: the choice of technology and foreign trade. The truth about the four countries (two of which are city states with enormous physical economies in their favour) is that they have enjoyed for many past decades a high degree of growthmanship, dedicated workmanship and common goals dictated by the political situation. Their governments have devised an interventionist policy with common consensus. Their governing style was and still is characterized by solid and accountable collective management. It is roughly true that their governments followed sound

economic policy by a timely shifting of emphasis from protection of their infant industries to aggressive export promotional drives, sustained by a definite policy initiative. With regard to the choice of technology, the four countries, whose performance has been at variance with the general policy recommendations by development economists in the Fifties and the Sixties, invested heavily in technical manpower which relieved skill shortages, restrained remuneration rates and avoided a technological bias. Frequent and efficient restructuring of their industries, as well as investment reallocations of capital and labour among industries by outright intervention, was made possible by additional provisions for exceedingly high skills and for sophisticated capital goods. The frequent restructuring assured a high export performance. International financing was enhanced by this favourable export performance [9; 35]. The obvious conclusion is that a judicious combination of *well-bred governments*, *well-bred markets* and *consultative decision-making* is a successful formula for economic development.

What is the truth about other countries? There is bound to be another wave of successes. The *World Development Report 1982* shows four more countries with appreciable growth rates of GNP per head — above 4.0 percent per annum during the 1960–1980 period — Brazil, Turkey, Malaysia and Thailand. There are also India and Pakistan which have vast industrial structures, even though they do not rank high in terms of per capita indicators. Whichever countries succeed, it would be hardly possible to determine whether their governments acted rightly or wrongly regarding protective measures since neither the rigorous tests nor the required data are available for application. The same would hold for many other countries.

The same report shows at the other extreme four African countries which have experienced negative growth rates. Here, too, it may not be possible to establish beyond doubt if governments have faulted in their policies. But even if we assume that they did fault — and political scientists provide us with many more examples of African and non-African government failures and the causes behind them — neither development planning nor DE can be made accountable for government failures in a particular country.

If the issue at hand is that in making choices and executing them the market is better than government or that government is better than the market, then it is not a sensible issue. The issue is rather to specify co-operative and achievable tasks for both institutions.<sup>17</sup>

<sup>17</sup>In the particular countries considered here, if their governments were weak and have become dominated by powerful pressure groups or individuals, then certainly the same groups and individuals would have succeeded in monopolizing the market, supposing there is no government. Of course, governments are there. What is absent is the market. In many traditional settings it is hardly feasible to speak of the presence of a market if one has in mind the conditions for the rise of markets as enumerated by Hicks [15].

## V. GOVERNMENT, MARKET AND DEVELOPMENT ECONOMICS

In spite of an increased understanding of how both governments and the market are influenced by pressure groups, Tinbergen's theory of economic policy, which is based on a benevolent, independent and effective government, has undergone only little modification [8; 14].

An increased understanding of the interactions between government and the market in the real world has consequences for the theory of economic policy. Of particular relevance here is Becker's recent theory of competition among pressure groups for political influence. Becker's paper [5] unifies the view that governments correct market failures with the view that governments favour the politically powerful by showing that both effects are produced by competition among pressure groups for political favours.

These results should have significant consequences regarding not only the formulation of the development problem but also the role of the economic adviser in shaping governmental policy. The extent to which development practice can be considered a scientific venture may be limited.<sup>18</sup>

## VI. POLICY-ORIENTED RESEARCH: FUTURE DIRECTIONS

The debate on development economics includes many opinions on promising propositions of policy-oriented research in the future. A discussion of the merits and demerits of these propositions is premature. However, the future directions of policy-oriented research can be arranged, as will be done below, in order of the increasing degree of their ambitiousness. But the least ambitious direction also happens to be the least satisfactory in terms of the solutions it offers to development planning and development practice. Three main directions are distinguishable.

Firstly, the least ambitious and least satisfactory direction – in a relative sense – is the lumping together of observations from all types of countries, developing and developed, with the aim of finding universalistic development patterns, *a la* Rostow, Kuznets and Chenery. Even though allowances can be made for local influences, such an approach minimizes the possibility of the countries at the lower end evolving their own development pattern. Development economics would give a poor performance if it fails to create more than one path of economic development.

