

## A Note on Development.

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Since the inception of human civilization the ultimate ambition of every nation of the globe is directed to strive for development. But the term "development" has been rather too abstract to define it squarely. Moreover, difficulty is always there to draw a crisply distinctive line of demarcation among some analogous terms such as economic growth, economic progress, economic development, modernization, industrialization and "development itself."

Of course, human beings being the most conscious social animal seems to have been going on reiteratively exploring everything in the way that could best reward him in one or another way. At a cursory glance, the general path followed or being followed by every country in quest of development manifests three major stages; primitive, transitional or often called dual economy and industrialization. Hence, in the path of hierarchical echelons, some countries those endowed by natural resources, those situated at a geographically relatively congenial locations and those directed by proper planning mode exhibit a quick pace to reach the acme of industrialization from their primitive stage within the time bracket of 100 B.C. to 20th century. For instance, most countries of America, Europe, Australia and a few of other continents in a sporadic pattern exhibit a quick shift from their primitive way of life to what we call the modern civilization. On the other hand, countries partly deprived of the above-mentioned facilities seem still struggling to keep their pace with their pioneers.

From the early momentum of civilization, the semantic interpretation of the term "development" seems to have been made in the light of "economic development." In other words, the term "development" was equated with "economic development". For instance, as early as from the time of Adam Smith (1723-1790), various conceptions as well as perceptions of stages of economic growth paths seem to have been put forward. For instance, Adam Smith in 1776 viewed three stages of economic growth i.e. (I) hunters/shepherds, (II) farmers with household economy, and (III) progress of manufactures. In 1840, Friedrich List opined four stages; (I) savage/pastoral, (II) agriculture, (III) agriculture and manufactures and (IV) agriculture, manufactures and trade. Bruno Hilderband in 1850 viewed the determinants for economic growth as (I) barter economy, (II) money economy and (III) credit economy. Meanwhile, Wilhalm Roscher (1850) claimed the determinants as (I) nature, (II) labour (III) capital and (IV) organization. After four decades or in 1890, Karl Bucher thought the process of economic growth stages in the light of (I) independent domestic or household

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economy, (II) town economy (III) national economy and (IV) world economy. Slightly different from Bucher, Gustav Schmoller in 1900 thought the process on the ground of village, town and territorial prospects. Likewise, Colin Clark and Jean Fourastie in 1950 viewed from the perspective of primary civilization, period of transmission and territory civilization. In 1960, W.W. Rostow, nonetheless claimed about the process of economic growth as (I) primitive society, (II) precondition for take-off, (III) take-off, (IV) drive to maturity, (V) high mass consumption and (VI) beyond consumption. Besides, Karl Marx and Freidrich Engel in 1850 spurred a thrilling concept of economic progress to be conditioned by class struggle between (I) primitve communism patrician vs slave, (II) feudal lord vs serf, (III) bourgeoisie vs proletariat and (IV) classless society. In addition to all such individualistic propositions on the process of economic growth of an economy, a shifting school of thoughts also exhibit looming from 1550 onward. For instance, from 1550-1750 Mercantilist epoch had its high reign on the thinking of economic growth. From 1750 onward, Physiocratic concept gnawed the Mercantilistic views. Again classical epoch prevailed over 1770-1870. From 1870 onward the classical approach was superseded by Marginalist School of thought and from 1930 onward Keynesian economics in macroscopic prospectives attributed a new dimension on this forum. Moreover, number of other economists conceived and perceived the economic growth under different nuances during the hibernative period of around 5 centuries or so. But all such prismatic views could be thought as bias to explain the general process of economic development rather than connoting the semantics of "development".

