

TD 638:
Development Perspectives

Topic A: Introduction to the Course

Prof. Subodh Wagle, IIT Bombay

Dr. Subodh Wagle: Brief Introduction

B. Tech from IIT Bombay (1977-1982) [Mech. Engg.] {Hostel 5}

Ten years of work at the grass-roots level in rural areas for application of science and technology in rural development

Ph.D. in Energy and Environmental Policy (Social Science Faculty) from University of Delaware, USA (1992-96)

Co-Founder, President, Lead Member, PRAYAS, Pune (Independent Policy Analysis and Advocacy Organization) <w3.prayaspune.org>

Adjunct Faculty, CTARA, IIT Bombay, [Role in designing and establishing M Tech (Technology & Development) Program]

Founding Dean, School of Habitat Studies, Tata Institute of Social Sciences (TISS), Mumbai [Started 4 new master's public policy programs]

Faculty, Center for Energy & Environmental Policy, University of Delaware, USA

Professor, CTARA, IIT Bombay (Teaching course in Public Policy since 2007)

Associate Faculty, Centre for Policy Studies [Led efforts to design MPP Program and Supported designing of PhD Program]

Course Rationale and Key Features . . . 1

- The **main focus** of the program of M Tech in Technology and Development (**MTD**) is on
 - the **interface of technology and development**.
 - In other words,
 - how does **technology interact with the society** in creating **developmental outputs**.
- This requires good **academic** as well as **practical understanding** of what development is and means.
- The program contain many courses and components that provide inputs to students
 - on the **practice of development** (e.g., TD 609).

Course Rationale and Key Features . . . 2

- This course [TD 638: Development Perspectives: Ideas, Approaches, and Theories]
- is aimed at
 - providing basic academic understanding of concepts, models, approaches, and theories of ***development***.
- By doing this, it aims at instilling among students of MTD program a ***development perspective***.

Course Rationale and Key Features . . . 3

Understanding What **Perspective** means?

- **(Your) Location:** Where you are placed? Your Geographic, Economic-Financial, Socio-Cultural, Political, Gender, Demographic **LOCATION**
- **(Your) Standpoint/ View-Point:** While standing on your **LOCATION**:
 - What part of reality you GET to SEE? What part of reality you don' GET to SEE?
- **(Your) Perspective:** HOW do you UNDERSTAND/ INTERPRET from your **Standpoint**
the reality you are ABLE and NOT ABLE to SEE from your **Standpoint**?

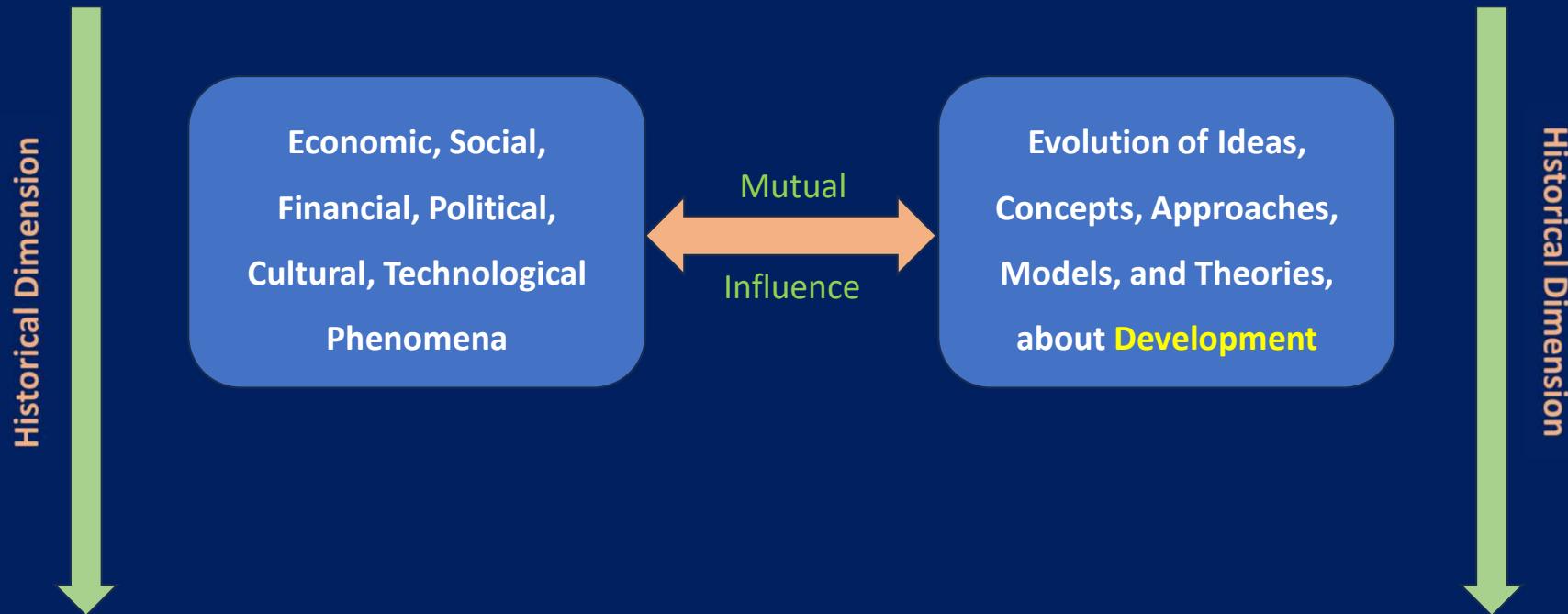
Course Rationale and Key Features . . . 4

- **(Your) Perspective** depends on/ shaped by the **intellectual equipment** you have.
- This **intellectual equipment** *expands* your **HORIZON** (Broaden what you are **ABLE** to **VIEW**) and
 - *develops* your **VISION** (= Ability to **understand** and **interpret** what you are **ABLE** to **VIEW**)
- **Building Perspective** = *Expanding* your **HORIZON** by Knowing **HISTORY** and **CURRENT STATE**
 - + *Developing* **VISION** by gaining **KNOWLEDGE** (in the form of **Concepts & Theories**)

Course Contents: Main Topics in the Syllabus (Planned)

- What is Development?
 - Colonial Legacy and Development
 - Brief Review of Classical Political Economy
 - Early Economistic Theories and Models:
Conventional/ Mainstream and Critical
Theories and Models
 - Late ‘Economistic’ Theories and Models: Neo-liberalism, Washington Consensus, New
Institutional Economics
 - Development and Social Equity
 - Gender and Development
-
- Post-Development and Cultural Turn in
Development Thinking
 - Environmental Turn in Development Thinking:
Sustainable Development and Its Critiques
 - Depoliticization and Development:
 - Development Thinking in the Indian Context:
Gandhian Perspective, Caste and Development
 - Recent Ideas, Approaches, and Frameworks:
MDGs and SDGs, Corporate Social
Responsibility, Social Entrepreneurship

Course Structure



Course Proceedings . . . 1

- As mentioned before, the two main components (having mutual influence) of the course are:
 1. **Ideas** (Concepts, Models, Approaches, and Theories) and Their **Conceptual Structures and Contents**
 2. **Histories**: Historical Events and Phenomena (social, economic, financial, political, cultural, technological)
- Class Readings are important component of the course as they help understand the nuances of the ideas and histories.
- Prescribed Class Readings will be made available to students via the Moodle before the class.
- Students are expected to study readings before the class and come prepared with their queries and comments.
- Presentations by the **instructor** meant to explain **SOME KEY ideas** and **historical phenomena**.
- ALL the assessments, exams will cover the class discussions and content in the readings.
- The main mode of communication will be Moodle.
- For urgent and minor communication, a separate WhatsApp Group will be set up by TAs.
- Students are encouraged to use the 'Forum' feature on the Moodle for raising queries and initiate discussions.

Readings and Text Books

Main Text Books

- Potter, B. and Smith, E. (2008) Geographies of Development: An Introduction to Development Studies. Pearson Education Limited. (Selected Chapters and Excerpts)
- Haslam, P.A., Schafer, J. and Beaudet, P. (eds.) (2012). Introduction to International Development: Approaches, Actors and Issues. Oxford: Oxford University Press. (Selected Chapters and Excerpts)

Other Optional Books

- Clark, D. (ed.) (2006). The Elgar Companion to Development Studies. Northampton, Mass.: Edward Elgar. (Selected Chapters and Excerpts)
- Currie-Alder, B., Kanbur, R., Malone, D.M., and Medhora, R. (eds.) (2014). International Development: Ideas, Experience, and Prospects. Oxford: Oxford University Press. (Selected Chapters and Excerpts)
- Desai, V. and Potter, R. B. (eds.) (2014). The Companion to Development Studies. Third edition. Abingdon, Oxon: Routledge. (Selected Chapters and Excerpts)
- Peet, R. and Hartwick, E. (2015). Theories of development: Contentions, arguments, alternatives. Guilford Publications. (Selected Chapters and Excerpts)

Class Prep Note : Reflections on “Development and Me” . . . 1

Answer the following questions: (Using the points mentioned in the bracket, but not limited to these points; you may use your additional points if any.)

1. Who Am I? [Answer should be in between 300 and 500 Words]

(My locations: Demographic [Age, Gender], Social [Family, Community], Education and Training, Geographic [Location, Region, Resource-Endowment] Physical [Health, Food/ Diet, Sports], Economic [Class, Income, Wealth, Security], Cultural [Beliefs, Values, Preferences, Hobbies, Recreation], Political [Beliefs, Values, Preferences]) [Minimum 300 Words]

2. What Shaped Me? [Answer should be in between 300 and 500 Words]

(Age, Gender, Family, Community, Education and Training, Geographic Location, Region, Resource-Endowments, Physical Health, Food/ Diet, Sports, Class, Income, Wealth, Economic Security, Cultural Beliefs, Values, Preferences, Hobbies, Recreation, Political Beliefs, Values, Preferences) [Minimum 300 Words]

Class Prep Note : Reflections on “Development and Me” . . . 2

Answer the following questions: (Using the points mentioned in the bracket, but not limited to these points; you may use your additional points if any.)

3. Write about FIVE YOUR OWN most-important (according to you) ideas or concerns about DEVELOPMENT? [Write between 500 to 1000 Words, at least 100 words for each idea/ emotion/ etc.]
4. Where does **each of these FIVE** come from? How it is connected with **your answers to the questions of “Who am I? What shaped me?”** [Write between 500 to 1000 Words, at least 100 words for each idea/ emotion/ etc.]

Initial Assignment: Reflective Note: Development and Me . . . 3

1. Who Am I? [300 and 500 Words]

(My locations: Demographic, Social, Education and Training, Geographic, Physical, Economic, Cultural, Political) [300]

2. What Shaped Me? [300 and 500 Words]

(My Age, Gender, Family, Community, Education and Training, Geographic Location, Region, Resource-Endowments, Physical Health, Food/ Diet, Sports, Class, Income, Wealth, Economic Security, Cultural Beliefs, Values, Preferences, Hobbies, Recreation, Political Beliefs, Values, Preferences)

In the light of answers
to Question 1 and 2

3. What are MY OWN five most-important ideas or concerns about DEVELOPMENT?

4. Where does each of these five come from? How it is connected with me or Who am I & What shaped me?

[Both answers between 500 to 1000 Words, at least 100 words for each idea/ emotion/ etc.]

Class Prep Note : Reflections on “Development and Me” . . . 4

Other Instructions

- You rely on your understanding of “what does Development mean (**TO YOU**)?”
- You may discuss your points with other students.
- Think a lot. Make multiple drafts/ versions. This will help you write your other assignments.
- You may write in bullet format or in short paragraphs. But write **full sentences**, **not** words or phrases.
- Try to find a perfect word for the idea that you have in mind. Check the dictionary and Thesaurus repeatedly.
- Type in Font: Calibri or Helvetica, Font Size: 11, Spacing: 1.5

Class Prep Note : Reflections on “Development and Me” . . . 5

Submission and Deadline

- Please send a pdf file with the **file name**: <Your Role No_Short_Name_TD 638_Reflection Note 1>
- Submission by email sent to one of the two TAs. Subject Line: Your Role No_Short_Name_TD 638_Reflection Note 1.
- Please confirm the receipt of the email by contacting TA by phone or WhatsApp message.
- **Deadline**: Monday 5th August 2024 at 10 am . **Penalty for late submission**.

