

MODULE ONE

THEORIES OF DEVELOPMENT

Definitions of Development Studie

- Development studies is a dynamic, interdisciplinary field concerned with social, and economic changes and the implication of such changes in policy and practice.
- Development studies does not only seek to understand the major drivers of development, but also to critically evaluate them with a view towards informing more just and equitable approach to²

- Is a branch of social science/an academic discipline concerned with the study of changes in societies, economies and institutions of the world especially third world.
- DS course uses an interdisciplinary approach to examine devt processes and provides a critical tools of analysis.
- It is aimed at providing understanding of the dynamics of socio-economic and political devlpt in the third world and Africa in particular.

- Development studies sets out to understand and analyse the processes that are transforming people's lives around the world.
- In the past, Development studies focused on the world's poorest countries and how Western solution could be applied to their problems.
- We now recognize that the impact of global

- Economic, political and social forces are universal and embrace and connect us all, our different cultures, environments, and resources lead to different outcomes for people.

- Development studies and its interdisciplinary nature is quite broad.
- This is in the sense that, it encompasses almost all, if not all aspect of our lives as human beings.
- Our societies undergo changes, and these changes could either be progressive or retrogressive

Why development studies

- Development studies has grown in a popularity as a subject of study since early 1990's, and has been most widely taught and researched in the third world countries with colonial history, and UK, where development studies originated.
- Development studies engages you in the critical issues of social change which are transforming global society.

Why development studies

- It is over fifty years since most African countries attained political independence.
- Despite of the efforts made by African political leaders and their people to overcome devt problems the situation in has not improved much.
- Africa remains underdeveloped and is becoming more and more dependent on developed western countries.

Why development studies

- Society's political process is still in transition while its democracy is still very much on the agenda
- Popn growth is still very high, per capital income has continued to fall,
- the export sector is depressed and the burden of debt remains most unbearable
- Mass poverty, sluggish agricultural growth, severe environmental degradation, disease and illness,

Why development studies

- human degradation, conflicts and political instability have become characteristics of the African continent.
- Africa is locked in a vicious circle of dependency and underdevpt
- The main issue is then how can African countries develop and cope with the demands of a new era of rapid change and globalization.

Why development studies

- Thus understanding various perspectives on devpt theories is vital to acquire in-depth understanding of Africa's devpt problems and challenges
- Also we are required to be able to link devpt theories to the existing national devpt strategies and the world millennium devpt goals

- We need to realize the effort of Tanzania to fight against the obstacles of devpt;
- and grasp the gaps that exist in the path of devpt process of Tanzania.
- Our government has been undertaking various initiatives aimed at reducing poverty in order to attain devpt
- promote good governance and accountability

- The National Strategy for Growth and Reduction of Poverty takes into consideration the Millennium Development Goals (MDGs) 2015 that are to:
 - Eradicate extreme poverty and hunger
 - Achieve universal primary education
 - Promote gender equality and empower women.

Why development studies

- to enable students to appreciate the role of historical, social, and political analysis in interpreting complex development problems.
- To introduce students to development perspective on factors influencing development in developing countries
- To enable students to learn concept and theories of development in developing counties.

- To provide students with necessary knowledge and skills to engage with development problem and issues.

The Concept Development

The concept of development

- Development is multidimensional process that involves major changes in social structures popular attitudes, and national institutions,
- the acceleration of economic growth, reduction of inequality and the eradication of absolute poverty.
- The change should cover the entire social system

- Economic Development is defined as the process of increase in volume of production along with the improvement in technology, a rise in the level of living, institutional changes, etc.
- In short, it is the progress in the socio-economic structure of the economy.

Rodney, Walter defined development as follows

- It is the process of changing from bad to good, from good to better and from better to best.
- This means that, development is a process of changing from a low level at a particular stage to high level of a particular stage which is positive again.

- **Rodney, Walter** defined development at the level of individual as the increased skill and capacity,
- greater freedom, creativity, self-discipline, responsibility and material well-being.

Introduction

Objectives of development:

- To increase the availability and widen the distribution of basic needs - food, shelter, clothes and health
- To raise the level of living standard including higher income, provision of employment, better education and cultural value
- To expand the range of economic and social choice to individual and nation by freeing them from dependence

Introduction

Economic development

- A society develops economically as its members increase (jointly) their capacity to deal with their environment.
- Economic development process should ideal yield economic growth;
- improve quality of life and an equitable distribution of resources

Introduction

- Also increase the capacity of economy to deal with its socio-economic and environmental problems.

The main objectives of economic devt is to reduce/eradicate poverty;

- provide opportunities for employment and personal advancement;
- provide basic needs; and narrow the income disparities.

Social development

- Socially, development is viewed as the process of human progress.

Introduction

- Social development involves equal access to essential basic services and opportunities
- Services such as education, health, easy communications, recreation and a job.

Political development

- Involves democracy and freedom of the individual to participate in politics.

- *Absolute poverty is the lack of one or more basic needs over a period long enough that it endangers your life or can cause harm*
- *Relative poverty covers vital and biological needs such as food, water, clothing, basic housing or anything*

ECONOMIC GROWTH VS ECONOMIC DEVELOPMENT.

- **Economic development;** implies an upward movement of the entire social system in terms of income, savings and investment along with progressive changes in socioeconomic structure of country (institutional and technological changes).

- Economic development means an improvement in quality of life and living standards, e.g. measures of literacy, life-expectancy and health care.

- Development relates to growth of human capital indexes, a decrease in inequality figures, and structural changes that improve the general population's quality of life.
- Development looks at a wider range of statistics than just GDP per capita.
- Development is concerned with how people are actually affected.

- It looks at their actual living standards and the freedom they have to enjoy a good standard of living.

Measures of economic development will look at:

- Real income per head – GDP per capita
- Levels of literacy and education standards

- Levels of health care e.g. number of doctors per 1000 population
- Quality and availability of housing
- Levels of environmental standards
- Life expectancy

Economic Growth

- Economic Growth is a narrower concept than economic development.
- It is an increase in a country's real level of national output which can be caused by an increase in the quality of resources (by education etc.), increase in the quantity of resources & improvements in technology or in another way an increase in the value of goods and services produced by every sector of the economy.

- Economic growth means an increase in real national income / national output.
- Economic Growth can be measured by an increase in a country's GDP (gross domestic product).

Factors affecting economic growth in developing countries

- (i) Levels of infrastructure – e.g. transport and communication
- (ii) Levels of corruption, e.g. what percentage of tax rates are actually collected and spent on public services.
- (iii) Educational standards and labour productivity. Basic levels of literacy and education can determine productivity of workforce.

- (iv) Levels of inward investment. For example, China has invested in many African countries to help export raw materials, that its economy needs.
- (v) Labour mobility. Is labour able to move from relatively unproductive agriculture to more productive manufacturing

- (vi) Flow of foreign aid and investment. Targeted aid, can help improve infrastructure and living standards.
- (vii) Level of savings and investment. Higher savings can fund more investment, helping economic growth.

Economic growth without development

It is possible to have economic growth without development. i.e. an increase in GDP, but most people don't see any actual improvements in living standards.

(i) Economic growth may only benefit a small % of the population

For example, if a country produces more oil, it will see an increase in GDP.

- However, it is possible, that this oil is only owned by one firm, and therefore, the average worker doesn't really benefit

- (ii)Corruption. A country may see higher GDP, but the benefits of growth may be siphoned into the bank accounts of politicians.
- (iii) Environmental problems; Producing toxic chemicals will lead to an increase in real GDP.
- However, without proper regulation it can also lead to environmental and health problems.

- This is an example of where growth leads to a decline in living standards for many.
- (iv) Military spending. A country may increase GDP but spending more on military goods.
- However, if this is at the expense of health care and education it can lead to lower living standards.

(v) Congestion. Economic growth can cause an increase in congestion.

