

September 13th, part 1 week 2
What is development; where is development

- **Images of the third world**
 - Tremendous diversity (within and between societies, political systems, income groups)
 - rich/poor: educated/ uneducated; healthy/unhealthy
 - urban/rural
 - modern/traditional
 - Integrated into markets/self-sufficiency
 - Increasingly, these kinds of dichotomies are breaking down- few parts of the world are truly isolated- may be more useful to think in terms of “both” instead of “either”
 - More useful to think in terms of both “what part of the society is poor and what part of the society is rich”
- **Modern brazil**
 - The wealthy family lives like or better than North American counterpart
 - Maid, cooking service, buy imported goods, education abroad Europe, family vacations to Miami
 - Picture of society which is not much different from middle-class society in Canada or the united states
 - A poor family in a favela struggles to make ends meet daily
 - Lower education, poor health, surrounded by crime, and state repression
 - Constantly reminded of the contrast between their lifestyles and those of the wealthy family
 - Some female member of the family may work as a maid in the rich family mentioned above
- **Our (Canadas) third world**
 - Our poor and disadvantaged (racism, gender discrimination, history, class, mental disease, drug abuse, alcoholism, the ill, the aged).
 - Our rural and indigenous communities... poverty rate for indigenous children, 2x the national average
- **Ladder of Development Jeffrey Sachs (2005)**
 - Groups people into five different categories
 - 1) Those who are not on the ladder and who seem to have little opportunity to do so. Life is a daily struggle to survive in conditions of crushing poverty, malnutrition, disease, and ignorance. They exist largely outside the market economy.
 - 2) Those who are on the first rung... entered the market economy for the first time and see some of their life chances improve (maquiladora textile workers, paid day labourers)
 - Got modern jobs
 - 3) Those who have started to climb (though basic education, employment)
 - Manage to get better jobs through education
 - 4) Those who have established themselves modern sector jobs (largely through education)
 - 5) The new Third World cosmopolitan elite (super-rich)
 - One problem is that its a metaphor that assumes a continuity that you can climb the latter which is too simplistic

- 1) disparity of income and wealth between the developed and third world
- 2) disparity of wealth and condition between different countries of the third world
- 3) disparity of wealth and condition within individual countries in the third world
- 4) disparity of wealth and condition in Canada and the developed world
 - It is difficult to generalize the third world
 - People often say poverty and inequality as if it is the same thing but you can have one without the other
- **Labelling is political** (legitimize current practice; shape policy options; define problems' establishes a "standard")
 - The risk of labelling is that it often establishes a hierarchy even if not said explicitly
 - Periphery emerged out of Marxist thinking
- **Classifying developing countries**
 - Every organization classifies differently this is the world banks (GNI/capita)
 - High income >12 235
 - Upper middle income 3 956 - 12 235
 - Lower middle income 1 006 - 3 955
 - Low income <1005
 - Classification affects the types of loans you are eligible for
 - Low income gets more grants than loans for example
- **World Bank GNI map**
 - Developed countries have low growth rates between 1 and 2 percent
 - A lot of developing countries post pretty high growth rates
 - Economies in a sense are more dynamic and have more potential albeit starting from the bottom
- **poverty; living on less than a 1.90 a day**
 - Low-income areas on the GNI map have a much higher portion of the population living under **absolute poverty**
- **Points of comparison- similarities (developing world)**
 - Common characteristics
 - low levels of income (high poverty)
 - Low levels of productivity
 - High rates of population growth and dependency burden (young populations)
 - High levels of unemployment and underemployment
 - Dependence on primary production (agriculture and natural resources)
 - Restricted national autonomy (debt, MNC's, culture)
 - Choices governments make might be restricted by certain things
- **Points of comparison- differences**
- **Points of divergence:**
 - Size of the country (geography. Population, income)
 - Historical and colonial background (including ethnic tension) ie, LA versus Africa
 - Culture and its consequences (gender)
 - Physical and human resources
 - Role of private sector
 - Industrial structure

- External dependence
- Political system
- Institutional system
- **Voices of the poor and one of the key findings**
 - Not just a question of low income but vulnerability to many things like crime and loneliness ect

September 15th, part 2 week 2

What is development; where is development

- **GNP growth**
 - Development has been historically portrayed (in the 1950s to 1970s) as sustained growth in GDP (value of goods and services produced in the domestic economy)
 - Usually expressed in GDP or GNI
 - Equated with industrialization
 - Assumed trickle down
 - Copy experience of the north
 - But GDP growth does not always reduce poverty
 - GDP per capita does not necessarily mean that everybody is better off (ex. There can be very rich people that increase the national average by a lot)
 - Just because say GDP per capita doubles does not mean growth for everyone. Say everyone's income stays the same but one person quadruples. GDP per capita increases but a lot of peoples income did not change
- **Inequality in the distribution of income**
 - Inequality is the direct link between per capita income and the number of people living in poverty
 - Poverty is always eliminated faster when GNP/GDP growth is combined with declining concentration of income
 - Developing country societies tend to be much more unequal than developed countries so growth does not always translate into poverty reduction
 - You can have income growth just for the rich people
- **Brazilian income distribution 1981-2002**
 - Historically most unequal distribution of income in the world
 - Highly efficient and mechanized agriculture. Ie developed in some ways
 - The top ten percent income is 22 times higher than the bottom 40 percent
 - Have to go up to the top eighth decile to see the 10,000 average
- **Brazilian income distribution 2001-2007 (the good news)**
 - Poorest 30% of brazils incomes were going up much faster than those at the top
 - The bottom decile feels like they are living in china and the top decile feel like they're living in Senegal (stagnant growth)
- **Distribution of income**
 - Reducing poverty is harder when the inequality in the distribution of income is high
 - Employment is a key link between growth and equity
 - Inequality distorts societies (not just the poor are affected) - social trust
 - Why so much inequality in the first place?

- Dudley seer wrote the social barriers and inhibitions of an unequal society distort the personalities of those with high incomes no less than those who are poor
- Affects social and political institutions
 - Like brazil, every house is gated, no trust between citizens. Political feel scared they might lose their power
- Hard to understand the origin of inequality
- One possibility is pre-capitalist or colonialist relations. Land owning class and slaves.
- Use of inappropriate. technology in late industrialization. Use of capital-intensive industry. (doesn't use enough labour)
- Many developing countries have inadequate or non-existing social nets. Socials net could possibly benefit one group and not another though. Brazil is an example of a social net that targeted one group and not another.
- **What is poverty**
 - Poverty can be :
 - Absolute, moderate, relative, multi-dimensional
 - Absolute: in reference to a set poverty line
 - absolute (extreme) poverty - cannot meet basic needs for survival -1.90\$ a day PPP in 2011 dollars. Recently changed from 1.25
 - Moderate poverty - basic needs are met, but barely- 2.50\$ a day PPP. Some recent calculations use 3.20 or 5.50
 - In relation to others: relative poverty (in comparison to the national average, a national poverty line, may exist in developed countries)
 - When talking about relative poverty it can be interpreted differently. In developed countries, there really isn't anyone at the absolute or modern line so anyone who is poor would be relatively poor.
 - Study from Townsend in the united kingdom and highlighted the importance of individuals being able to fully participate in their society
 - Relative poverty points out that poverty is not just about income but it is multidimensional
 - **Chapter 1 of Jeffery Sachs for discussion of changes in poverty**
- **Poverty 21st century**
 - Story of the last decade: growth; poverty reduction; mixed picture on income inequality (between country within a country)
 - A worldwide decrease since 1981 stronger since 1986
 - Still, around 23% of countries saw increases in extreme and moderate poverty (fosu 2011)
 - China is the best performer
 - Fosu confirms that poverty reduction is more difficult when inequality is high
 - Worst case scenario for poverty reduction is when initial income is low and high inequality (ie Africa)
 - Over the last 40 years, poverty reduction had been pretty significant and should not go unrecognized
- **(Ravallion and chan 2017)**
 - World population in 2013 = 7.183 billion

- Total # of poor (1.90 per day)
 - 0.7 billion in 2013
 - 1.8 billion in 1990
- Total # of poor (1.90>weakly upper relative upper bound)
 - 2.3 in 2013
 - 2.6 billion in 1990
 - 90% of global poor (by upper bound) are found in developing countries
- When people leave extreme poverty they are still moderate and relatively poor. Graduating from one level of poverty to another.
- **Interregnum? Effects of Covid-19**
 - Early assessments (Jan 2021) forecast an increase of 119-124 million people in extreme poverty in 2020 but revised to 97 million by June.
 - Reductions in the number of people living in extreme poverty resume in 2021 (by 21 million people compared to 2020)... same rate as before the pandemic
 - Rate of poverty reduction returning to pre-pandemic levels (but with more poor people as a result of the pandemic)
 - But recovery is regionally skewed: high and upper-middle-income countries are recovering faster (esp. in Europe, Central Asia, South Asia, East Asia, LaC), but low-income countries (esp. in Africa, Sub-Saharan and North/Middle East) see rising poverty rates through 2021.
 - See World Bank blog:
 - Has figures if you want to look more in-depth
 - Has been surveying a lot of people randomly and more frequently
 - Impact on the developing world is unclear whether it will have long term effects or not
- **What is poverty**
 - The concept of relative poverty leads us to
 - Poverty is not just about income depreciation, it has social, political, psychological and moral elements to it (in developing and developed worlds)
 - In other words, GDP per capita is a good indicator (of poverty as income deprivation), but it doesn't tell the whole story
 - **REVIEW OF SEERS, GOULET, SEN**
- **Dudley Seers 1969**
 - Dudley seers (adapted by Allen and Thomas)
 - Human needs centred development
 - Low levels of material poverty
 - Low levels of unemployment
 - Relative social/ economic equality
 - Democratization
 - True national independence
 - Good literacy and educational levels
 - Relative equality for women
 - Environmental sustainability
 - Human security