Assessment Scheme (Tentative)

Assessment Type and Items	Grade Weightage
Reaction/ Reflection Papers/ Class Assignments (Short, 2 to 4 numbers)	20%
Mid-Sem (Short Answer Questions, Reflection Questions)	30%
Assignment (On Development Controversy or Government Scheme)	20%
End-Sem (Short Answer Questions, Reflection Questions)	30%
Total	100%

- You will write **TWO Assignments** in a semester based on **class discussion**.
- All Assignments will be explained in separate detailed Concept Notes.
- All **deadlines** will be informed at least two weeks in advance and will be strictly adhered to.
- Late submissions/ late reporting for chats will attract **penalties**. There will be **no second chances** of any kind.
- **Plagiarism** of any type and **Use of Chat-GPT/ Bard** type instruments is prohibited and will be severely punished.

Thank You

TD 638: Development Perspectives: Ideas, Approaches, and Theories

Concept Note on Assignment 0: 'Class Prep Note' (No Marks):

Assignment 0: Note 1 : 'Class Prep Note:' Reflections on 'Development and Me'

Answer the following questions: (Using the points mentioned in the bracket, but not limited to these points; you may use your additional points, if any.)

1. Who Am I? [Answer should be in between 300 and 500 Words]

(My locations: Demographic [Age, Gender], Social [Family, Community], Education and Training, Geographic [Location, Region, Resource-Endowment] Physical [Health, Food/ Diet, Sports], Economic [Class, Income, Wealth, Security], Cultural [Beliefs, Values, Preferences, Hobbies, Recreation], Political [Beliefs, Values, Preferences])

2. What Shaped Me? [Answer should be in between 300 and 500 Words]

(Age, Gender, Family, Community, Education and Training, Geographic Location, Region, Resource-Endowments, Physical Health, Food/ Diet, Sports, Class, Income, Wealth, Economic Security, Cultural Beliefs, Values, Preferences, Hobbies, Recreation, Political Beliefs, Values, Preferences)

3. Write about FIVE most important (according to you) ideas or concerns about DEVELOPMENT? [Answer should be between 500 to 1000 Words, preferably at least 100 words for each idea/ emotion/ etc.]

4. Where does each of these five (from answer to Q 3) come from? How is it connected with your answers to the questions of "Who am I? What shaped me?" [Answer should be between 500 to 1000 Words, preferably at least 100 words for each idea/ emotion/ etc.]

Other Instructions

- You rely on your understanding of "what does Development mean (TO YOU)?" You may discuss this with other students.
- Think a lot. Make multiple drafts/ versions. This will help you write your other assignments.
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What is common among them?

Development

Stress

Cat

Chair

Specific gravity

Freedom

Intelligence

Entropy

The Answer

The only thing common among these is that
Each of these is a
CONCEPT

*TD 638:
Development Perspectives*

**Topic: Understanding Concepts, Models, and
Theories**

Part A: Introduction

Prof. Subodh Wagle, IIT Bombay

Think and Try to Answer

What is
a Cat?

Some responses from students on the question of:

What is a Cat?

Student 1

- It has four legs.
- It has whiskers.

Student 2

- Cat is a furry animal.
- It meows.

Student 3

- Every cat has nine lives.
- It is most celebrated animal on the social media.

Student 4

- It is smaller than dog.
- It has a long tail.

Student 5

- Cat is domesticated animal from the feline family.

What is a Concept ?

- Concept is a **general idea**
 - about something
 - that is expressed in
 - a short phrase /single word.
- A 'concept' is not 'the thing'
- but 'an (abstract) idea' of 'a thing'
 - Thus, a Concept has **three elements**:
 - An abstract **IDEA**, a **Label**, and a set of **ATTRIBUTE**
- It is an **idea** (i.e., a cognitive construct)
composed of different **attributes**
that gives the '**thing**' a distinct
characteristics.
- It also has a **label** or title.

Think and Try to Answer

What is
a Chair?

Some responses from students on the question of:

What is a Chair?

Student 1

- It has four legs.
- It has back support.

Student 2

- It is a piece of furniture.
- It is made of wood and steel.

Student 3

- It is meant for sitting.
- It is something politicians are very fond of.

Student 4

- It may have three legs.
- It has multiple uses.

Student 5

- Even professors are very fond of it.

Different Types of Attribute of the Concept

Primary Attributes

- ✓ What known **class or a group** does the ‘thing’ **belong** to?
 - Example: Chair belongs to the **class/group** of “Furniture”. So Primary Attribute for the concept of Chair:
 - ***“It is a piece of Furniture”***

Defining Attribute(s)

- ✓ What **defines/ distinguishes** it from other things within the class ?
 - Example: Distinguishing feature/ Attribute among other concept in the class of furniture:
 - ***“It is meant for sitting”***

Additional / Secondary / Cosmetic Attributes

- ✓ What **describes** it? Adds to its description

Example: Secondary Attributes: (i) It has four legs. (ii) It has back-support. (iii) It is made of steel/ wood.

Think and Try to Answer

What is common between
a bank and a tree?

A Branch

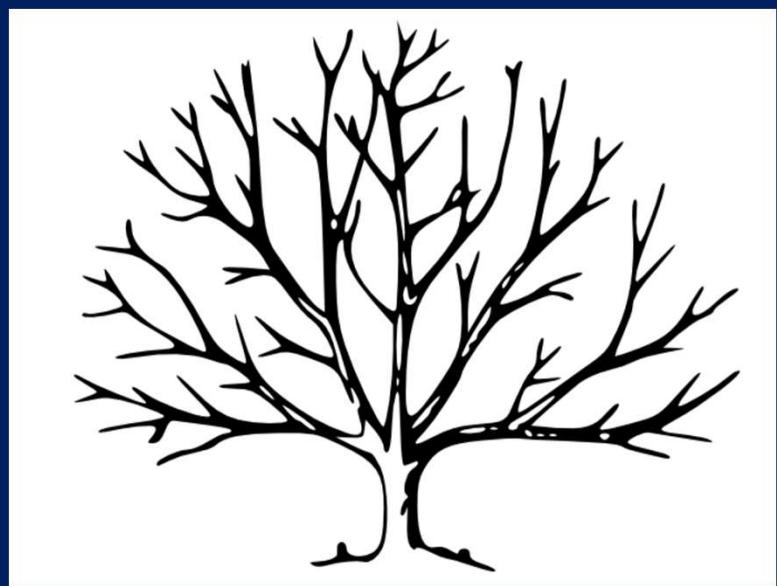
Why it (a branch) is common between the two ?

Or

What makes it common between the two?

We imagine something like this:

- When we say **branch** of a **bank**, we mean bank's ***sub-divisional*** office
- When we say **branch** of a **tree**, we mean a ***sub-division*** of the trunk of the tree.
- What is **common** is the idea of '**sub-division**'.
- Which is expressed in the form of the concept of '**branch**'.
- Thus, '**branch**' is the label for the idea of '**sub-division**'.



Branching = The main “thing” dividing into “sub-divisions”

Why we need concepts? . . . 1

- To understand the outside world,
 - we need to **impose meaning**
 - on the physical things or social phenomena,
(e.g. by **calling** sub-dividing of a tree trunk
OR subdivision of a big bank **as a BRANCH**)
 - we do it by using **concepts**
 - that have both **meaning** and **label**.

Example:

- A 'Branch' is a **concept**
- That has **meaning** = sub-division
- **Label** = The term/word branch
- We are using it to indicate sub-division
 - in a tree trunk and also in a bank

Why we need concepts? . . . 2

Concepts: Building Blocks of human knowledge

- Once your colleagues or friends know and agree on
 - what a branch of a tree *means*
 - You can **talk about** so many **different things**, using the **same concept** (i.e., branch of the tree)
 - Examples: You can remember with your school friends, how you all would enjoy sitting on a branch of a tree and talk endlessly
 - You can discuss with your photography friends how a picture could be composed using branches of a tree
 - You can discuss with your Nature Club friends how the branches of a tree are dyeing.
- You can use the concept of branch of bank in different conversation with friends and colleagues from different groups.

Think and Try to Answer

What in your opinion is an ideal classroom?

Please come up with **three distinguishing features** for the concept.

Some responses from students on the question of:

What in your opinion is an ideal classroom?

Student 1

- It is a place for academic learning.
- It is a sacred place.
- It should be a calm place as near as possible to nature.

Student 2

- The place should allow free flow of communication among students and teacher.
- It should have good acoustics'.
- It should make use of modern technology for communication.

Student 3

- I want it work for students.
- Primarily, it should serve needs of students.
- In case of Mumbai, it should have a good AC.

Utility of Concepts

Concepts are tools for

- thinking
- Explaining
- criticizing
- analysing
- arguing
- over any issue
- By *developing* and *redefining concepts*,
- we understand the world in better manner.
- Examples:
 - Bits and Bytes in Computer Science or the Internet; Face + Book

Types of Concepts

Types of Concepts

- **Normative Concepts:** which tell us what should, ought, must *happen or be done*.

They signify the ‘**value**’ (value in ethical sense, not economic).

- **Descriptive / ‘Positive’ Concepts:** refer to a ‘**fact**’ or ‘a reality’, and *describe* what *is* there and hence are **verifiable** by anybody

(Positive here mean reflecting the experience)

In many ‘political’ concepts, a ‘fact’ and the ‘value’ are **interlinked**.

- **Contested Concepts:** Concepts involving a **controversy** or conceptual disagreement / debate.

Many and competing interpretations of concepts,

and many or all could be *equally valid* (from different perspectives)

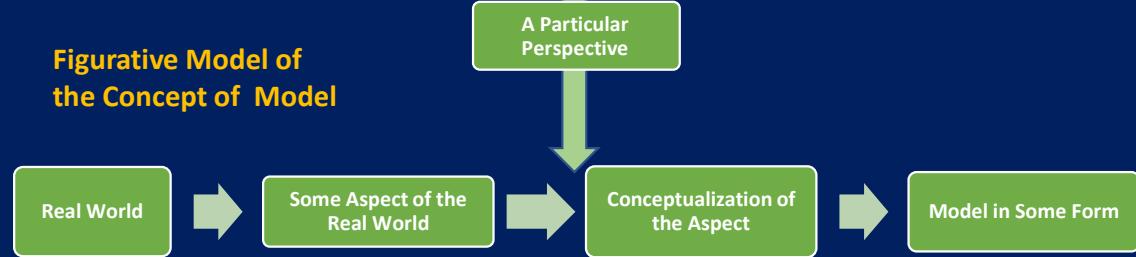
What is a model?

A **model** is

- a **simplified** and **selective**
- **abstraction** (i.e., representation/conceptualization)
- of a certain **aspect**
- of the **real world** object or phenomenon
- when viewed from a particular **perspective/standpoint**.

Model could be in **different forms** (physical, mathematical, narrative, figurative)

Figurative Model of the Concept of Model



Architectural Model of a Building



12 x 371

Normative Models tell us what **should** be done. (Norm)

Descriptive Models describe or tell us what **is** there. (Fact)

Models, Theories and Laws

Model is abstract description of a part of the social phenomenon

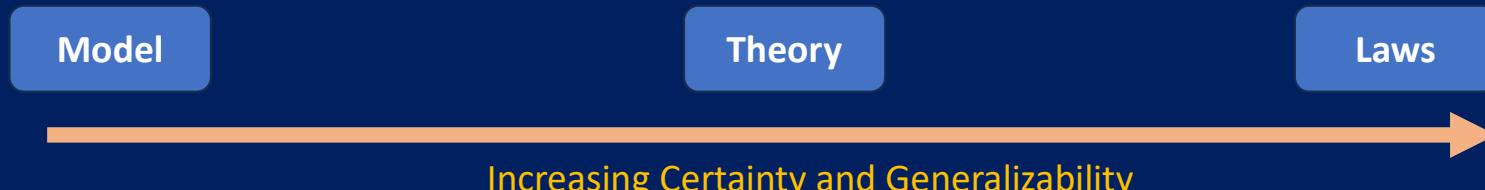
It is accepted as a partial, simplified, and possible description of the phenomenon, to be used in conjunction with other models.