- This means people will spend longer in traffic jams. GDP may increase but they have lower living standards because they spend more time in traffic jams

- (vi) Products not consumed. If a state owned industry increases output, this is reflected in an increase in GDP.
- However, if the output is not used by anyone then it causes no actual increase in living standards.

Sustainable development

- Is a pattern of resource use that aims to meet human needs while preserving the environ't
- so that these needs can be met not only in the present, but in the indefinite future
- sustainability requires the elimination of poverty and deprivation;
- conservation and enhancement of the resource base
- The field of sustainable devpt can be broken into environ'tal, economic and sociopolitical sustainability.

Three core values of development

- When conceptualizing devtpt as the sustained elevation of an entire society and social system towards better/good human life,

Thus good life should be based on at least three basic components:

- (i)life sustenance** – the ability to provide basic needs (food, shelter, health and protection).
- (ii)self-esteem** - to be a person; a sense of worth and self respect, of not being used as a tool by others for their own needs.

Three core values of development

- All peoples and societies seek some basic form of self- esteem
- This can be called authenticity, identity, dignity, respect, honour or recognition.
- (iii) Freedom from servitude:** freedom from being a slave/forced to obey another person and be able to choose.
- Free from alienating material condition of life and from social servitude to nature,
- ignorance, other people, misery, institutions and dogmatic belief.
- Freedom involves the expanded range of choices for societies and their members

The meaning of devpt from the three core values

- Rising of the general levels of living within a nation to the point of lessening absolute poverty (i.e. deprivation of life – sustaining goods) inequality income distribution,
- improvement of the nature and quality of educational, health and other social and cultural services
- Enhancement of individual and group esteem both internally when compared with one another,

The meaning of devpt from the three core values

- and externally when compared with other nations and regions
- Expansion of the range of human choice,
- Set people free from external dependence
- and internal servitude to other people and institutions,
- rather than merely substituting one form of dependence (e.g. economic).

Indicators of development

- There are significant differences between economic growth and economic devpt.
- economic growth is the key indicator of devt.
- It refers to the increase in real Gross Domestic Product (GDP) of a nation adjusted for inflation, usually measured in one year
- To evaluate how economic growth can feed into economic devpt the growth rate of GDP per capita is used
- i.e, output/person rather than using overall output. $\text{GDP per capita} = \text{GDP} / \text{Popn.}$

Indicators of development

- for people's incomes on average to increase over time, the GDP growth rate must exceed the rate of population growth.

Other development indicators include:

- (ii) Literacy, education, and skills - (literacy, education, training and skills,
 - and opportunities for all members of society to increase their capacities)
- (iii) health - (life expectancy, maternal and infant mortality, quality of life,
 - and the levels of health care available in situations of morbidity)

Indicators of development

(iv) Income and economic welfare - (high levels of employment, high incomes per capita,

- and increased GNP, with appropriate corrections for environmental protection and for income equity)

(v) Choice, democracy, and participation

- (participation in social and economic affairs, with fair economic rewards,
- the availability of reasonable choice, and participation in the democratic process)

Indicators of development

(vi) Technology - (the capacity to develop technological innovations

- and to make technological choices).

Social Indicators of development

- size, growth, and structure of population;
- determinants of population growth (including data on fertility and infant mortality);
- labour force; education and illiteracy;
- natural resources; income and poverty; expenditure on food, housing, fuel and power,

Indicators of development

- transport and communication; and investment in medical care and education.

Cultural indicators of development

- They are difficult to quantify but some of indicators proposed include
- attitudes and approaches to support learning, innovation, wealth creation, and social development.

Human development

- is the process of enlarging peoples' choices
- to lead a long and healthy life, acquire knowledge,
- have access to the resources needed for a decent standard of living
- acquire political, economic and social freedom to opportunities for being creative and productive
- and enjoying personal self respect and guaranteed human rights.

Human development

To achieve human development the following components are essential

- (i) Productivity – people must be enabled to increase their productivity and to participate fully in the process of income generation and remunerative employment.
- Economic growth is therefore a subset of human development model.
- (ii) Equity – people must have access to equal opportunities.

Human development

- (iii) Sustainability – access to opportunities must be ensured not only for the present generation
 - but for future generations as well.
 - All forms of capital – physical, human, environmental should be replenished.
- (iv) Empowerment – devpt must be by people, not only for them.
 - People must participate fully in the decisions and processes that shape their lives.

Developed and underdeveloped economies

A developed economy carries on production with a large amount of capital investment, a large amount of machinery and using advanced techniques.

- The available human and other resources are employed to the maximum;
- the production efficiency is very high leading to high per capita incomes.

An underdeveloped economy

- the economy where production is carried on with relatively small amount of capital

Developed and underdeveloped economies

- Use of primitive and old techniques.
- limited application of scientific and technological improvements.
- low levels of production, the real incomes per head of population and standards of living
- and a heavy dependence upon a primitive agrarian sector.

Theories of social development

Definition of a theory

- A Theory is a statement or group of statements established by reasoned argument based on known facts, intended to explain a particular fact or event.
- Theories of social devpt thus offer arguments that attempt to explain the process of social devpt.

Marxist theory of development

- Marxist is one of the leading theories that attempt to provide a critical analysis of the devpt process.
- The founder of this theory was Karl Marx, a German philosopher who lived during the 19th C in Europe
- This was the early period of industrialization in such nations as England, Germany, and the United States.
- In this period majority of people in industrial society were poor

Marxist theory of development

- Those who owned and controlled the factories and other means of production exploited the masses that worked for them.
- They worked 12 hours a day at the machines, six/seven days a week and received only a subsistence wage.
- Only enough money to keep them alive
- The owners of the means of production possessed great wealth, power and prestige
- Marx tried to understand the institutional framework that produced such conditions

Marxist theory of development

- From his findings, Marx argues that the entire history of devtpt of human societies is seen as the history of class conflict
- The conflict between those who own and control the means of production and their workers (the exploiters and the exploited)
- He believed that ownership of the means of production in any society determines the distribution of wealth, power, and even ideas in that society

Marxist theory of development

- The power of the wealthy is derived from their control of the economy, political, educational, and religious institutions

Main Elements within Marxism

- (i) Classes are authority relationships based on property ownership.
- (ii) A class defines groupings of individuals with shared life situations, thus interests.
- (iii) Classes are naturally antagonistic by virtue of their interests

Main Elements within Marxism

- (iv) Imminent within modern society is the growth of two antagonistic classes and their struggle, which eventually absorbs all social relations.
- (v) Political organization and Power is an instrumentality of class struggle, and reigning ideas are its reflection.
- (vi) Structural change is a consequence of the class struggle. Struggle over distribution of the social product/surplus - the primacy of class struggle

Main Elements within Marxism

- Marx made class domination central to his conception of social order, and class conflict a defining feature of change in society.
- Marxists believe that a socialist society is both the necessary and desirable end of historical devpt
- A socialist society will be achieved through overthrow of the ruling class and the establishment of a dictatorship of the working class

Main Elements within Marxism

- Marx held that a revolutionary situation occurs when an existing mode of production reaches the limits of its contradictions
- The decisive contradictions are economic contradictions that develop between the social forces and the social relations of production
- Marxist theory strongly suggested that revolutions should occur first in the most economically advanced social formations of a given mode of production

Marx's 5 Stages of Dev't of Society

Marxist identified five stages of devpt of society

- Primitive Communalism (Ujima)
- (ii) Feudalism (Ukabaila)
- (iii) Capitalism (Ubepari)
- (iv) Socialism (Ujamaa) and
- (v) Communism/communist (Ukomunisti)

Primitive Communalism

- Marks the rise of society from sheer animal to human society
- Means of production were communal owned.
- The relations of production were collective, people lived and worked together
- The instruments of labour were crude and underdeveloped.
- Labour productivity was low with no surplus and there was equal distribution of the products
- People organized themselves in clan or family, no classes and therefore no states, kingdoms etc

Feudalism

- Emergence of surplus in production and classes
- Feudalism was based on class antagonism between opposing classes.
- Private ownership started which was based on private property in land
- This resulted into two classes of the landowners and serfs.
- The serfs had a land holding to build their shelters which they rented from the landlord
- Also serfs owned their means of labour

Feudalism

- In this mode of production Feudal estates were the main source of wealth.
- Serfs were required to offer labour services to the land lords, rent in kind – offer their portion of produce to the land lords.
- Later the money land rent was introduced and the serfs were required to pay other customary dues as introduced by the land owner or feudal lord.
- They were also required to offer military services when required ironically.