- Argued for getting away from income development and shift towards humans needs centred development
- **Denis Goulet, the cruel choice 1971**
 - Core values of development: life-sustenance, self-esteem, and freedom
 - Life sustenance
 - Have to provide for people basic needs
 - Minimum basic needs (lack of food, shelter, health, protection)
 - Self-esteem
 - Identity, dignity, respect (jobs, culture, social, cohesion)
 - Freedom
 - Freedom to choose (expanded life choices)
 - More freedom to choose what you want to do in life
- **Amartya sen, development as freedom (1999)**
 - Also known as the capabilities approach
 - Wealth (income_ does not have an intrinsic value, its value is in terms of what we can do with it- the substantive freedoms it accords us to
 - Not about the stuff it's about freedom. Money value is only what it can do for you
 - The concept of freedom involves both processes and opportunities
 - Civil and political rights (processes), and entitlements)opportunities) that increase freedom like education, health care, increase peoples ability to lead fulfilling lives
 - Such freedoms that enrich humans life include:
 - Avoiding starvation, undernourishment, premature morbidity,
 - Being literate and numerate
 - Political participation and uncensored speech
 - This dual approach to freedom is about expanding peoples“capabilities”(access to processes; entitlements commanded)
 - to improve their ability to make choices
 - Freedom has intrinsic value but also improves an individual's ability to realize the outcomes he or she values (intrinsic and instrumental)“
 - Greater freedom enhances the ability of people to help themselves and also to influence the world, and these matters are central to the process of development ”
 - Freedom improves development (social outcomes) and individual outcomes
 - People need to be able to make more choices to know what they want to do in life
 - An individuals ability to realize the outcomes that he or she values
 - In sens book, in 1999 he used data from 1993 and he notes that African men from the new york borough of Harlem were less likely to reach the age of 40 than men in Bangladesh and Bangladesh at that time was one of the poorest countries in the world.
 - This shows that there is some other kind of disadvantage going on that isn't accounted for through income alone
 - Income does not necessarily increase incomes
 - I'm a student and do not make money but I get OSAP, I can loan, I can do many things (education, etc)

Building on Sen?

- **the Human Rights-based Approach to Development**
 - The UN system increasingly converged around a “human rights-based approach to development” in the mid-2000s
 - Continuation of Sen and Nussbaum’s thinking.
 - Attempted to operationalize Sen’s capabilities approach (provide a theory of action)
 - Focused on the obligations of states to promote various human rights associated with development (Int. Human Rights Law is about state-citizen relations)
 - In this way the state (complying with HR obligations) protects and extends the rights of its citizens, enabling them to claim their entitlements (Remember for Sen: the inability to claim entitlements is “unfreedom”
 - It was proposed by a Senegalese jurist and Bay in 1972 and it underlying and it was aimed at providing a justification for north, south transfers of self-development financing and also it was considered a counterweight to the developed country focus on huge on civil and political rights right so many developing countries were authoritarian at that time. They wanted development. Human rights laws
 - Human rights in a sense were redefined as development
- **Human development index**
 - Can we measure a multidimensional concept like sens development as freedom
 - NOT EASILY
 - Alternative ways to look at development: GNP versus the human development index.
 - Indicators
 - Healthy life (life expectancy at birth)
 - Knowledge (adult literacy and gross school enrolment rate)
 - Standard of living (GDP per capita in PPP)
 - High GNI does not translate to high HDI

Measuring development

- **Multidimensional poverty index**
 - The UNDP also developed a human poverty index (HPI) which was replaced in 2010 with the multidimensional poverty index (MPI)
 - Applies multidimensionality to a household level
 - Applies multidimensionality to the household level
 - Why are these types of measures used by UNDP, while the world bank principally uses GNI/per capita?

Measuring Development?

- The Multidimensional Poverty Index
- Three dimensions (health, education and standard of living) <http://hdr.undp.org/en/statistics/mpi/>
- Health
 - whether a child has died in the family (1/6 weight of indicator)
 - whether any adult or child is malnourished (1/6)
- Education
 - has one member of the household completed 5yrs of housing (1/6)
 - is any eligible child out of school in grades 1-8 (1/6)

- Standard of Living
 - lack of electricity; safe drinking water; inadequate sanitation; flooring; unimproved cooking fuel; lack of more than one of (telephone; radio; television; bicycle; motorbike or other vehicles) (1/18 each)
 - 3 out of 10 points means a household is considered multi-dimensionally poor

UN Millennium Development Goals (MDGs)

Adopted: September 2000... meet specific quantitative targets by 2015

- 8 Objectives:
 - Eradicate extreme poverty and hunger (reduce by half extreme poverty, \$1 a day by 2015)
 - Universal primary education
 - Promote gender equality and empower women
 - Reduce child mortality
 - Improve maternal health
 - Combat major infectious diseases
 - Environmental sustainability
 - Develop a global partnership for development (aid and trade and debt)

strengths of the MDGs, “simplicity, measurability and concreteness”
- 1990 first human development report came out and a move from income as a measure of poverty to multidimensional development
 - Comparison between the past is that the goals are more specific and there is a timeline
 - Became the framework for the UN system and adopted by other organizations and a centrepiece for their development policies
 - Wanted to reinvigorate interest in eradicating poverty in the world
 - Objectives were simple and concrete so you might say it was a publicity campaign to get everyone interested in eradicating poverty
- **Evaluating MDGs**
 - Did the MDGs reshape the nature of development
 - A return to basic needs thinking
 - Departure from an agent and right based approaches (sen human rights-based) yet, considers development to be multidimensional
 - The complex and transformative aspect of development lost
 - Simple indicators limited the agenda
 - Partly selected based on the availability of data
 - Led by OECD donors
- As the MDGs reached their temporal conclusion in 2015, negotiations began on a new set of goals
 - key recommendations
 - Leave no one behind
 - Focus on sustainable development (concerns over climate change)
 - Focus on jobs and growth (role of the private sector)
 - Focus on governance (institutions matter)
 - A new global partnership (new commitment from donors)
 - In September 2015 the UN GA votes on the SDGs (often called the 2030 agenda)

- On January 1, 2016, a new cycle of goals came into effect, the 17 SDGs (sustainable development goals)

- **Sustainable development goals 2030**

Many observers emphasize the new focus on inequality

- Goal 10: reduce inequalities within and among countries
 - 10.1 By 2030 higher than average income growth for bottom 40%
 - 10.2 By 2030 promote inclusion regardless of age, sex, disability, race, ethnicity, origin, religion, economic class
 - 10.3 Ensure equal opportunity; reduce inequalities of outcome
 - 10.4 Social protection policies to achieve greater equality
 - 10.5 Better regulate global financial markets
 - 10.6 Better representation and voice of developing countries in global decision-making
 - 10.7 Facilitate orderly, safe, regular and responsible migration and mobility
- Interesting- MDGs about poverty reduction and the SDGs focus on inequality
 - This change was a move from targeted poverty reduction to tackling the root causes of poverty
 - Some scholars noted the inequalities are identified more prominently as a problem requiring a solution
 - Framing of SDGs make them universally applicable
 - As in the MDG's where developed countries are targeted
 - Rich countries can develop too
 - More global reach
 - Less interest in foreign aid than in the past
- **So what is development**
 - It is not easy to define
 - Good change (chambers)
 - Development must therefore, be conceived as a multidimensional process involving major changes in social structures, popular attitudes, and national institutions, as well as the acceleration of economic growth, the reduction of inequality, and the eradication of absolute poverty (Todaro 1989)
 - Improving peoples capabilities and their ability to make choices they value (Sen, 1999)
 -

September 20th, part 1 week 3

History of development

- **Broad contours of development history**

- 17th-early 20th Centuries – European colonialism or imperialism Post-war restructuring (1945-the 1950s)
 - The Bretton Woods Institutions
- The Golden Years (the 1930s - 1960s)
 - The 1930s-1960s – Import substitution industrialization (ISI)
- Rise of Military Dictatorships (the 1960s-1970s)
- Debt-led growth (the 1970s)
 - Actually debt-led stagnation in some cases
- The Lost Decade (the 1980s)

- 1982-the 1990s the debt crisis and structural adjustment
 - Late 1980s Collapse of Socialist Option
- Neoliberalism (the 1990s) (The End of Development?)
 - the Washington Consensus
 - 1990s Return to democracy
 - Neoliberal came to a close in the early 2000s
- Post-Neoliberalism (the 2000s) (the “return” of institutions”)The
 - 2000s... the Washington Consensus under fire
 - Return of the state as developer
 - Pandemic has only increased the role of the state as intervening in markets

The European Model (England)

- Sachs on the fundamental importance of industrialization in the UK and its spread across the globe:
 - Sacs makes a controversial point
 - The current differences in development we see today are due to the differentials spread by industrialization
- All started at a similar point (1820); Small differences in rates of growth explain current disparities (transfers between regions NOT important for him)
 - The difference in wealth between the richest and poorest was 1-4 and nowadays it is 1-33
 - The current differences as a result of these differential growth rates
 - US grew at 1.7% (1820-1998: \$1200-\$30,000)
 - Africa grew at 0.7% (1820-1998: \$400-\$1300)
 - Sachs rejects the idea that rich get richer BECAUSE poor get poorer, or that colonialism is fundamentally causal (for underdevelopment)
- How would you describe the ideological position advanced by Sachs?
 - Reflects the view of development as a modernization process
 - Modernization is the idea all countries are going through the same process but its just a matter that some are more advanced than others

The European Model (England)

- Sachs on the fundamental importance of industrialization in the UK and its spread across the globe:
- Why England?: (1) open society and individual initiative; (2) strong institutions protecting property rights; (3) scientific revolution; (4) on major trade routes; (5) national security; (6) freedom from energy constraints (coal). Diffusion of economic growth: use of technology and science-based ideas (rationality); fossil-fuel energy
- Industrialization brought:
 - Raised living standards (also inequality and poverty for some); urbanization; (transformation in) social mobility; gender roles; specialization (a division of labour)
 - Power, global expansionism and IMPERIALISM
- Sachs points out ^