Towards the second half of the 19th century, the concept of economic growth (which was being equated with "development") showed a renewed focus on an eqi-distribution of diverse resources that are extant within an economy. Income disparities, social disparities, regional disparities and rural-urban disparities were identified as some of the major parameters backlashing the developmental thrusts. Eliminating such disparities in an economy was assumed to increase the marginal productivity in GDP and multiply the velocity of capital formation. Saddled with this perview, in 1973 the World Bank declared a new direction for its major investment in small farmers development programmes from multi-directional aspects in order to lever up rural economy and thereby eradicate the extant poverty. Programmes relating to small-scale industries, primary education, basic health care, nutrition, family planning etc, were assumed to benefit especially to lower-income groups of people were, however, concurrently launched out. As a consequence, after half a decade or so, an impact evaluation study of such projects mainly in case of Brazil, Indonesia, Kenya, Mexico, Nigeria and Thailand manifested an encouraging achievement to reduce the incidence of poverty (World Bank). However, it was realized that development would essentially require a sustained and viable efforts to reduce poverty backed by a strong political will. Of course, a thinking over the synonymous terms such as economic growth, economic progress, economic development and modernization seems to have been offspring since the 1950s. Zimmerman (1967) averred that an increase in national income accompanied by a same proportion of population growth without an increase in per capita income as economic growth; an increase in national income outstepping population growth and indicating increased per capita income in a long-term

basis as economic progress and any structural change in the socio-economic sphere and attitudinal changes achieved in the process of economic growth to economic progress as economic development. But the answer of "development" remained even tacit. Larner argued that development was one of the ingredients of modernization; "modernization is the process of social change in which development is the economic component." Thus he thought modernization as a panoramic picture and development as one of the components in it. Again, Myrdal defined "development as the movement of whole social system upward."

However, for many years and even now the overall activities of Westerners gravitated or have been gravitating the attentions and attempts of Easterners to imitate the way of all hi-tech breakthrough and cultural milieus for what the former are heading forward. In other words, technological breakthrough gave a new dimension as a main determinant of development. It was only with the start of 1970s that the concept of development took a new postulation. The home economy safeguarding strategies of Westerners by way of different measures including trade protection brought a yawning leavage between the West and the rest. Moreover, failure of the North-South dialogue to be a monologue brought a South-South cooperating movement on one side and a non-align movement among the economically depressed economies in 1978 on the other side. A terrific arms race between the super powers and unimproved socio-economic status of OPEC countries despite their high per capita income brought into realization that development could neither be economic growth nor a component of modernization. Rather it was interpreted as an indicator of meeting basic needs of people, establishing social justice, improving environmental milieus and restoring ecological balance. Measuring the inherent spatial rural vs urban disparities from many angles of vision, unequitable distribution of national income and providing equi-access to public utilities, however were assumed the important parameters to be considered as the major development indicators of an economy. Maboganje, Nayudamma, on the other hand viewed development as not a development of things but of people and their potential capabilities to make themselves self-reliant by way of effectively using the available resources with a view to solve their own problems. On a same cognate, it is pertinent to call up the turning-point in development thinking resolved by The World Conference on Agrarian Reform and Rural Development (WCARRD) held at FAO's Rome headquarter in July 1979. The conference identified as poverty, hunger and malnutrition as retarders of national development. Since such situations generally exist in rural areas, the conference recommended to upgrade the rural economy by way of decentralized decision-making, promoting people's organizations and maintaining statistical information on rural levels of living (FAO, 1987).

Mattis viewed development in the light of an integral, value loaded and cultural process to be sprung endogenously from the heart of each society and is supposed for expanding its own sovereignty in every sphere of human life. In the same stream, Miewuehuijze maintained that development as much a matter of the society, economy or polity departing from prevailing conditions with feature either as a contract or as a prospect or a bit of both. Moris on the other hand emphasized that "if a development strategy is to be a statement of direction, it must be creative act of will and imagination, especially in the poorest nations." This way of

thinking over the concept of development could be as a thought invoking conception of "holistic approach" or the unification of the whole spatial ambient into a comprehensiveness. But this could lead to a thinking about from which point of socio-economic interactive dimension the pristine thrust of development is to be induced. Because, if development is considered as a variant of an entire socio-economic process, our first assignment could be thought to ferret out whether the extant socio-economic process itself is correct or not. In other words, if the process is systematically wrong, our entire efforts for development could be paradoxically jeopardized.

