

CONTENDING PARADIM OF DEVELOPMENT: DEVELOPMENT AS ECONOMIC GROWTH; DEVELOPMENT AS REDISTRIBUTION WITH GROWTH AND BASIC NEED MODEL OF DEVELOPMENT: A CRITIQUE

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Abstract

This paper assesses three main theories of development – Development as Economic Growth; Development as Redistribution with Growth and Development as Provision of Basic Needs of Citizens. An X-ray of these theories shows that disconnect between application of the principles of the theories of development and their inability to transmit development to the citizenry. Content analysis was utilized to source for materials for the ability. The conclusion reveals that development cannot be imported; neither can it be engineered in isolation of the social, cultural, political and economic milieus of a particular environment. Development must be home grown with a symbiotic relationship between the governments as the citizens because the citizens are the direct beneficiaries of all governmental efforts.

Keywords: Development, economic growth, redistribution,

Introduction

Development defines an easy on one sentence definition. From certain perspectives, a developed society is one in which the Gross National Product or Per Capital income experiences sustained growth. Other definitions stress the ability of the people to lead a modern or civilized existence through access to such facilities as good roads, health, water and education. Other definitions stress the ability of the people to partake and earn equitable distribution of goods and services.

Development to a large extent includes the reduction of malnutrition, poverty, illiteracy, disease and joblessness. While many people may agree on the desirability of these ends, the strategies for achieving them have been the subject of a long standing and multidimensional debate among development theorists. We shall examine the following theories of development:

- a. Development as Economic Growth;
- b. Development as Redistribution with Growth;
- c. The Basic needs model of Development;

We shall attempt to discuss these approaches one after the other to enhance our understanding of the various approaches.

Conceptual Clarification

The meaning of development is a varied as there are theories of development. However, the most fundamental factor or element which underlies the concept of development whether in its political, social or economic connotation is the modern of change. In perceiving development, we talk about the content, direction, extent or dynamics of change.

Traditionally, there are two competing or and antithetical or diametrically opposed models, namely, modernization and dependency theories, which proffer differing answers to the above question. Scholar from economics, perceived development as basically transforming developing countries through the ability to generate sustained economic growth (Iyoha, 1996). Arthm (Ibid) describes a developed human society as one which the Gross National Product (GDP) or Per capital income experience sustained growth. In the modernist understanding the term development refers to expansion of infrastructure or a general project of industrialization that brings about access to such facilities as good roads, health care system, potable water, education etc. (Standen, 1989).

Robinson (1981) sees development as an aspect of economic modernization, which is the expansion of control over nature through closer interaction among men. Mabogunje (1980) defined development as a strategy of spatial reorganization, crucial for the whole process of political mobilization, control over the planning of productive forces, not necessarily concentrated at just a spot. Wiredu (2000) argues that development should not be perceived solely in material terms. According to him, development has two brand dimension-material and moral. From the material perspectives, development involves the control and exploitation of the physical environment through the application of the results of science and technology. On the moral plane, development consists of the regulation and improvement of human relationships through the promotion of human values such as freedom, justice, equality and co-operation. Thus to Wiredu (Ibid) a well-rounded development is one in which material advancement and social or moral developments are mutually reinforcing.

Seer (1977) identifies development as social justice, reduction of inequality and eradication of poverty in human society. Iodney (1972) perceive development from the stand point of freedom and in dependence. To Rodney (Ibid) there is development if and only if people are free to pursue the objective they have set by themselves in their own interest and by means of their resources. This definition is indicative of the act that freedom or autonomy to choose for oneself either as an individual or a society in a crucial index of development.

From one analysis of the concept of development, one may be tempted to conclude that underdevelopment is the absence of development. As Rodney (Ibid) rightly argues.

Underdevelopment is not absence of development because every people have development in one way or another and to a greater or lesser extent.

Okeke (1999) argues that the basic aim of development is to achieve a satisfactory level of living within the existing social, economic and political system. On the other hand, Nyeyere (1974) posits that mere availability of basic necessities of life do not constitute an end (development) itself, rather it is a means to an end and the end is the people's well-being which represents the goal of development.

