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# Development: an Introduction

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## **Development: an Introduction**

### **Handout No 06**

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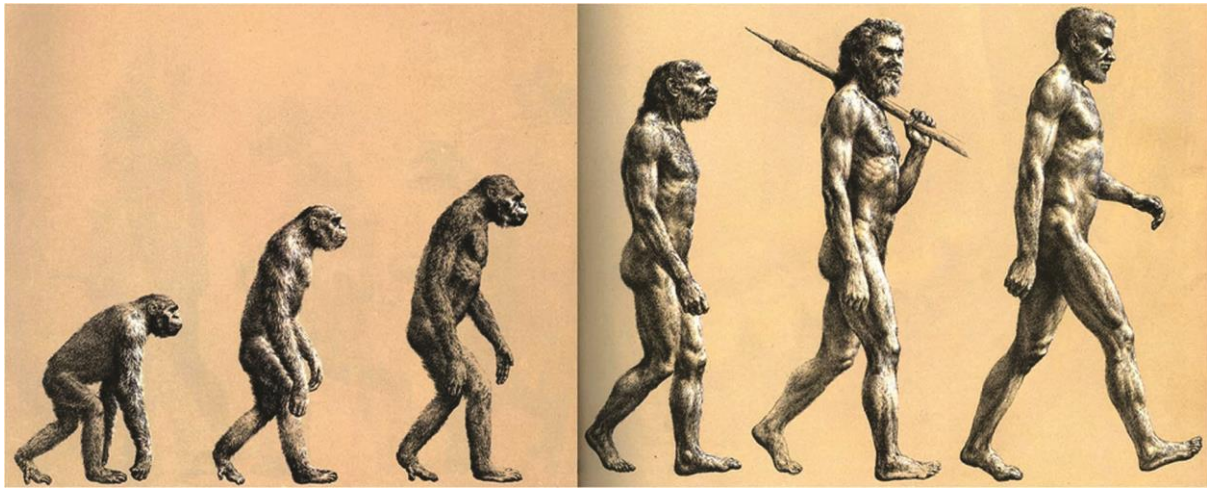
### **Development: Philosophical background and other things**

Frequently asked questions on development as follows;

- What are the differences between development and growth?
- Is there a social development in ancient society or is it modern concept?
- Why is development concept important?
- What are the differences of social development and development?
- What are the differences of social and community development?

Firstly, we have to understand growth and development. These concepts are widely considered since Adam Smith's economics. Meaning of growth is increase in some quantity over time (Ex: growth in height, growth in an amount of money), development is an unfolding of human potentials for meaningful participation in economic, social, political and cultural process and institutions, so that people can improve their conditions. More examples of growth are national income, gross domestic product (GPD), gross national product (GNP) etc. However, in the 20<sup>th</sup> century these concepts in mainstream theories not distinguished in meaning, it used as synonyms.

Philosophically we can identify that the development drive as consciousness and unconscious way. In the human physical evolution, we can identify gradual growth and development of humankind. Anatomically modern human is the results of this evolution process. It is some kind of unconscious process of earth. After that, human facing to socio-cultural evolution process. Socio cultural evolution is another major development process of human history. This process is a complex mixture of both consciousness and unconscious way.



Physical evolution of human and socio-cultural evolution of human: growth or development?

Philosophers try to understand these types of phenomena and they describe and generalize the nature of the universe. Then Hegel emphasizes that development is the nature of the universe. The development process drives a dialectical way. The shape of this development process is a spiral, and then we can call it as Hegelian spiral.

Hegel creates three laws of the dialectics as follows.

1. Unity and contradiction of opposites (man vs. woman, worker vs. capitalist, slave vs. slave owner, rural vs. town).
2. Law of transformation from quantity to quality and vice versa. It shows the mechanism of development (development of production means – quantity – cause to transform another mode of production).
3. Negation of negation (slave era transform to feudal era, it transform to capitalist era).