Dias in his brief discussion paper perceives as economic, health, education, housing, amenities, accesses to roads, means of transportation, media of communications, working conditions of people, ecological preservation, social security and so forth as the main determinants of development. Poul (1986) affirms that "development is the new name for peace." On the other hand, a North-South report (1980) claims that development as a profound transformation of the entire economic and social structure rather than a way out to be rich from poor and from traditional economy to sophisticated urban economy. It further emphasizes that development necessarily accompanies economic betterment, human dignity, security, justice and equity inter alia. Finally, the report averses that "development never will be, and never can be, defined to universal satisfaction."

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## BOOK REVIEW

Krueger, Anne O. (Ed.). (1988): Development With Trade: LDC's and the International Economy, (California: International Center for Economic Growth), pp. xi + 226, price \$ 12.95.

Every nation is basically concerned about the economic development and growth. Alongwith the agricultural and industrial sector, the export sector also plays a vital role in determining the rate and structural pattern of the country's development. Thus, it is important to consider the extent to which development can be promoted through trade.

The book underreview is edited by Dr. Anne O. Krueger and it is the result of the Sequoia Institute seminar sponsored by the United States Agency for International Development. The focus of this book is about the central role international trade plays in the development process of nations. While the book analyzes international trade among the developed countries vis-a-vis the developing countries, it also explores the role of and the controversies surrounding the developing countries in relation to the international economy. The book is organized into five chapters, each written by different authors on different facets of international trade viz. trade in agriculture, trade in manufactures, and trade liberalization through multi-lateral negotiations. After each chapter, there is also the discussants' comment and the discussions from the floor.

The reader of the book can feel that the main theme of the seminar is the liberalization of international trade. Key issues surrounding the international trading system from the view point of the developing countries are neatly analyzed. It is indeed surprising to find that the authors, commentators as well as the participants, all have held both the developing as well as the developed countries responsible for the distortions in the liberalization of international trade.

In the introductory chapter written by Dr. Anne O. Krueger herself, she raises some of the key issues pertaining to the type of relationship between the developing countries and the international economy and that the developing countries could achieve rapid economic growth. She opines that the phenomenal economic growth of world GNP was "both caused by and resulted in rapid liberalization of international trading system and an accompanying move to financial integration." True, there is the two way causation effect -- trade liberalization accelerated economic growth and economic growth created an environment to foster trade liberalization.

After the vivid description of the GATT, its main philosophy, different articles and sub-clauses of the GATT, the author sees that the GATT has been very much successful in providing mechanisms for reductions in trade in manufacturing goods among the major industrial nations. She blames the developing countries itself for their minimized role within GATT because "apart from many factors, these countries have remained de facto exempt from the GATT system." She thinks that the developing countries by adopting high protective trade policies have in fact cut themselves off from the international economy.

Krueger like David Finch and Constantine Michalopolus question the value of the "special and differential" (S & D) treatment that the developing countries enjoyed under the GATT provisions. She doubts whether the S & D has in fact been beneficial to the developing countries. The General System of Preference (GSP) which the developing countries sought and attained, according to the author, has in practice been worth relatively little. The author concludes the introductory chapter with a word of caution regarding the "Uruguay Round" of trade negotiations in which the developing countries' participation is sought at a different level of intensity than in the earlier Rounds. However, uncertainty persists regarding "the degree and extent to which developing countries will participate in the Uruguay Round."

The paper by D. Gale Johnson, which is the second chapter of the book, focuses on the policy options for improving the efficiency of world production and trade in agricultural commodities. Here, the central issue is the domestic policies of the major industrial nations which are said to be designed to protect income of the farm people, but in fact failed to do so. Income of the farm people depend upon the level of farm output prices and the farm output prices have declined significantly. The author notes that widespread subsidies and price interventions have had significant effect upon production, marketing and the trade and such policies by the developed countries have not only effected the farm people of the respective countries but also has badly effected the developing countries.