Feudalism

- Feudal lords demand dues and other payments because they offered defense to the serfs and peasants who lived around their manors.
- The landlords exploited the serfs and the serfs struggled to free themselves from this exploitative relationship.
- Contradictions and growing class struggle led to the disintegration of feudalism.

Feudalism

- Major devpts during feudal include devpt in agriculture
- i.e. wide use of iron ploughs, increased acreage, use of water mills,
- improvement in crop husbandry through the introduction of better practices e.g. mulching, crop rotation, etc
- rapid increase of population due to improvement in food production
- e.g. Western Europe had a popn of 20mill in 10th c, in 14th c the popn were about 54mill.⁶⁹

Feudalism

- Other developments were the growth of towns as production centers.
- Trade was conducted between towns and between towns and manors.
- The introduction of money accelerated the growth of commercial towns and become self governing commercial.
- The land owners enjoyed both political and military autonomy.
- The Mediterranean region became the center of world commerce which was connected to Western Europe with Asia and Africa

Capitalism

- Emerged as a result of the industrial revolution in Europe.
- Land (the major factor of production) was replaced by capital and serfdom was replaced by the wage labour.
- Capitalism led to the emergence of commodity production.
- Human labour also became a commodity.
- Private ownership of means of production is a basic characteristic of capitalism
- Relations of production are exploitative.

Capitalism

- Capitalists who are owners of means of production, exploit the workers.
- The working class is exploited by selling their labour power.
- Capitalist economies expand through capital export
- Capital export become a driving force for imperialist expansion
- The dominant objective of Capitalist class is to accumulate wealth/surplus through productive investments

Capitalism

- These accumulation leads capitalists to search constantly for means, including technical innovation
- They compete against each other for the available markets striving to increase their market shares
- Their competition undercuts and destroys all backward pre-capitalist producers
- E.g. artisans, peasants as well as the less efficient capitalists.
- Capitalists dominate the state and use the state institutions to promote their own interests.

Capitalism

- Capitalists' disorder competition (no any central co-ordination) lead to periodic crises of overproduction and under consumption.
- These crises also are caused by a decline in the rate of profit due to capital intensification
- Also due to increasing labour scarcity and rising wages.
- During these periods weaker firms collapse and/or are bought out by the stronger ones,
- Labour is laid off and wages tend to fall consequently.

Capitalism

- In the stronger firms which survive the initial risk in costs and /or drop in demand the rate of profit tend to rise again.
- Employers may also raise the rate of surplus per worker by forcing to work longer hours for the same wage.
- Ultimately a fresh and particularly deep crisis associated with wide spread loss of employment will occur
- This crisis will move the proletariats to rise up

Capitalism

- The proletariats will seize both the means of production and state power
- from the capitalist class; establishing in their stead a socialist workers state.
- Thus contradictions between capital and labour will lead to the downfall of capitalism.

Socialism

- Socialism according to Marx, is the logical stage of social devtpt after mature capitalism.
- It is the consequence of the growth of productive forces.
- Socialism establishes the dictatorship of the proletariat/working class
- Involves public ownership and control of the major means of production and distribution.
- Relations of production are non-antagonistic/non-exploitative.
- No exploitation, all people work according to their abilities and they are remunerated according to their needs.

Communism

- Is supposed to be the highest level of social development
- No exploitative relations of production
- There is a "withering" away of the state towards a stateless and classless society
- In a communist or socialist economy, investment and consumption are primarily determined by the national plan.

Critique of Marxist theory

- (i) Marxist 'universal' theory views world capitalism in terms of the 'centre' and the 'periphery'
 - Capitalism at the centre developed an internal dynamism which is absent at the periphery
 - The periphery is complementary to, and dominated by, the centre
- (ii) The Marxists argue that the development process therefore is a process typified by imbalances and social conflicts.

Critique of Marxist theory

- A close look at the devt process under capitalism verifies the truth of this observation
 - As the gap between the rich and the poor between developed and developing countries is increasing.
- (iii) Marxist theory is often criticized by Modern theorists for concentrating too much on conflict - class struggle and change
- Also concentrating too little on what produces stability in society

Critique of Marxist theory

(iv) They are also criticized for being too ideologically based.

- Those who put forward this argument however fail to refute the existence of conflicts and class struggle in society
- Also the reality that conflicts and class struggles characterize the development process.

(v) Marxist theory is descriptive and predictive of social life.

- It is able to provide a descriptive picture of socio-economic formations, particularly that⁸¹ of the capitalist economic system.

Critique of Marxist theory

- Its main strength lies in its analysis of social relations that arise in the process of production
- Also the conflicting social classes that are eventually the motive force of devpt.
- Others have criticized Marxist analysis that the theory does not give particular attention to the African situation
- The theory did not show kind of classes existed in Africa (if any),
- Also did not show the nature of the relations of production, the nature of the class struggle existed in Africa, etc

Critique of Marxist theory

- Therefore one can argue that Marxist theory of underdevpt is not complete.
- This task has been taken over by neo Marxists
- The neo Marxists attempt to provide answers to the prevailing state of underdevpt and backwardness of third world countries
- However Marxist theory remains significant because of its ability to highlight the exploitative nature of the capitalist economic system
- Also to highlight how this gives rise to classes/social divisions and conflicts

Critique of Marxist theory

- The Marxist theory is a revolutionary theory as it advocates change
- a change for the better away from exploitation, injustice and inequality
- *In summary Marx divided history into several stages, conforming to broad pattern in the economic structure of society*
- *The most important stages for Marx's argument were feudalism, capitalism and socialism*

Critique of Marxist theory

- For Marx, the central institution of capitalist society is private property,
- the system by which capital is controlled by a small minority of the population
- This system leads to two opposed classes, the owners of capital (bourgeoisie) and the workers (the proletariat)
- The only property of proletariats is their own labour time sold to the capitalists
- Owners of capital make profits by paying workers less than their work is worth and, thus, exploit them

Critique of Marxist theory

- In Marxist terminology, material forces of production or means of production include capital, land, and labor,
- whereas social relations of production refer to the division of labor and implied class relationships
- Economic exploitation leads directly to political oppression
- as owners make use of their economic power to gain control of the state
- They turn the state into a servant of bourgeois economic interests

Critique of Marxist theory

- Because ruling class controls the social relations of production, the dominant ideology in capitalist society is that of the ruling class.
- Ideology and social institutions, in turn, serve to reproduce and perpetuate the economic class structure.
- Thus, Marx viewed the exploitative economic arrangements of capitalism as the real foundation
- A foundation upon which the superstructure of social, political, and intellectual consciousness is built.

Critique of Marxist theory

- He believed that any stage of history based on exploitative economic arrangements generated within itself the seeds of its own destruction.
- E.g. feudalism gave rise to a class of town-dwelling merchants
- Their dedication to make profits led to the bourgeois revolution and the modern capitalist era.
- Similarly, Marx believed that the class relations of capitalism will lead inevitably to the next stage, socialism.

