

# The Evolution of Development Discourse and the Meaning of Development-I: 1950-1980

## Kalkınma Söylemi ve Anlamının Değişimi-I: 1950-1980

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### Abstract

The mainstream development discourse as well as its objectives and strategies witnessed great evolution since WWII. In every stage of its evolution, the term "development" expanded its meaning, covering more and more economic and social concepts. The present paper aims to identify the evolutionary stages of development with regard to the meaning attached to the discourse since WWII until 1980. Identification of such an evolutionary path helps development thinking to learn from its own history, build future ideas, and therefore show progress. Examining theories and associated political practices within the realm of development discourse for the intended time interval, two observable trends catch attention throughout the evolution of development discourse. One is the trend of disaggregation. New approaches from WWII onwards have continuously developed by disaggregating the total economy into its sub-contents such as agriculture, employment, and poverty. The second one is the trend of development ideas becoming more human-centered over time.

**Keywords:** Development, Development Discourse, Development Thinking

**JEL Classification:** F63, N01, O01

### Öz

Ana akım kalkınma düşüncesi ve bu düşüncenin beraberinde getirdiği hedefler ve stratejiler 2. Dünya Savaşı'nda itibaren sürekli değişime uğramıştır. Kalkınma kavramı bu değişimin her safhasında bir öncekinden daha fazla iktisadi ve sosyal olguyu içine alacak şekilde genişlemiştir. Bu makalenin amacı kalkınma söyleminin 2. Dünya Savaşı'ndan 1980'e kadar geçirmiş olduğu değişim aşamalarını teşhis etmektir. Kalkınma söyleminin değişim aşamaları ve evrildiği yön, belirlenen zaman aralığındaki kalkınma teorileri ve ilişkili politik uygulamalar incelenerek tespit edilmeye çalışılmıştır. Kalkınma söyleminin değişimi takip edildiğinde, kalkınma söylemine dair iki ana trendin öne çıktığı görülmektedir. Ayrıştırma olarak adlandırılabilir ilk trend, kalkınma düşüncesinin sürekli olarak ekonominin daha küçük ve bu sebeple de daha fazla alanına yoğunlaşma çabasıdır. İkinci trend ise kalkınma düşüncesinin git gide daha insan-odaklı yaklaşımları benimseme çabasıdır olarak ifade edilebilir.

**Anahtar Kelimeler:** Kalkınma, Kalkınma Söylemi, Kalkınma Düşüncesi

**JEL Sınıflandırması:** F63, N01, O01

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## 1. Introduction

Although similar meanings are attached to “material progress’ and “economic progress’ by Adam Smith (1961) and John Stuart Mill (1968) respectively, the phrase “economic development” entered into the English language with the first translation of Karl Marx’s *Capital* in 1887 (Arndt, 1981)<sup>1</sup>. From then on, Marxian philosophers and historians of the British Empire narrated two distinct development discourses<sup>2</sup>.

Around the end of World War II (WWII), though, a new mainstream development discourse had emerged. The poor countries and the newly independent post-colonial nations needed social, political, and economic improvements to catch up with the already rich ex-colonizer states. To this end, “economic development” was used synonymously with “economic growth and increase in income per capita” for the less developed countries (Arndt, 1981) interwar and the immediate post-war years. For example, an early development economist, Arthur Lewis, stated in 1944 that the objective of a development plan is “to narrow the gap in per capita income between rich and poor countries” (Arndt, 1981). In a development plan document published in 1947, United Nations (UN) considered “economic development” as a “rise of the welfare of the entire population. The associated social and economic problems such as poverty or life longevity were considered as some kind of side symptoms of underdevelopment.

Due to the increased need for political guidance and economic planning for the less developed countries, economists and other social scientists gave more attention to development studies after WWII and suggested different recipes and models for faster economic development. While these suggested solutions for development varied from country to country, definition and objectives of what is called development has also evolved over time. While the growth of income per capita was the main focus during the 1950s, it was unemployment and income distribution that were incorporated into the definition in the 1970s. While development plans were postponed due to high levels of external debt burden in developing countries and recessions in creditor countries in the early 1980s, what marked the 1990s was the need for a structural change from socialism to market economies with the disintegration of the Soviet Union (Thorbecke, 2006).

Thus, the mainstream development discourse as well as its objectives, and strategies witnessed an evolution since WWII. In every stage of its evolution, the term “development” expanded its meaning, covering more and more economic and social concepts such as access to education and child mortality. Thorbecke (2006: 33) describes this process as an evolution “from an essentially scalar concept to a multi-dimensional one entailing the simultaneous achievement of multiple objectives”.