Secondly, computable general-equilibrium models – and partial-equilibrium analysis derived therefrom such as project selection – offer a more flexible direction which can accommodate neo-classical as well as certain structural features typical of the developing countries. Reference has already been made to the work of

<sup>18</sup> Perhaps the warning by Seers [33] that academics should better use long spoons when supping with politicians is quite in order in this respect. Pareto's work, *Mind and Society*, at the turn of the century challenges the contribution of economics to policy-making in the context of a complex societal framework.

Adelman and Robinson, which others followed later.<sup>19</sup> The limitations of this direction have been pointed out by Kornai as well as Srinivasan.<sup>20</sup> Foremost among the limitations is that there is ultimately one set of the rules of the game which steer towards the results: this is the set of neo-classical rules.

Thirdly, there are ample suggestions for pursuing a more independent analysis of structuralist relationships: (a) in the market context, for example, in-depth studies of segmented markets for labour, land, and capital in the rural and urban settings; (b) in the non-market context, for example, the interactions between government and the governed. More striking suggestions for research are those relating to (c) the development over time of the welfare, status and role of a group-actor: in particular, how much of this development is autonomous and within the control of the actor and how much is the result of interaction with other group-actors; and (d) intra-group relations and the mobility of the individual-actor therein. Although these and related suggestions are handicapped by the absence of a uniting framework linking them together, there are several ongoing thoughts on providing such frameworks.<sup>21</sup>

## VII. CONCLUSIONS

We have attempted to understand the concerns of the conservatives and the reformists of the standard economic theory with regard to Development Economics, which happens to be very diversified and rich in scope. Perhaps we have succeeded in showing that these concerns are misplaced and that the causes of these concerns should be sought elsewhere. It is, for instance, not uncommon for many enthusiastic critics to fight their political or personal duels on a stage which is largely foreign to them.

Development Economics, just like other branches of economics, has demonstrated its ability to work fruitfully within mainstream economics. The fact that most works in DE satisfy this mainstream criterion is already a *raison d'être* for DE.

But development economics may grow beyond that. The standard economic theory is being questioned and refined on the basis of the knowledge of the economies of developing countries, irrespective of how one names the pioneers behind such refinements. Arrow [3] wrote: 'the problems of developing countries remind us dramatically that something beyond, but including, neo-classical theory is needed'. Above all, success in uncovering that 'something' will depend on exerting a high degree of professionalism in development economics. It was argued earlier on that at the economy level, too, professionalism and workmanship are today's engines of growth and development. It will be long before these questions are scrutinized in a manner which permits the formulation of more generalized analytical frameworks. Paradoxically, a lack of success in this venture should not be termed a failure.

<sup>19</sup> Cf. Dervis, de Melo and Robinson [13]

<sup>20</sup> Cf. Cornelisse [12]

<sup>21</sup> Cf. Boulding [6] and Collard [11]

## REFERENCES

1. Adelman, I. "On the State of Development Economics". *Journal of Development Economics*. Vol. 1, No. 1. June 1974.
2. Adelman, I., and S. Robinson. *Income Distribution in Developing Countries*. London: Oxford University Press. 1979.
3. Arrow, K. J. "Samuelson Collected". *Journal of Political Economy*. Vol. 75, No. 5. October 1967.
4. Bauer, P. T. *Dissent on Development Economics*. London: Weidenfeld and Nicholson. 1972.
5. Becker, G. S. "A Theory of Competition among Pressure Groups for Political Influence". *Quarterly Journal of Economics*. Vol. XCVIII, No. 3. August 1983.
6. Boulding, K. E. *The Economy of Love and Fear: A Preface to Grants Economics*. Davis, Calif.: Wadsworth. 1973.
7. Chenery, H. B. "Interaction between Theory and Observation on Development". *World Development*. Vol. 11, No. 10. October 1983.
8. Cohen, S. I. "Distribution of Power and Agrarian Reform: An Exploratory Model applied to India and Chile". *Journal of Policy Modelling*. Vol. 3, No. 1. February 1981.
9. Cohen, S. I. "Industrial Performance in South Korea". *Developing Economies*. Vol. XVI, No. 4. December 1978.
10. Cohen, S. I. *Production, Manpower and Social Planning*. Aldershot, Hants (UK): Saxon House. 1975.
11. Collard, D. *Altruism and Economy*. Suffolk (UK): The Chaucer Press. 1978.
12. Cornelisse, P. A. "Towards an Analysis of Markets in Developing Countries". In S. I. Cohen *et al.* (ed.), *The Modelling of Socio-Economic Planning Processes*. Aldershot, Hants (UK): Gower. 1984.
13. Dervis, K., J. de Melo, and S. Robinson. *General Equilibrium Models for Development Policy*. Cambridge: Cambridge University Press. 1982.
14. Eizenga, W., and L. H. Klaassen. "Some Thoughts about the Limits to Government Power". In S. I. Cohen *et al.* (ed.), *The Modelling of Socio-Economic Planning Process*. Aldershot, Hants (UK): Gower. 1984.
15. Hicks, J. *A Theory of Economic History*. London: Oxford University Press. 1969.
16. Hirschman, A. O. *Essays in Trespassing: Economics to Politics and Beyond*. London: Cambridge University Press. 1981.
17. Hofstede, G. *Culture Consequences: International Differences in Work-related Values*. Beverly Hills, Calif. (USA), and London: Sage. 1980.