Hypothesis: A possible generalizable explanation to the phenomenon.

Theory: A tested and validated Hypothesis.

Theory: A validated claim about the generalizable explanation to the phenomenon. (Weak/ Strong & Meta/Meso/Micro)

Law: Well-established, undisputable, universally applicable theory (generalizable explanation)



Class Work: A Quiz (Part 1) (Time 15 minutes)

Preliminaries

- Take a piece of paper (A-4 size or long notebook size) with both sides blank. (Give page number 1 to this side)
- On the top of one side of the paper, put your Name, Roll Number, Program, and Year.

Deciding on a Concept for Analysis

- Choose any one most simple (such as a chair and cat) concept that is related to your everyday normal experiences.
- This should not be a technical concept that is related to your area of research or study.
- Any other student from your class should be able to easily understand and relate to the concept.

Analysis of Concept

- Now, analyze or split this concept in terms of its Primary and Defining Attributes.
- List separately these attributes, starting with (a) Primary Attributes (should not be more than 2 preferably)
and (b) Defining Attributes (should not be more than 3 preferably)
- You may do **rough work** on your notebook before writing the **final version** of the attributes on the paper.

Class Work: A Quiz (Part 2)

Preparatory

- Exchange your paper with another student in the class, preferably one who is not from your program.
- Record the name, roll number, hostel number, and phone number of the student to whom you are giving the paper.
- After getting the paper from another student, on the top of the other side of the paper,
 - put your Name, Roll Number, Program, and Year (Give page number 1 to this side)

Reflections

- Study the work done by the other students whose work is with you for reflection.
- Tell us what part you like or approve of and what parts you do not agree with.
- Most importantly, try to redefine the concept by changing the Primary and Defining Attributes.
- Tell us the reasons or justifications for the changes you made and the changes you did not make.

Thank you

TD 638: Development Perspectives

Ideas from Economics:

Class and Home Work:

Short Notes on YouTube Videos

Prof. Subodh Wagle, IIT Bombay

Ideas from Economics: Class and Work: Short Notes on Videos

Class Work for Friday 16th August 2024 and Home Work for the Week starting 12th August.

- Listen to the listed YouTube videos on the prescribed topics and read the transcripts available with the video.
- Additionally, you are encouraged to listen to other videos or read other material from the internet on the listed topics.
- This is a team assignment, you form a team of two students. If you need, you may get help from the TA to form a team.
There will be one submission by one team.
- Write one typed short note on each of the six topics, telling us what you understood from the video.
- Note should be in the format of bullets, each bullet containing a limited number of FULL sentences.
- Each note may be between 250 to 500 words.
- You may consult other students, TAs, or other students or friends.
- Submit a pdf file with title: <IdafroEco_Assignment_Roll No of 1st Student_Roll No of 2nd Student>
- Send to TA with the same subject line.

Ideas from Economics: List of Topics and YouTube Videos

Mandatory/ COMPULSORY Listening and Study

1. Laws of Supply and Demand: <https://www.youtube.com/watch?v=kIFBaaPJUO0>
2. What is Free Market: <https://www.youtube.com/watch?v=4V9TZtzEplw>
3. Critique of Free Market: <https://www.youtube.com/watch?v=KP3G1TMBKmU>
4. Invisible Hand: <https://www.youtube.com/watch?v=vccplIZaah8>
5. Critiques of Free-Market Economy: <https://www.youtube.com/watch?v=eaZORYaygo0>
6. Marx's theory of surplus value of labour: <https://www.youtube.com/watch?v=xzqm9QHls60>

Optional Listening and Study

1. Criticism of the theory of surplus value of labour: <https://www.youtube.com/watch?v=qTlEsHuvJpw>
2. Response to the Criticism of the theory of surplus value of labour : <https://www.youtube.com/watch?v=1oRCgUEplQI>
3. Similarities between Smith and Marx: https://www.youtube.com/watch?v=rrN5ZeVOj_0

You may make use of the transcripts available with most of these videos while understanding these topics.

TD 638: Development Perspectives

History of Social, Economy, Political, Technological Systems

Prof. Subodh Wagle, IIT Bombay

History of Social, Economy, Political, Technological Systems

Feudalism (in Europe) . . . 1

Socio-Economic-Political Organization of Society in Europe (and most of the world) before mid-1700s

- Most people *lived in* rural areas,
- **Social Dimension:** In *large size families* and *clans and under social customs/ religious beliefs* strictly controlled by the *Church*
- **Political Dimension :** **Repressive political control** and **regulation** by **Kings and Overlords**
- **Technological Dimension :** Use of primitive tools and technologies for artisanal scale production in small workshops.

Feudalism (in Europe) . . . 2

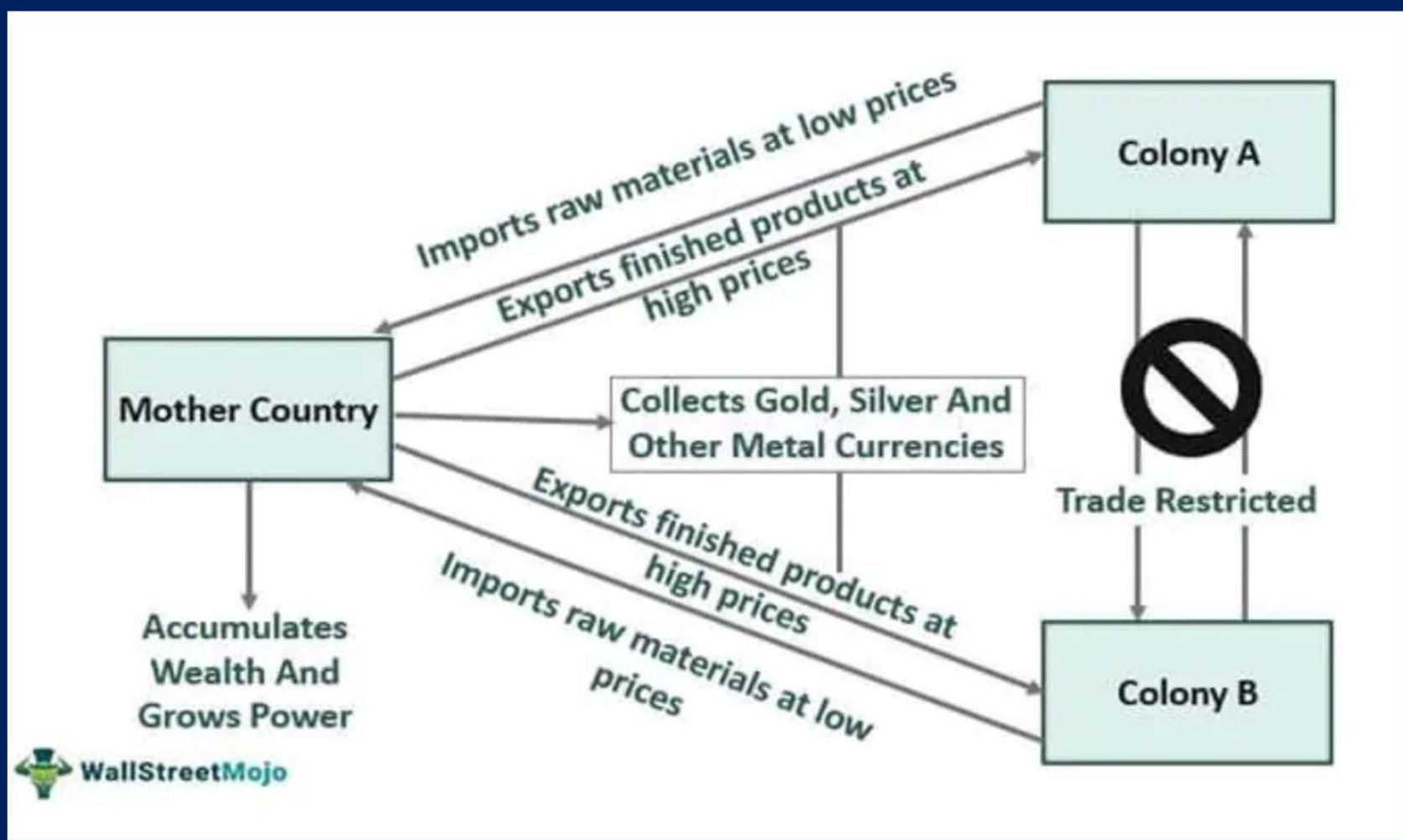
Socio-Economic-Political Organization of Society in Europe (and most of the world) before the mid-1700s

- **Economic Dimension:** *Reliance mainly on* subsistence agricultural production as farmers and laborers,
 - which was **heavily taxed** by Feudal lords and Kings
- **Manufacturing:** Some people *produced* manufactured goods
 - at an artisanal scale in small, house-based workshops,
 - using primitive tools and technologies.
 - These were operations of large families.
- International trade existed on a comparatively limited scale,
 - trading **niche products** such as spices, precious metals, and some luxury goods.

Imperialism, Colonialism, and Mercantilism

- **Imperialism** is a political system in which an **imperial state**
 - **exercises** strong control over **territories beyond its initial borders.**
 - This **control** manifests simultaneously in **diverse manners**, like **colonialism, militarism, cultural hegemony.**
- **Colonialism** is an economic-political system in which a colonizing country **conquers and rules over other regions.**
 - It **involves exploiting** the resources and **markets** of the conquered country for the benefit of the conqueror.
- **Mercantilism** is an economic-political system—a form of **economic nationalism**—that works
 - to **empower** a **nation by acquiring wealth and resources while increasing** its military and political power
 - **by maintaining** a favourable trade balance.
 - **Economic Policies:** **maximizing exports of manufactured goods and imports of raw material**
 - through **restrictive trade practices.**

Mercantilism: How it Works?



Capitalism . . 1

Capitalism: A new ***social organization*** of ***production*** (=how society organized ***economic activity*** of ***production***)

- **Production** (manufacturing) was ***organised in*** privately owned units, (need not be by members of same family)
 - whose owners (manufacturers) ***had capital*** (=funds/ finance/ money), hence, they were called ***capitalist***
 - ***Capitalists*** used ***capital to buy*** the means and materials ***required for Production*** (manufacturing)
- **Labour** (One Means of **Production**): These ***workers had no other means*** of making ***a living***,
 - ***But to sell*** their labour power in the (labour) ***market*** to ***Capitalists***.
- **Market:** Main mechanism for manufacturers, workers (labour), and consumers (of production)
 - ***to sell*** what they had to offer (for sale)
 - and to ***buy*** what they desired and could buy

Capitalism . . 2

- **Capital** and **Market** were hitherto (before Capitalism) either absent
 - Or **constrained** by **political regulation (King)** and/or **social customs/ religious beliefs (Church)**

Under **Capitalism**,

- Economic: **Capital** and **Market** **started governing** the **social production** (= **production by society**)
- Social: **social customs/ religious beliefs** were **changed to serve Capital** and **Market**, rather than **constrain** them
- Political: **Political regulation** were **changed to serve Capital** and **Market**, rather than constrain them
- Political: New **Capitalist State became committed to**
 - creating and maintaining the **capitalist production.**
- Comment: “**Never before in human experience had societies been governed by such unjust, impersonal, and uncontrolled institutions.**”

Comparing Feudalism and Capitalism in Brief. . . 1

Axis of Comparison	Feudalism	Capitalism
Human Habitation	Most people <i>lived in</i> rural areas	Most people <i>live in</i> urban areas

Comparing Feudalism and Capitalism in Brief. . . 1

Axis of Comparison	Feudalism	Capitalism
Human Habitation	Most people <i>lived in</i> rural areas	Most people <i>live in</i> urban areas
Social Organization	<ul style="list-style-type: none">• In <i>large size families</i> and <i>clans and</i>• <i>Controlled by social customs/ religious beliefs</i> strictly controlled by the <i>Church</i>• <i>constraining Economic Activities and Markets</i>	<ul style="list-style-type: none">• <i>Nuclear Families</i>, Weak Bonds within clans• Social customs/ religious beliefs <i>were changed to serve</i> Capital and the Market rather than constrain them.

