

## ***Book Reviews***

**Syed Nawab Haider Naqvi.** *Development Economics: A New Paradigm*, New Delhi: Sage Publications, 1993, 208 pages, Indian Rs 200.00.

With his well-known innovative intellectual skills, Syed Nawab Haider Naqvi has converted his several Presidential Addresses given at the Annual General Meetings of the Pakistan Society of Development Economists into a succinct and stimulating book. With its publication, Dr Naqvi has placed students of development economics in his debt for a lucid and systematic treatment of a subject which mainstream economists regard as a dying species, while the more knowledgeable ones, agreeing with Dr Naqvi, see it as very much alive though in need of revitalisation.

Development economics, as a new paradigm or a distinct sub-discipline of economics, is only half-a-century old. The end of the Second World War saw the emergence of a new, independent but underdeveloped world with high expectations of quick prosperity. It was soon discovered, however, that mainstream economics was either neutral or unwilling to offer direct solutions to the serious problems that developing economies faced, particularly with regard to questions of alleviating widespread poverty and removing the abominably high income and wealth inequalities. It is against this background that development themes attracted the special attention of a large body of economists, who not only tried to analyse such themes theoretically with the help of the existing as well as new economic postulates but also offered vital remedies to solve the practical problems of under-development. In this way, development economics emerged as perhaps the best example of a synthesis between the positive and the normative aspects.

The problems of development, however, have proved to be too complicated and multi-dimensional to permit an easy solution. Developing countries are being weighed down by both external and internal pressures. Externally, increasing debt burdens, shrinking resource flows, deteriorating terms of trade, and rising protectionist trends are creating difficulties. Internally, demographic pressures, resource inadequacies, income inequalities, social inequities, unemployment, and downward trends in output are generating socio-economic instabilities.

Mainstream economists rely heavily on market forces for tackling the economic pressures mentioned above. Development economists, on the other hand, lay stress on a judicious mixture of both market forces and government actions. Most developing countries, in their current distress, have turned towards market liberalisation, forgetting that their past failures are shared equally by market imperfections and government idiosyncracies. Further, even if markets become perfect, they cannot automatically lead to the alleviation of poverty, as markets are goal-neutral. On the other hand, all developing

countries even today talk of socio-economic goals and changes in the property structure. No doubt, some countries situated around the Pacific Rim have lifted themselves up to the middle-income status, but this is not due to the operation of market forces alone. A deeper look at their economic history shows that the visible hand of the public sector was as much active as the invisible hand of market forces behind their success.

Thus, as pointed out by Professor Naqvi in Chapter 7, it is obvious that the paradigmatic character of development economics consists of two basic elements: *its deeply ethical nature and its vision of a mixed economy*. However, digging deeper into these elements is needed if development economists' prescriptions are to be of any use to the underdeveloped world. Professor Naqvi has himself identified many areas of weakness in the heritage of development economics. Some of these are: (i) too much growth expectation from the savings rate, (ii) the negligence of the crucial role of technology, (iii) the indifference towards human capital formation, (iv) the under-estimation of the growth potentialities of agriculture, and (v) the inadequate attention to the problems of equity and distributive justice. Professor Naqvi rightly expects development economists to pay more attention to these problem areas and also to the questions of sectoral balance, demography, and labour markets.

One need not agree with all the conclusions drawn by Professor Naqvi but there can hardly be two opinions about the important role of government, economically and socially, in lifting up those who are below or near the poverty-line. Market forces will never deliver the goods to the non-privileged classes, which still form the bulk of the underdeveloped world. Education and health, particularly, are among those areas where the operation of the principles of Pareto-optimality or profit-maximisation can only play havoc with an already fragile social framework.

However, the nature and character of government in poor countries also need to be recast in functionally useful moulds. Most such governments are corrupt, inefficient, and undemocratic. How can they play the role which Dr Naqvi expects from them effectively and decisively? Like development economics, there is also perhaps the need for a new paradigm of *development politics*, with its roots in mainstream political science. This does not mean that *development economics* has no case without *development politics*, even if both appear closely interconnected; one has already acquired a valid territory of its own, the other has still to evolve into a well-founded rational political analysis.

Although the entire book is fascinating and lively reading, its heart is Chapter 7; along with the author's crisply written Preface and Gamani Corea's lucid Foreword, it covers almost all the basic themes developed in the book. Professor Naqvi's style is refreshing and convincing, though at times he loves to use a majestic jargon, like *étatisme*, *weltanschauung*, *dirigist*, and *iconoclasm*. The greatest strength of the book lies in the survey of almost the entire spectrum of literature dealing with development economics. The book not only casts a highly critical look at the prevailing controversies but also contains useful ideas for those designing a course of lectures and identifying meaningful research themes in the area of development economics. For the controversial problems and policies that it does explore, it deserves to be read by a wide public, including the decision-makers and professionals.

The developing world will be threatened in the next decade by a large number of interconnected crises, notably the population growth, unemployment, and urban squalor, all of which will lead to a further widening of the gulf between the rich and the poor. If development economics is to remain in occupation of its paradigms, it will have to pay attention to these and other problems which have a bearing on human suffering.

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