Epochs of Colonialism

- Stages of colonialism and capitalism:

- (1) 1500-1650 crisis of feudalism and the first stage of expansion: Search for wealth (Spain, Portugal, Latin America)
 - European outposts created around the periphery of Africa
 - Wasnt until medication for malaria enables Europeans to move into Africa in large numbers
- (2) 1650-1800 merchants, slaves and plantations: Virginia colony... plantation economy based on slave and indentured labour for tobacco and cotton Triangular trade: British colonization linking provision of raw materials for manufacturing in Europe, sales to colonies, and supplies of African slaves to power it all.
 - Often described as triangular trade where you get a three-way trade between the new European colonies in the north and south America which you get British colonization linking the supply of raw materials for manufacturing Europe exports from the new world
 - Sales of manufacturers back to the colonies and the supplies of African slaves to provide labour power for that so that's the period associated with the slave trade in the colonial period
- (3) 1800-1914 era of capitalism and imperialism scramble for Africa (only 10% colonized by 1876, 90% by 1900)
 - Intensification of colonialism
 - Depended on what part of the world you were in
 - Settlement of Latin America and North America occurred earlier than 1800
 - The imperial project in Africa occurred in the last 25 years of the 19th century
- (4) 1945- imperialism without colonies (neocolonialism)?
 - After 1945 imperialism is breaking down
 - A period with which independence movements around the world made the argument that and organized to push the Europeans out
 - Independence established in many nations
- The motivation behind the colonial project was mixed
 - In the early 1800s, it's generally justified generally as a civilizing mission
 - Led by evangelical movements
 - First Europeans to arrive in the territory
 - Held a philosophy known as universal humanitarianism
 - The ideology that promotes cultural relativity rather than racial superiority
 - Worth noting because at the time everybody was pretty much racist
 - A philosophy based on the civilization of people through conversion
 - Made the argument that conversion was an act of reason
 - "Everyone was equal as long as you converted to Christianity
 - Argued for equality for people around the world but coexisted with deeper patterns of racist beliefs
 - Frustrated that the locals rejected the efforts to convert them
 - Some made the argument there was a chance for China to industrialize during the song dynasty 1100
 - Never broke through to using coal for energy

Justifications for Colonialism

- Economic: commercial reasons, need for new markets, raw materials (Hobson and Lenin, Rosa Luxembourge)
- Political: European military competition: increase the power of the state (nationalism)
- Moral: Justified in moral as well as practical grounds (claimed superiority of Western culture, civilizing mission -White Man's Burden, religion)... « universal humanitarianism » of evangelical missionaries
- Colonialism on the cheap – the role of companies (charter companies)
 - Did not really want to invest any money into it
 - The task of opening territory conquest and administration was contracted out to private firms
 - East Indian company is an example, and these companies did the job of conquest
 - Had their own army, powerful
 - Discovered if it took territory it could tax the people and territorial conquest became a money maker
- The system began to unravel in the late 1940s
 - Turned Western ideals against colonizers (liberty, equality and fraternity... democracy, nationalism)... indigenous intelligentsia led independence movements of the 1960s.
 - It was only when colonialism was viewed as a lost cause that colonial powers began to invest in « development
- **Indirect rule vs direct rule**
 - UK engaged in indirect rule, the local political powers remained the authority but were in turn controlled by the colonial powers
 - In contrast, the direct rule of the French where they set up their own administration staffed often by ex-pats
 - British just had a better PR argument about their inability to achieve control of the local areas and since they couldn't achieve control they called it an indirect rule
- Latin America had a very early settlement between 1492 and the first half of the 1500s when you had the major settlement there
 - Characterized by a massive demographic collapse
 - Europeans brought the disease with them that the locals had no immunity too
 - Think about All the things we've done to control covid
 - The population of central Mexico dropped from 25 million to 1 million between 1519-1606
 - It thought that the disease spread by the Spanish conquest worked its way up to North America so when the settlers of Canada and the United States arrived the population was already significantly decimated

Colonialism and Imperialism

- The economic advantage of colonialism became global power advantages (as European powers fought each other)
- Latin America:
 - The defeat of the indigenous population at hands of conquistadors
 - Subjugation to Spanish rule; massive demographic decline (Central Mexico, 25 to 1 million between 1519-1605)

- A local economy based on the exploitation of natural resources (precious metals and agriculture for export to core countries)
- Labour shortage encourages repressive social organization (latifundia: landlord-peasant) and importation of slaves from Africa... repressive labour practices (tribute, debt bondage, indentured labour)
- Early independence: 1820s – a conservative revolution Heritage of inequity, poverty and stratified social systems

Colonialism and Imperialism

- Imperialism breaks down after WWII
- Traditional ideas that justified imperial domination such as the white man's burden are delegitimized by the international norm of «self-determination»
- Rise of anti-colonial world powers (US and USSR)
 - Powers that did not have traditional colonies
- European powers weakened by WWII
- Independence movements in developing countries put pressure on Imperial powers... stunning defeat of the British in India by «non-violent» nationalism of Gandhi and Nehru in 1947
- Decolonization was mostly completed by the late-1960s... (except Rhodesia in 1980 and South Africa in 1994)
- Traditional economic links with colonizing powers remain around an export-oriented economy (neo-colonialism)
 - Even if those political links of control that were broken as countries became independent you might still have economic links that permit a kind of domination

The Golden Years

- **Import-Substitution Industrialization (ISI) 1930s-1960s**
 - WWI, the Great Depression (1930s), and WWII caused breaks in the trading relationship between developed and developing countries
 - Lack of traded products from North encouraged Southern industrialization into consumer goods
 - Promote local industry: premised on high wages; high tariffs (to limit competition); importation of capital goods Idea was to protect “infant industry”
 - The aim was to move consumer-to-consumer durable-to-intermediate-to-capital goods; gradually lower tariffs to improve efficiency (or regional integration and larger markets)
 - ISI associated with the rise of the “developmental state” (state-owned enterprises; control and regulation of the economy; to deepen industrialization)
 - Begin in Latin America in the 1930s and larger economies of Latin America is extended to other places in the world and the 1960s
 - In the 1930s the beginning of independent industrialization in Latin America
 - Latin America had historically been an export of raw materials and an importer of manufactured goods from the rich countries
 - In this period those relationships were broken from the crises the west was experiencing and the lack of manufactured imports from the west encouraged those countries to begin industrialization into consumer goods so they started to promote local industry

- After the end of the second world war, it became a deliberate policy in which countries tried to protect their national industries
- Associated with the rise of the developmental state
- But where there was big capital or technology required the state stepped in. in the 1940s to 60s you see the state setting up automobile manufacturing setting up steels plants etc
- The logic of ISI was protection in order to industrialize but also associated with the rise of a new kind of state role
- Raise tariffs on imported goods in order to protect local industry

The Golden Years

Import-Substitution Industrialization 1930s-1960s

- **Had a lot of economic DYSFUNCTIONS:**
 - Persistent deficits due to the import of capital goods (required debt financing or periodic slowing of economy to balance)
 - High wages drove inflation upward (complicated by wage-price indexing and lack of cheap imports)
 - Generated stop-start economic cycles
 - The economy would expand then become indebted then they need to cut back on imports and everything crashes then comes back up again
 - Strengthened in size and influence the working class, which often remained largely outside electoral politics. Presented an opportunity for political elites to mobilize them in order to stay in power (by providing benefits to them)
 - Birth of populism and revolutionary movements
 - Created a situation where you need to import a lot of stuff that are needed for producing other things that they want to locally produce (jeans, ex looms, sewing machines, need to be imported)

The Golden Years wind up Rise of Military Dictatorships 1960s-1980s

- Dictatorships try to continue state-led development (ISI), as it produces worse and worse economic crises
- The mobilization of working-class groups and their radicalization resulted in a backlash from conservative forces fearful of the socialist revolution. Conservative forces often could rely on the support of the military
- Chile, 1970-1973. Salvador Allende replaced by General Pinochet in a coup d'état. Coups swept most of Latin America and much of the developing world (Africa and Asia)The
- The US tended to support conservative forces in the context of a global Cold War (better a conservative dictator than a democratic communist)
- BUT: Economic record of most military governments extremely poor, elites eventually realized the regular access to policymakers in democratic systems was better than in dictatorships (Third Wave of Democratization, 1974-)

Debt-led Growth

And the “Lost Decade” of the 1980s

- Developmental state (ISI) of the 1960s and 1970s borrowed heavily to finance current account imbalances (resulting from ISI) and big industrialization projects (at low floating market interest rates)

- OPEC oil price boom (1973, 1979) permitted recycling of petro-dollars (to developing countries)... easy, cheap, money
- Dysfunctions include the increased price of oil imports, recession in 1973-1975 causes reductions in primary product prices – the result is that countries borrow more and unsustainably
- US banks become too involved in lending to less developed countries, second oil shock of 1979, rising interest rates makes it difficult for developing countries to service debt
- Mexico's declaration of default in 1982 started a global collapse, became the debt crisis
- Debt service obligations forced cutbacks in other spending
- Most developing countries needed to reschedule their loans, and for financing had to turn to IMF which imposed structural adjustment programs in exchange for new lending

IMF saw the problem as a fundamental (not temporary) disequilibrium in the balance of payments, that required:

- Reduce price distortions:
 - remove price controls
 - financial liberalization (liberalize rates)
 - less intervention in labour markets
- Trade liberalization:
 - remove import quotas
 - reduce tariffs
 - realistic exchange rates (floating or tied?)
- Reduction of the role of the state
 - privatization of state-owned enterprises
 - cut government expenditure

A combination of factors pushed development “in reverse”

- debt repayments
- decline in FDI (net outflow of profits)
- commodity prices declined (apart from oil) by 25%, 1980-88 (source of main earnings)
- protectionism in the OECD
- decline in ODA (aid) flows
- Economic recession due to adjustment
- Cutbacks in social spending (hurt the poorest)

The collapse of Socialist Option, the 1980s

Apparent socialist option polarized development policy throughout the 1945- 1989 period (Cold War)

- Some 25 “socialist” states by the late 1980s
- Defined by the following criteria (Sutton and Zaimche):
 - One-party rule
 - Egalitarian goals or governing principles
 - State-ownership of means of production
 - Collective agriculture
 - Command economy
- Client states in the global Cold War (Vietnam, Cuba, Angola) caught between superpowers but profited from their status

- Loss of financial and technical support from the USSR leads many into market reform and structural adjustment financing from IMF (some struggle on, like Cuba; some adjust by themselves, like China)

Neoliberalism and “End of Development?”