The present paper aims to identify the evolutionary stages of development with regards to the meaning attached to the discourse since WWII until 1980. Identification of such an evolutionary path would also help find solutions to the questions: Is there an infimum for the development discourse regarding the meaning of development?; What axioms do different development discourses possess and what do they inherently imply?; Why some development ideas has failed and others survived? These are important questions to ask for development thinking to learn from its own history, build future ideas, and therefore show progress.

Park (2017) analyzed 136 scholarly articles published in top ten development journals between 1952 and 2016 in order to picture how development discourse learns from history. He found out that while the discourse benefits from external historical accounts (i.e. effects of colonization and globalization, or development histories of countries), it does not do so when it comes to the history of development

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<sup>1</sup> Marx said that the final purpose of *Capital* was “to reveal the economic law of motion of modern society”. He used the economic development term in this sense. (Arndt, 1987:36)

<sup>2</sup> While, for Marxian discourse, it was a society or an economic system that “develops” (intransitive verb), it was the exploited resources that are “developed” (transitive), and that needed more of an active participation by the government and private agents from the view of the colonizer states (Arndt, 1981)

discourse itself (Park, 2017). He defends that studies that concern development's own history are of importance to avoid "repackaging old wine in new bottles" and "to recover overlooked ideas and lessons in development's past" (Park, 2017). In this sense, this paper attempts to contribute greatly to the development discourse to contemplate upon its own flow of ideas.

The time interval of this study is between around 1950 and 1980. The rationale behind this is the following. WWII represents a milestone in history of development since reconstruction of Europe, independence of ex-colonial states and awareness of poverty enabled scholars to rediscover development. After WWII, the concepts of "Third World" and "Developing Countries" entered into discussions and a new phase in international relations began with the establishment of the UN and with the outbreak of Cold War (Knutsson, 2009). Thus, I take WWII as the starting point to track changes in development thinking.

Time interval of the present investigation is constrained with 1980s for couple of reasons. First, referring to Karl Polanyi's 1944 book – *Great Transformation* - Hettne (2009: 12) defends that the period starting with 1980s represents a milestone for a new great transformation in history where "globalization" paradigm began to dominate development thinking (Hettne, 2009: 85). Second, increased political power of the Right in the West (Ronald Reagan in USA and Margret Thatcher in Great Britain and Helmut Kohl in West Germany) paved way for the spread of neoliberal policies worldwide in 1980s. Once most trusted development agent of the past - interventionist state was demised. Instead, market based solutions with free trade objectives were adopted (Knutsson, 2009). Third, Soviet invasion of Afghanistan in 1979s also represent the end of détente and the beginning of the 'Second Cold War', in which increasing armament programs and military interventions prevailed during 1980s (Knutsson, 2009). As scientific, politic, and military changes started to be felt worldwide with the beginning of the 1980s, we limit our investigation period with 1980. It is not that 1950-1980 period is more important for development thinking than the period covering after 1980, but we believe it would be more appropriate to study the latter period thoroughly in a detailed manner in a different study.

The rest of the paper is organized as follows: The second, third and fourth sections talk about development thinking in 1950s, 1960s, and 1970s respectively. The last section summarizes and concludes.

## **2. Development thinking in 1950s**

The geopolitical context of the world after WWII is an important aspect to understand the development discourse and meaning of development in the 1950s. Power of European states declined due to the burdens of the war, which led to the emergence of a bipolar world power structure around the US and the Soviet Union representing liberal and communist economic orders respectively (Arndt, 1987:49). With the fear of communism spreading to the European continent, the US initiated Marshall Plan in 1947-an aid plan for the reconstruction of Europe (Rapley, 2007:43). Soon after, the US development assistance plans reached other developing nations under Truman's presidency (Knutsson, 2009). Moreover, the decade was marked by liberation of the colonized Third World countries as nation states. Establishment of the UN, which supported sovereignty and the nation state concept, speeded up the decolonization process. Also, both the US and Soviet Union promoted the end of European colonial system. Hence, the newly independent states and liberation movements of the Third World were often able to gain economic and military assistance from both superpowers (Knutsson, 2009). The creation of Bretton Woods Institutions was another significant development for the immediate post-WWII period. By the establishment of International Monetary Fund (IMF), World Bank (WB), and General Agreement on Tariffs and Trade (GATT), the world in general accepted the world order under the US hegemony as opposed to the one under Soviet Union (Knutsson, 2009).