18. Hopkins, M., and R. van der Hoeven. *Economic and Social Factors in Development: A Socio-Economic Framework for Basic Needs Planning*. Geneva: ILO. 1979.
19. Kornai, J. *Anti-Equilibrium*. Amsterdam: North-Holland. 1977.
20. Lal, D. *The Poverty of Development Economics*. London: Institute of Economic Affairs. 1983.
21. Lewis, W. A. "Economic Development with Unlimited Supplies of Labour". *Manchester School*. Vol. 22. May 1954.
22. Lewis, W. A. "The State of Development Theory". *American Economic Review*. Vol. 74, No. 1. March 1984.
23. Lewis, W. A. *The Theory of Economic Growth*. London: Allen & Unwin. 1958.
24. Little, I. M. D. *Economic Development: Theory, Policy and International Relations*. New York: Basic Books. 1982.
25. Myint, H. "Economic Theory and Development Policy". *Economica*. Vol. 34, No. 2. May 1967.
26. Naqvi, Syed Nawab Haider. "Development Economics in "Emperor's Clothes"?" *Pakistan Development Review*. Vol. 23, Nos. 2&3. Summer-Autumn 1984.
27. Naqvi, Syed Nawab Haider. *Ethics and Economics: An Islamic Synthesis*. Leicester (UK): The Islamic Foundation. 1981.
28. Palma, G. "Dependency, a Formal Theory of Underdevelopment or a Methodology for the Analysis of Concrete Situations of Underdevelopment". *World Development*. Vol. 6, No. 7-8. July-August 1978.
29. Robson, P. "Development Economics: A Review Article". *Scottish Journal of Political Economy*. Vol. XX, No. 3. November 1973.
30. Rostow, W. W. *The Stages of Economic Growth*. London/New York: University Press. 1962.
31. Royal Economic Society. *Jeremy Bentham's Economic Writings*. London: Allen & Unwin. 1954. pp. 421-422.
32. Schultz, J. W. "The Economics of Being Poor". *Journal of Political Economy*. Vol. 88, No. 4. August 1980.
33. Seers, D. *Back to the Ivory Tower?* Vienna: EADI. 1977. (Information Paper 2/77)
34. Seers, D. "The Limitations of the Speical Case". *Bulletin of Oxford Institute of Economics and Statistics*. Vol. 25, No. 2. May 1963.
35. Sen, A. "Development: Which Way Now?" *Economic Journal*. Vol. 93, No. 372. December 1983.
36. Solow, R. M. "Economic Development and the Development of Economics: Discussion". *World Development*. Vol. 11, No. 10. October 1983.

37. Srinivasan, T. N. "General Equilibrium Theory, Project Evaluation and Economic Development". In M. Gersovitz (ed.), *The Theory and Experience of Economic Development*. London. 1982.
38. Streeten, P. A. "Development Dichotomies". *World Development*. Vol. 11, No. 10. October 1983.
39. Streeten, P. A. "The Limits of Development Research". *World Development*. Vol. 2, Nos. 10-12. October-December 1974.
40. Taylor, L. *Structuralist Macroeconomics: Applicable Models for the Third World*. New York: Basic Books. 1983.
41. Tinbergen, J. *Economic Policy, Principles and Design*. Amsterdam: North-Holland Publishing Co. 1956.
42. Yotopoulos, P. A., and J. B. Nugent. *Economics of Development*. New York: Harper International Edition. 1976.