...the Washington Consensus (1990s)

- Following the collapse of the Soviet Union in 1991 (and mediocre performance of most socialist economies), capitalism ruled supreme... Fukuyama’s “End of History?”
- Reflected in the “Washington Consensus” - 10 points coined by John Williamson
 - Fiscal discipline (don’t run deficits)
 - Public expenditure priorities to be reordered (pro-poor)
 - Tax reform (collect more taxes)
 - Liberalizing Interest Rates (no subsidized credit)
 - Competitive exchange rate (floating)
 - Trade liberalization (reduce tariffs)
 - Liberalization of inward FDI (attract MNCs)
 - Privatization (sell state-owned enterprises)
 - De-regulation (less government interference in the economy)
 - Property Rights (protect them)
- Washington Consensus became the basis of economic reform throughout the world during the 1990s
- Washington Consensus became ideology (especially on trade, FDI and privatization... easy things to do were done)
- Pushed by the IMF and World Bank in their policy advice (structural adjustment programs and conditional lending.. Although term coined in the 1990s, policies had been used since 1980s)The
- 1990s also see a return to democracy world-wide (largely due to economic failure of dictatorships; end of Cold War; pro-democracy norms promoted by Bill Clinton administration in the US)
 - One of the reasons liberalized users were reelected is because the consensus solved hyperinflation in many places

Post Neoliberalism? (the mid-2000s on to present)

- Perceived poor results of Washington Consensus reforms in most countries (little poverty reduction; low or chaotic growth rates; IMF advice discredited; inability to improve unemployment figures) (based on studies in the mid-1990s, early 2000s)
- BACKLASH against pro-market policies at global level which seems biased against poorer countries (such as WTO negotiations). Major developing countries start to use their newfound weight to disrupt these negotiations (India, South Africa, Brazil) – new developing country alliances – BRICs, G-20
- Return to populist, statist policies. Many developing countries turn against Washington consensus reforms In economics, a new interest in the role of institutions in the development
- BUT... growth takes off in the early 2000s... poverty and inequality begin to improve worldwide... (is it the W.C. ? Or is it newfound policy flexibility and pragmatism?)
- Pandemic and Climate Change reinforce the return to “statist” development policies

September 22nd, part 2 week 3
Economic theories of development

- Classical political economy/catch up (1776-1930)
 - The effort to understand the principles of economics in both global leaders (the UK) and economic laggards (Germany, Japan, etc.)
- Development economics/Keynesianism (1930s-1981)
 - The effort to understand the particular economic problems of developing countries
- Modernization theories (1949-1979)
 - Response to “success: of marshall plan and post-war optimism following decolonization
- Neoliberal theory (1982-2000)
 - Response to (1) crisis of state-led development (2) new intellectual justification
- New institutionalism (2000-present)
 - Response to neoliberalism failures (and hard to explain successes)

Classical Political Economy / Catch-up Theorists (1776-1930)

- It's useful to think of the debate about how to develop economically as an argument between advocates of the primacy of the market and advocates of the primacy of the state (states vs. markets)
- This debate was evident from the beginning of modern economic thought
 - Also evident within the mainstream
- **Classical Liberals**
 - Think of as being in favour of a pro-market approach
 - Adam Smith (The Wealth of Nations, 1776)
 - Wrote about the changes in industrial organization which is now called division of labour (specialization in different tasks for the reason of efficiency)
 - Appropriate roles of the state in the private sector
 - In particular, smith argued that free individuals motivated by self-interest and without state interference were coordinated by the invisible hand (supply and demand) to contribute to the growth of wealth for individuals and the nations
 - The key idea is the pursuit of individual self-interest leads to the collective good of economic development through the mystical process of the invisible hand
 - Everyone acting in a self-interested way contributes to the collective good
 - David Ricardo (Theory of comparative advantage, 1817)
 - First to recognize the value of international specialization
 - International specialization and free trade between nations (comparative advantage)
 - Even if country A has an absolute advantage, still makes sense to specialize in the product that is relatively more efficient due to the factor costs and trade for the other product with a country that is relatively more efficient at producing that
- **Catch-up Theorists**
 - Favour involvement of the state
 - Alexander Hamilton (US Secretary to the Treasury, 1789-1795)
 - Argued for tariffs against British goods to promote the development of local manufacturing (later picked up by list)
 - Georg Friedrich List (National System of Political Economy, 1841)

- List was a German scholar
 - Argued against the individualism of the classic political economists instead he argued for national development with a collective interest right at the heart of that national development so aimed at the common good of the nation (Smith didn't think common good wasn't served he thought you didn't have to aim at it)
 - Saw free trade as contributing to the domination of weaker nations by the strong and for this reason argued for a national tariff regime to support local manufacturing and only when developed would an economy really be able to participate in free trade
- Tokuzo Fukuda (1874-1930)
 - He argued for economic nationalism and trade restrictions and government intervention
 - Japan closed itself off to the outside world and it was opened by force by gunboat diplomacy and opened to American exports
 - Japan realized unless it viewed development as necessary to avoid being colonized by western powers
 - Principle thinker on how to adapt western technology and economic ideas to Japan
- Regulated view of capitalism exemplified by Keynes and Keynesianism after 1930 (General Theory of Employment, Interest, and Money, 1936)

The New Discipline of Development Economics (1930-1981)

After WWII in a context generally supportive of Keynesianism (state-regulated economies), the new discipline of Development Economics emerged

- **Keynes**
 - argued that economies can get stuck into high unemployment traps therefore governments could achieve full employment by manipulating aggregate demand essentially by spending money
 - Proposed this as a solution to the problem of the great depression
- It saw an important role for the state in pushing development forward:
 - Alexander Gerschenkron on "late development"
 - Underlined the importance of state planning collaboration with the business focusing on the development of capital or industrial goods which he views as a leading sector in basic good that would have to contribute to broader development
 - Also investing in infrastructures such as railroads and electricity
 - Also recognized that development was often linked to ideologies of nationalism and authoritarianism
 - Paul Rosenstein-Rodan on the "big push"
 - Argued that governments should concentrate development efforts on specific projects that should be selected based on ripple effects in the economy (create new jobs new business, what we call positive spillovers)
 - Large business-friendly infrastructure projects, which are roads, ports, bridges and energy are recommended.

- Albert Hirschman on “linkages”
 - Backwards and forward linkages
 - Argued that the development process had to think about making those linkages so that industries just didn’t become enclaves that were detached from the rest of the economy so that linkages were key to development
- Key contributors were skeptical about the contribution of foreign trade
 - Viewed foreign trade as contribution got underdevelopment
 - Hans Singer and Raul Prebisch on “unequal exchange”
 - Ragnar Nurske on “superfluous consumption”
- Foreign Aid was viewed as necessary to kick-start development
 - W.W. Rostow on the stages of economic growth

Modernization Theory (1940s-1970s)

Development Economics emerged at the same time as a broader group of approaches known as Modernization Theory, and many consider DE to be part of the same “optimistic” view about economic, social and political transformation that was expected in developing countries.

- Emerged in the post-WWII period, theoretically linked to both Marshall Plan and the Cold War
 - Marshall plan was the US plan to rebuild Europe after the ravages of the world war
 - Felt like they had to because of soviet expansion
- Based on contrast between modern and traditional societies... development is viewed as traditional societies evolving continuously into modern societies over time (changes in society, values, economy)
- The West and particularly the United States was considered to be the model of development
- Identified the social variables and institutional factors necessary for this evolution
- Modernization theory had economic, sociological, psychological, and political versions

Modernization Theory (1940s-1970s)

Economic modernization theory (W.W. Rostow). Countries go through the same 5 “stages of growth”

- Rostow
 - Argued that countries go through the same 5 stages of growth (the idea of modernization theory is that the same things happen to every country just on different scales)
 - Wanted to propose an alternative to marx’s theory of history
- (1) Traditional society (ag, low productivity, non-scientific)
- (2) Preconditions for Take-Off (expanding trade, nation-state)
- (3) Take Off (growth becomes permanent feature; investment goes up to 10%)
 - New industries expand
 - Viewed as Rostow as largely externally induced
 - Key to the transition is the rise of investment rate to outstrip population growth and viewed this as a key role for foreign aid
 - One reason he promoted his plan is he viewed it as a way for the west through foreign aid to contribute to development and also prevent the expansion of the soviet union
- (4) Road to maturity (economy modernized, ISI, new technology, diversification)
- (5) Age of mass consumption (focus on consumption and services, welfare and security)
 - So US support for the modernization of the third world economies was viewed entirely as justifiable as a defence against communism

Modernization Theory (1940s-1970s)

- **Psychological modernization theory** (McClelland)
 - Psychological factors important for growth, particularly the “need for achievement”
- Sociological modernization theory (T.Parsons and B.F. Hoselitz)
 - Economic development is also a change in social structure, culture and values
 - Need to destroy the economic basis of traditional vested interests and traditional values
 - Need a social group to spearhead change (entrepreneurs)
- Talcott Parsons: the Pattern Variables
 - 5 roles or “social relations” that change with development
 - KEY POINT: personality, values, social roles evolve from traditional to modern in a continuous process
 - Set of dichotomies where one was traditional and the other was modern and he argued that as society modernized people changed their internal values
 - One of them is ascription vs achievement and he makes a distinction between roles between roles due to social attributes, such as class, sex, age, family, gender for example leaders might be chosen by birth allegedly in traditional societies wherein modern societies it's different rules and all kinds of roles are accessible and provide status depending on performance, not on birth

Rise of Neoliberalism (1982-2000)

Critique of Modernization Theory/ decline of modernization theory

- Too simplistic and rigid: assumed all countries developed in the same way from a «natural» starting point
- Eurocentric: copy experience of Europe (or the US) without an understanding of how the experience of colonialism changed development potential
- Ahistorical, does not account for the diversity of experience
- FUNDAMENTAL PROBLEMS:
 - Many countries did not seem to develop in this period– esp by the 1945- 1960s (or developed more slowly than expected)
 - By the 1970s, state-led development seemed to be highly dysfunctional, and by 1982 (the beginning of the debt crisis) it collapsed.