In this historical context, modernization theory played an important role in determining the meaning of development in the 1950s. According to the theory, development was a linear path on which countries progress. Because the Third World countries were only at the "initial" phase of the

development process, advanced nations could lead them with aid and investment to advance on this path (Rapley, 2007:24-25). Consequently, development was considered as a process for nations that were labeled as *backward*. For example, in his inauguration speech, the US President Harry Truman described the economic and social life of Third World societies as “*primitive, stagnant, and handicapped, which is a threat to themselves and also to advanced nations*”. This backwardness argument was defended based on theories suggesting, “people in traditional societies do not respond to economic incentives respond perversely” (Arndt, 1987: 123) Moreover, when academic articles published during the 1950s is surveyed, concept of backwardness can easily be recognized. While Nurkse (1953:1) used the term “economically backward countries”, title of Baster’s article (1954) was “Recent Literature on the Economic Development of Backward Areas”.

The crucial point in development thinking in this decade is that backwardness was associated with being poor (Knutsson, 2009). Thus, development was considered as an imitative process in which the poor (backward) countries needed to catch up with the rich (modern) ones to overcome their backwardness (poorness). As underdevelopment is associated with backwardness and backwardness is defined as being poor, economic growth was started to be used almost as a synonym for development in general (Hettne, 1995). As a consequence, development discourse began to be shaped around the concept of “economic growth”, which was generally denoted by GNP growth per capita.

Practical applications and recipes for the Third World countries for development dealt with how GNP per capita could be increased (Arndt, 1987:50-53). It was believed that income and social inequalities could be eliminated with rise in per capita income whereas social and economic objectives other than GNP were only seen as complementary to economic growth (Thorbecke, 2006). To achieve GNP growth, physical capital accumulation and setting up countries’ industrial bases were of crucial interest. This was because industrial sectors could contribute to GNP growth rapidly with its high productivity and with the help of scale economies. Thus, large investments were needed for physical capital accumulation, creation of industrial bases and, and for the formation of social overhead capital (SOC). Large amounts of such investments could be sustained by suppressing agricultural sectors and accumulating access revenue from agricultural products through government marketing boards (Rapley, 2007:51). This was because the agricultural sector was generally considered as a passive sector, which could be “squeezed and discriminated against” if necessary to reallocate capital resources to fuel growth of the industrial sectors (Lewis, 1954) (Thorbecke, 2006). Food prices were kept low relative to industrial prices to direct the income distribution in favor of the industry. Public resources that were once devoted to agriculture were minimized, and rural development was discouraged in order to incentivize population to work in the industrial bases in urban areas. This practice was part of the development strategy called Import Substitution Industrialization (ISI), which will be discussed more in detail in the next section.

It is of crucial importance to refer to W. Arthur Lewis’s work during 1950s, on which the ideas of exploiting the agricultural sector in favor of capital accumulation had been developed. According to Lewis (1954), the existence of an almost unlimited labor supply in underdeveloped countries at the subsistence level of wages (due to overpopulation, family-owned farming, casual jobs and petty trade, in which marginal productivity of worker is zero or negligibly small) enables capitalist sector to derive labor from the subsistence sector by offering wages higher than the floor setting subsistence level. Then, when the acquired profit is reinvested for the widening of fixed capital (and/or technical knowledge), even more labor from the subsistence sector (including agricultural sector) can be moved to the capitalist sector at the same subsistence level of wage thanks to the unlimited supply of labor. Lewis also states that a capitalist state can accumulate capital even faster than private firms “since he can use for the purpose not only the profits of the capitalist sector, but also what he can force or tax out of the subsistence sector” (Lewis, 1954). The saving rate that was once around the 4-5% of national income now could be raised to around 15 percent. The answer to why people save very little, according to Lewis, was not “because they are so poor,” but “because their capitalist sector is so small” (Lewis, 1954).

In 1950s context, development strategies also relied on a strong belief in planning and interventionist state (Knutsson, 2009). Here, John Meynard Keynes played an important role to provide with much of the rationale behind post-war interventionism (Hettne, 2009:66). *Keynesian* ideas followed by the publication of his *General Theory* in 1936 shaped the ideology behind management of the economies during and after WWII. There was already a “skepticism about the efficacy of the price mechanism and ... market failure” (Arndt, 1987: 124), which manifested themselves during the Great Depression in 1930s. *Keynesian* ideology “denied that the market possessed the capacity for self-regulation and granted the state a responsibility for the stability and continuous growth of capitalist systems”. Although its communist roots, Joseph Stalin’s successful five years plans were also good examples of an interventionist state and the concept of development planning (Hettne, 2009:62-66). Therefore, during this decade, the state was seen as the main agent to steer the economy according to middle and long term plans in order to facilitate income growth through accumulation of physical capital and through large investments in productive industrial sectors. The dominating development models at the time were Keynes-influenced Harrod-Domar model, critical minimum effort thesis, balanced growth model, and the big push concept (Ranis, 2004; Knutsson, 2009).