Prof. Johnson analyzes alternative policies and mechanisms by which agricultural production and trade could be liberalized in the interests of the developed as well as the developing countries. The author opines that the greatest bottleneck in trade negotiations of the agricultural commodities is the existence of the "excess capacity" in the world agriculture. Thus one of the essential thing that is needed for the success of agricultural trade liberalization, according to the author, is the elimination of the excess agricultural resources by designing domestic agricultural policy reforms in the OECD countries. The author argues that the necessary adjustment policies would be far less painful if the industrial nations could agree simultaneously to undertake trade liberalization. And this would benefit both the developed as well as the agricultural commodities exporting developing countries -- the developed countries benefitting mostly.

The third chapter which according to the editor is the second paper in the seminar is that of Prof. Robert Balwin. The main focus of the paper is on the issues of trade in manufactures that are of special importance to the developing countries. Unlike Dr Krueger, Prof. Balwin also argues that adherence to the import substitution policies has led to the loss in economic efficiency in many developing countries. And economic efficiency is vital in many lines of manufactured goods. One way of achieving this is through greater access to the international market as this will increase the competitive pressure among the producers.

Prof. Balwin points out that although bilateral bargaining is one alternative to multilateral resolution of issues for the developing countries, the interests of the developing countries are better represented in a multilateral forum. He cautions that if the developing countries sit on the sidelines as they did in the Tokyo Round and keep on harping on the S & D treatment on all negotiations, they will not gain much in a way of increased market access to the developed countries. The author, therefore, suggests developing countries to actively participate in the Uruguay Round than in the previous Rounds and also be prepared to give some concessions regarding their protective structures. The author also focuses on the GATT rules on Safeguard Actions, Subsidies and Dumping which he believes must be resolved if the developing countries has to have greater access to the markets of the developed countries. And in return, he suggests, the developing countries to accept changes in the GATT rules, especially Article xviii, and assume responsibilities closer to that of the developed nations.

The author concludes with the notion that with some "concessions" balance, both the developed countries as well as the LDCs have very much to gain from trade liberalization.

The paper written by David Finch and Constantine Michalopolus, which is the fourth chapter of the book focuses on the relationship between the GATT, the World Bank and the IMF. They note that the roles of these institutions -- though are different -- are very much interlinked. They point out that although the roles of these institutions fell short in some respects, in broader perspective these roles have succeeded to a great extent. The authors also focus on the possibilities of forming coalitions among developing countries on issues of common interest. They argue that the diversity, which makes it difficult to find a common ground and the small average size are the main constraining factors of the developing countries in their approach to negotiations.

The authors feel that the GATT itself must be strengthened and they look into ways of doing this. They note that the failure of adhering to either "letter or the spirit" of the GATT obligations among the industrial nations have led to the rise of "new protectionism" in the industrial nations and that has further weakened the GATT overall.