A modern twist on Modernization? ...values research (Inglehart and Baker, 2000)

- 2 key dimensions from World Values Survey, 1981-98
 - Traditional (religion, family authority) versus Secular-Rational
 - Survival (material concerns) versus Self-Expression (individual fulfillment)
- Conclusions
 - Industrialization does cause a shift to both more secular-rational and self-expression values
 - Cultural change and the persistence of traditional values (values are path-dependent based on cultural zone, Protestant, Confucian, etc.)
 - BUT not convergence, move on parallel trajectories
 - Economic collapse reversal towards traditional and survival
 - US is an exceptional case (self-expression and traditional)

Rise of Neoliberalism (1982-2000)

The Intellectual Foundations of Neoliberalism

- Key thinkers in the Classical (Political Economy) tradition who advocated for individual initiative and free markets were revived, notably Friedrich Hayek (Road to Serfdom).
- Intellectual basis in Anne Krueger's (1970s) work on "rent-seeking" and "predatory" states
 - Profit not related to the productive activity (unearned)
 - Lobbying for policies that benefit them (tariffs and quotas etc)
 - Krueger argues that even having the option of policies like this will encourage businessmen to put their efforts into lobbying not production
 - These kinds of state interventions distort the market that does not make them work in a socially beneficial way
- Deepak Lal (1985): made the Intellectual case that developmental states could not make better economic decisions than individuals responding to market prices.
 - The poor make good rational choices (in response to prices)
 - Prices are the signal we have about how the economy works
 - No way of knowing if market failure is worse than bureaucratic failure
 - No reason to believe the planner knows better than individuals
 - No agreed ethical position on redistribution (so why do it)
 - Empirical research shows trickle-down (from growth) works
 - Third World states are like inefficient 17th-century states, thus better to let the market make decisions
 - All arguments to reduce the role of the state in the economy and let markets operate with less intervention and allow individuals to make rational decisions
 - Neoliberalism wasn't just imposed, there was an intellectual foundation behind neoliberalism that was very convincing in a context where the state-led development models was showing severe dysfunctions

Rise of Neoliberalism (1982-2000)

Structural Adjustment and the Washington Consensus

- Gained currency due to (1) hyperinflation/ stagflation crises in developing world; (2) International Monetary Fund structural adjustment programmes following the debt crisis.
- Reflected in the "Washington Consensus"- 10 points summarizing the neoliberal agenda, coined by John Williamson
 - Fiscal discipline (don't run deficits)
 - Public expenditure priorities to be reordered (pro-poor)
 - Tax reform (income tax)
 - Liberalizing Interest Rates (no subsidized credit, market rates)
 - Competitive exchange rate (ha!)
 - Trade liberalization (drop tariffs across the board)
 - Liberalization of inward FDI (protect and encourage MNCs)
 - Privatization (sell state-owned firms)
 - De-regulation (let the market run free and do its thing)
 - Property Rights (better protection for property)

Fall of Neoliberalism, Rise of New Institutionalism (2000-present)

- Response to the failure of state-led development but did not solve the problems of development either. Solved some problems (ex hyperinflation)
- Caused a lot of businesses to fall out because they could not compete with tariff free imports
- Many state owned firms were run inefficiently
- Weak economic results from Neoliberalism (growth, poverty, but hyperinflation and fundamentals improved)
- Lack of success on the poverty front so by the late 1990s a lot of people were dissatisfied with the reduction in poverty
- Successful experience of the East Asian Tigers (Taiwan, South Korea, Hong Kong, Singapore) cast doubt on the Neoliberal recipe.
 - Their development had very much occurred through an activist state
 - By the mid 1990s they were the only countries on their way to develop
 - All of them dramatically restricted the the operation of the free market
 - East asian tigers showed that state failure did not have to be a problem and market failure can be worse
- Intellectual critique of neoliberalism from neo-institutionalist thinkers(Douglass North, Oliver Williamson, Dani Rodrik, Elinor Ostrom) leads to moderation of neoliberal perspectives and rediscovery of the role of institutions and the state.
 - Led to a rediscovery of the role of institution in the state and their importance in economic development
 - North argued that institutions are important for lowering transaction and transformation costs in markets that institutions facilitate cooperation and reduce uncertainty about others behaviours
 - Once created persist in time
 - Institutions that are strong incentivize economically productive behaviour

Fall of Neoliberalism, Rise of New Institutionalism (2000-present)

- North: Institutions are important to lowering transaction and transformation costs (in markets), facilitate cooperation, reduce uncertainty about others' behaviour, and once created, persist in time. Institutions that are strong incentivize economically productive behaviour (unlike in developing countries)
- Acemoglu and Robinson (Why Nations Fail, 2012). Institutions shape the long-run patterns of economic development since colonial times (extractive versus inclusive institutions)
 - Different kinds of colonizers choose to set up extractive or inclusive institutions and that impacted the future development trajectories
 - Those institutions have long term effects
- Rodrik– first-order economic principles (like property rights) are institution-free and must be appropriately adapted to local conditions.
 - Draws attention to china and suggests that even though there wasn't a formal system of private enterprise there was a system for protecting property rights that encourage people to make the sort of investments that built successful businesses
- Ostrom– people can get together to design their own local institutions effectively
- New Institutionalism profoundly reshaped understandings of economic development by underlining the relationship between institutions (political and economic) and developmental outcomes.

The critical vision of development (critical political economy)

Marx and the Industrial Revolution (1843-1883)

- Writing in the context of the industrial revolution (writings 1843-1883)
- A class relational view of history (history as a struggle between classes, landlords and peasants gave way to capitalists and workers). The enclosures created a new form of “private property” cast of “free” labourers who became available for work in factories.
- Workers are exploited by capitalists who appropriate a proportion of the “surplus value” they create
 - Surplus value is the idea when you do a job you create a certain type of value and the owner will take that extra value for themselves
- The “market” is a social institution that can be manipulated to the benefit of capitalists and the detriment of workers.
- Inequality is generated and deepened by the operation of markets
- Marx had little to say about colonialism/imperialism, but generally saw the spread of capitalism as a progressive force

After Marx – Imperialism (1900-1930)

- John Hobson (1902)– sought to explain the growth of imperialism in the UK and the interest in overseas colonies
- Saw imperialism as a response to domestic crisis
 - Focused on overproduction and underconsumption of goods (due to low wages, and a” crisis of domestic demand”) – in other words inequality in the UK meant capitalists needed to export goods.
 - Capitalists produced so much profits from their new productive activities that they also needed some place to invest their profit
 - Saw imperialism as part of the logic of capitalism
 - Rich countries were looking for colonies so that they could deal with the dysfunctions of capitalism namely the risk of overproduction and underconsumption
 - Making a critique on domestic British society and argued that because of low wages workers could not consume all the products that they produced
 - Hobson led him to say what they should really do is raise wages so that they can absorb more products domestically
 - First linking imperialism to the functioning of the capitalist economy
 - Colonialism also provided an output for savings (profits) for new investments
- Rosa Luxemburg (1913), - adds “international division of labour”... suggests colonial powers need to exploit “new” land and raw materials to keep capitalism going
 - Searching for national resources or minerals in developing countries and exploiting them (fall into Rosas logic)
- Vladimir Lenin (1917)– takes most of Hobson’s framework and adds IR (international relations)
 - Argues capitalism has lost its mojo (dynamism) in the “monopolistic phase” and is stagnating so needs more investment opportunities abroad
 - Competition for investment opportunities becomes a race for colonies and spills into war

- Sees first world war as a byproduct of capitalism
- The early Imperialism thinkers focused on the alleged crisis of capitalism at home and saw imperialism or colonization as a safety valve that restored economic dynamism
 - Began to see the capitalist system as a world system (beyond the national)
 - Underlined tendency to stagnation (of capitalism)
 - note, concerned about the core countries
 - No concern for social and economic conditions in colonies or the victims of imperial expansion
 -

Dependency Theory (1950s-1970s)

- Dependency Theory – Flipped Imperialism Theory on its head by focusing on the consequences of global capitalism on the economies and societies of developing countries.
 - The first theoretical approach to development to emerge from Third World
 - Disagrees with modernization theory on several points
 - Disagreed with the argument of modernization theory that underdeveloped countries can follow developed ones
 - Disagree with the notion that the backwards economic structures like feudalism were a product of a lack of development but they see it as a product of capitalist development
 - The shifted emphasis from internal constraints on development to looking at external constraints
 - Imagined both developed and developing nations being in the same world economic system with differential effects (two sides of the same coin)
 - Focus on post-independence economic relations as a continuation of colonialism (neo-colonialism)
 - Economic control without political control
- Grows out of a mix of Marxism and Raul Prebisch's (Prebisch/Singer hypothesis, 1950) concepts of "unequal exchange" and the "declining terms of trade"
- Theory about declining terms of trade was the justification for import substitution industrialization can't develop off of commodity exports you need to industrialize
 - Declining Terms of Trade– over time the price of commodities falls relative to manufactures, because manufacturers add more value locally
 - This means that developing countries that are mostly exporting commodities are always having to run faster and faster to keep up
 - Over time those commodities lose value
 - Unequal exchange – developing countries export commodities and import manufacture, their long-term detriment due to declining terms of trade.
 - Concluded that domestic industrialization was necessary for development, and this would require raising tariffs against foreign imports