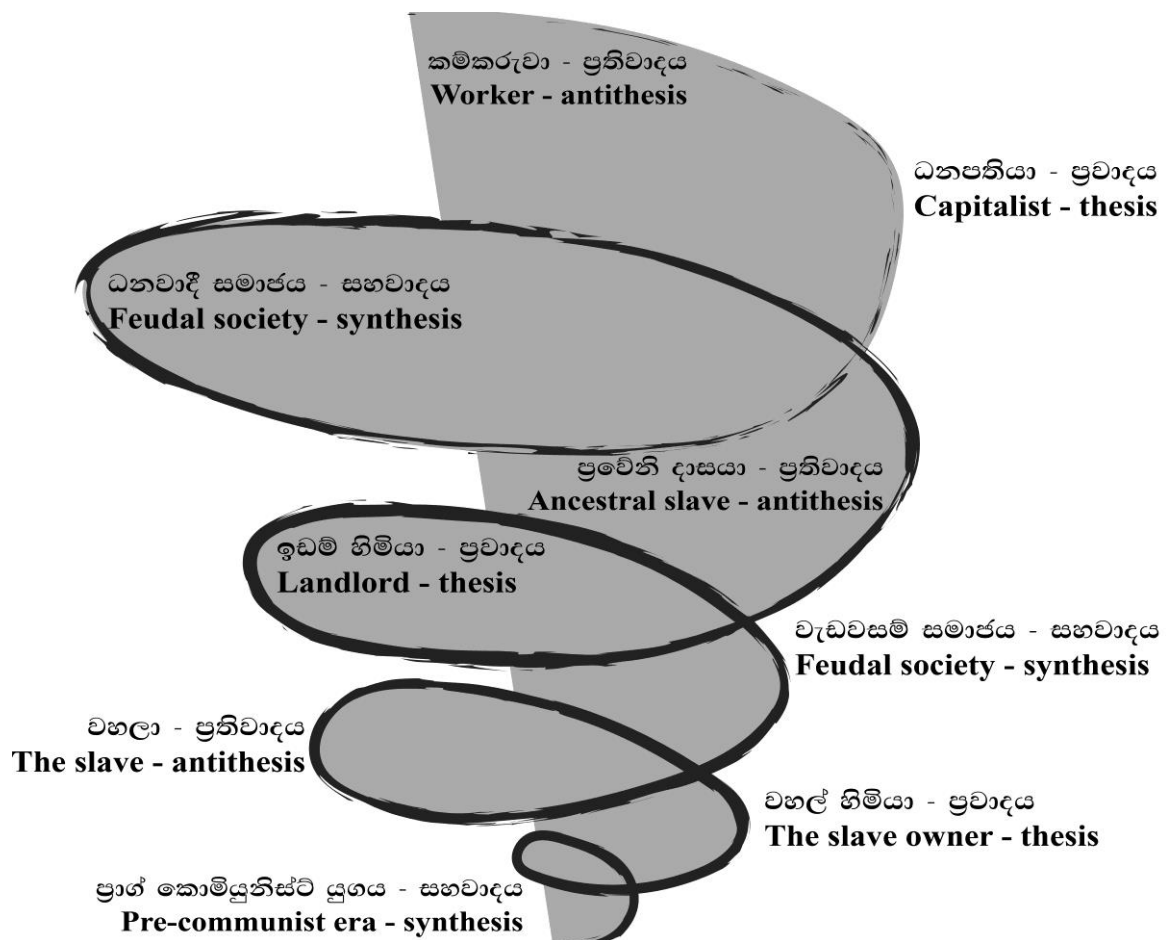
We can also identify these laws as the concepts of “progress” and Hegel emphasizes the nature of progress. Marx and other followers used these dialectical foundations for their concepts of development, evolution, history and more other things. We already know Marx’s dialectical explanation of historical development of human society.

Rostow's Model also significance on development studies. However we have to remember, most scholars and pre-thinkers had introduced different kinds of models on economic and social growth. However, Rostow's Model is popular model on this theme.