Comparing Feudalism and Capitalism in Brief. . . 1

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Political Organization	<ul style="list-style-type: none">• <i>Repressive political control</i> and <i>regulation</i> by <i>Kings and Overlords</i> or even <i>Church</i>	<ul style="list-style-type: none">• Political regulation <i>were changed to serve Capital and Market</i>, rather than constrain them• <i>New Capitalist State</i> became <i>committed to</i> creating and maintaining the <i>capitalist production</i>.

Comparing Feudalism and Capitalism in Brief. . . 2

Axis of Comparison	Feudalism	Capitalism
Role of Capital & Market	Capital and Market either absent or constrained by political control (King) /or social customs/ religious beliefs (Church)	Capital and Market started governing the social production (= production by society)

Comparing Feudalism and Capitalism in Brief. . . 2

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Production (Scale)	Some people produced manufactured goods at an artisanal scale or in small, house-based workshops	In privately owned, large size factories of capitalists who own capital (hence, called capitalists)

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Labour	Labour came from members of artisan's family or clan.	Capitalist, using their capital, buy labour from workers. Workers had to sell their labour in the (labour) market.

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International Trade:	International trade existed on a limited scale, in niche products (spices, precious metals, and some luxury goods)	International Trade is one of the main sources of increasing production and wealth.

Industrialism/ Industrialization . . 1

- **Industrial Revolution:** Starting in Great Britain in **the 1750s**, steam engines and other **mechanized and technical processes** began to be **applied** to the production of manufactured goods. (Why it is a **Revolution?**)

Productivity in Factory Mode of Production: Division of Labour

- Most famous passages in Adam Smith's *Wealth of Nations* is his description of the division of labour in the pin factory.
- He saw a factory employing 10 labourers making 48,000 (paper) pins in one day.
- Contrasting the output of ten people, each specialising in a stage of the process
 - with one person making whole pins as in artisanal mode of production:
- "*Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day*" (WoN, paragraph three).

Industrialism/ Industrialization . . 2

- ***Industrial Revolution: Led to*** transformation in the mode (manner) of production
 - Different workers specialized in different trades/ skills worked in different stages or tasks (Division of Labour)
 - ***worked in*** larger groups and with machinery (Factory Mode of Production)
 - This ***unleashed*** rapid increases (i) ***productivity*** per person or ***productivity*** per unit of capital
 - Also (ii) in the quantity of material goods i.e., ***production***
 - that could be ***produced for*** mass and luxury consumption.

Industrialism/ Industrialization . . 3

- Both **Productivity** and **Production Increased** due to **Industrial Revolution**:
 - Division of Labour, Steam Engines, other mechanized and technical processes **increased** both **productivity** and production **of manufactured goods**.
- This, in turn, **triggered** a process of faster **economic growth** (**increase in money value of goods produced**)
 - and **structural transformation** in the British **economy**, (from subsistence-agri based to mass production/ industrial)
 - Similar processes took place soon after in France and the **Benelux countries** (Belgium, the Netherlands, Luxembourg).

Industrialism/ Industrialization . . 4

- **Industrialism/ Industrialization:**
- **Agriculture** was also **gradually transformed** in Great Britain and France at this time
 - as **communal lands** and **smaller farms** **were absorbed** into **larger landholdings** **employing** **mechanization**,
 - while much of the rural populations **were encouraged**
 - or **forced to migrate** to urban centres (**Enclosure Movement**).
- Boost for **International Trade**: As more goods **were produced**,
 - more goods **became available** for export,
 - and **demand grew** for imported raw materials for industrial production
 - and for **foodstuffs** for the growing urban populations.
- Push for **Mercantile Capitalism** and **Colonialism**

Industrial Capitalism . . 1

- **Industrialism/ Industrialization flourished** because of **Capitalism** (which was already present in NW Europe)
- So **Industrial Capitalism** (= **Industrialization** flourishing under **Capitalism**)
 - Led to **expansion** of **productivity** and **production** to the **previously unimaginable scale**
- Based on this massive **productivity** and **production**, societies were given

The **promise** of **Industrial Capitalism** = **Human/ Social Progress**

= absolute and rapid **increase in wealth for all**

- **Industrial Capitalism** was at **the base** of the idea of **Human/ Social Progress**
- However, this **promise** of **Human/ Social Progress** **did not materialize.**

Industrial Capitalism . . 2

Promise of **Industrial Capitalism** = absolute and rapid **increase in wealth for all** = (**Human / Social Progress**)

- However, this **promise did not materialize.**

Reasons

1. **Capitalists** did not pay the **workers full value of their labor** (what they spent to be able to do the labor)
 - A large part of the surplus value created by laborers was converted into **profits** by **capitalists**.
 - According to capitalists, this was necessary for their survival,
 - as they have to continuously invest in productive activity in order to survive in **competition**.
- So, these **Industrial Workers** did not **benefit from** the **promise of Industrial Capitalism**
 - and did not see **Human / Social Progress**.

Industrial Capitalism . . 2

Promise of **Industrial Capitalism** = absolute and rapid **increase in wealth for all** = (**Human / Social Progress**)

- However, this **promise did not materialize.**

Reasons

2. Further, the **coordination of market** which was expected to **happen automatically (invisible hand)**
 - Often **failed, creating repeated crisis** in **economy** (Great Depression of 1930s & Great Recession of 2008)
 - **Cycles of Boom** and **Bust**
 - **Causing** serious adverse impacts on **industrial labour** and **other poor sections** in society

Invisible hand: Assumption that, in a free market economy, self-interested individuals

*operate through a system of mutual interdependence,
which leads to coordination among participants in the market.*

Industrial Capitalism . . 3

Promise of **Industrial Capitalism** = absolute and rapid **increase in wealth for all** = **Human / Social Progress**

- However, this **promise did not materialize.**

Reasons

3. **Capitalist** did not pay the **workers full value of their labour**, which was necessary for **creating their profits**.

- So, the **workers** in society **despite their large number**
 - **did not create adequate demand** for the **goods produced** by the **Capitalists**.
- Hence, **Capitalism required and created** a constantly expanding **world market**
- Not only through **(free) trade but mainly through political conquest (of colonies)**.
- **Subjugated by** militarily superior and industrially advanced **colonizing countries**,
 - the **colonised countries became poorer** and **underdeveloped**.
- They did not **benefit from** the **promise of Industrial Capitalism** and did not see **Human / Social Progress**

Industrial Capitalism . . 4

These **Limitations** and **Adverse Effects** of **Capitalist system**

were **known, recorded** and **addressed** by **thinkers** from early days of **Capitalism**.

Adam Smith: **Celebrated the productivity** of **Capitalism** but **did not support** the **unbridled free markets**.

Markets to be controlled by **moral sentiments** and **human relations in society**.

Karl Marx: **Critical** of **Capital's** **injustice** and **anarchy** but **appreciated** its **prodigious productivity**.

Hegel: Saw the **State** as **indispensable** for **correcting** and **opposing** **corrosive forces** of **markets** (of **Capitalism**).

Frequent Cycles of **Boom** and **Bust required the state** (or **political** and not **economic**) **regulation**.

Colonialism . . . 1

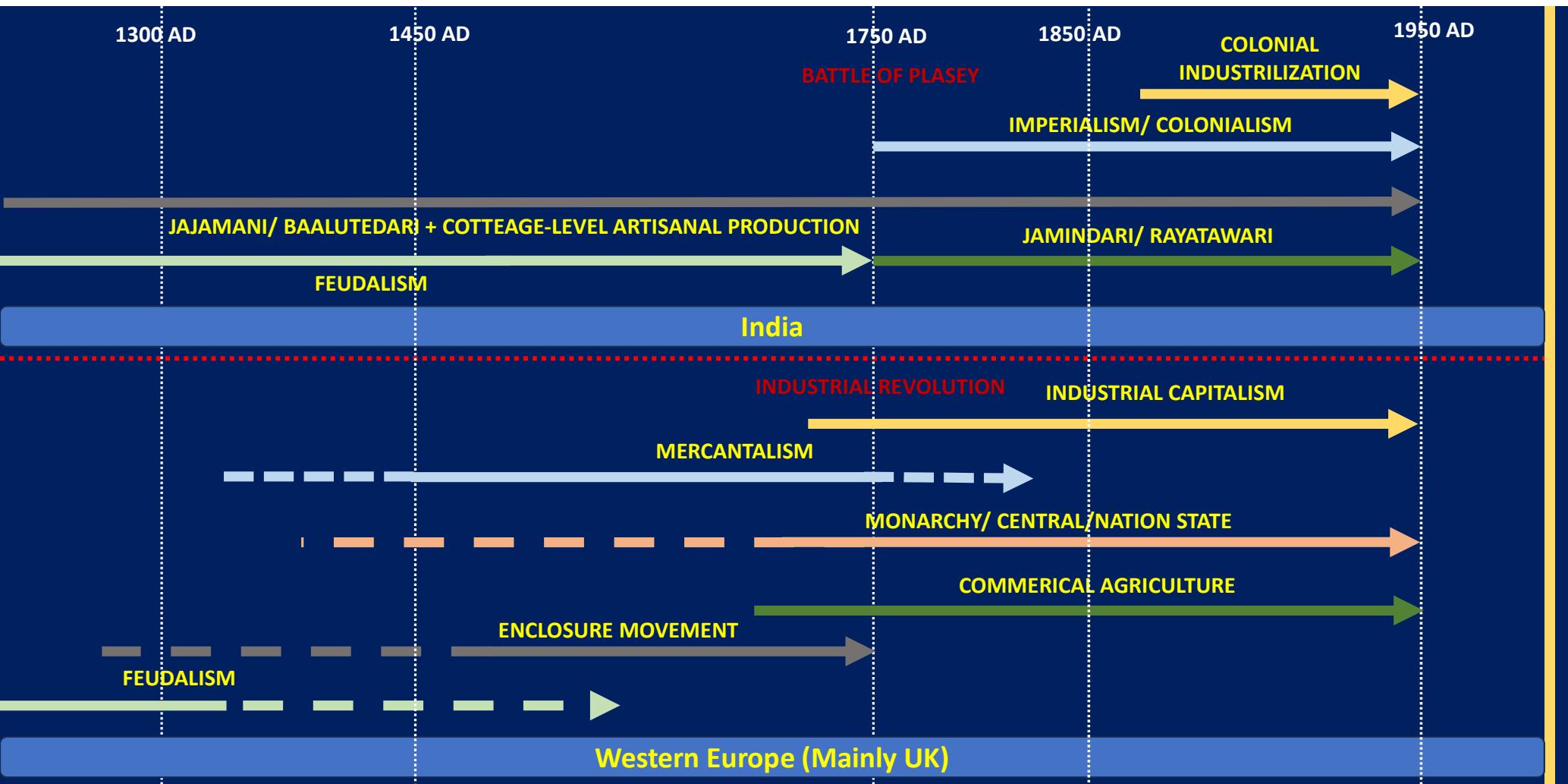
Colonialism = The **political control** of people and territories by **foreign states**, whether accompanied by significant permanent settlement or not'.