Dependency Theory (1950s-1970s)

- Andre Gunder Frank (1966)-Flipped Imperialism Theory on its head by focusing on the consequences of global capitalism on the economies and societies of developing countries.
 - World capitalism is the cause of both development and underdevelopment (dualism is effect of development, not to be eradicated by development)

- Underdevelopment will never be eradicated by capitalist development
- Metropole (industrial countries) exploit periphery (poor countries) through unequal exchange
 - The exploitation of the periphery for the industrial country
- Chains of metropolises and satellites linked in patterns of exploitation, internationally and nationally (cities and rural areas)
- Development is structurally constrained by capitalism – need to break with it to develop!
 - You have to break with capitalism altogether and declare you a socialist and break off from the world
- Samir Amin (1972)– similarly radical perspective focused on Africa – argued for “de-linking” to permit autonomous national development
- Fernando Henrique Cardoso and Enzo Faletto (1966)– a more moderate perspective that described “associated dependent development” – some development/industrialization possible in an imperialist context (via MNCs, and an activist state), but benefits wealthier classes, and not inclusive of the poor
 - They were talking about Brazil
 - Saw dependency more about the relative power of different classes in a society
 - Encouraged a certain kind of development that was beneficial to the middle classes but did not really include the poor
 - Views the state as an independent class actor that was able to broker a good deal between foreign multinationals and local capital to create a kind of three-way joint venture. Enabled a certain kind of industrialization. Organized working and middle class but not inclusive of the poor.
 - Did not reject the possibility of development in a context of dependency. Some development was possible but structurally constrained

Dependency Theory (the 1950s-1970s)

Other authors from the developing world pointed out the destructive consequences of colonialism/ imperialism (now generally accepted)

- Walter Rodney– How Europe Underdeveloped Africa – balance sheet of colonialism negative for former colonies
 - Net bads greater than the net good that comes out of colonialism
- Arthur Manel– Internal colonization – in “settler” countries (Canada), indigenous peoples were dispossessed of their land and rights by the colonizers, discriminated against in law
- But Dependency Theory’s focus on delinking and socialist-style state-led development foundered on:
 - The failure of ISI (de-linking) and state-led development in the real-world
 - The success of East Asian economies by the 1970s (TW, SK, Sing. HK) that were highly- integrated into the world capitalist system – which it could not convincingly explain
- Immanuel Wallerstein– proposed World Systems Theory with a core, semi-periphery, and periphery (where East Asia was in the semi-periphery, providing low-cost labour)
 - Bit of a variation of Franks theory
 - Semi periphery were countries that we’re able to offer low-cost labour in manufacturing to the world economy

- Argued that countries could move around a little bit within that system so if you were a peripheral country you might be able to climb into the semi-periphery
- Tried to adapt Franks dependency theory to be a little more flexible by taking into account the rise of those East Asian economies

Modern Critical Political Economy (1980s-present)

Dependency/World Systems/ Imperialism – style approaches remain influential within development studies – although shift away from overarching arguments about the logic of imperialism to focus on bottom-up resistance to it.

- David Harvey – Accumulation by Dispossession. Draws on Luxemburg (1913) to focus on how modern capitalism uses violence, and fraud to create “wealth” by stealing commonly-held assets from disadvantaged people (privatization of public goods; exploitation of mineral resources) – often by multinational (that come from developed countries) corporations in developing countries.
 - Generates contestation by diverse social movements (peasants, indigenous peoples, the poor)
 - Ongoing colonial occupation of indigenous lands is part of this dispossession logic (Glen Coulthard, 2014)
- Beyond Intersectionalities (how relations of exploitation and oppression relate to each other). Division of labour along gender, class, ethnic lines imposed or reinforced by the logic of capitalism (such as unpaid, or lowly-paid household work necessary for capitalism – social reproduction of labour)

Post-Development/ Another Development

- The critical perspective on development, which had been primarily Marxist in orientation, split around 1990. Critical political economy continued within a broadly Marxist critique of capitalist development (alternative development), but a new and more fundamental rejection of the idea of development itself also emerged - post-development (alternatives to development).
- Origin in post-colonial (Gandhi, Fanon, Said), and post-modern writing.
- Post-modernism– rejected the notion that there is truth can be understood (Derrida’s famous treatise on the limits of language), and more generally, universally applicable « big ideas » ideas like modernization, science (scientific knowledge), progress or development.
- Post-colonialism– a rejection of colonial way of thinking or doing, in favour of different or locally-appropriate ways, such as Gandhi’s swaraj (village societies), or indigenous “ways of knowing and being” (ie., buen vivir)
- Originally a response to the (widely perceived) “failure of development/ impasse” in the 1980s (Lost Decade/Debt Crisis)... aim to find something good in developing societies, at least

Post-Development/ Another Development

What is a Discourse?

- Discourse” is a post-modern / post-structuralist concept. It is a way of representing or imagining the world that is defined by relations of power (the powerful), and which limits the ways in which we can address the topic. It is important to remember that a discourse also constructs behaviour insofar as it is believed/held. (Real-world) Facts can be interpreted in different ways and are not important to a discourse.

Discourse in Development Studies

- In development studies, it is a set of knowledge, world views, practices and ideology used to dominate and transform the Third World. Thus development is neither a realistic, nor desirable goal

Post-Development/ Another Development

Contributions of Post-Development Thinking

- Development is an invention
 - It may be considered a discourse that was a product of a particular time (post-WII reconstruction), and the strategic and ideological interests of the United States (Esteva on Truman's Point IV speech), and oriented towards the expansion of capitalism.
 - A discourse that creates a standard in which the West (and specifically the United States) represents a goal towards which all other nations should strive, and devalues all other societies as lacking what the West has.
 - It obscures the wealth of local alternatives (indigenous knowledge) to development
 - Measurement (GDP/capita) conflates lack of wealth with an “undignified condition that deserves compassion and helping” (Ziai, 81)

Post-Development/ Another Development

Contributions of Post-Development Thinking

- Reducing People to Economic Actors
 - Reformulates the quest for the good life as the pursuit of material wealth (and devaluing all resources, skills and activities not sold on the market) according to the “cultural discourse” of economics (the discipline) (Gustavo Esteva/ Arturo Escobar)
 - Development as a process of capital accumulation that continues colonial relationships and is based on exploitation of non-market-based labour (such as the role of women in the home) (Vandana Shiva)
 - Economic man (homo economicus) fails to account for all that is worthwhile in life or behaviour motivated by love, friendship and solidarity (Serge Latouche).
- Development as Amoeba (shapeless)
 - Development can mean anything (conceptual inflation) and its purpose is to justify an intervention (Esteva/ Wolfgang Sachs)
 - The discourse of human development has no meaning and obscures that the real purpose of development is to expand capitalism around the globe (Gilbert Rist)

Post-Development/ Another Development

Contributions of Post-Development Thinking

- Constant Features of Development (Summary of main points)
 - Economic growth and rising incomes as an natural process and an imperative
 - Based on a universal scale which divides the world into some countries that have development, while others are “lacking” in it
 - Devalues alternatives to development (local knowledge)
 - Legitimation of interventions into societies deemed “less developed” by outside actors that represent “more developed” societies (ie., foreign aid)

- Based on Eurocentric gaze (recently reformulated by Pailey as the “White gaze”), whereby actors from the Global North define problems and problem-solving knowledge)
 - Re-defines problems as “technical” requiring (foreign) expert knowledge, and suppresses the political aspect of development (James Ferguson)...
Depoliticization and neglect of Inequality

Post-Development/ Another Development

Contributions of Post-Development Thinking

The End of Development

- Post-development thinkers view development as being in crisis, and collapsing (like Marxists and critical political economy), leading to alternatives to development
 - The context (Cold War) that gave birth and reason to development is gone
 - Climate change and ecological catastrophe show the limits of the Western development model
 - People at the grassroots will react against the monoculture of Westernization
- But Wolfgang Sachs, in a newer edition of the Development Dictionary (1992/2010)
 - Recognizes that in the original edition (1992) they neglected the powerful “aspiration for betterment” that development represents to poor people
 - Kind of dismissive of people who would agree with the objectives of development
 - Recognizes success of development created a new global middle class defending it
 - In more recent writing on the SDGs – sees their focus on inequality and climate as recognition that development has failed –and indicate movement towards a post-development era

Post-Development/ Another Development

Contributions of Post-Development Thinking

- Expanded our imagination of alternatives to development
- Alternatives to Development/ Another Development
 - Need to go beyond alternative ways to the same goal (development).
 - Post-development scholars often point to grassroots alternatives created by social movements that reject the (productive) superiority of industrial capitalism, assert non-Western identities, values and world-views.
- Examples:
 - Zapatistas (EZLN)
 - Were indigenous people in the Mexican state of tiapas and they emerged to take over several towns and overall rejected a capitalist model.
 - Concepts like Buen Vivir (living well)
 - German “underdeveloping the North”/ Degrowth
 - Inaccurate to talk about a western model of development as truly universal
 - Collective farming/ organic farming (Ottawa/ Gatineau)

Post-Development/ Another Development

- Critiques of Post-Development Thinking
 - The romanticization of grassroots movements, neglecting domination and exploitation within these communities (eg. particularly of women)

- Underplays the achievements of modernity and development (rising incomes, life expectancy, personal liberty and choice)... and does not recognize the power of development as an aspiration for millions in the developing world
- Cultural relativism allows elites to justify oppressive/ repressive practices
- The universalism of development can be read as a Westernization of the world, or it could be read as an assertion (a right) of all peoples to participate in global politics and enjoy an improved standard of living, not an imposition (Cooper, cited in Ziai)
 - Cooper writes that the universal of development can also be viewed as an assertion of a right of all peoples to participate in global politics and enjoy improved standards of living not as an imposition from the west on the rest
- Within the literature known as post-development, there are both radical (anti-development) and moderate (post-development) thinkers, the latter permitting a hybridization, various lifestyles, culture as dynamic and constructed

Post-Development/ Another Development

- So what can we take away from post-development?
 - Useful to think of post (and anti-) as part of the larger tradition of critical development thinking, especially after the decline of Marxism. Post-development co-exists with the mainstream, as a critique of it
 - Has allowed us to question development by revealing its basis in global power and particular moments of history
 - Asserts the importance of listening to the voices of the poor, and gives us important concepts like “participation”, “empowerment”, “grassroots development”
 - Expanded our imagination of alternative visions of what development could be
 - Perhaps most important contribution
- Important because without devaluing scientific knowledge it is important to listen to the poor

**October 4th, week 5
Women in development**

Status of Women in Development... why are women disadvantaged?