Critique of Marxist theory

- This is because the class relations of capitalism embody a contradiction: capitalists need workers, and vice versa,
- but the economic interests of the two groups are fundamentally at odds
- Such contradictions mean inherent conflict and instability, the class struggle
- Marx expected the resulting economic cycles; and worker tensions to eventually culminate in a socialist revolution

Impact of Marxist theory on Contemporary Theories of Social Devpt

- Marxist Theory - an ideology and theory of social change had an immense impact on the practice and the analysis of social movements
- Marxism arose from an analysis of movements structured by conflicts
- conflicts between industrial workers and their capitalist employers in the 19th
- In the 20th century a variety of neo-Marxist theories have been developed

Impact of Marxist theory on Contemporary Theories of Social Devpt

- The neo-Marxist have added questions of race, gender, environment
- Also have added other issues to an analysis centered in political economic conditions
- Marxist approaches remained influential ways of understanding the role of political economy
- Also understanding class differences as key forces in many historical and current social movements

Impact of Marxist theory on Contemporary Theories of Social Devt

- However, time and history have invalidated many of Marx's assumptions and predictions.
- Capitalist ownership and control of production have been separated.
- Joint stock companies forming most of the industrial sector are now almost wholly operated by non-capital-owning managers.
- Workers have not grown homogeneous but are divided and subdivided into different skill groups.

Impact of Marxist theory on Contemporary Theories of Social Devpt

- Class stability has been undercut by the devpt of a large middle class and considerable social mobility.
- Rather than increasing extremes of wealth and poverty, there has been a social leveling and an increasing emphasis on social justice.
- And finally, bourgeois political power has progressively weakened with growth in worker oriented legislation
- and of labor-oriented parties

Impact of Marxist theory on Contemporary Theories of Social Devpt

- Also the rights and privileges of capital ownership have been narrowed.
- Most important, the severest manifestation of conflict between workers and capitalist - the strike - has been institutionalized through collective bargaining legislation and the legalization of strikes.
- These historical events and trends notwithstanding, the sociological outlines of Marx's approach have much value.

Impact of Marxist theory on Contemporary Theories of Social Devpt

- His emphasis on conflict, on classes, on their relations to the state,
- and on social change was a powerful perspective that should not be discarded.
- The spirit, if not the substance, of his theory is worth developing.

Modernization Theories of Development

- Is the theory used to summarize modern transformations of social life.
- The theory looks at the internal factors of the country.
- It assumes that with help, "traditional" countries can develop in the same ways "modern" countries did.
- Most Modernization theories argue that countries pass through phases during the course of devpt
- by identifying these stages, according to certain characteristics, country
- can have reached a certain stage of devpt.

Modernization Theories of Development

- They suggest that to attain sustained and self-generating economic growth,
- third world societies must undergo the same transition from traditionalism to modernity previously experienced by developed countries.
- Modernization theories attempt to identify the social variables which contribute to the social progress and devpt of certain societies
- Also these theories seek to explain the details of social evolution.

Modernization Theories of Development

- The theory stresses the process of change and the response to that change.
- also it looks at internal dynamics referring to social and cultural structure and the adaptation of new technologies.
- The Modernization theorist outlook of devpt is that many things are involved in the devpt process.
- These include markets, resources, infrastructures, organization, entrepreneurship

Modernization Theories of Development

- and investment, all of which are related to one another.
- To most Modernization theorists devtpt is defined as gradual advancement or growth through progressive changes
- i.e. a move from one stage to another - a higher stage than the previous
- Examples of the Modernization theories of development include W. Rostow - Stages of economic growth;

Modernization Theories of Development

- **Ragnar Nurkse** - Vicious Circle of Poverty
- **J. Schumpeter** – The theory of motive force, process and goal
- **J. K. Galbraith** – The concept of countervailing power; and
- **Leibeinstein** – The gap approach

Rostow's Stages of Economic Growth Model

- The best known and most explicit presentation of the Modernization view of historical devpt.
- The theory modifies Marx's stages theory of devpt
- It focuses on the accelerated accumulation of capital, through the utilization of both domestic and international savings,
- in order to encourage investment which is the primary means of promoting economic growth and, thus, devpt.

Rostow's Stages of Economic Growth

- The essence of the Rostow thesis is that it is logically and practically possible to identify stages of devt and to classify society according to those stages.
- According to Rostow, all countries must pass through those stages of economic growth during the process of devt.
- These stages are: the “traditional society”, the emergence of pre-conditions for take-off, the “take-off” stage, the drive to maturity and the age of high mass consumption

The “traditional society”

- There is little knowledge of the outside world, low level of science and technology hence limited production
- The main occupation is agriculture where very high proportion of their resources is devoted to
- social organization is through family and clan/tribal connections and the unit of production is family.
- According to Rostow, most societies emerged from the traditional stage some time ago
- today there are very few, if any, societies that one would class as traditional

The “traditional society”

- However, Africa continent seems to be moving in the direction of the traditional society
- Over 50% of Africa's popn are living in conditions of extreme poverty and on subsistence living.
- Africa is the only continent where poverty is increasing
- It appears that Africa is not moving forward in terms of devpt but is becoming more and more underdeveloped.

The emergence of the pre-conditions for take-off

- behavioural changes begin to take place within the society
- people begin to show increased tendency to strive for material advancement through the devt and application of science.
- The stage requires three radical changes which are: the building-up of social overhead capital (education, health and communications infrastructure),
- technological revolution in agriculture and an expansion of imports.

The emergence of the pre-conditions for take-off cont..

- Emergence of a new elite to channel surplus product from agriculture to industry
- The establishment of an effective modern government - is vital due to the extent of the task of transition
- The length of the transition phase depends on the speed with which local talent, energy and resources are devoted to modernization
- Political leadership will have an important part to play.

The “Take-Off”

- a short stage of devt during which growth becomes self-sustaining.
- all the resistances and bottlenecks to growth are overcome so that growth becomes a routine or normal condition.
- a massive and progressive structural transformation in economies and their societies occurs
- It is a stage of high investment rates improved efficiency and technical change

The “Take-Off”

- The beginning of the take-off can usually be traced to a particular sharp stimulus (something, which is the cause of activity: light is a stimulus to growth in plants).
- The stimulus may take the form of a political revolution, a technological innovation or (including transport) or a newly favourable international environment such as the opening of British and French markets to Swedish timber in the 1860's.

The “Take-Off” cont...

- However, some take-offs have occurred with virtually no capital imports e.g. Britain and Japan.
- Some take-offs have had a high component of foreign capital e.g. the USA, Russia and Canada.
- and some countries have imported large quantities of foreign capital for long periods without attaining the take-off stage e.g.
- Argentina before 1714, Venezuela & in recent yrs, Democratic Republic of Congo.

The drive to maturity

- The period when society effectively applies the range of modern technology to the bulk of its resources
- New leading sectors replace the old
- Rostow sees the devt of the steel industry as one of the symbols of maturity.
- Structural changes in society such as changes in the distribution of the work-force;
- the growth of an urban popn; an increase in the proportion of white-collar workers;

The drive to maturity

- and a switch in industrial leadership from the entrepreneur to the manager
- political features - nations grow confident and exert themselves politically
- society make fundamental political choices on the use to which greater wealth should be put

The Age of High Mass Consumption

- There is increased productivity to satisfy society's demands
- the maximum output is produced in the most efficient manner.
- The economy produces those goods and services which people desire;
- Technology is highly advanced and economic growth is virtually automatic
- If devpt has not occurred then the reason must be that something interferes with this automatic process.

Analysis/Critique of Rostow's Theory

- Rostow's theory assumes that the conditions, which allowed western countries to industrialize and thus develop, would be identical to young independent states.
- This is not the case particularly in the case of Africa.
- Rostow's stages of economic growth bear little resemblance to Africa and other third world countries.
- One can not be able to determine Africa's stage of economic devtpt by using Rostow's stages of economic growth

Analysis/Critique of Rostow's Theory

- the characteristics that Rostow distinguishes for his different stage are not unique to those stages
- the demarcation between one stage to another is unclear
- The theory can not be tested empirically because it lacks quantitative evidence for assertions made
- Also Rostow's description of the characteristics of some of the stages are not sufficiently specific to define the relevant empirical evidence even if data were available.