- **Political control** is associated with dominance in other spheres such as the economy and **cultural practices**.
- **Economic exploitation** involved:
 - a) **exploitation of natural resources usurped** free or at suppressed prices,
 - b) use of colonies as **captive markets** (controlled through different prohibitive rules and indirect taxes),
 - c) use of colonial subjects as **cheap labour** enforced to work in different modes and ways.
- Hence, Colonialism = **Enforced Underdevelopment**

Colonialism . . . 2

- **Effects of Colonialism:** (different perceptions of different sections of society)
 - “negative” destructive impacts on especially on local social, political and economic governance systems and cultural norms in many colonized societies.
 - as well as “positive” transformations (political freedom from local fiefs and social emancipation from repressive traditional social systems)
- The **power inequalities** between colonized and colonizing societies and the **economic exploitation** of colonized countries
 - was reason for **development experiences** of colonized countries in colonial as well as post-colonial era
 - which were **Different** from colonizing or non-colonized communities .
- **Legacy effects** of **colonialism**, even after the **independence** of colonized countries,
 - restricted their economic, financial, and even political autonomy.

Comparative Historical Overview of Western Europe (UK) and India



Thank You

TD 638: Development Perspectives

Topic C:
History of Pre-Development Thinking

Prof. Subodh Wagle, IIT Bombay

Ancient Thinkers

Ancient Thinkers, Enlightenment, and Human Progress . . 1

- **Classical Antiquity:** Knowledge and Thinking created by 'ancient' Greek thinkers, Plato and Aristotle.
- Age of Classical Antiquity: Before 1700, Europe was still under the spell of 'Classical Antiquity'.
- According to Greek thinkers, the **human society**, both in its practical life and thinking would continue to **degenerate**.
- Hence, until 1700s, Europeans believed: human knowledge has **degenerated from** the period of Classical Antiquity.
- **Francis Bacon:** a the "grand architect" of the age of **Enlightenment** broke the spell of this belief.
- **Enlightenment:** The intellectual movement of the 1700s and 1800s that **gave birth to** the **idea of progress**.
- **Bacon:** 'Ancient' thinkers **mixed up** theology (science of religion or god) and, **natural science** (science of physical things)
 - and **professed** 'natural science' **that considered nature** to be a kind of **God**
 - and **did not allow a dispassionate, secular** (non-religious) **study of nature**.

Ancient Thinkers, Enlightenment, and Human Progress . . 2

- **Enlightenment** thinking: The **world or nature** is **not a God** and **not** matters in the **divine** sphere.
 - but is the object of **human** art, wisdom, and power.
- The **human mind** should be **freed from** the **spell** of the ‘**ancients**’,
 - which will end ‘**metaphysical speculation**’ **resorted to by** ancients.
- Then this **metaphysical speculation** will be **replaced by** ‘**secular knowledge**’
 - which is **based on** human experience and induction (logic) and **organized by** clear and regular methods
- This **secular knowledge** will **not only reveal** true knowledge of **nature**
 - but **will also help conquer nature for** the **progress** of human beings.

Ancient Thinkers, Enlightenment, and Human Progress . . 3

- This faith in **secular knowledge** and in its **power** was **predicated on** the **technical advancement**.
 - such as **invention of compass**, which made long-distance navigation possible and safe
- In this background, the **idea** of (**human**) **progress was suggested**.
- The **idea** of (**human**) **progress**: the idea that **human society can be made ever better**
 - **through** conscious effort **by human society**
 - such as for **increasing secular knowledge** and resultant **technical advancement** [Contrast with **Classical Antiquity**]
- Later, some thinkers argued that such (**human**) **progress** would **inevitably be driven by** spontaneous **laws of history**.
- Thus, (**human**) **progress** was **believed to be** a **historically determined** and, hence, an **inevitable process**.

Ancient Thinkers, Enlightenment, and Human Progress . . 4

- The next element in the *idea* of (*human*) *progress* was that the
 - society *can be structured* in an *orderly manner* so as *to produce* such *inventions* and resultant *happiness*
 - with *ever-increasing speed* and *to ever-increasing good effects*.
- Thus, (*human*) *progress* was seen as an *organized* and *benevolent project* of *human societies*.
- *Seeing this* as an *law of history led to* the *belief* that the *rational* and *secular State* would *ensure* (*human*) *progress*
 - The *rational* and *secular State* was seen as a *project* of *modern human societies*,
 - which will be *based on* the *foundations* of *secular knowledge* and resultant *technical advancement*.

Ancient Thinkers, Enlightenment, and Human Progress . . 5

- Bacon's **idea** of (human) **progress**: **advancement** in **science** and **reason (rationality)** **will drive social transformation**.
- **Articulated in Encyclopédie**, published in France between 1751 and 1772.
- The **Encyclopédie** was edited by Diderot and many other **eminent thinkers** of that time
- **Purpose:** **To present** a **compendium** of existing knowledge in **popular form**, and
 - **For disclosing** the **irrationality** and **defects** of existing society and existing beliefs
 - **for demonstrating** that **human progress can be achieved** through **secular** and coordinated efforts.

Ancient Thinkers, Enlightenment, and Human Progress . . 5

In summary, the **idea** of (**human**) **progress** is:

- The idea that **human society can be made ever (and ever) better**
 - through conscious efforts **by human society**
 - for creating and using **secular knowledge** and **technical advancement**.
- In short, **Technical Transformation (using** secular knowledge and technical advancement)
 - = (**automatically lead to or equal to**) = (**human/ social**) **progress**
- Some believed: (**human/ social**) **progress is a historically determined** and, hence, **inevitable process**.

Ancient Thinkers, Enlightenment, and Human Progress . . 6

- *Some Tempering* (i.e., counter-balancing) *Thoughts*:
 1. It was clear: progress in the arts and sciences *does not leads* to moral progress or to greater justice in society.
 - Similarly, progress of reason and science, even if necessary and unending,
 - *need not lead* necessarily to the amelioration of problems in society and to increased human happiness.
 - (The invention of gunpowder and even compass did not lead to happiness of all especially the plundered societies.)

Ancient Thinkers, Enlightenment, and Human Progress . . 7

- *Some Tempering* (i.e., counter-balancing) *Thoughts*:
2. There is no rationale but only non-rational faith or belief in thinking that
 - technological and social change (revolutions), which are often violent and unsettling as we experience them,
 - *are necessarily* for the better.
 3. No clear or objective explanation of what **better** (effect) **mean**, though the cause (**technical transformation**) is clearly stated.
 4. Similarly, (**human**) **progress**' can be proved and established only in retrospective manner,
 - hence cannot be taken as inevitable.

Recent, Pre-Development Thinking

History of ‘Political-Economic’ Thinking before ‘Development’...1

In comparatively recent times

Many **thinkers** and **scholars attempted to understand** and **explain**

the **processes**, as well as **good** and **bad effects** of

Capitalism, Industrialization, and Industrial Capitalism

So that these **effects could be addressed** and **regulated**.

This **gave rise** to a **long history** of **political-economic-developmental thinking**

History of ‘Political-Economic’ Thinking before ‘Development’. . .2

Political Economy: The concepts, theories and models (in thinking)

to understand rules, regularities, and patterns in fast and momentous **changes in economy** and **politics**
that were *prompted by* **Capitalism, Industrialization**, and **Industrial Capitalism**.

Adam Smith, David Ricardo, and Karl Marx: Main Thinkers

Adam Smith: Welcomed **Capitalism** and **Industrial Revolution**,

Main Argument: A society of free individuals *using their* personal abilities *to pursue their* individual self-interest
—*without interference* from the **State** and following the **invisible hand of the market** via supply and demand
—**would be** more productive and peaceful.

History of ‘Political-Economic’ Thinking before ‘Development’. . .3

David Ricardo: *Built on Adam Smith’s work*

Smith and Ricardo (plus others): *Provided* the **intellectual foundation** for today’s **capitalist economy**

The **foundational ideas** are: (i) **individual self-interest**,

(ii) **free market** rules **governing the use of** labour, land and capital, and

(iii) **free trade** among nations.

Theory of Comparative Advantage (Ricardo): Countries **should specialize** in the **production of goods**

they were **comparatively better at**, given available land, labour, and capital.

This **promised** that **specialization in international trade would create benefits** for all participants

that were greater than **producing** all goods and services **domestically** without cross-border commerce.

History of ‘Political-Economic’ Thinking before ‘Development’. . .4

Friedrich List (Germany): Economic Nationalism: Trade Protectionism

to protect nations (even European) from *powerful Industrialised Countries*.

And *help them develop domestic industry* and *scientific knowledge* sufficient

And to catch-up and compete with other “more advanced” *European Industrialised nations*.

Karl Polanyi: Double Movement of Capitalism:

Market Failure are endemic to Capitalism; So, markets cannot alone regulate economy.

Hence, when *market spread across world,*

the *counter-vailing controlling (political) measures also spread (laws regulating labour and prices)*

History of ‘Political-Economic’ Thinking before ‘Development’ . . . 5

Western Europe, Japan, and North America used **Trade Protectionism (Economic Nationalism)**

to protect themselves from British industrialization and Military Superiority.

Alexander Gerschenkron (Russia): “**Catch-up” Theory**: First explicit **Theory of Economic Development** (1951)

The role of the **State** in planning to accelerate economic growth

—and *to induce* a **structural transformation** in **agrarian economies** that had **little industry**—

as “jumping ahead from economic backwardness”.

Governments could, in a context of abundant natural resources and labour,

collaborate with private business to foment rapid industrialization with imported foreign technology.

This theory described plans **implemented by** Imperial Germany and Czarist Russia in the 19th century.

History of ‘Political-Economic’ Thinking before ‘Development’ . . . 6

Gerschenkron: recommended this approach of premeditated planning to transform a country’s economy in short time even to the newly independent countries in the Global South in the 1950s and 1960s.

This process of economic development and change to be led by

the production of capital (i.e., industrial) goods

and the provision of physical infrastructure (such as railroads and electricity)

And NOT by the production of consumer goods or improvements in agricultural output.

Such rapid, top-down approaches to industrialization and development

employed ideologies of nationalism and authoritarianism

to mobilize and discipline domestic capitalists and the population in service of the economic plan.

History of ‘Political-Economic’ Thinking before ‘Development’ . . .7

- **Great Depression:** A 20th-century experience that *influenced* early ideas on **economic development**
- **Great Depression :** A massive **economic slowdown that affected the United States starting in 1929**
 - and *expanded to Europe*, its colonial empires, and Latin America through the early 1930s.
- Keynes, Harrod and Domar : *Proposed* the **new economic policies** that *contributed to resolving Great Depression.*
- **Keynesianism** or **Keynesian Economics**: Approach to **managing** the **economy**:
- Argument:
 - **Supply** and **demand did not automatically balance** in **market economies**
 - and, most important, that **private investors could not be relied upon to make** the right investment decisions
 - *to help a society achieve* its full **economic potential.**

History of ‘Political-Economic’ Thinking before ‘Development’ . . .8

Keynesianism or **Keynesian Economics**: (Continued)

- Hence, **National economies** should be guided by **State actions** in order to attain sustained rates of **economic growth**.
- **The Economic growth** could then **achieve and maintain** the **full employment of labour**
 - and **satisfy** the **consumption needs** of the population.
- **Government/ State’s regulatory interventions** and **government spending** in a **market economy** are legitimate
 - for **goals** not only of **economic transformation** and **industrialization**
 - but also **for maintaining economic stability** and **providing full employment**.
- This **Keynesianism** or **Keynesian Economics** and **was highly influential** among **developing countries** and **their elites**.

History of ‘Political-Economic’ Thinking before ‘Development’ . . . 9

Second World War (when global economy was refocused on arms production and the support of large-scale armies)

And **Post-War European Reconstruction (Marshall Plan)**

Were the other two 20th-century experiences that *influenced* early ideas on *economic development*.

All *three events/phenomena* *Significantly strengthened belief* about the *centrality of the State to economic growth*.

Markets could be suspended or drastically curtailed by **State's** or **government's actions** for the **common good**,

be that military mobilization, food rationing, or industrial and agricultural production.

For most economists and other policy-makers *working on global development* issues from 1940s to 1970s

Keynesian ideas about *advantages* of national **States** guiding *economies* had been proven

both during *the 2nd World War* and during the *reconstruction of western Europe and Japan*.