Overall, 1950s saw a decline in European states’ power, decolonization of the Third World countries and the rise of a new US-led global economic order. In this context, development meant income growth per capita. By becoming rich, nations could escape from being *backward* on the development path. To this end, development discourse suggested recipes such as increased high productivity investment and industrialization for the Third World countries. It was the great times for Keynesian ideas of interventionist state, and bad times for neoclassical economists who favored free markets and comparative advantages.

### 3. Development thinking in 1960s

During 1960s, modernization theory remained intact in mainstream development thinking. Development still implied progress on a linear path from some primitive level (represented by the Third World countries) to a more modern one (represented by advanced industrialized countries). This dominant view of development could be best seen in WW. Rostow’s then published book named “The Stages of Economic Growth: A Non-communist Manifesto”. According to Rostow, there exist five economic stages that all countries must pass through: 1. The traditional society; 2. The pre-take-off society; 3. The take-off; 4. The drive to maturity; and 5. The age of high mass consumption society<sup>3</sup>.

Although the meaning of development was very similar to the one in 1950s, mainstream development thinking experienced upgrades and modifications upon previous ideas in 1960s. First, there was recognition of the interdependent structure of industry and agriculture upon failures of Import Substitution Industrialization (ISI) strategies. Whereas agriculture was assigned a passive role in development thinking in the 1950s, it was regarded as a co-equal partner of the industry in the 1960s. Second, development economists started to be concerned with the importance of inter-sectorial structures and their relations with economic growth. Third, models that catch relation between balance-of-payments gap and economic growth were developed (Thorbecke, 2006).

The Green Revolution of the 1960s also contributed to urban development and rising significance of agricultural sectors. New high yield seed varieties and advanced chemical fertilizers combined with mechanization helped agricultural output of the Third World countries surge beginning in 1960s. Cases of Mexico and India are good examples of agricultural achievement reached during 1960s and 1970s (Rapley, 2007:42). However, while the Green Revolution enabled some countries to come closer to self-sufficiency, it also caused social and environmental problems. First, new technologies were expensive and only accessible to relatively rich farmers. Second, prices of agricultural products fell due to high output, which drew many farmers out of business (Rapley, 2007:43). Resulting socio-

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<sup>3</sup> The second stage was the most important one since it prepares a state to *take off*. Rise of agriculture output, improvements of SOCs and creation of entrepreneurs who can challenge the traditional society were of importance in the second stage (Rostow, 1960).

economic situation was increased rural inequality and poverty, which led to greater unemployment and accelerated rural-urban migration (Hodge, 2016).

In this decade, there also emerged new findings into development thinking that challenged previous ideas base on neoclassical foundations. Theodore William Schultz's studies carry great importance here. His 1964 work titled "Transforming Traditional Agriculture" challenged the mainstream view of farmers in developing countries. The mainstream development thinking viewed farmers in poor countries as irrational individuals who were not responsive to price incentives. However, Schultz showed that it was in fact a rational decision for farmers not willing to produce because developing country governments set low prices and applied high taxes on agriculture products (Dethier and Effenberger, 2011). In addition to successfully breaking taboos about farmers' relationship with agricultural sectors in developing countries, Schultz's success in employing neoclassical foundations in his work helped neoclassical approach gain support among development thinking.

Another component instilled into development discourse was "human capital theory", which was initially introduced by T.W. Schultz and further developed by Gary Stanley Becker (Arndt, 1987:70) (Thorbecke, 2006). Human capital was defined as knowledge and skills that people possess either by birth or by acquisition throughout their life. Since people needed knowledge and skills to produce something, human capital should have been accounted as an input to production besides physical capital. The main investment to increase human capital was through education (Schultz, 1961). Accordingly, education related issues of the Third World countries such as their need of technical assistance, manpower planning, and brain drain were addressed in the development discourse (Arndt, 1987:62-70). Overall, although the concept of human capital formation started to influence development thinking, it had little power to cause a major change in the meaning attributed to development. No matter what, the emphasis of education in the context of human capital made economist aware of the "inadequacy of so narrow an interpretation of the development objective" (Arndt, 1987:72).

Maybe a more powerful voice challenging the mainstream development thinking came from Latin America - *structuralism* (Knutsson, 2009). The underlying argument behind structuralist thinking was based on Prebisch-Singer thesis, which was developed in 1949 and 1950 by independent works of Raul Prebisch and Hans Singer (Love, 1980) (Toye & Toye, 2003). The thesis suggested that the Third World countries' underdevelopment was caused by the structure of the international economy. Prices of manufactured goods imported from the First World were increasing faster compared to the prices of commodity goods exported by the Third World country. It was a vicious cycle called "declining terms of trade" in which every passing day the Third World countries becoming more dependent on extractive sectors and commodity exports (Rapley, 2007:22) (Arndt, 1987:74). Thus, Third World countries needed to challenge the structure of the global economy by employing protective measures to imports and encouraging measures to manufacturing and exports in order to protect domestic industry.