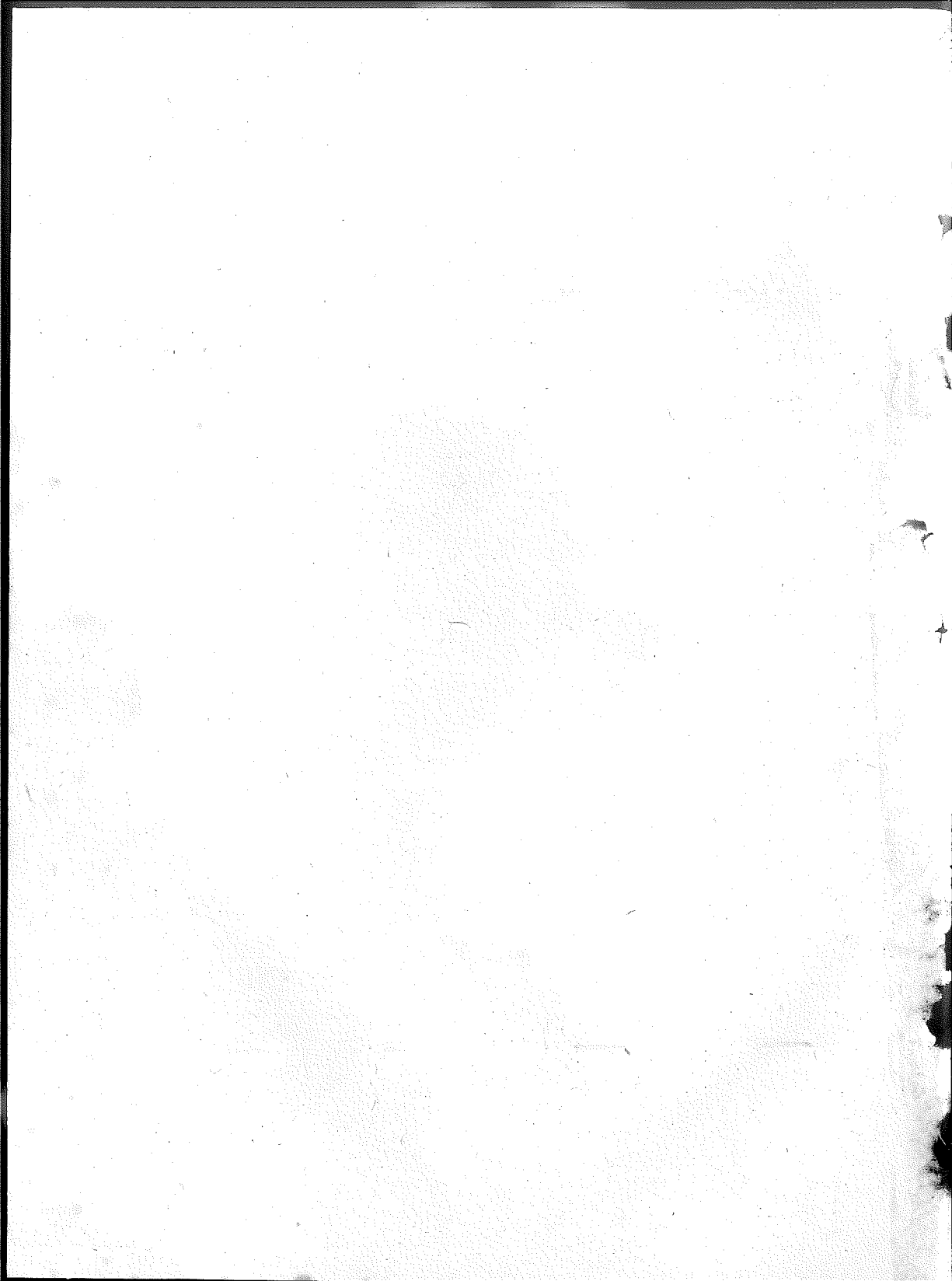
The fifth and the concluding chapter by the editor herself focuses on the policy issues pertaining to the international trading system. The author points out that "the intensification of protectionist pressures in the U.S. and other industrial nations that resulted into marked fluctuations in real exchange rate relations among them and the historical stance of the developing countries supporting their S & D status" are the main institutional difficulties that have served as the obstacles to achieve a multilateral trade bargain. The author notes that the IMF and the World Bank could play a significant role in trade liberalization because if on one hand these institutions work very closely with the governments of developing countries for policy reforms that will improve their growth prospects, on the other hand, the IMF conducts surveillance of trade and exchange rate policies of the member countries.



Nations are very much interdependent in terms of the complex flows of goods, capital, technology and enterprise and thus each nation has to come to terms with this interdependence by way of national policies. But to do so nations, individually or collectively, must base their policies on the objective analysis of international economic relations strengthening of the GATT secretariate and finding formulae for reduction or elimination of non-tariff barriers is the order of the day if a large number of countries is to negotiate liberalization in their trade regimes. Trade liberalization should also incorporate not only the manufactures but agriculture as well as the services. And some concessional balance has to be struck between DCs and the LDCs to achieve this and that development with trade could be realised by all the nations.

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