Problems faced by women:

- legal barriers (rights, property)
- Limited access to formal education
- Household chores
- Lack of access to credit, equipment, extension services
- Health burden of multiple pregnancies and malnourishment
- Caring for infirm and young
- Undermining of traditional position as result of cash economy and technology
- Inadequate research on their needs
- Violence against women (domestic abuse, rape as an instrument of war)
- The ‘missing women’ problem

GDI and GII

Gender Development Index:

- Measures disparities between men and women using the same criteria as the HDI
- Female HDI as a % of Male HDI
- <http://hdr.undp.org/en/content/gender-development-index-gdi>

GDI and GII

Gender Inequality Index

- Measures inequality in 3 dimensions; reproductive health (maternal mortality and adolescent birth rates); empowerment (proportion of F parliamentary seats, proportion of adult females with secondary education); and economic status (labour market participation)
- <http://hdr.undp.org/en/content/gender-inequality-index-gii>
- The higher the GII the more disparities between M and F

Some Issue-Areas and Women ... Structural Adjustment Programmes (SAPs)

- Structural Adjustment Programmes (SAPs)
- Women paid disproportionately the price for cutbacks in state spending as state retreats from the provision of public services
 - Health problems (nutrition sacrificed for children)
 - Mass unemployment (women more likely to be fired)
 - Prices of goods rose, household management more difficult
 - Oversaturation of informal sector employment
 - Women pick up the burden of education and healthcare (nursing)
 - Pay per use services, girls deprived of schooling

- According to the WID approach, SAPs example of gender-blind planning

Some issue-areas and women... Export processing zones (EPZs)

- EPZs create contradictory spaces for women (are they exploited or empowered?)

Exploited	Empowered
<ul style="list-style-type: none"> • Women’s oppression increased by global capitalism in search of cheap labour (WAD approach) • Low wages, long and unsafe working conditions (noisy, dirty, etc.) • Systems of control based on gender (male managers, pregnant workers fired, fired when over 30) • Reinforce gender stereotypes (beauty contests, nimble fingers, less likely to organize unions, temporary workers) -GAD 	<ul style="list-style-type: none"> • Wages often higher than other options • Introduces women into cash economy (cash buys empowerment?) • Socializes women together (household atomizing) • Liberation from control of sexuality and self-identity (economic power challenges traditional role) • Self-confidence and self-awareness • First step towards education, other opportunities

Theoretical Approaches to Women and Gender in Development

- Welfare Approach
- WID (Women in Development)
- WAD (Women and Development)
- GAD (Gender and Development)
- Empowerment/ Gender Mainstreaming
- Post-colonial feminism

Welfare Approach

- Welfare Approach (1950s-1970s)
 - Point of Departure: Overpopulation key problem (pop. growth and GDP/capita); women suffer from burden of childbirth/childcare; focus on biological role of women as «walking wombs» and social role as mothers
 - Solution: Reduce # of children in developing countries
 - Types of Programmes: geared towards lack of «modernization», access to family planning, availability of contraceptives

WID: Women in Development

- WID (Women in Development) (1970s-1980s)
 - Point of Departure: Economic development had not automatically benefited women (marginalized by process)... or «trickle-down» benefits men disproportionately. Ester Boserup.
 - Solution: See women as development actors; programmes targeting women; add women's component to existing programmes
 - Types of Programmes : integrate women into public sphere – cash economy through skills training, handicrafts Focus on women's role in alleviating family poverty and malnutrition Public sector hiring of women Link between education and birth rates (wanted decline) Setting up women's units in development agencies,

WID: Women in Development

- Assumptions
 - Based on the liberal feminist approach (measures to improve equality)
 - Did not question modernization theory (growth and development, income and development)
 - Saw women as homogenous category (all women in the same boat)
- Problems
 - Added to female burden... did not take seriously women's role in reproduction and household (seen as idle labour)
 - Did not recognize differences across different categories of women (classes, countries)
 - The practical difficulty of WID units having a real impact on development projects (units often marginalized within development organizations)

WAD: Women and Development

- WAD (Women and Development) (1980s)

- Point of Departure: global capitalism keeps women in a position of being exploited (as does national capitalism)
- Solutions: women's situation improves if global inequality improves (ie, capitalist system reformed); class mobilization North and South against global capitalists
- Policy prescriptions: Types of programmes: Improve income-generating possibilities for women (practically speaking difficult to distinguish from WID, except for class solidarity - unionization)
- Examples:
- The exploitation of women in EPZs

WAD: Women and Development

- Assumptions:
 - Based on socialist feminist approaches (Marxism)
 - Grew out of concern with limits of modernization theory
 - Based on dependency theory and concern with global relations of exploitation, particularly global capitalism and class exploitation (lower-class men and women exploited)
- Problems:
 - Mostly concerned with production and exploitation (downplayed household role of women)
 - Focused on common front against class inequality and downplayed differences based on ethnicity, race, country of origin

GAD: Gender and Development

- GAD (Gender and Development))1980s-present:
 - Point of Departure: unequal power relationships between men and women; why have women been assigned inferior or secondary roles?
 - Use the concept of gender (socially acquired notions of masculinity and femininity... ie, traditional roles...)
 - Use the concept of gender, gender relations (socially constructed form of male-female relations... how we relate to each other...) masculinity and femininity
 - Questions social, economic and political structures... potentially radical challenge to status quo power structure... seeks radical change

GAD: Gender and Development

- Key points (1): economic change gives greater opportunities to one gender than other (technology; valorization of certain kinds of jobs - nurses); cannot assume economic progress leads to equality
- Key points (2): need to take account and value women's role in bearing and caring... look inside the household (division of labour, wealth inside)
- Key points (3): draw out differences in women (ethnicity, class, country of origin)
- Key points (4): women are agents of change (focus on grassroots social movements as a source of change) (overlap with«empowerment»)

GAD: Gender and Development

- GAD (Gender and Development):
 - Solutions: collective action in grassroots organizations; BUT ALSO target state as provider of social services and legal rights (make the micro-macro links);
 - Policy prescriptions: not easily adopted in development programmes (too much commitment to radical social change)... support grassroots organizations
 - Begin to look at «masculinities», address masculine norms
 - Assumptions:
 - Roots in socialist feminism
 - Holistic perspective (women's contribution in both private [household] and public sphere)
 - Grassroots capable of organizing themselves
 - Problems:
 - Difficult to apply to development projects, more useful in academic study
 - Rejected as too Western (post-colonial/ decolonial feminists) – reject Western knowledge and hierarchies, exploitation

Operationalizing GAD: Empowerment

- Empowerment
 - Originally alternative approach (another development) to mainstream (participatory, grassroots, community-based)... ie, drawing on GAD
 - Sen and Grown, empowerment: «rooted in a commitment to collective action growing out of the lived experiences of women (and men) in the South, as well as a concern for political and economic equality»
 - Faith in: political mobilization; legal change; popular education; consciousness-raising («power within» to recognize gender inequality, and recognize self as capable of making decisions);
 - Empowerment must take seriously (1) internal attitudes; (2) interconnectedness of levels of action; (3) material and discursive constraints
 - Empowerment is valuable as a process as well as an outcome

At the policy level: Empowerment

- Empowerment:
 - Officially adopted as approach of development organizations such as GAC (via 'Mainstreaming Gender Equality' MGE)
 - Canada's «Feminist» Development Policy
 - Core action area is «gender equality and the empowerment of women and girls»... address root causes of poverty
 - Focus on women, and women's organizations (protect rights; political participation; control over resources)
 - 15% of GAC budget envelope (from 1-2%).
 - SDGs (Sustainable Development Goals #5)
 - 5.1 End all forms of discrimination against women and girls; 5.2 eliminate all forms of violence; 5.3 end harmful practices (child, early and forced marriage,

FGM); 5.4 recognize unpaid labour; 5.5 political leadership; 5.6 universal access to sexual/ reproductive health and rights. 5. Legal rights over ownership of resources. 5. B use technology. 5C Sound policies.