1. Traditional Society: This stage is characterized by a subsistent, agricultural based economy, with intensive labor and low levels of trading, and a population that does not have a scientific perspective on the world and technology.
2. Preconditions to Take-off: Here, a society begins to develop manufacturing, and a more national/international, as opposed to regional, outlook.

3. Take-off: Rostow describes this stage as a short period of intensive growth, in which industrialization begins to occur, and workers and institutions become concentrated around a new industry.
4. Drive to Maturity: This stage takes place over a long period of time, as standards of living rise, use of technology increases, and the national economy grows and diversifies.
5. Age of High Mass Consumption: At the time of writing, Rostow believed that Western countries, most notably the United States, occupied this last "developed" stage. Here, a country's economy flourishes in a capitalist system, characterized by mass production and consumerism.

(Jacobs, n.d)



Marx's adaptation of Hegel's dialectical development

### Contemporary history of Development

In contemporary history, the idea of development arisen in European colonies. White men, who they think expect of them are “uncivilized” Then they try to civilize this “uncivilized” people. This period was the era of dividing people into racial category among colour variation and morphological variations. “Uncivilized” to civilized process was some kind of

development or growth attempt of European rulers. This process also centralizes around Christian ethics. In these, colonist ideologists think that Colonialism as stage of world development. In the period of colonization, India, Sri Lanka, African region got a some social and physical development such as developing transportation, education, industries, plantation and agriculture etc.

Colonialism as development Enlightenment ideas of ‘improvement’ – or making a more efficient and orderly use of land – accompanied and legitimated colonial rule from at least the eighteenth century (Hodge, 2007).

However, development theories systematically came to stage is later process. As a stable academic field, development studies came after the Second World War. In this era, development theories highly considered of transformation of rural countries to industrial countries.

Moreover, in this period development field tightly combined with economic thoughts. For example, 50s and 60s, development has been primarily measured by increases in gross national product (GNP) of a country. The 70s, American and European multinational companies rapidly growth. In this situation, previous development thinking patterns face to issue. How to interpret this situation and how to face this situation in developing countries. New theories created especially in Latin America territory as known as the dependency theory and the center-periphery theory. The dependency Theorist was Paul Baran, Andre Gunther Frank, Fernando Henrique Cardoso, Mahbub ul Haq, Raúl Prebisch etc. Extended part of dependency theory, The center-periphery theory mainly developed by Immanuel Wallerstein.

In 1980s, world face a financial crisis and developing countries face big issues. The 90s theorists concern transaction costs, property rights, institutions, non-market behavior and welfare economics. Nobel laureates Robert Coase, Gary Becker, Douglas North and Robert Fogel, John C. Harsanyi, Reinhard Selten, John F. Nash Jr.4), and Amartya Sen was well known development theorists of this period.

### **The dependency theories and / or the center-periphery theories**

Already we know dependency theories emerged in the 1950s. Studies carried out by Raúl Prebisch, the then Director of the United Nations Economic Commission for Latin America (UNECLA) and his colleagues suggested that economic activity in the advanced countries does not benefit the poorer countries but often resulted in serious economic challenges in poorer countries (Agbebi & Virtanen, 2017). However, there is no single theory on dependency and there are varieties of theories on dependency. Despite the intellectual disagreements among dependency theorists, they follow the following basics.

- World is divided into two parts: the centre-industrialised countries and the periphery / the underdeveloped countries.

- They argue that trade between the center and periphery is characterized by unequal exchange, which has resulted in underdevelopment of the periphery.
- They agree that underdevelopment in third world countries can be linked to the expansion of the world capitalist system.

Dependency theories can be separate to as follows,

- Marxist frameworks (André Gunder Frank, Theotino dos Santos, Immanuel Wallerstein)
- non-Marxist frameworks (Ex: Mahbub ul Haq, Raúl Prebisch)

Andre Gunder Frank is neo-Marxist, leading dependency theorist of the world. Frank's argument is that Latin America, Africa and Asia are being exploited by the West and America. According to Frank, European nations are 'metropolis' or 'core' nations, and the other are the undeveloped 'satellite' or 'periphery' nations. This setup has international division of labor. Frank's thesis also identifying the theory of 'Development of Underdevelopment'.