Rostow's Theory on Underdevelopment

- Rostow's model assumes that present-day developed countries were once underdeveloped and that all countries move through all these stages of growth.
- But the so-called developed countries established the basis for their take-off on the basis of looting and stealing from overseas
- Many third world countries, particularly African countries were exploited under the slave trade, colonialism and by imperialists expansion

Rostow's Theory on Underdevelopment

- These countries are attempting to accelerate their devt from a lower economic level than was true for the presently rich countries at the time of their rapid rates of devt.
- For these African countries, underdevt is not a natural stage of human devt.
- Africa appears to be moving backwards or developing in a zigzag manner and not in the linear form that Rostow suggests
- Devt is seen primarily as a matter of “economic growth”

Rostow's Theory on Underdevelopment

- secondarily devpt is seen as a problem of securing social changes associated with growth.
- Rostow's stages and thesis is incorrect because they do not correspond at all to the past or present reality of the underdeveloped countries
- Rostow does not take into serious consideration the historical experience of the underdeveloped countries

Rostow's Theory on Underdevelopment

- or the continues exploitation of these countries by ruthless multinational/transnational companies
- However, Rostow offers some extremely valuable insights into the devpt process,
- particularly economic devpt in developed capitalist countries
- The essential characteristics and stages of economic devpt in a developed modern economy are outlined.

Rostow's Theory on Underdevelopment

- The assumption that the developing countries will follow a similar path cannot be easily discarded
- E.g. the role of investment in raising the rate of growth
- Rostow has aroused theoretical interest in the history and causes of the growth of the wealth of nations.

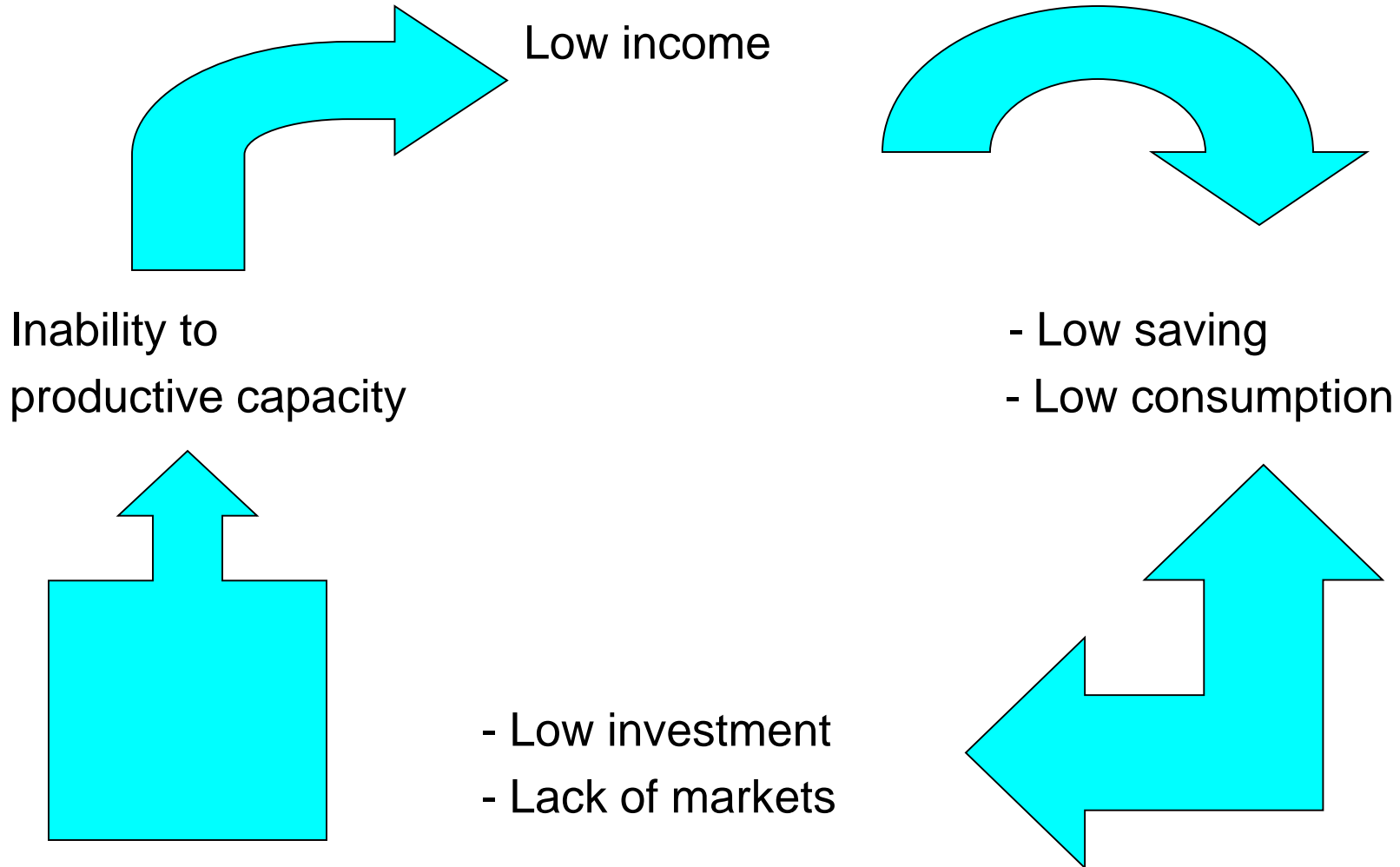
Vicious Circle of Poverty theory

- Ragnar Nurkse was a prominent economist professor who attempted to examine problems of capital formation in underdeveloped countries.
- The theory expresses the circular relationships that afflict both the demand and the supply side of the problem of capital formation in economically backward areas.
- Nurkse stresses the role of savings and capital formation in economic devpt.

Vicious Circle of Poverty theory

- According to him a “*A SOCIETY IS POOR BECAUSE IT IS POOR*”
- A society with low income has both low levels of savings and low levels of consumption.
- The low level of savings means that low investment,
- while the low levels of consumption means not enough market to induce investments
- even if the capital for investment were available.

Vicious Circle of Poverty theory



Vicious Circle of Poverty theory

- The low investment in turn means little ability to expand productive capacity that results in low incomes in the economy
- According to Nurkse the backward countries have failed to enjoy the stimulating effects of the manufacturing industry because of limitation of the domestic market for manufactures articles.
- The way out of this circle is to enlarge the market
- Application of capital in a wide range of different industries

Vicious Circle of Poverty theory

- Application of massive and balanced investment programme for growth to occur
- putting emphasis on domestic savings and the role of the state for balanced growth

The relevance of Nurkse's Theory

- There is little doubt that third world countries, particularly those in Africa, are locked in a vicious circle of poverty
- The historical causes of poverty in the third world countries are not underlined by Nurkse's theory.
- A realistic way out of this vicious circle is also not provided by Nurkse's theory.

Vicious Circle of Poverty theory

- The theory ignores the reality of underdeveloped countries characterized by dependent economies, which makes it impossible to create an environment for massive investment and balanced growth.
- Thus Nurkse's theory, only succeeds in indicating the extent of poverty or backwardness of the underdeveloped countries
- it throws very little on our understanding of the causes of poverty.

Schumpeter's Theory of Motive Force, Process and Goal

- Schumpeter's theory hinges on three aspects: motive force, process and goal.
- According Schumpeter's model of devpt entrepreneur provides the generating force,
- the process is innovation;
- the goal is the establishment of a position of wealth and power for the entrepreneur.
- According to Schumpeter the action of creative entrepreneurs will produce spurts of industrial progress.

Schumpeter's Theory

- Innovations increases profit and may trigger off new innovations in other fields.

The relevance of Schumpeter's Theory

- His theory does not satisfy the case of the less developed countries
- The entrepreneur in most African countries is not the main driving force for economic devtpt
- Innovation is not the most characteristic process (indeed it hardly exists)
- Private enrichment is not the dominant goal.

Schumpeter's Theory

- E.g. in Tz we have an increasing number of petty traders - the "Machingas"
- But cannot be described as entrepreneurs or driving force for economic devpt.
- The process of Innovation and technological devpt remain outside the devpt process in most African countries.