Accordingly, this structuralist mindset paved way to development strategies around Import Substitution Industrialization (ISI), which prevailed themselves in different forms throughout 1950s, 1960s and mostly lost credit in 1970s. Because the 1960s era was the time when ISI strategies were both deliberately practiced and extensively criticized, we decided to explain ISI in this section of the article in detail.

ISI consisted of policies that attempt to increase the price of finished goods and therefore incentivize industrial production by means of import restrictions and government subsidies. With high enough prices, industrial investment were to become profitable. And with long enough import restrictions, industry could improve itself and benefit from economies of scale with domestic demand for finished goods. This way, a country could self-sustain its demand for finished goods instead of importing them from the First World in exchange for cheaper extractive commodities (Rapley, 2007:30-31) (Arndt, 1987:75).

ISI strategies, however, was not devoid of problems. First, ISI strategies did not meet their initial goal of altering the global trading structure. Third World countries kept trading manufactured goods with each other rather than increasing exports to the First World. Second, neglecting primary sectors made agriculture less attractive, and consequently decreases the revenue collected from agriculture by local trading boards to be used in industrial development. What followed was migration from rural to urban areas for job opportunities. Job seekers often ended up jobless and found themselves involved in petty trade, prostitution and crime. Hence, underemployment and illegal activities increased at high rates (Rapley, 2007:47-51). Third, such strategies also increased the income distribution among different groups and “worsened the urban-rural divide, as employed urban residents earned nearly triple the wages of rural workers” (Ascher et. al, 2016: 193).

In this decade, modernization theory was also challenged by the neo-Marxist dependency theory, which was first introduced by Paul Baran in 1957. Modernization theorists considered the First World as guiding Third World development via aid, investment, and being good examples of industrialization. However, dependency theory suggested that underdevelopment was the result of a deliberate exploitation of resources, lands, and peoples of the *periphery* (aka Global South or the Third World) by the core (aka Global North or the First World) (Frank, 1969: 10)<sup>4</sup>. This was done by the help of traditional landed elites who had not cared about national interests but only their own luxurious lives under control of the First World bourgeoisie (Baran, 1973: 120-122, 244-247). Development strategies, then, “impoverished a large share of the population while making a few who applied it” rich (Rapley, 2007:26-27). André Gunder Frank even hold a further belief that “economic development and underdevelopment are the opposite faces of the same coin” (Frank, 1969)<sup>5</sup>.

Thus, “poverty was seen as a structure rather than as a particular stage (*backwardness*), as in the competing modernization paradigm” (Frank, 1969: 7, 57). First generation dependency theorists blamed the ruling elite for hindering national industrialization, thus fueling the Third World dependency on the First World. As local elites were assumed always to be resistant to national development, dependency theory, too, placed its faith in the state to for the development of the Third World. Samir Amin suggested Third World countries to *delink* from the First World in order to implement independent national development strategies for *self-reliance* (Amin, 1976: 200) (Arndt, 1987: 132). However, some countries such as Argentina and Brazil that were labeled “*dependent*” succeeded to develop their industrial bases. In turn, the second generation of dependency theorists attributed the development of a few Third World countries to the activities of First World private firms with little socio-economic benefit produced domestically. (Rapley, 2007:28).

It is worth noting that the impact of the Soviet Union in shaping development policies of the Third World in 1950s and 1960s should not be underestimated. Industrialization was considered as the main tool for development around the time when the Soviet Union achieved successful economic growth through state-planned industrial policies (Arndt, 1987:57-58) (Rapley, 2007:38). As both dominating economic views of the time (capitalism and communism) emphasized the role of the state in development, neoliberal ideology that favored free market solutions for development, still retained its weak position in development thinking (Thorbecke, 2006).

All these new ideas of the 1960s started to challenge the traditional meaning given to development in 1950s. However, we need to make some distinctions between these newly developed ideas. The first modifications did not alter the dominant meaning of development and were attempts to fix the shortcomings of 1950s ideas only *after* these problems have prevailed in the Third World such as urban-rural gap and poor agricultural performance. Schultz’s human capital theory, on the other side,

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<sup>4</sup> In Immanuel Wallerstein’s view, the world has been historically shaped as a tripartite economic system: (i) The core where there is wage labor and self-employment, (ii) the periphery where forced labor and slavery exist, and (iii) the semi-periphery where sharecropping is dominant (Wallerstein 1974: 87).