Frank and other co-thinkers emphasize that traditional colony system of the world replace with new type of colonialism, named neo-colonialism. Frank identifies three types of colonialism.

- Export primary product to West: many ex-colonies practice that type agriculture economy (ex: tea, rubber). These products have less value and then create dependency.
- Transnational Corporations exploiting labor and resources in poor countries
- Keep dependency providing loans and aid to poor countries

Frank also introduces metropolis-satellites mechanism to explain how underdevelopment works. According to Frank, the metropolis-satellites relationships began in the colonial period. This model can be expanded from local level to international level.

Mahbub ul Haq can identify as non-Marxist dependency scholar. According to Haq, the era of colonialism exacerbated the disparities between the rich and the poor countries by placing the rich countries of the North in the centre of the world and the poor countries of the South at the periphery, supplying raw materials to the North. He argues that these exploitative links evident in the economic dependence and intellectual slavery remains despite decolonization (Agbebi & Virtanen, 2017).

Haq's view and Raúl Prebisch's who the secretary general of UNECLA (the United Nations Economic Commission for Latin America) view are somewhat similar. Prebisch's argued that the South's dependent status is caused by the historical development of centre-periphery relations. His views differ from Haq in that while Haq emphasized on the impact of colonialism, he was more concerned with the impact of western industrialisation on the



position of the poor states (Agbebi & Virtanen, 2017). Prebisch suggest following solution for underdevelopment of South.

- Accelerate industrialisation by adopting import substitution.
- Add value to natural resources (exporting in the form of processed goods.).
- Create the rapid industrialisation of the North (this phenomenon creates balance between the West and the North).

Some Marxist dependency theorists such as Dos Santos named this dependency as technological-industrial dependency. Santos argue that Haq's and Prebisch's idea is inefficiency and his solution is implement social revolution.

Center-periphery theories establish under the dependency theories. Frank and other scholars also discuss on Center-periphery inequality. However, Immanuel Wallerstein's model is important that according to its new adaptations. Wallerstein called the Capitalist World Economy as 'modern world system'. Then Wallerstein classified as a 'world system theorist' due to his analysis. The world system is divided into, three parts as follows.

1. Core
2. Periphery
3. semiperiphery

Wallerstein (2004:24) emphasizes that "people and firms are accumulating capital in order to accumulate still more capital, a process that is continual and endless". Moreover, large geographic zones have their division of labor and hence significant internal exchange of basic or essential goods as well as flows of capital and labor. According to this mechanism composed multiple "political centers and cultures" in the world. These centers accumulate capital as an endless process. These centers are interconnected (unequal manner) and therefore, create world capitalist system and capitalist world-economy. According to Wallerstein, there are also intermediate cases where countries can be "semi-peripheral" since they could contain a "near even mix of core-like and peripheral products (Cajas Guijarro & Perez-Oviedo, 2019).