Schumpeter's Theory

- **Strengths of the theory**
- that devpt is generated within the society by its own members.
- the process of devpt can not be started or sustained by outside efforts.
- Stresses the important role played by entrepreneurship embodied in a person with innovation
- The innovation may involve utilization of a new technique or new commodity or an improved organizational method.

Schumpeter's Theory

Major weaknesses of the theory

- Devpt does not only depend on innovations but on whether adequate incentives for entrepreneurial activity exist.
- Neglect the role played by consumption, savings and foreign aids technology.
- Also neglect the role played by non-credit sources of investment funds and the role of assistance in development.

J. K. Galbraith theory - Concept of Countervailing Power

- Prof. J.K. Galbraith is an American economist who put forward a theory of political modification of markets known as countervailing power.
- His theory attempts to provide an interpretation of economic backwardness in the USA and in backward countries.
- His Concept of Countervailing Power maintains that
- the growth of monopoly in the advanced countries, particularly the USA,

J. K. Galbraith theory

- has been accompanied by a growth of 'countervailing power' on the opposite side of the market, e.g. trade unions,
- retail chain stores, co-operative societies, farmer's unions, etc.
- The growth of monopoly increases the gains from building up and growth of countervailing power
- countervailing power provides a new self-regulatory mechanism to the economy in a world of monopoly.

J.K. Galbraith theory

- i.e. Galbraith highlights the role of "Countervailing Power" in dealing with market failure & outlines its operation at the micro and macro levels.
- According to Galbraith, at the micro level, firms might merge or band together to influence the price.
- Individual wage earners might also combine in unions to influence wage rates.
- Finally, govt might intervene in the market place where countervailing power failed to develop, in order to provide regulation

J.K. Galbraith theory

- Galbraith argues that power, whenever exercised creates "an incentive to the organization of another position of power that neutralizes it (countervailing power)"
- In Prof. Galbraith's terminology, economic backwardness arises because the process of 'economic devt' has been too rapid
- while the initial conditions has been too unfavourable to give rise to an effective countervailing power
- Without countervailing power private decisions can lead to the unhampered exploitation of the public

J.K. Galbraith theory

- i.e. workers, farmers and others who are intrinsically weak as individuals.

The relevance of Galbraith's Theory

- Galbraith's is concerned with the economically most advanced country in the world, the USA
- but the sectors of the economy regards as being particularly in need of the countervailing power are in the backward countries

J.K. Galbraith theory

- i.e. agriculture, consumers' goods market, and the labour market with their export-import monopolies and large scale mining and plantation businesses.
- The theory makes little headway towards a comprehensive analysis of economic backwardness in the developing countries
- Therefore the suggested prescription of a countervailing power is of little relevance in the African context.

J.K. Galbraith theory

The main shortcoming of the theory

- He gives inadequate attention to the fairly common tendency of power blocs to try to take over the govt itself and thus to suppress countervailing power.
- This is essentially the nature of fascist and communist revolutions.
- The tenability of the theory of countervailing power rests upon the maintenance of liberal democracy with strong guarantees of the rights to freedom of thought, speech, assembly, and organization, and with definite on the tactics and ruthlessness which any power bloc pursues its end.

The Gap Approach

The Gap approach according to Leibeinstein (1960) has a long list of limiting factors to devt that include

- A predominant subsistence agricultural economy with poor credit and marketing facilities.
- Unfavourable demographic features in the form of large and young populations.
- Very low educational and cultural level.
- Technological backwardness.

The Gap Approach cont..

- Unfavourable natural endowments (poor soils and tropical climate and low productivity).
- He suggests massive aid as a remedy to the problem of limiting factors to devpt.

The relevance of Leibeinstein's Theory

- Like other modernization theorists, Leibeinstein does not provide clear indicators on how these countries can obtain and best utilize this aid
- The apparent dangers of increasing dependency on foreign aid are ignored

Modernization by WB & IMF

- Recently there has been a resurgence of the Modernization school of thought led by the World Bank and the IMF
- They identify and concentrate on problems of inefficient allocation and utilization of resources rather than lack of productive capacity, backward production techniques or investment as the causes of underdevlpt.
- This is also shown to be the result of bad economic policy framework and subsequently economic mismanagement.

Modernization by WB & IMF

- They recommend Economic Recovery Programmes (ERP's) and Structural Adjustment Programmes (SAP's) to stimulate economic efficiency.
- The reality is that developing countries remain underdeveloped while the power of international financial institutions increases to the extent of directing the devt process.

Critique of Modernization Theories

- According to modernization theorists the task of planned devt is to hasten the evolution of preconditions to facilitate the take off period.
- the rapid success of the take off period is tied to radical changes in methods of production.
- inflows of industrial technology must be supplemented with “modern management, modern education, etc...”
- The goal is to create economic and social conditions similar to those in DCs hoping that these created conditions will achieve similar results.

Critique of Modernization Theories

- The Modernization view of devtpt grows out of the model of competitive market capitalism
- The forces of competition ensure that the economy produces those goods which people desire
- maximum output is produced in the most efficient manner.
- This process does not function in most third world countries
- To think that simply by expanding investment a country will be able to raise its income
- or savings and consumption is a highly mechanical way of looking at things.

Critique of Modernization Theories

- Many developing countries have been increasing investment but this has not given rise to savings, consumption or sustainable devpt
- The theorists fail to explain the structure and devpt of the capitalist system as a whole
- They fail to account for its simultaneous generation of underdevpt in some parts and of economic devpt in others
- i.e. western countries becoming richer while developing countries, becoming poorer
- Reasons given are not sufficient to explain the causes and persistence of underdevpt

Critique of Modernization Theories

- They look at the symptoms but do not adequately explain the causes of these symptoms
- they did not come out with any meaningful solution to the problem of underdevpt.
- Despite the WB and IMF recommendations of ERP's and SAP's to stimulate economic efficiency,
- the reality is that developing countries remain underdeveloped while the power of international financial institutions increases to the extent of directing the devpt process.

Comparative Analysis of Modernization and Marxist Theories

Some broad similarities between Modernization and Marxist theories

- They attempt to interpret the evolution of whole societies primarily from an economic perspective.
- They recognize that economic change has social, political and cultural consequences.
- They fail to explain underdevpt sufficiently and give tentative suggestions on the way to eradicate it

Comparative Analysis of Modernization and Marxists

Differences between Modernization and Marxists theories:

- Marx highlights the problems of class conflicts, exploitation and inherent stresses within the capitalist process but Modernization theorists ignore these aspects
- Modernization Theorists avoid the Marxian assertion that the behavior of societies is uniquely determined by economic considerations.

Comparative Analysis of Modernization and Marxists

- Modernization theorist's outlook of devpt is that many things are involved in the process of devpt
- These are markets, resources, infrastructures, organization, entrepreneurship and investments.
- The Marxists devpt involves people, class relations/class struggle
- Modernization theorists believe that for the presently underdeveloped nations, the inner mechanics of the take-off involve problems of capital formation.

Comparative Analysis of Modernization and Marxists

- Modernization theory does not focus on the unique situation of the LDCs and how their history and current position influences their devpt.
- Marxist theory did not give particular attention to the African situation i.e. what kinds of classes existed in Africa, the nature of the relations of production, the class struggle in Africa etc.

Dependency theorists on underdevpt

- Dependence is a conditioning situation in which the economies of one group of countries are conditioned by the devpt and expansion of others.
- It occurs when some countries can expand on as a reflection of the expansion of the dominant countries,
- This may have positive or negative effects on their immediate devpt
- Dependency theorists are concerned with the whole relationship between advanced countries and third world countries.