Excerpts from President Truman's Address {1949}

- We must embark on a bold new program for *making the benefits* of *our scientific advances* and *industrial progress available for* the *improvement and growth of underdeveloped areas*. More than half of the people of the world are *living in conditions approaching misery*. Their food is inadequate, they are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and more prosperous areas. For the *first time in history, humanity possesses* the *knowledge and the skill to relieve the suffering of these people* ... our *imponderable resources in technical knowledge* are constantly growing and are inexhaustible.... The *old imperialism*—exploitation for foreign profit—*has no place in our plans*.

President Truman's Address: Key Points

- *More than half of the people of the world* are *living in conditions approaching misery*. Their food is inadequate, they are victims of disease. *Their economic life* is *primitive and stagnant*.
- *Their poverty* is a handicap and a *threat* both *to them* and *more prosperous areas* (from whom?) .
- For the *first time in history*, humanity possesses the *knowledge and the skill* to *relieve the suffering of these people*.
 - our *imponderable resources in technical knowledge* are constantly growing and are inexhaustible....
 - We must embark on a *bold new program* for *making available* the *benefits of our scientific advances* and *industrial progress* for the *improvement and growth* of *underdeveloped areas*.
 - The *old imperialism*—exploitation for foreign profit—*has no place in our plans*.

Thank You

Free Market Economy

- The free market is an economic system based on laws of supply and demand with little or no government control.
- A spontaneous and decentralized order of arrangements through which
 - individuals make economic decisions of investments, production, distribution, and mainly consumption.
- Central Assumption: Voluntary Exchange: Transaction in which parties freely trade goods or services.
 - Here, freely implies without any intervention by society, government, or even any dominant business.
 - Thus, laws of supply and demand are the sole basis for the economic system.
- Based on its political and legal rules, the nature of the free-market economy in a country will differ (from large to illegal).
- While no pure free market economies actually exist, and all markets are in some ways constrained,
- Mainstream economists claim that freedom in markets has generally positive outcomes for society.
- There are critiques and criticisms of these ideas.

TD 638: Development Perspectives

Topic D:

Development and Other Key Concepts

Prof. Subodh Wagle, IIT Bombay

Some Key Development-related Concepts

Understanding Development: Different Basic Explanations

- Dictionary meaning: ‘**development**’ as ‘gradual unfolding; fuller working out; growth; evolution. . . ; well-grown state, stage of advancement;
- **Development** = Changes in **physical** and **human conditions** (e.g. building roads and improving education provisions, etc.)
- **Development** as **fundamental** or **structural change** (*a process*):
 - For example: increase in income, removal of slavery or untouchability
- **Development** as an **intervention** or **action** aimed at improvement,
 - regardless of whether betterment is in fact actually achieved. For example: building a road
- **Development** as improvement, with good as the **outcome**. For example: reduction in malnutrition of tribal children
- **Development** as a **platform** for improvement, encompassing changes
 - that will facilitate **development** in future. For example: Setting up IITs, which will train engineers.

Development = Economic Growth

Economic Growth = Growth of the **economy** (of a **country**) over a **prolonged period** of time.

= Growth in the **value of production** of **goods** and services produced in a national economy.

Measured as Increase in **GDP** = Increase in **Gross Domestic Product**

= Increase in **Total value of goods and services produced by a national economy**.

GDP per Capita = **GDP** / [Total Population of Country]

= Indicator (or Comparator) of development (= production capacity) in a country

Growth in **GDP** is caused by **increases** in **production** in agriculture, industries, natural resource extraction, of other sectors.

Difference between **High GDP** and **High Growth Rate** (Rich countries often have lower but stable growth rates)

Limitation = **GDP per Capita** is **average**; Every citizen does not have income equal to **GDP/Capita**

Distribution of Income = Income Inequality . . . 1

Limitation = GDP per Capita is **average**; Every citizen does not have income equal to **GDP/ Capita**

Distribution of Income = Income Inequality = How GDP is **distributed** among the citizens of country.

- = How many poor people there are in a given country and how poor are they?
 - = Who are benefitting from economic growth (and by how much) and who are not (and by how much) ?
 - Societies in developing countries tend to be **much more unequal** than societies in **developed countries**
- Simple measure for Income inequality** = Comparison of the income earned by **different strata of population**
- Divide population into five or ten equally populous strata, known respectively as “quintiles” or “deciles,”
 - Compare the average incomes of these different strata with each other.
 - Standard comparison: Between the earnings of the wealthiest 20 % (9th & 10th decile or 5th quintile)
 - and the poorest 40 % (1st to 4th deciles or first two quintiles).

Distribution of Income = Income Inequality . . . 2

- **Income inequality** makes the task of raising people out of poverty even more difficult
- This led to the focus of development efforts on “**growth with equity**” and “**targeted social spending**”,
= *Combining* goal of GDP **growth** with the goal of **distributing the benefits** of that growth **among** poor.

Growth remains important because it “grows the (total) pie,” but it is not enough in itself.

Countries that grow faster do not always reduce income inequality automatically (Brazil, India)

Some countries with low growth rates and low GDP/Capita

may *succeed in reducing* **income inequality** (Cuba and Kerala)

High GDP growth is not strictly necessary (and not sufficient) for **poverty reduction**, although it may make it easier.

Poorest and those who are least likely to benefit from the “**trickle down**” of growth

are usually those who belong to disadvantaged ethnic, linguistic, and cultural groups (issue of intersectionality).

Distribution of Income = Income Inequality . . . 3

Some Implications of Income Inequality

- **Income Inequality** *undermines* the opportunities for material advancement of the **poor**,
- **Income Inequality** also has broader **cultural effects** on the **rich** turning them into **less sensitive** to inequality
- Being **beneficiaries** of **inequality**, **rich** *turn* more resistant to **changes required for** development of country
- **Income Inequality** also *undermines* the broad and diffused social trust in a society and **social capital**
- **Social capital** = extent to which **individuals** are **willing to** **cooperate** in the **pursuit of** shared goals
 - Essential to the *development of* a **civic** and **democratic culture**.

Distribution of Income = Income Inequality . . . 4

- **Income Inequality** is a common feature of most developing countries: **Reasons:**
 1. **Impact** of colonial rule or neo-colonialism
 - May have **forged** or **consolidated** unequal social relations based on slavery, feudalism, landownership patterns developed during **colonialism**/ due to **neo-colonialism**, which continue to influence present
 2. Use of inappropriate capital-intensive technology [a characteristics of late industrialization]
 - Led to reduction in the employment potential of GDP (economic) growth
 3. Inadequate or non-existent social safety nets and regressive taxation systems
 - which **prevent** the redistribution of national income toward the poor and middle classes,
- Although **income inequality** makes **development** more difficult, it is **not impossible to overcome**.
 - **Through** expansion of targeted poverty reduction and broad-based social programs

Poverty

Poverty [difficult to define] = Extremely low levels of **income**.

Absolute Poverty = below the minimum **level of income required for physical survival**.

= Defined in 2015 by the World Bank as US\$ 1.90 per day per person measured in 2011 dollars at international **purchasing power parity** (i.e., adjusted for the buying power of a US dollar in the local market).

Moderate Poverty = a level at which basic human needs are **barely met**

- but **survival** is not actually threatened. [Current Measure = Income of US\$3.20 per day]
- World Bank reported that **736 million people** were **below the absolute poverty line** in 2015
- approximately **10% of world's population**, but much less than 1.85 billion people (36%) in 1990

Multi-dimensional Poverty

Relative Poverty = a kind of poverty that does not threaten daily survival [Defined in the context of USA]

but in which an individual may not have the income **necessary to fully participate** in his or her society

- So, **Poverty** is not only low income levels; it also has social, political, psychological, and moral elements.
 - It **exists in** developing as well as developed countries.

Multi-Dimensional Poverty

- **Poverty** is not just about income levels; it also has social, political, psychological, and moral elements,
 - which are intricately linked with income levels (e.g., social or gender discrimination in jobs or service provision)
- Hence, alleviating poverty or doing development is much more complicated
 - **than** simply spurring economic growth or even reducing income poverty.
- Thus, **Poverty** and **development** are **multi-dimensional**

Modernity/ Modernization . . . 1

- **Modernity** [Broadest Sense] = condition of being modern, new, or up-to-date.
- Assumption = There were (and even are) societies having **pre-industrial economies** (based on artisanal production), pre-modern (religion-dominated) or **traditional cultures** everywhere;
 - **every society** should **progress into modernity** (which is by definition a higher/ better stage)
 - by **coming out** of this **pre-modern** stage
- **Modernity** [Specific Use] particular forms of economy and society that were historically adopted by the **Modern-Western Europe** (as against the social and economic structures in **traditional, pre-industrial** societies elsewhere)
- **Modernity** [Economic Terms] = encompasses industrialization, urbanization, and the increased use of technology within all sectors of the economy (as against traditional subsistence-based pre-industrial economies).
- **Modernity** [Knowledge Terms] = Rational, secular, and scientific approaches to understanding the world and progress.
 - This was **contrasted with** understandings **rooted in** religious/ spiritual/ mystic/other-wordly explanations and understanding accepted in traditional, pre-modern societies

Modernity/ Modernization . . . 2

- **Modernity** [Socio-Cultural Terms] Values and institutions **adopted by** Modern-Western Europe **based on** modern scientific temperament.

Indicators of Modernization = Transformations:

- (i) In Technology: Traditional to Modern-Western,
- (ii) In Economies: Pre-Industrial to Industrialized,
- (iii) In Belief Systems, Education: Spiritual/ Religious to Rational, Secular
- (iv) In Cultural Norms: Traditional to Modern-Western,
- (v) In Social Systems: Joint Family, Kinship, Caste based to Nuclear Family and Urban Cosmopolitan,
- (vi) In Political System: Monarchy, Fiefdoms to Liberal Democracy with Universal Suffrage

Modernity/ Modernization . . . 3

- *Diffusion of modernity* in traditional societies will automatically bring in **Development** and **Progress**.
- Hence, **modernity** is *equal to Development* and **Progress**

Main Critique of Idea of Modernity

- *Singular understanding* of Modernity (= economic/ social forms in **Modern-Western Europe** after 18th century) is problematic
- Implicit **denigration** (insult) of economies and societies in other parts of the world
 - by calling them as pre-industrial and pre-modern is also problematic
- Pursuit of modernity caused decline of 'traditional' institutions and cultures, environment, quality of life in other parts of world.
- *Dynamic Nature of Modernity*: Due to social, economic, political and cultural changes,
 - what is 'modern' **should change** temporally and spatially.
 - What is 'modern' in one place may be 'old-fashioned' elsewhere.

Actors in Development

Actor	Activities	Actor	Activities
Individual	Depending on income, class, gender, ethnicity, age and other social variables can have a great deal of choice and influence, or be left with very little agency	Non-Governmental Organizations (NGOs)	Organizations which are neither run by the state nor are they profit-making companies; can help local communities set up projects to provide services, create income-generating opportunities, or improve social relations; can be very small-scale organizations, or very large global organizations such as Oxfam or Médecins Sans Frontières
Household	Group of people who live together and share expenses; not always members of the same family; can operate as a unit to ensure that all household members have their basic needs met	Private companies	Representatives of the market; can be very small businesses or global corporations
Community	Group of people with shared interests in some senses; usually based on shared residential location, e.g. a village or urban district, but can also refer to a community based on shared social identity	Multilateral organizations	Can set global agenda for economic policies; promote global peace; important sources of aid and technical assistance. Examples: International Monetary Fund, United Nations, World Bank
Government	Operates at a range of scales from local and municipal government to national government; important in setting economic framework; can be interventionist, or can play a regulatory role in development		

Labeling of Countries

Labeling of Countries . . . 1

Third World : Suggested by French Demographer Sauvy in 1952

Rooted in concept of “**Third Estate**” = Bottom Layer of Social Pyramid in the pre-revolutionary France.