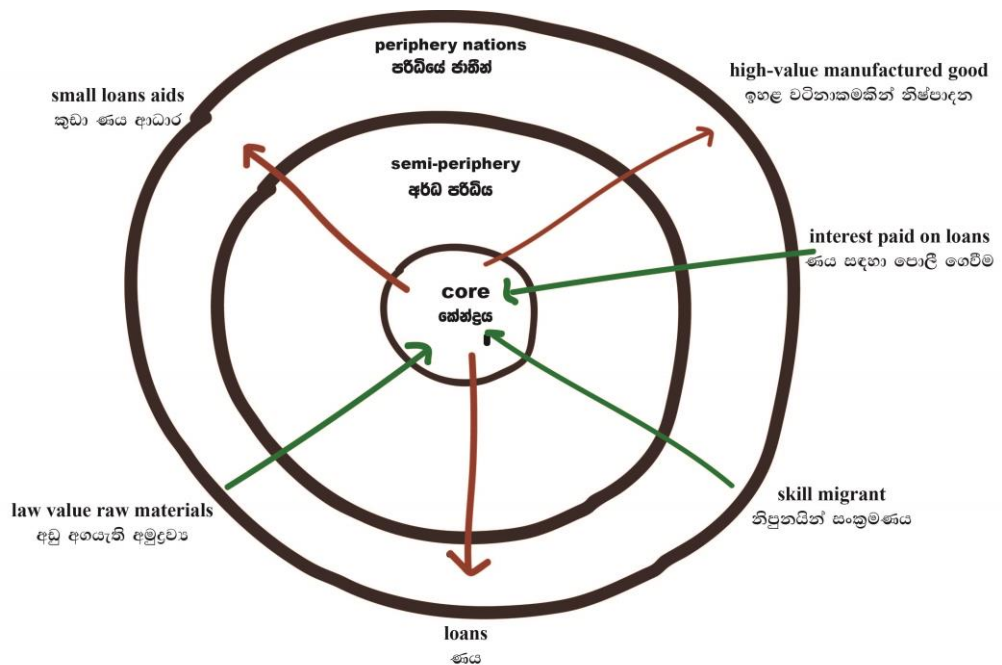
This structure can be named as on core-periphery structure. There are some differences emphasize that core and periphery as follows.

Core	Periphery
Capitalist centers have a diversified production mostly focused on high-tech goods.	The periphery is forced to specialize in the production of primary and low-tech goods as a historical result of the international division of labor.
Centers have a diversified productive structure with relatively homogeneous levels of productivity.	Periphery is affected by structural heterogeneity (coexistence of modern sectors of high productivity, high wages and strong linkages with international markets and

	primitive sectors of low productivity, low wages and almost completely separated of international markets).
Accumulation of capital in the periphery is technological dependent on capital goods produced by central countries.	The periphery usually by exporting primary goods, and they are constrained by foreign exchange flows registered in the balance of payments
High-level Foreign exchanges.	Foreign exchange flows to peripheral countries are limited by international capital movements, external debt service, payment of foreign profits as well as constraints created by distinct forms of accumulation by dispossession
Core has a higher structural power.	Periphery has not a higher structural power.
Have benefits of technological progress. As a result, within central countries emerges an “opulence” that permits local working classes to become stronger, negotiate for high wages and create pressures on the cycles of accumulation of capital.	Have not benefits of technological progress. Working classes have more pressure according to center-periphery accumulation process.