<sup>5</sup> While Wallerstein keeps a very similar stance toward capitalism, he sees it as a world system that cannot be totally controlled by any political entity (Wallerstein, 1974: 348). Thus, for him, the unit of analysis is not states or national societies but rather the world-system as a constantly-evolving organism (Wallerstein, 1974: 7).

pointed out some *unseen* areas in the development process and also challenged the already built-in idea of *backwardness*. Physical capital formation was prone to fall short without educated, skilled human beings. Development of the human being itself was acknowledged as an important problem to contemplate upon for the first time in development thinking. In the sense of bringing individuals to the center of the discussion and challenging then-dominating beliefs about Third World people, human capital theory widened the vision of development studies and also helped progress. Moreover, *structuralist* and dependency theory scholars produced strong counter ideas against modernization theorists' linear development path. These counter ideas implicitly rejected the ideas of First World superiority and the prescription of a homogenous development recipe for all countries. Countries could (and should) develop their own development objectives independent of the so-called superior First World countries. Although Third World countries remained poor and unindustrialized, it was not because they were *backwards* but only because the First World bourgeoisie and the Third World local elites conspired together. In this regard, the most significant achievement of dependency theory was to lift the inferiority complex<sup>6</sup> of the Third World nations and to offer them freedom in their development circles. Yet, most dependency theorists such as Paul Baran still believed in income per capita growth (Arndt, 1987: 118), importance of industrialization and a strong state (a socialist one for Baran) (Baran, 1973: 416-428). Thus, while dependency theory distinguished itself with regard to the causes of underdevelopment and recipes for development, it shared the same objectives and motives of modernization theorists (Knuttsen, 2009:17-18).

Overall in 1960s, a wide range of new development approaches and ideas flourished that extensively criticized the linear development path and the *backwardness* concept put forward by modernization theorists. Although many of these newly developed ideas also had strong faith in planning and interventionist state, neoclassical foundations of human capital theory together with problems of ISI strategies hinted neoclassical resurgence that was going to be witnessed in 1980s.

#### 4. Development thinking in 1970s

1970s saw the introduction of novel approaches to development thinking that have challenged the already weakening modernization-centered ideas and that paved the way to neoliberal resurgence of 1980s. Development problems of the Third World began to proliferate in the forms of increased absolute poverty, unemployment, widening inequality in income distribution, and urban congestions. This, in turn, brought in the 1970s' development thinking to scrutinize the GDP-focused development strategies. Consequently, the presumption that per capita income growth is synonymous with the attainment of all other socio-economic development objectives was rejected in many circles (Thorbecke, 2006: 10-11). The first strong expression against GDP-oriented development strategies came from Dudley Seers during his presidential address to the eleventh World Congress of the Society for International Development (SID) (Arndt 1987: 91):

"It looks as if economic growth may not merely fail to solve social and political difficulties; certain types of growth can actually cause them." "The questions to be asked about a country's development therefore is: What has been happening to poverty? What has been happening to employment? What has been happening to inequality? If one or two of these central problems has been growing worse, especially if all three have, it would be strange to call the result 'development' even if per capita income has doubled. (Seers, 1969: 2-3)"

The next congress of SID witnessed Mahbub ul Haq's identification of the 1970s development goals as "reduction and eventual elimination of malnutrition, disease, illiteracy, squalor, unemployment, and inequalities" (Haq, 1971). He said:

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<sup>6</sup> Giving reference to Hettne (1995: 38-39), Knuttson mentions that development recipes of 1950s that embedded modernization ideologies were not forced upon Third World countries and often received support among Western university educated Third World elites (Knuttsen, 2009:11).

“We were taught to take care of our GNP as this will take care of poverty. Let us reverse this and take care of poverty as this will take care of GNP. In other words, let us worry about the content of GNP even more than its rate of increase.” (Haq, 1971: 7)

From the beginning of 1970s onward, development discourse focused on exactly the direction Haq pointed out. A number of micro and macro empirical studies were conducted for integrated rural and agricultural development. This led the way to unimodal agricultural development<sup>7</sup> strategies that increased the output of cereals and rejuvenated small-scale farms (Thorbecke, 2006: 11-14). With regard to employment, International Labor Organization (ILO) and the World Bank endeavored to investigate the population growth-employment nexus, appropriate labor-intensive technologies, the educational system-labor market-employment-income distribution nexus, and the productivity of the informal sector. In addition, relationship between economic and demographic variables were given attention in the development discourse. Education-nutrition-health and fertility-infant mortality-birth rate nexuses were studied to understand rural-urban migration (Thorbecke, 2006: 12).