Dependency theorists on underdevpt

- According to them underdevpt entails a stagnation situation that developing nations cannot overcome
- because developing nations are dependent upon industrialized nations that benefit from the disparities between devpt and underdevpt
- Also they argue that the economy of underdeveloped countries must be analyzed together with the devpt of capitalist countries

Dependency theorists on underdevpt

- This is because the economy of developing countries was in large part conditioned by events in the advanced countries through trade, migration, capital and technology flows
- The dependency school of thought includes various theorists who may all be loosely described as part of the dependency school.
- The neo-Marxism those whose thought originates from Marxist e.g. Paul Baron
- For them dependency is the inevitable outcome of capitalist devpt in the advanced countries

Dependency theorists on underdevpt

- For others dependency has its origin in Latin American e.g. Furtado & Frank, Graffin, Sunkel, Dos Santos, Szentes.
- Dependency theorists concentrate on explaining the fundamental specific flaws of Modernization approaches.
- Frank using the experience of Latin America, points out that the 3rd world countries cannot move from traditional society towards the stage of high mass consumption

Dependency theorists on underdevpt

- This is because of the penetration of capitalist system even to the most isolated sectors of the underdeveloped world.
- This penetration he suggests has made the economies of the underdeveloped dependent upon those of the developed nations.
- He supports the view that the relationship between the developed capitalist world and the underdeveloped world is inherently exploitative.

Dependency theorists on underdevpt

- It leads to the continued enrichment of some nations and the perpetual stagnation and poverty of other nations.
- Thus a central argument of the dependency school is that dependence generates underdevpt
- According to them underdevpt is not simply a stage that pre-dates devpt as the Modernization theory states.

Dependency theorists on underdevpt

- Rather, underdevpt is the historical consequence of dependence that was initiated by colonialism and sustained by neo-colonialism.
- Poor countries are underdeveloped because they have been colonized by developed countries.
- The impact of the advanced countries on the third world had caused their underdevpt.

Dependency theorists on underdevpt

- The nature of the impact and terms of such impact of the DCs, particularly of the capitalist countries, on the 3rd world,
- were to impoverish the third world economically, culturally and psychologically.
- The dependent relationship is also exhibited in political institutions and political decision making

Dependency theorists on underdevpt

- As a result many third world countries are incapable of following an alternative path.
- This is not only because the world economic facts of life make it impossible,
- but because the cultural, psychological and economic pressures of the dependent relationship have conditioned decision-makers in 3rd world so that they do not wish to follow an alternative strategy.
- Thus it was argued that many poor countries were relatively better off in 18th C

Dependency theorists on underdevpt

- Also per capita income was substantially higher than it is today.
- According to Frank underdevpt was not an original stage, but rather a created condition
- to emphasize this, he points to the British de-industrialization of India,
- the destructive effects of the slave trade on African societies
- and the destruction of the Indian civilizations in central and South America.

Dependency theorists on underdevpt

- They agree that some effort within developing countries must be made to break the cycle of economic and political reliance on dominant capitalist nations
- Most of the dependency school appear to believe that a break is possible but most neo-Marxists do not
- they consider the relationship as the inevitable outcome of capitalist devpt

Dependency theorists on underdevpt

- According to neo-Marxists, only a change at the center will make change at periphery possible.
- This is because the state is controlled by the upper classes that benefit with the maintenance of the structure of dependence in periphery societies,
- the reforms recommended in the form of state intervention would do little to foster development.

Dependency theorists on underdevpt

- According to dependency school then, the only way out of this structural stagnation is a socialist revolution
- A revolution that would bring an end to private ownership of capital, and which would foster central planning of the economy

The relevance of dependency theory

- The dependency perspectives focus on the unevenness of the distribution of wealth between core and periphery.
- The theory was a most valuable contribution to modern social science.

Dependency theorists on underdevpt

- It contains an effective criticism of the modernization paradigm
- provided an alternative perspective to devpt theory
- still functions as a catalyst in the devpt theory, which is taking shape at the present.

Weaknesses

- neglected the role of contemporary internal political and economic conditions of the 3rd world countries

Critique of Dependency Theory

- External dependency in the past and at present is a necessary but not a sufficient factor to consider in explaining deficiency in devpt.
- Internal politics must be added to the analysis of external impacts when pursuing this line of study
- The ultimate causes of underdevpt are not identified
- Dependency analysis neglects the anthropological level of analysis, i.e. the local community.

Modernization Vs Dependency Theories

Explanations on differences in wealth between rich and poor countries

- According to Modernization theory or a country to become modern, it has to industrialize first.
- Scholars who support modernization theory believe that the rich countries are wealthy because of embracing the concept of modernity.
- Modernity, for them, brings the blessings of progress in every sphere of human life.

Modernization Vs Dependency Theories

- According to Modernization theory the North grew rich because they discovered the secrets of sustained economic growth.
- The cultural values, social, political, and economic institutions that provided the keys to northern devt are embodied in the notion of modernity.
- The modern person, according to modernization theory believes in the power of reason to tame and transform nature.

Modernization Vs Dependency Theories

- Modern societies are creative and open to change.
- According to them, the economies of traditional societies involve either subsistence agriculture
- or feudal or semi feudal landholding where small amount of surplus is produced
- The most critical element in the transition from a traditional society to a modern one is the emergence of a system of rewards for innovation

Modernization Vs Dependency Theories

- Society must be willing to tolerate the inequalities resulting from private returns for innovations that have high social value.“
- Suggest the rise of capitalist institutions as the key in turning traditional societies into modern ones.
- The poor countries are poor because they have not discarded their "traditional ways of organizing society."
- This hinder modern capitalist institutions to emerge.

Modernization Vs Dependency Theories

- They suggest that third World must undergo the same transition from traditionalism to modernity previously experienced by the North,
- before sustained and self-generating economic growth becomes possible in the South.
- Thus the principle obstacle to modernization arises from the persistence of traditional cultural values

Modernization Vs Dependency Theories

- Also institutions in the South that are incompatible with economic growth and industrialization.
- Supporters of modernization theory agree that economic interdependence between rich and poor countries is useful
- for the exchange of material benefits, receiving the reward of trade and absorbing modernizing values
- Modernizing values are absorbed by eroding and undermining the traditional social values and structures that hold back devpt

Modernization Vs Dependency Theories

- On the other hand according to Dependency theorists and other critics of modernization theory problem of underdevpt lies with the exploitative relationship between rich and poor states.
- They illustrate this relationship by using a center and periphery analogy.
- The center is composed of countries that have advanced industrialization,

Modernization Vs Dependency Theories

- advanced technology, high wage rates, and high living standards;
- the periphery, on the other hand, composed of countries that are complete the opposite of the center.
- The center exploits the poor countries (the periphery)

Negative effects of dependence

Dependency theorists argue that the process of underdevpt was initiated by imperialism or colonialism and sustained by neo-colonialism exploitative measures.

- (i) Exploitation of the cheap labour, capital and raw materials including mineral resources of the third world countries and then
 - Re-exportation back of industrial products at overstated prices.
 - The establishment of plantation economies that distort the economic and cultural lifestyles of the indigenous populations

Negative effects of dependence

- (ii) The most fundamental decisions as to where and in what to invest are made in the core countries, at the headquarters of TNCs
- (iii) The logic of dependence is outwardly oriented and prevents the expansion of the internal market.
- (iv) The various neo-colonial exploitative measures in the areas of international trade, investment and aid that ensures the rapid flow of surpluses from LDCs to DCs

Negative effects of dependence

- (v) The centre-periphery relationship works in favour of the developed countries and a few privileged people (the elites)
- The elites enter into symbiotic relationships with foreign investors in the third world countries through managerial or intermediary role they play for the MNCs/TNCs
- These elites (urban based) reap some of the benefits of the Western Capitalism

Negative effects of dependence

- Thus the Western capitalism causes and reinforces dualistic markets and inter-regional and intra-regional inequalities in the 3rd world countries
- i.e. periphery and semi-periphery produces an unbalanced economic structure both within the peripheral societies and between them and the centers.
- These are reflected by the widening spatial income differentials within regions and urban and rural areas.