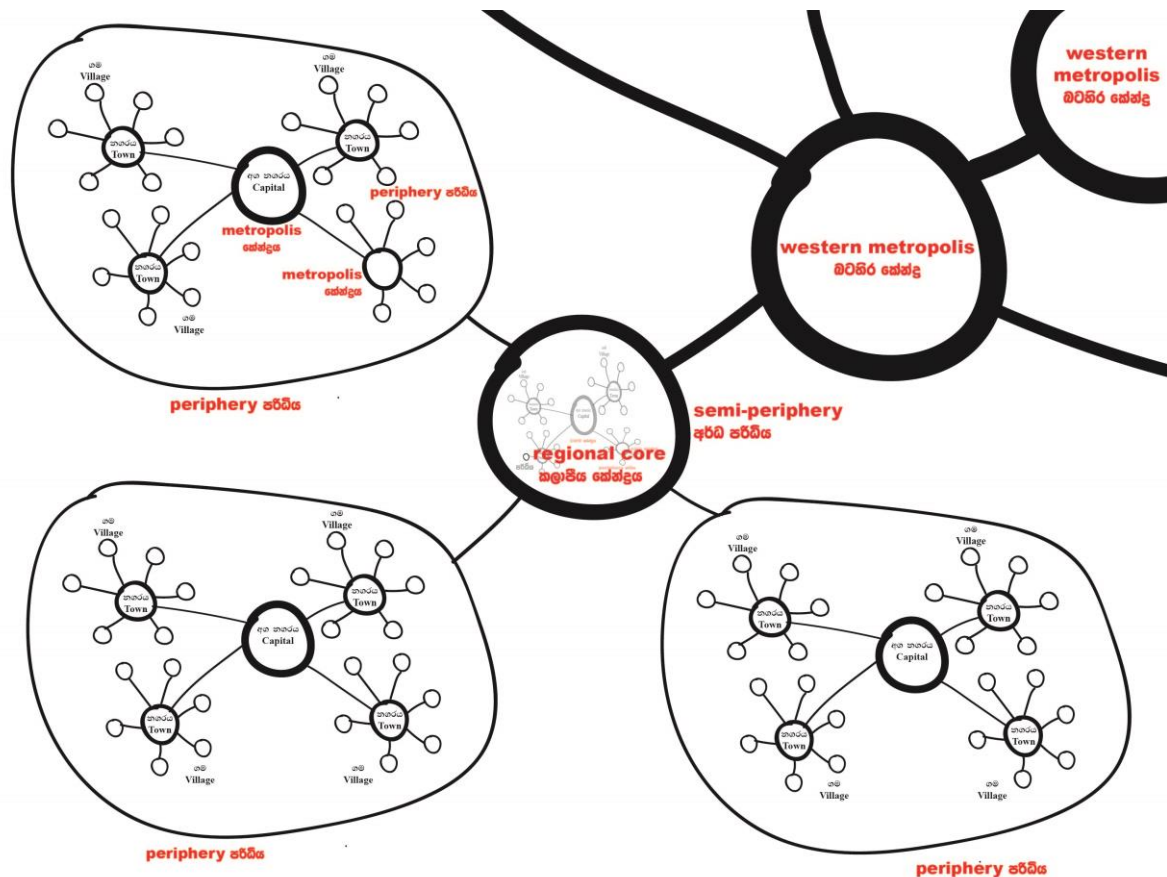
Source: (Cajas Guijarro & Perez-Oviedo, 2019).

Dependency / center-periphery theories have some odds according to the rise of some Asian and other countries such as South Korea, Singapore, Taiwan and Hong Kong, etc. Philippines, Thailand, Malaysia and Indonesia are other examples (Sánchez, 2003).



Basic arguments and structure of dependency and center periphery theories





The metropolis-satellites relationships – international division of labor

### Distorted development (විකෘති සංවර්ධනය)

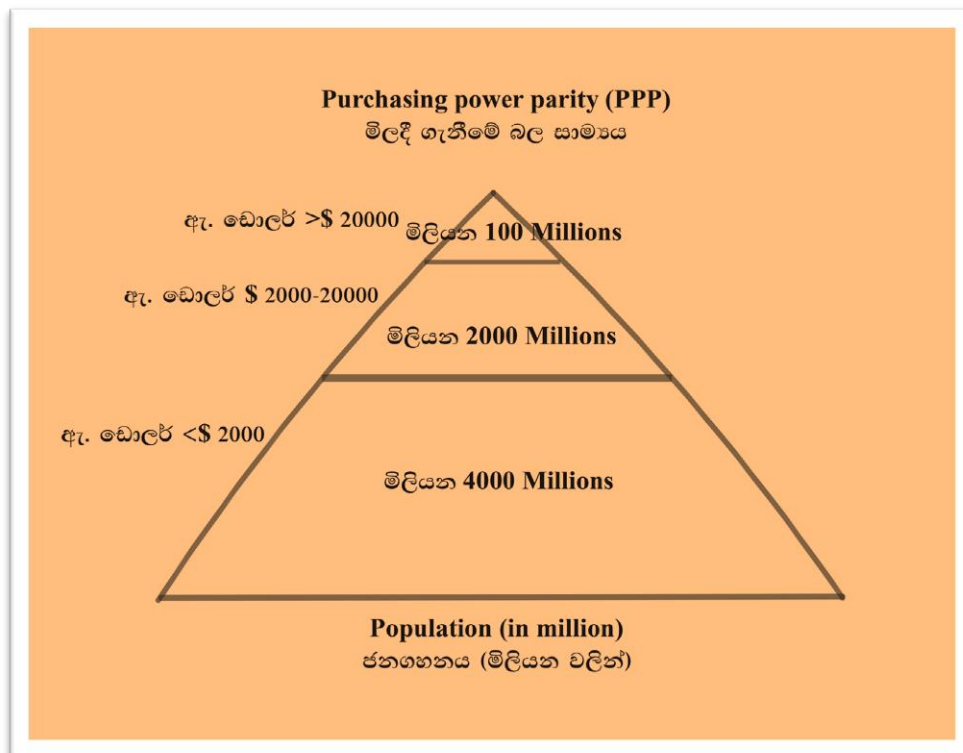
Economics development not accurately interpret social development. This phenomenon is identified as a distorted development. This phenomenon widely occurs in the Third World countries. The problem of these countries is not harmonizing economic and social development objectives. Wide social problems created under the distorted development as follows.