At the policy level: Gender Mainstreaming

Gender Mainstreaming (GM)

- Defined by UN: «Integration of gender into the design, implementation, monitoring, and evaluation of the policies and programmes in all political, economic and societal spheres» (1997, cited by Tiessen et al.,2017)
- Purpose – a mechanism to ensure gender equality used by development organizations
- Associated with a list of policy tools: check-lists, gender impact assessments, awareness-raising, training manuals, expert meetings, data collection.
- But cost-cutting has resulted in the destruction of many gender-units and gender bureaucracies
- In real-world «mainstreaming» faces important resistance

Post-colonial feminisms

- Scholars and activists from the Global South question Western bias in gender and development policies and programs (progress in Western terms) (Mohanty 1988)
- Call attention to cross-cutting impacts of race, ethnicity, colonization and culture
- Post-colonial feminism interested in “representation, homogenization, othering, and the silencing of so-called ‘Third World’ women” (Tiessen et al, p.99)
 - Focus on the power of colonialism to shape thinking - need to open up to other knowledge (Indigenous/ Afro-descendants)
 - Are alliances possible with others (Global Sisterhood) despite the dominant position of Western feminists?
 - Need to respect differences in the situation of women around the world (transnational
 - feminist focusing on overlapping and interconnected theorizing of women’s differences)

At the policy level: Masculinities

Masculinities/ Masculinist Culture

- If gender analysis (GAD) is about the relation between women and men, then they also have to take into account the role of men.
- Changing men’s attitudes (and roles) is necessary to make improvements for women – but this is radical because men (and some women) benefit from power and authority (patriarchal privilege)
- The backlash against development projects that threaten masculine privilege
- Transformative agenda in question
- Masculine norms associated with «success» under threat... (manual labour, breadwinner, etc.)
- Toxic masculine practices (lock-room talk/ attitudes)
- HeForShe pledge by UN Women (Emma Watson). #MeToo movement.

Corporate/ NGO Campaigns: Essentializing?

What is «essentializing women»? Why is it a problem?

- The risk of focusing on women and girls is that can be reduced to a set of stereotypically gendered problems to solve associated with sexual abuse and childbearing. We solve it for them.
- Need to recognize existing agency; complex social context.

- Plan International: Because I am a Girl
- Nike Foundation: The Girl Effect

October 18th week 6/7
The State as a development actor

What is the State?... concept and idea of the state

- 5 key features of states (Allen and Thomas, p.190)
 - Security (from foreign intervention, and domestic monopoly of force)
 - Identity and cohesion (nationalism, citizenship)
 - Both an agent and a structure in society
 - Bureaucracy institutions coercive, administrative, legal (hierarchy, continuity, impersonality, expertise)
 - Government
- PROFESSIONAL APPARATUS: How much “capacity” does the bureaucracy have?
- RELATION TO SOCIETY: How much “relative autonomy” does the government (state) have? (act for particular interests; or more general interests, such as the “good of the nation”)

What is the State?...concept and idea of the state

- Usual Definition of the state (Hira in Textbook)
- “an entity with a monopoly over the means of force within a designated territory that it controls, enjoying legitimate support... from the majority of the population”
 - Force
 - Legitimacy
 - History

What is the State?...concept and idea of the state

- Role of the State in development:
 - (1) an actor or agent
 - (2) a facilitating environment
 - (3) an obstacle
- The developmental state affected by the long history of colonialism

What is the Nation-State?...the Long History of the European State

- Historian Charles Tilly: States make war, and wars make states
 - The European state emerged to fight war: required an educated, skilled workforce, technological development, military organization and discipline, administrative competence and a source of loyalty.
 - Colonialism was the result of the interaction between the European state and less powerful forms of political (and technological) organization
 - Inter-War improvements in public health, education, nutrition-based largely on maintaining an effective fighting force (1918-1939)
 - The culmination of process: development of Welfare State post-1930

- The ideal of a competent, technocratic and interventionist state (the Western ideal, and reality)

What is the Nation-State?...the Long History of the European State

Industrialism undermined social stability in Europe

- Strong governments and used nationalism to strengthen their control over the masses and hide sources of division, particularly class (Anthony Giddens)
- The fiction of the universal and timeless nation-state: in reality, a fiction presented by the middle and upper classes to assure their domination over the lower classes
- ANOTHER PERSPECTIVE: Nations (imagined communities) that encased themselves in states (Benedict Anderson)
- COLONIAL STATE: “Official nationalism”- a conscious policy linked to imperial interests
- POST-COLONIAL: Nationalism often emerged in colonies during the anti-colonial struggle
- Once independent the state enforces A NEW official nationalism (stabilizes it)

In contrast with the Colonial State...the African Colonial state

- Colonial state had two purposes:
 - (1) manage the interaction between international capitalism and local (pre-capitalist) production
 - (2) control the indigenous population
- Forms of Intervention: taxes, forced labour (repression), compulsory crop production

In contrast with the Colonial State...the African Colonial state

- Nature of Colonial state and rule (Allen and Thomas)
 - International political dimension (governed in the interest of metropole)
 - Bureaucratic elitism and authoritarianism
 - Use of “traditional” authority figures (role of chiefs) to control the population
 - Force (at the behest of chiefs)
 - Technology (communications, transport, medicine)
 - Ideology: (1) benevolence of colonizers; (2) invincibility
 - Divide and conquer (artificial states divide ethnic groups)

Violence at the heart of the colonial state (Franz Fanon)

In contrast with the Colonial State...the African Colonial state

- The Colonial legacy: Can we be surprised if the post-colonial African state exhibits similar characteristics?
- Personalism and discretion
- Strong repressive apparatus
- weak social or administrative apparatus
- concern with political survival and enrichment of leaders
- “Tribalism” and use of local
- “authority figures”
- Fighting over a “shrinking pie” (corruption);
- * Neopatrimonialism- 2 tier structure: bureaucratic at the top and customary patrimonial authority at the bottom

The Developmental State Debate: States vs. Markets... the role of the State in development

- Definition of the “developmental state” (based on the East Asian experience)
 - (1) developmental ambition; (2) elite consensus frames that intervention (Thurbon, cited in Wade 2018)
 - (3) state capacity (based in a professional meritocratic bureaucracy); (4) embedded autonomy (close ties between state and business elites); (5) national security vulnerability (Nem Singh and Ovadia, 2018)

The Developmental State Debate: States vs. Markets...the role of the State in development

- Framing the debate: What accounts for the relative poor performance in economic development?
- The main problem is Market failure
(the structuralist position, states should choose industrial policy)
Or
- The main problem is State failure
(the neoliberal position, states should choose freer markets)

The Neoliberal Challenge - Better imperfect markets than imperfect states

- Evidence: The East-Asian « tigers » (South Korea, Taiwan, Singapore, Hong Kong)
- Preliminary research suggested:
 - Outward-oriented economies (instead of inward or ISI)
 - Free traders (low tariff levels)
 - Little state intervention (free marketeers)

This research was highly ideological and biased to support the neoliberal position (ie, don't believe everything you read)... promoted by the World Bank

The Neoliberal Challenge... and the evidence says...Wrong!

- The East Asian Case (R. Wade, “Managing Trade”)
 - Definition of a “liberal” trade regime by neoliberals: (1) low average protection; (2) low industry bias; (3) transparent non-discretionary procedures
- BUT:
- (1) Tariff policy linked to industrial policy (tariffs serve state-defined objectives)
 - Raw materials and intermediates (little duty if used for exports)
 - Machinery (little duty only if no domestic capacity)
 - The tariff schedule is not random or market-driven (depends on industrial policy)
- (2) Industry bias encourages export-oriented industries to export: and ISI to sell domestically

The Neoliberal Challenge...and the evidence says...Wrong!

- The East Asian Case (R. Wade)
- (3) Discretionary procedures (Quantitative Restrictions for « permissible »)
 - “Secret List” imports permitted if no domestic substitute OR adequate supply and quality
 - Quantitative restrictions used like performance requirements
 - Origin (where) and agency (who can import) restrictions target ISI competing products
 - Government granted import licences judiciously over time (slowly increasing to force the domestic industry to adjust)

- Cooperation between bureaucrats and industry associations
- Overcoming transaction costs (absence of information on domestic options): Import of machine tools required justification by an importer

The Neoliberal Challenge... and the evidence says...Wrong!

Why East Asian developmental states worked and Latin America DS did not?

- KEY: use of industrial policy never eliminated international competition (bureaucracy able to keep pressure on overtime... international prices always relevant)
- BALANCE: ISI and Export-Oriented pursued simultaneously
- CREDIT available for industrial development
- CONTEXT: Macroeconomic and political stability
- GOVERNMENT DID NOT FAIL: accurate information due to public-private sector links; competent meritocracy in bureaucracy; ethical and autonomous bureaucracy (no point in wasting energy on rent-seeking)

The Developmental State in the Era of Globalization

Can states still do what East Asia did, in a world with more constraints on development policy?

- the power of multinationals, offshore tax havens, patents (intellectual property), investment agreements, the WTO, etc.
- Has the state “retreated” or weakened?
- Is it states or markets that account for the success of China and India?
- Did East Asia (Taiwan, SK, HK, Singapore) just get lucky? Is it too unique a story? Is the moment for industrial policy over?

The Developmental State in the Era of Globalization

Perhaps we should re-think what the developmental state could be (insights from Andrews and Nwapi 2018)

- Citing Mkandawire on the 2 components of developmental states: a developmental orientation (ideology); structural component (capacity to act, institutional, administrative...)
- African states have been developmental in orientation (Botswana, Mauritius, SA, Uganda), though often seen as lacking institutional/technical capacity
- Resource boom created opportunities for the resurgence of developmental state (local content, ownership, taxation) aiming to leverage resource exploitation into broad-based development
- Petro-states have the ideology, but not institutional capacity and autonomy from politics... Is this enough?

The Developmental State... Beyond State Capacity

The Developmental State is “not like the others”

- The assumption that developmental states are more like developed-country states (than weak/predatory states) may be untrue
- COVID-19 forces us to recognize the weakness of the « Western » developed state

The Politics of Institutional Effectiveness are important

- Political conflict, lack of support from powerful social forces, limits ability of capable states to act (ie., Republican Party in the US)
 - Political actors won’t implement policies that make opponents look good
- Recent research shows civil society actors to be important to effective institutions
 - Create incentives for implementation and non-implementation of policy

- Can provide support to weak bureaucracies (knowledge and resources)

Chapter author names

- Chapter one - jessica shafer, paul haslam and pierre beaudet - what is development
- Chapter two - eric allina
- Chapter three - pablo heidrich
- Chapter four - susan spronk and jody ann anderson
- Chapter five - aram ziai
- Chapter 6 - rebecca tiessen, jane parpart, and marianne h. Marchand
- Chapter 8 - anil hira