Negative effects of dependence

- The benefit of the Western based capitalism in the 3rd world do not trickle down to the majority poor and therefore causes a distorted or uneven type of devpt.
 - This leads to limitations on self-sustained growth in the periphery and favors the appearance of specific patterns of class relations.
- (vi) The wealthy class who influence the ruling classes are tied by their economic as well as ideology preferences to foreign capital

Negative effects of dependence

- They continue to enjoy the privileged status in the society.
- They play no dynamic economic role but use their control or influence to protect foreign interests in the individual third world countries.
- They do not positively contribute to indigenous or national capital-accumulation
- They expropriate funds via excess luxurious consumption and through the accumulation of savings abroad.

Negative effects of dependence

- (vii) The inappropriate western oriented industrialization, which was too import-dependent
 - causes and perpetuates the uneven or distorted devt
 - e.g. the capital intensive industries which usually produce luxury consumer goods
 - tend to aggravate the income inequalities between the marginalized popn and the urban industrial workers.
 - MNCs exploit the poor countries by bringing technology that is of little use in the local context or obsolete

Negative effects of dependence

- (viii) The western capitalism various mechanisms that were used to ensure capital flight from the third world countries
- The persistently unequal or negative terms of trade for the products of the third world countries in the international markets.
 - Profit repatriation by the subsidiaries of MNCs found in the third world countries.
 - Transfer payments such as royalty payments and management fees charged by the subsidiaries of the MNCs

Negative effects of dependence

- Transfer pricing undertaken by the MNCs to ensure that funds are transferred indirectly
- This was done by overstating import prices while understating export prices.
- overstated prices charged by the MNCs, for shipping, insurance and other invincible imports.
- Amortization and interest payments on loans contracted sometimes by the governments of the third world countries.

Negative effects of dependence

- Serving the accumulated foreign debts is impoverishing given the high interest rates
- Also the extra burden caused by the declining values of the domestic currencies which tends to increase cash outflow.
- Ironically some of the debts are contracted to offset balance of payments attributable to the already listed surplus transfer mechanisms.

Theoretical Approaches to the Study of African Development

- Goran Hyden (1994) defines devpt as the product of human efforts that has architects and auditors.
- The architects are typically persons with a vision
- The principal auditors of devpt are academics
- The task of academics is to assess within a given theoretical perspective

Theoretical Approaches to the Study of African Development

- how successful the architects are in shaping the process of social change according to their own modules.
- Goran points out that one of the most striking things about the devpt debate in Africa is how little it has been shaped by African architects (political leaders and persons with a vision)
- Goran argues that it is the international community that has helped set the African devpt agenda.
- It is to the ideological perspective of the donor community that Africa has to respond.

Theoretical Approaches to the Study of African Development

- Goran identifies four shifts in devpt theory:
 - (i) Structural Functionalism
 - (ii) Neo-Marxist Political Economy
 - (iii) Neo-Liberal Political Economy
 - (iv) The New Institutionalism

Structural Functionalism

- Developed by non-Marxist social scientists, **Talcott Parsons** in sociology and later **Gabriel Almond** in political science
- This theory implied that societies regardless of their peculiarities inherently perform the same basic functions,
- but they are differentiated in terms of which structures (family, education, legal or social structures, etc) perform these functions.

Structural Functionalism

- Thus society is an entity made up of many integrated parts when one part changes other parts change in response.
- E.g. if the education structure change the social structure will also change as the society tends to seek stability and avoids conflict
- Structural functionalism was built on the assumption that devt is a linear evolution,

Structural Functionalism

- involving structural differentiations and cultural secularization, using western democracy as the ultimate stage.
- Structures in the society were the facilitators of devpt.

Neo-Marxist Political Economy

- Neo Marxists are leading advocates of the dependency theory
- They attempt to apply Marxism to advance Marxist political economy on a “new” framework to suit existing conditions.
- They provide a critique to structural functionalism
- They argue that structural functionalism was naive in assuming that devpt is the best pursued in conditions of social harmony or equilibrium.

Neo-Marxist Political Economy

- To the neo-Marxists, devt grows out of conflict, stemming from changes in the material conditions of life (basic needs).
- Structures are not only facilitating capitalist investors but are also constraining human potential of local investors.
- Neo-Marxists stressed the international character of these structural constraints
- hence the need for the poor countries to emancipate themselves from their dependence on the richer countries.

Neo-Liberal Political Economy

- This theory stressed on the importance of individual actors.
- To them devt is the aggregate outcome of a multitude of individual decisions.
- Operating in a market context, people make their own decisions in a voluntary fashion
- i.e. no state intervention in the market.
- This is essentially a theory of the free market

The New Institutionalism

- This theory concerned with ‘institutions’, the layer between individual actors and societal structures.
- The theory argue that social action is primarily integrative, aimed at going beyond self - interest.
- It corresponds to the ideological concern with an ‘enabling environment’.
- The focus is on how to strengthen institutions (‘institution-building’)

The New Institutionalism

- Also focus on the constraints and opportunities for using institutions as 'tools' of devpt.

Relevance of these theories

- All the above theories contribute to the debate on devpt
- But fail to provide a more critical understanding of the devpt processes in Africa.
- More important they fail to provide alternative devpt strategies to address devpt problems in Tanzania.

Local models of devpt

These are the models developed by Tanzanians E.g. Nyerere devpt model. According to him devpt is the function of:

- Availability of land (*ardhi*)
- Availability of human resource (*watu*)
- Appropriate policy (*siasa safi*)
- Sound leadership (*uongozi bora*)

Is sustainable devpt in Africa in the 21st Possible?

- As recent experiences in Africa indicate it is not easy to break the chains of dependency and initiate a process of self-reliant devpt.
- The growing influence of the World Bank, the IMF and multinational companies indicate a growing tendency towards increased dependency
- This is particularly in the economic arena.
- Devpt efforts are presently channeled towards economic growth

Is sustainable devt in Africa in the 21st Possible?

- The relations of production, which are becoming more and more antagonistic have been ignored.
- The majority of Tanzania's population is becoming more and more impoverished with the country now divided with increasing social tensions.
- The developed countries have ignored the cry for a New International Economic Order (NIEO) from third world countries.

Is sustainable development in Africa in the 21st Possible?

- The introduction of a free market economy,
- trade Liberalization and privatization of key industries that is going on in many of the African countries,
- all point to the need for a new theoretical perspective to examine the process of underdevpt/devpt in these countries.
- To understand the process of devpt, devpt must be dealt with in a historical context.

Is sustainable development in Africa in the 21st Possible?

- The historical experience will condition the stage in which a country finds itself and the degree to which its devpt has unfolded.
- For example the different historical background of Europe and Africa have shaped the degree and direction of devpt in these two regions

Summary of main issues and conclusion

- Neither the Modernization nor the Marxist theory sufficiently explains underdevpt and thus come up with tentative suggestions on eradicating it.
- The Modernization theorists successfully depict the existing situation of underdevpt in developing countries.
- But they do not give reasons for the emergence of underdevpt nor its persistence.

Summary of main issues and conclusion

- The Marxists attempted to explain the causes of underdevpt but they do not come up with substantive suggestions of eliminating it.
- The Dependency theorists also contribute significantly to the general debate of underdevpt
- Particularly the external relations between developing countries and the developed countries.

Summary of main issues and conclusion

- The Most appropriate theory is one, which in a realistic and balanced way addresses both the problems of inadequate,
- also internal economic structures and the external unfavourable and unfair external economic relations.
- According to the theoretical perspectives devpt is a multidimensional process that involves:
- Major changes in the social structures popular attitudes, and national institutions,

Summary of main issues and conclusion

- Acceleration of economic growth,
- Reduction of inequality and
- Eradication of absolute poverty
- Devpt must reflect the growth of the whole population
- The process of devpt must include all aspects – i.e. economic, political, cultural and social aspects.
- Sustainability and the core values of devpt in the society must be observed.

The end

Thank you