- Child labor
- Inadequate sanitizing
- Housing problems
- Lack of education
- Nutrition problems
- Slums etc.

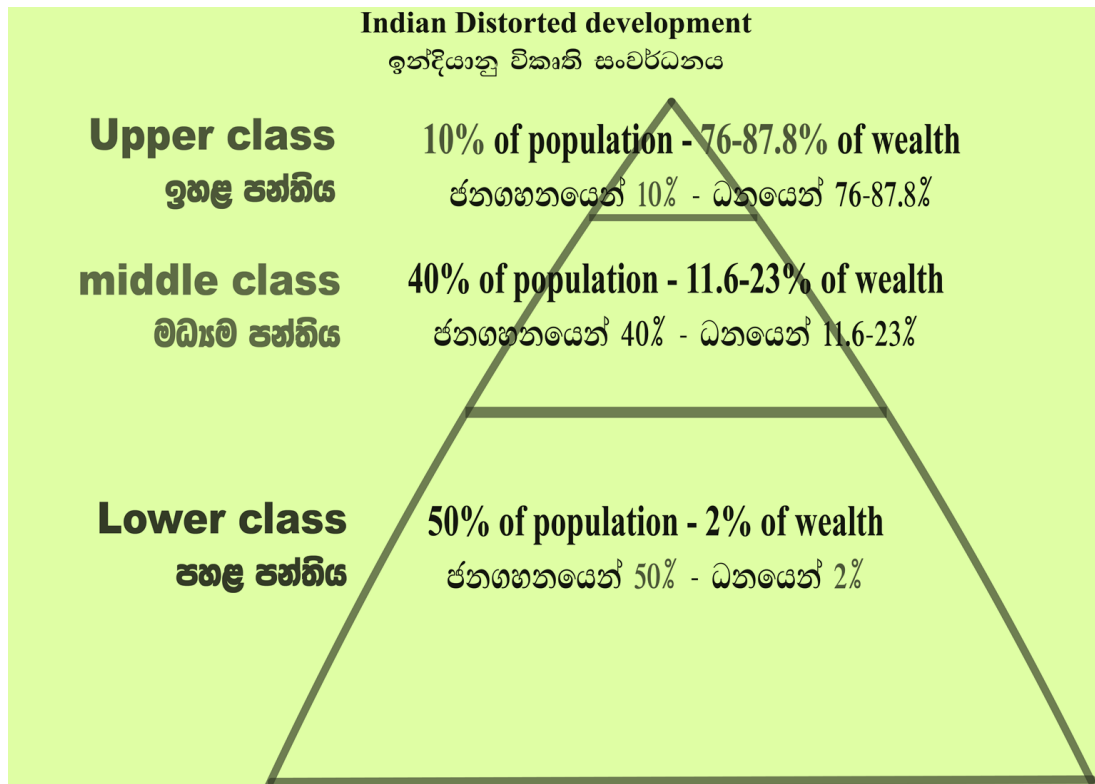
Midgley (1995) emphasises that balance between economic and social development is create healthy countries.