“**Third Estate**” = **Excluded** from the First two Estates or Top Layers of Clergy and Nobility.

Comprised heterogenous mix of social groups (from slaves to merchants)

Similarly, **Third World** a heterogenous mix of countries, following different developmental paths but are not in:

- **First World** (American Block or NATO countries: USA and western European countries) AND
- **Second World** (Soviet-Block comprising USSR and East European Countries)

Third World: No objective criteria to define, but seen as pejorative, hierarchical

and hence demeaning and patronizing term that has connotation of ‘poor, under-developed countries’

Labeling of Countries . . . 2

Developing Countries or Developed World or Developing Economies

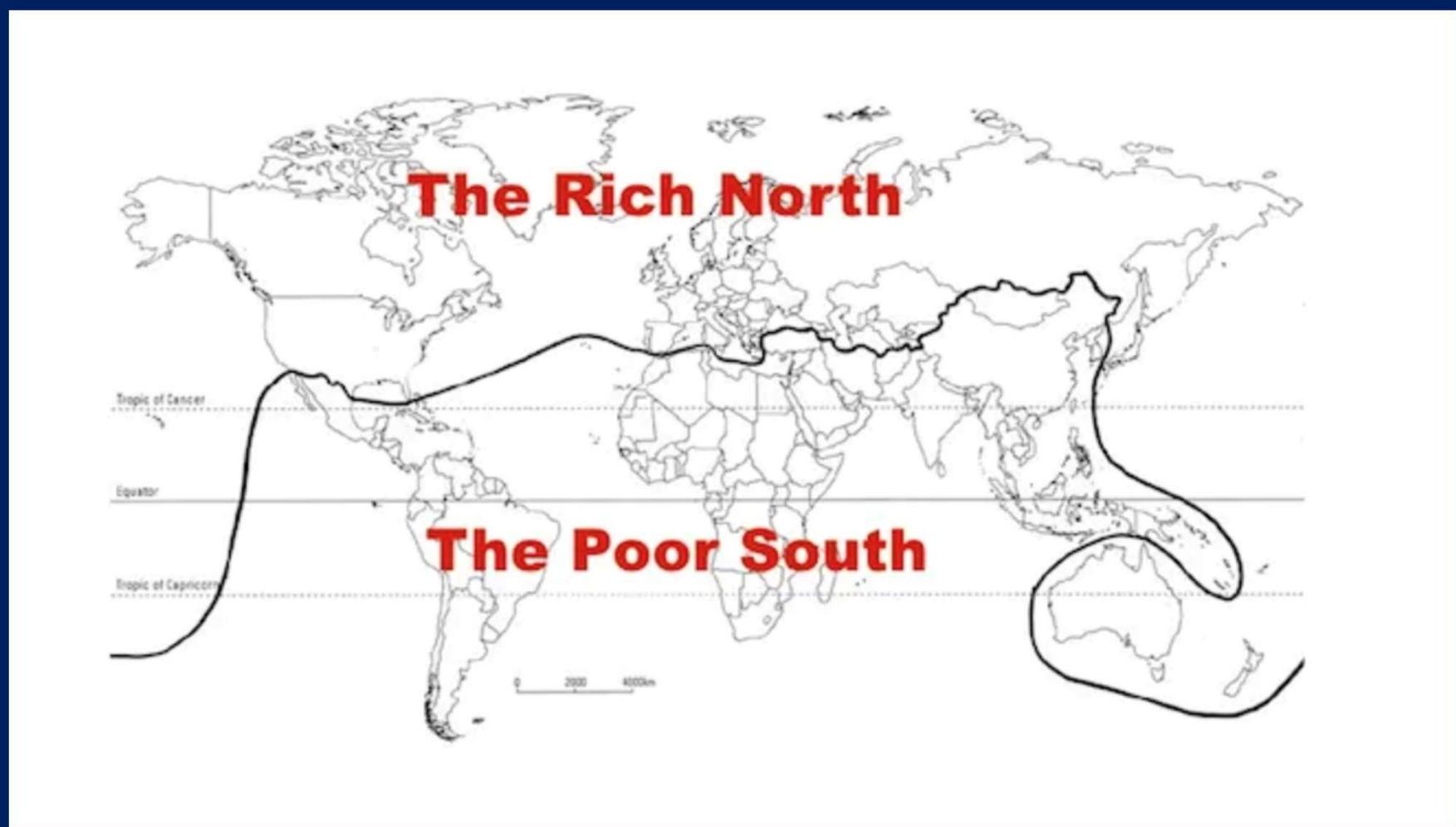
- Less pejorative and apparently neutral term, some found it “optimistic”
- Seen as improvement over old term under-developed regions or areas (not countries which did not count)
- But when used in conjunction with the related term of Developed Countries/ World,
 - the hierarchical order becomes apparent

Newly Industrializing Countries (NICs)

In 1970s, some countries from “developing world” saw economic transformation

These included: Hong Kong, South Korea, Singapore, Taiwan

Labeling of Countries 3: Brandt Line Global North and Global South



Labeling of Countries . . . 4

Emerging Markets

- After 1990s, Title given by the global capitalist enterprises
- indicating **readiness** of these countries to **join** the **global markets**
 - due to their **acceptance** of economic reforms
- Reflecting **approval** of global capitalist enterprise and
- Reflecting **optimism** for **futures** of these countries,
 - absent in terms such as **Third World** or **under-developed**

Labeling of Countries . . . 5

Two-Thirds World or Majority World

These are the **alternative terms** coined

In response to pejorative, hierarchical, demeaning terms like “**Third World**” Under-developed regions”

The South or the Global South (Related Term: **the Global North**)

- **Less** pejorative as they indicate the **geographic location** (Southern Hemisphere) of (most) these countries
- Could also be seen as countries as **worthy of receiving or not giving international aid**
- **Exceptions:** Australia, New Zealand, Singapore and some counties in Northern Hemisphere receiving aid
- These terms allow derivative terms like: “**North in the South**” and “**South in the North**”

Labeling of Countries . . . 6

Fourth World

1. One connotation suggested by Canadian Aboriginal leader George Manuel (1970s)
 - Areas of internal colonization by European settlers (Canada, USA, Australia, New Zealand)
 - Referring to aboriginal populations in these areas and
 - Emphasizing dispossession of their lands and natural resources
 - And abrogation of their political economic, social, and cultural rights
2. Another recent usage: referring to the poorest of poor countries or “failed states”
 - which are suffering acute poverty and deprivation due to armed conflicts
 - Such as Somalia, Afghanistan, Libya, Sudan

Labeling of Countries . . . 7

World Bank (Economic) Categorization of Countries (Economies)

- Classification into Four Groups: Economic Classification based on Gross National Income (Atlas Method) Per Capita
- The threshold (boundaries) of the four groups are revised every year in July.
- Threshold Values for the last two years

	Low Income	Lower-middle Income	Upper-middle Income	High Income
July 1, 2024 – for FY25 (new)	≤ 1,145	1,146 - 4,515	4,516 - 14,005	> 14,005
July 1, 2023 – for FY24 (previous)	≤ 1,135	1,136 - 4,465	4,466 - 13,845	> 13,845

Source: [World Bank Group](#) • Figures in United States Dollar (US\$)



- India's GNI per capita in 2023 was US \$ 2450 per capita

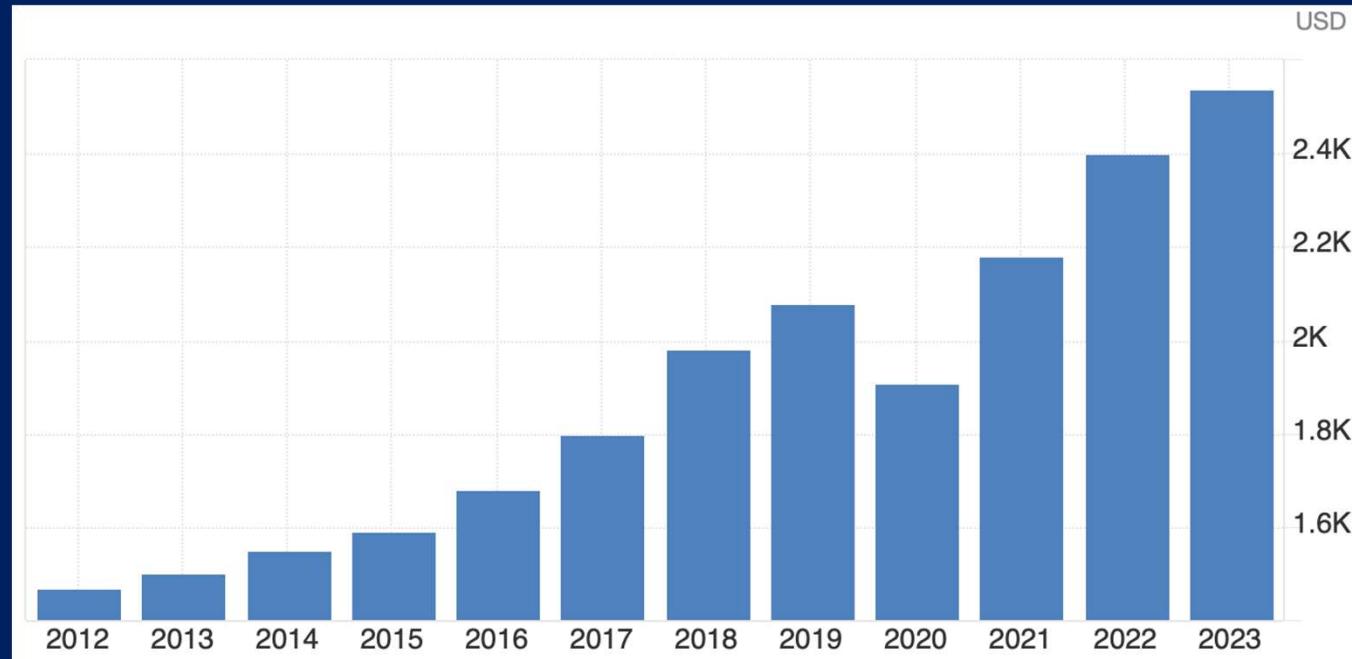
Labeling of Countries . . . 8

World Bank (Economic) Categorization of Countries (Economies)