Consequently, the World Bank development programs began focusing on more equal income distribution among different groups of society and, thus, on the economic growth of lower income groups (Ascher et. Al, 2016: 31). The World Bank Vice President Hollis Chenery maintained that distributional objectives “should be expressed dynamically in terms of desired rates of growth of income of different groups” (Ahluwalia and Chenery 1974, 38). Structuralist policies led by Chenery in this direction paid great attention to redistribution of land and assets to the poor, and improving the provision of public services such as education and health to them. These policies aimed at “increasing the productivity of the small farmer and the self-employed (which was once discriminated against by policy makers in favor of capitalist sector) through better access to land, water, credit markets, and other facilities” (Chenery, 1974).

At the background, 1970s witnessed a series of political and economic shifts worldwide. About the end of Vietnam War, President Nixon decided to abandon the dollar-gold standard<sup>8</sup> after the US economy manifested its first trade deficit in 1971. Organization of Petroleum Exporting Countries (OPEC) initiated an embargo on oil supplies for the US, Europe, and Japan. Because of this oil shock, many developed countries went into stagflation (which would later on become one of the causes of Third World debt crises in 1980s). The apparent success of OPEC in increasing commodity prices at the expense of the First World served to give optimism to the rest of the Third World (Rapley, 2007: 45). These events coupled with discussions around Dependency Theory led the *Group of 77* – an intergovernmental organization of the Third World countries – to demand a New International Economic Order (NIEO) (UNCTAD, 2014). The latter included the call for a “stable and equitable relationship between prices of raw material and manufactured goods; improved access to markets in the developed countries; a new and more equitable international monetary system; improved participation of developing countries in the decision-making processes of the IMF and the World Bank; and an increase in development assistance”. Ironically, these demands were only asking for more power within the same system of global economy and politics and not questioning the importance of international trade or the classic modern notion of economic growth (Arndt, 1987: 104) (Knuttsen, 2009: 16). In this regard, NIEO was incompatible with the core ideas of the Dependency Theory and *Another Development*. Also, success of OPEC based on monopoly power over oil could not extend to other commodities due to diverging interests of Third World countries. Relatively more developed countries could not find substantial ground to keep unification with the least developed

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<sup>7</sup> Unimodal strategies aimed at spreading agricultural development more evenly to a great percentage of the population through appropriate “agricultural research and technology, land redistribution, the provision of rural infrastructure, the growth of rural institutions and other measures”. In contrast, bimodal agricultural strategies only consisted of the “growth of the modern, commercial, large-scale, relatively capital-intensive sub-sector of agriculture” and neglected the traditional subsistence sub-sector (Thorbecke, 2006: 14).

<sup>8</sup> In 1944, the value of 1 ounce of gold was fixed to US \$35 at the Bretton Woods Conference (Bretton Woods System, World Gold Council).

and low-income countries (Arndt, 1987: 143). Singapore delegate, for example, said in UNCTAD meeting at Nairobi: "Who am I uniting with and for what objectives and purposes and against whom?" (Anell & Nygren, 1980: 110)

*Another Development* paradigm was first heard around the world with a special report, *What now: Another Development*, prepared by Dag Hammarskjöld, Secretary-general of the UN, for the Seventh Special Session of the UN General Assembly date in 1975. *Another Development* attempted to redefine development by asking the following questions: what, how, by whom and for whom. According to the *Another Development* paradigm, development should be need-oriented; endogenous; self-reliant; ecologically sound; and based on structural transformation (Knuttsen, 2009: 19). In this regard, *Another Development* challenged modernization theory based on three principles: 1. Territorialism as a counterpoint to functionalism<sup>9</sup>; 2. Cultural pluralism as a counterpoint to standardized modernization; 3. Ecological sustainability as a counterpoint to 'growth' and consumerism (Hettne, 1995, p. 199). The new paradigm also opened a more visible and flexible discussion space for new approaches to development thinking. Amongst these new approaches, the most prominent were the Basic Needs Approach, Self-Reliance Approach, Ecodevelopment, Women and Development, and Ethnodevelopment (Knuttsen, 2009: 20). *Another Development* was also at odds with both the mainstream development thinking (based on *modernization*) and the Dependency Theory when it came to the role of interventionist state. With its territorial and need-based perspective, *Another Development* placed its cards on an active civil society instead of a planner interventionist state. In this regard, although the state retained its priority in development thinking, its position began to be shaken by the collapse of the Bretton Woods System and by the ideas of more marginalized development thoughts such as *Another Development*. Instead, more market-oriented approaches and civil society solutions to development started to be heard more loudly (Knuttsen, 2009: 20).