Societies with distorted development may be contrasted with societies where a better balance between economic and social development has been found. European countries such as Austria, Sweden and Switzerland have the highest levels of living in the world today not only because of their economic achievements, but because of their systematic efforts to promote social development. They have invested extensively in human and social capital, and have high levels of educational attainment, extensive health and social services and effective forms of social protection. Consequently, they have a low incidence of poverty and deprivation, and are characterized by relatively low levels of crime and violence. The problem of distorted development has also been minimized in some developing countries such as Costa Rica, Singapore and Taiwan where systematic efforts have been made to foster economic development while simultaneously ensuring that social development objectives are promoted. Although these countries are not Utopias, free of social problems and tensions, they have ensured that economic development has been accompanied by a real commitment to social development.

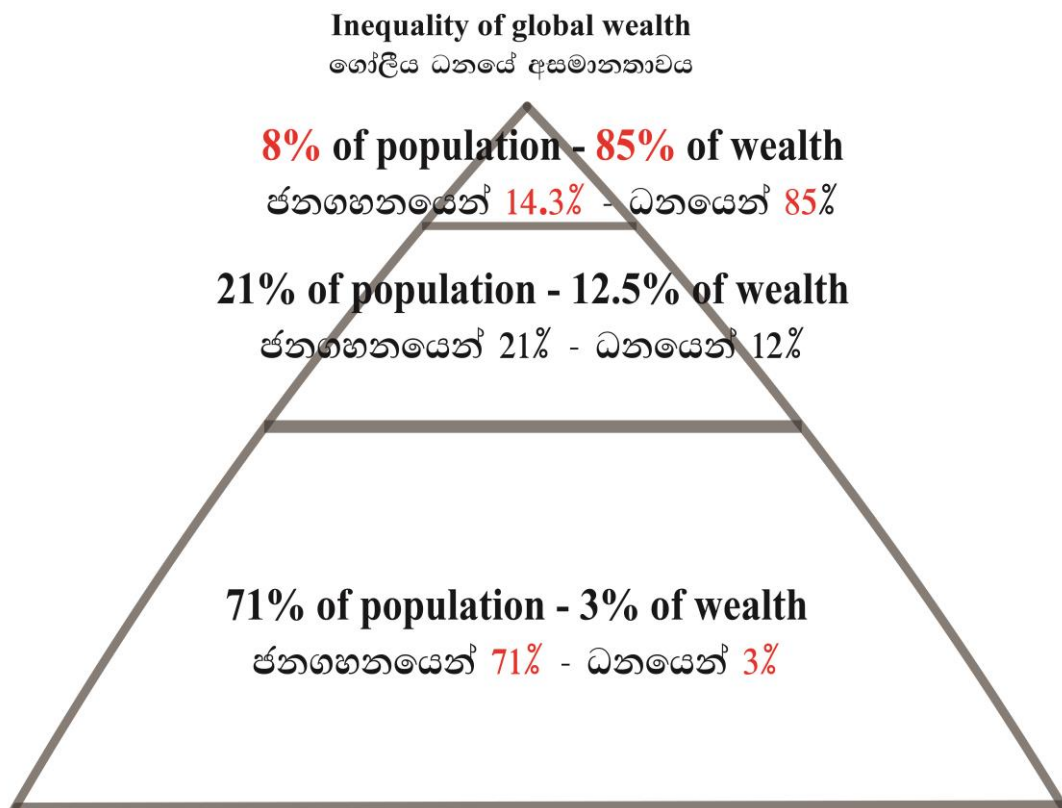
As a solution of the problem of distorted development, some international organization such as United Nations proposed in the 1990s to concern and use balance development style. The World Summit on Social Development in 1995 reawakens discussion of neglected social welfare.



Source : Prahalad & Hammond (2002).



Source: Rahim (2019)



Source:

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