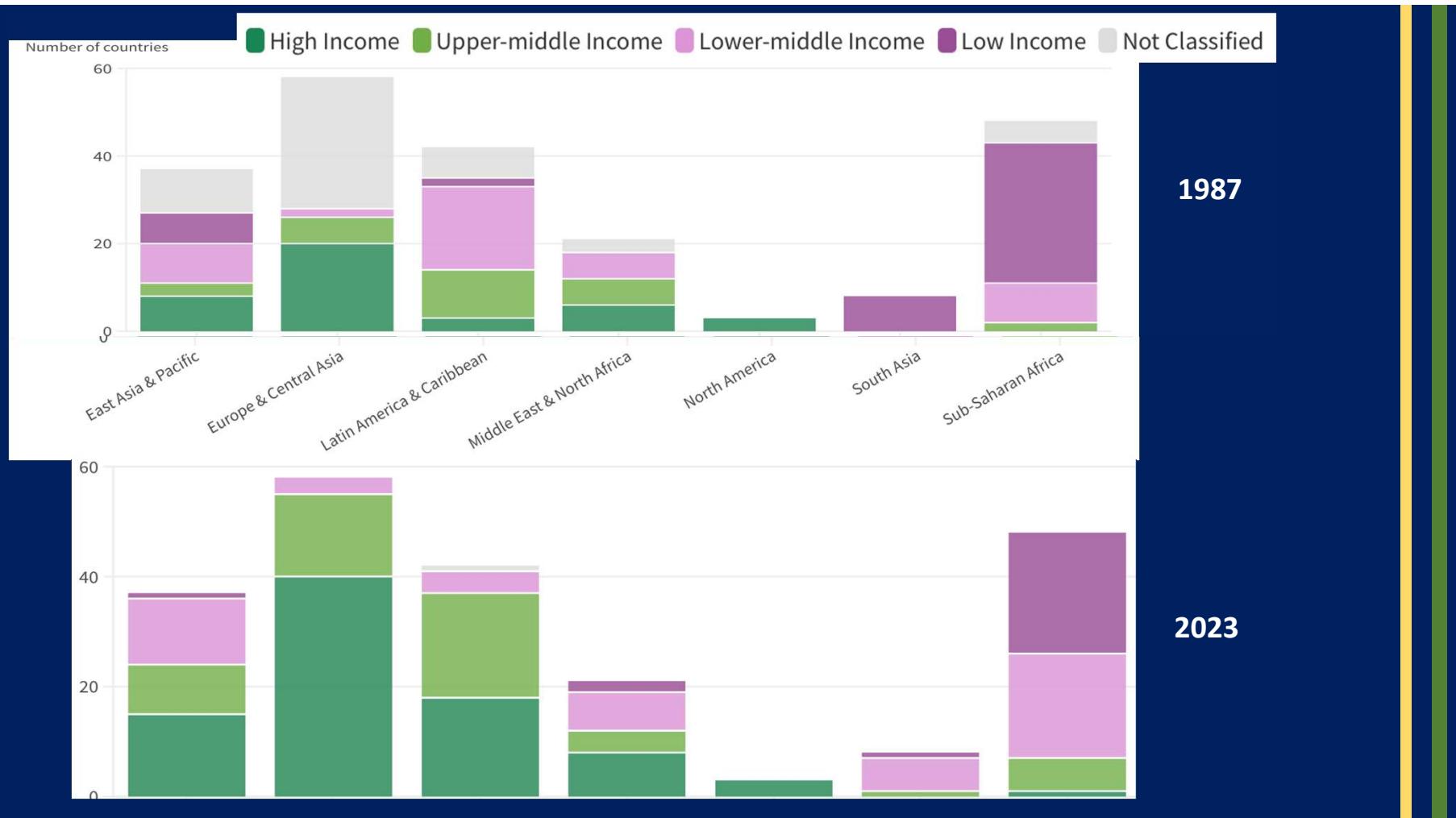
Check this link, you can get GNI per capita for all countries every year since 1987

<https://tradingeconomics.com/india/gni-per-capita-atlas-method-us-dollar-wb-data.html>

India's GNI per Capita since 2012



Labeling of Countries . . . 8: World Bank GNI/Capita Categories



Population and Development

High and Low Death Rate and Population Growth

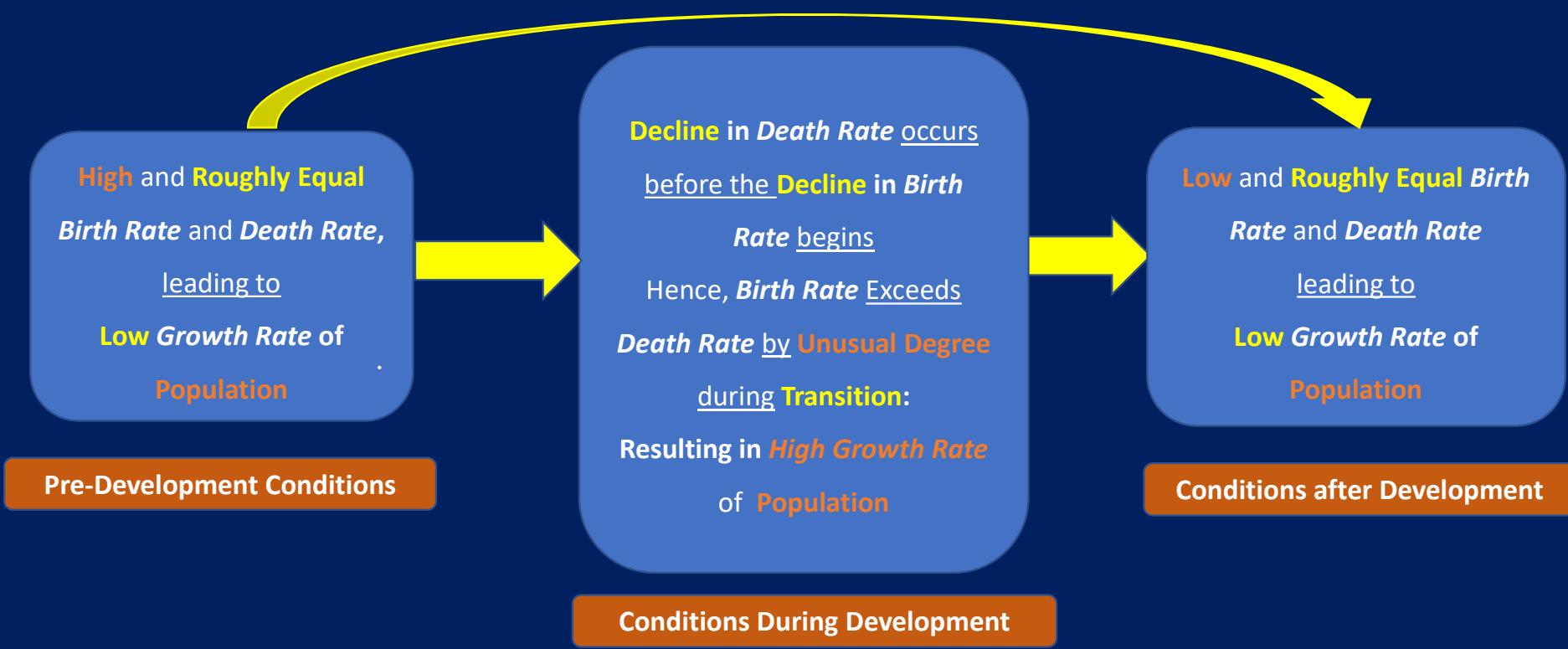
- **Death Rates** largely *depend on* physical factors like low food availability due to draughts or floods, Natural calamities, **low nutrition levels**, diseases.
- **Death Rates** can be reduced by
 - improvements in sanitation improve public health,
 - the spread of vaccines modern medicines to reduce deaths due to diseases,
 - the use of insecticides to protect crops and use of chemical fertilizers to increase agricultural productivity;
 - all these improve general living standards.
- **High Death Rates reduce Population. Low Death Rate Increases Population**

High and Low Birth Rate and Population Growth

- **Birth-rates governed** by **social factors** such as education, empowerment of women, economic security.
- Parents **derive considerable** economic benefits from having many children
 - e.g., provision of direct family labour, insurance against risk, and support in old age.
- However, the **economic costs** incurred in bearing and rearing children get neglected.
- The **physical and psychological costs** suffered by **women in childbearing and child-rearing**
 - remain neglected due to **patriarchal traditions**.
- However, **education, particularly** of **women lead to a reduction** in **Fertility Rates** because of factors like
 - late marriages, greater uptake of contraception, and consequently lower fertility rate (and child mortality)
- **High Birth Rates increases Population. Low Birth Rate decreases Population**
 -

Population and Development: Demographic Transition . .1

- **Population Growth** and **Development** are seen by many as *interdependent* phenomena.
- One **theory** about their interrelationship is called **Demographic Transition**.



Population and Development: Demographic Transition . .2

In Developed (Rich) Countries:

- ***Death rates declined gradually*** because all the factors leading to this decline were largely ***endogenous*** to those countries (= evolved internally and also gradually)
- ***Birth rates also declined gradually.***
- As a result, ***population growth rates*** were fairly modest (mostly </= 1.5 %).

In Developing (Poor) Countries:

Death rates declined rapidly because of fast introduction of modern science & technological ***measures*** to reduce deaths

Birth-rates however ***declined gradually*** for long periods. As a result, ***population growth rates remained fairly high*** for a ***long time,*** ***resulting in very high population numbers*** that remained ***stable for long period.***

Development Consequences of Large & Expanding Populations

- Some believed: Large and Rapidly Expanding populations have net **positive** effect on **economic growth**
 - Some Developing Countries **managed to maintain** high rate of **economic growth**
 - despite high population growth rate,
 - especially those who managed to reduce their birth rates faster than others (East-Asian) .
- Most believed: Large and Rapidly Expanding populations **affected** economic growth **adversely**,
 - leaving many countries in the **poverty trap** for long time.
- Mainly because: Large and Rapidly Expanding populations **pose** serious challenges for the provision of basic services and facilities – like education, employment, healthcare, housing and fresh water.
- **Environmental Impact:** Large and Rapidly Expanding populations **require** large pool of natural resources,
 - and hence **cause** irreparable damage to **environment**

Thank You

TD 638: Development Perspectives

Mock Test

Prof. Subodh Wagle, IIT Bombay

Closed Book Exam Question: Examples

Quiz Questions

Fill in the blanks: (5 Minutes)

1. There is no economic component in the definition of this system: _____
2. Transformation from subsistence agriculture to sheep-farming was part of transformation from _____ to _____
3. In the period under _____, International trade was significant but restricted mainly to spices, precious metals, and luxury goods.

Words to fill in the blank spaces:

Capitalism, Imperialism, Mercantilism, Feudalism, Mercantilism, Feudalism, Imperialism (Not in the order obviously)

Answers to the Quiz Questions

Fill in the blanks: (5 Minutes)

1. There is no economic component in the definition of this system: Imperialism
2. Transformation from subsistence agriculture to sheep-farming was part of transformation from Feudalism to Capitalism.
3. In the period under Feudalism, International trade was significant but restricted mainly to spices, precious metals, and luxury goods.

Words to fill in the blank spaces:

Capitalism, Imperialism, Mercantilism, Feudalism, Mercantilism, Feudalism, Imperialism (Not in the order obviously)

Open Book Exam Question: Examples

Open Book Exam: Question 1 (Marks 3) (Time 5 Minutes)

Question: Take More Time to Think and Form Your Answer, Write in Short

- Please explain: How did colonialism help industrial capitalism in its early years? (Max Marks 3).
- Write in not more than THREE bullet points. Each bullet point is one or two sentences, and not more than 40 words approximately.

Model Answer

1. Colonialism immensely helped industrial capitalism by ***providing natural resources*** from colonies **free or at low costs**.
2. Colonialism immensely helped industrial capitalism by ***providing captive markets*** in colonies to sell their production **without competition** and at **high prices**.
3. Colonialism immensely helped industrial capitalism by ***providing indentured labor*** to work **at low wages** on plantations owned by colonizers.



Open Book Exam: Question 2 (Marks 3) (Time 5 Minutes)

Answer the following questions (in that order):

1. What (one) element do you see in this picture that is relevant to what we studied in class?

(In the mid-sem exam, you may be given excerpts from some book or article instead of a picture.)

1. What *concept / issue / argument* you learned in the course is RELATED to *your answer to Q 1*?

2. What exactly is the connection between your answers to Question 1 and Question 2?

3. What is the significance of your answer to Q 2 for the course about development perspective?

The answer to every question should not be more than one bullet point, with about 30 words.

1. What (one) element do you see in this picture that is relevant to what we studied in class?
2. What *concept/issue/ argument* you learned in the course is RELATED to *your answer to Q 1?*



3. What exactly is the connection between your answers to Question 1 and Question 2?
4. What is the significance of your answer to Q 2 for the course about development perspective?

Answer to every question should not be more than one bullet point with about 30 words.

Understanding Development: Different Basic Explanations

Answer the following questions (in that order):

1. What (one) element do you see in this picture that is relevant to what we studied in class?

Answer: One English military officer is shown BIG in size with small size figures of a large number of Indian people.

2. What *concept / issue / argument* you learned in the course is RELATED to your answer to Q 1?

Answer: Colonialism = The **political control** of people and **territories** by **foreign states**.

3. What exactly is the connection between your answers to Question 1 and Question 2?

Answer: The BIG size English military officer represent British colonial power ruling over Indian people shown in small size.

4. What is the significance of your answer to Q 2 for the course about development perspective?

Answer: Colonialism left many legacy effect on India that affected its development.