To sum up this section, the recognition and identification of real life problems of the Third World people was the most important advancement in the mainstream development thinking in the 1970s. Looking at growth numbers only helped neglect and prolong the long lasting socio-economic problems before development such as income distribution, poverty alleviation, and unemployment. Acknowledgement of the existence of separate development problems such as unemployment and poverty alleviation actually translates to accepting divergent conditions and needs of the Third World. In this sense, the linear development path of modernization theory was confronted with another challenge beside the already continuing rain of opposite voices coming from the *structuralists* and the Dependency School. Subsequently, development objectives changed from being an aggregate *number* that embed and often hide the actual socioeconomic problems and began to be expressed with *words* (with the help of numbers) that have more explanatory power for respective problems. For example, GDP per capita being US \$10,000 does not tell much about an individual's position in society, while being unemployed or being at the bottom of the income distribution transmit the individual's position strongly to the policymakers. This shift in objectives also shifts the meaning of development. If a country was successful in increasing its income per capita by 5%, it was before considered a development achievement. However, with the change in objectives, one cannot argue for the same proposition.

The political relevance of *Another Development* has been limited due to its lack of institutional base (Knuttsen, 2009: 21). However, some of its challenging ideas especially the basic needs approach gave way to a great deal of discussion in the development literature and political environments by the mid-1970s. Because poverty in the Third World was mostly a rural phenomenon, community-based rural development received support in opposition to central planning (Arndt, 2006: 101-104). Thus, *Another Development* served to weaken the position of strong interventionist state as the main agent of development, which in due course played an important role in the global resurgence of neoliberal

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<sup>9</sup>Functionalism refers to the belief that development can be understood based on aggregated national or international data, e.g. GNP (Knuttsen, 2009: 19).

ideas in development thinking in the next decade. Overall, development thinking experienced a historic transition in this decade with regard to the meaning of development and explosion of new approaches in the development discourse.

## Conclusion

As pointed out by Park (2017), development thinking has fallen short of learning from its own history, which, in turn, increasing the risk of “repackaging old wine in new bottles” and “to recover overlooked ideas and lessons in development’s past”. In this direction, the present article attempted to identify the evolutionary process of development thinking with relation to the meaning attributed to *development* in a compact framework from the end of WWII to 1980.

It could be deduced from this evolutionary process that there has been an endless interaction between international political developments, theories, objectives, and practices in development thinking. In every possible combination of interactions, new paradigms have being accumulated within the realm of development thinking, while at the same time not totally eradicating old perspectives (Knuttsen, 2009). In this regard, Thorbecke’s (2006: 33) statement about this evolutionary process seem be right: “From an essentially scalar concept to a multi-dimensional one entailing the simultaneous achievement of multiple objectives”.

However, two observable trends exist in the evolution of development thinking. One is the trend of disaggregation. New approaches from WWII onwards have continuously developed by disaggregating the total economy into its sub-contents such as agriculture, employment, and poverty. While the recognition of these sub-contents enabled development thinking to touch upon real problems of people, it also caused the creation of more items on the development agenda to deal with. The second one is the trend of ideas becoming more human-focused in time. Schultz’s human capital theory and 1970s’ dethronement of GNP are examples of this trend. Also, the increased popularity of Amartya K. Sen’s capability approach to development, which is said to be a more humanistic perspective compared to the productionist view of the earlier approaches to development (Chang, 2010) after the beginning of the 80s, underlines this trend of development discourse becoming more human-focused<sup>10</sup>.

These two trends seem to go hand in hand in the development thinking’s evolution; but cannot be precisely pointed out which leads the other. No matter what, I believe the increased recognition of the value human beings possesses seem to guide the direction development thinking is being evolved. At this point, globalization has the greatest effect. As population is being increased rapidly and people interact more with each other, they tend to absorb globally accepted values, rights, and responsibilities of human beings. In turn, political agents, whether at domestic or international level, become obliged to respond more progressively to the needs and problems of citizens. Although “the ideas of the ruling class are in every epoch the ruling ideas” (Marx, 1846: 46), globalization forces the ruling class to conform more and more heavily to the demands of ordinary people. This process might be the reason why development thinking tends to evolve through disaggregation and centralization of human being.

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<sup>10</sup> In his 1983 work, after recognizing the previous trend in the development discourse focusing on four themes as industrialization, rapid capital accumulation, mobilization of underemployed manpower, and planning and an economically active state, Sen states that “ultimately, the process of economic development has to be concerned with what people can or cannot do, e.g. whether they can live long, escape avoidable morbidity, be well nourished, be able to read and write and communicate, take part in literary and scientific pursuits, and so forth”. In this context, he defines entitlement as “the set of alternative commodity bundles that a person can command in a society using the totality of rights and opportunities that he or she face.” (Sen, 1983)

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