In addition, Ukpoma (1999) argues that development considers human living conditions especially the individual well-being as a more important focus of attention than the instructions and organizations within the social system. The report of the Smith Commission (1998) refers to development as a process, which enables human beings to realize their potential, build confidence and lead lives of dignity and fulfillment. It is a process, which frees people from the fear of want and exploitation. It

is a movement away from political, social and economic repression. Development therefore implies growing self-reliance both individual and collective.

According to the report development is:

“A process of self-reliance growth achieved through the participation of the people acting in their own interest as they see them and under their own control. Its first objective must be to end poverty, provide productive employment and satisfy the basic needs of all the people any surplus being fairly showed. This implies that basic education and health facilities and clean water must be accessible to all. In addition, development presupposes a democratic structure of government together with its supporting individual freedom of speech, organization, and publication as well as a system of justice which protects all the people from actions inconsistent with just laws that are known and publicly accepted”.

In the 1940s and 1950s, the study of development economic emerged in an attempt to find answers to why underdeveloped countries remained poor and how this could be remedied. The general belief among economists was that the transportation of developing societies could be achieved through their ability to generate sustained economic growth. After World War II, development was perceived as a situation in which there was a rise in individual and national output measured by the Gross Domestic Product (GDP) (Hunt:1989). The surplus output was expected to result in increased profit which from the classical economist point of view was saved over time to raise the Capital needed for further investment and expansion of the economy. Thus the central focus of the theory of Economic Growth as measuring the basis of development is about the process of changing a society from a low saver to a high one with the attendant changes in institutions, technology and attitudes. (Hunt: Ibid).

Lewis (1955) was most notable formulation and experiment of Development as Economic Growth theory. This theory was later modified by John Feli and Gustar Ranis (1964) to Lewis, an under-developed economy consisted of two sections: The traditional or over-populated rural subsistence sector and a capitalist or urban industrial sector to which the surplus labour from the subsistence sector move. Lewis further argued that the barrier to growth was the lack of capital accumulation constrained by lack of savings. The main issue in economic development in how a society which previously saved only 4% - 5% of National income transforms itself into one that saves 12% to 15% of National income (Lewis 1954) Lewis, (Ibid) Development comes about it a nation engages in rapid capital accumulation through a high saving rate. Developing countries do not save much not because of their poverty but because of a small capitalist sector with lower profits, savings and investments.

Weaknesses of Development as Economic Growth Theory

The Lewis model or theory of Development has been criticized because of the failure of some of its assumptions to fit institutional and economic realities in the following areas:

1. The Lewis assumption that there is full employment in the urban areas while there is surplus rural labour. Bairoch, (1973) for instance, found that in most countries with the exception of Iran, Urban unemployment was higher than rural unemployment. For example Nigeria's urban unemployment rate was 9.1% in December 1986 with rural unemployment standing at 4.6%.
2. The golden age, when growth was expected to be married to greater equality under the Lewis model did not always hold. This is because of higher rural-urban income differential occasioned by union activities and a higher than expected growth rate in population and the labour force (Streeten 1981).
3. Improved technological transfer from developed nations minimized the number of jobs created, while increased agricultural productivity widely acclaimed as a precondition for industrial progress did not materialize (Streeter, Ibid).
4. The emphasis on economic growth did not, however, recognize sufficiently the problems of income inequality, and the neglect of agriculture (World Bank 1978). While industrial production was seen as contributing to growth, the reality was that poor countries were only locations for foreign factories and assembly plants in which local people had to work for wages (Mabogunje:1989). Hence the major criticism of Lewis model of development which assumes that profits will always be reinvested, rather than repatriated.
5. Although economic growth has resulted in improvement in living conditions, the rate has been slow and unequal as noted by Hari Mohan Mathur (1986). Infact, in a study of 74 developing countries Adelman and Morris found that Economic Development had inflicted injuries on the poor rather than alleviating their conditions.

Redistribution and Growth

The redistribution with growth theory has Hollis Chenery and Montek Awuwaha as the main propments (1976). The main thrust of the theory is one of a concern for social equality and the need to reflect this in development. A major assertion of classical economic growth theory is that inequality is necessary in order to achieve a rise in savings and provide investment incentives. Growth would later "trickle drun" to the poor. The experience of Japan, Taiwan and South Korea, point to the fact that substantial growth can be combined with relative social equality. In Taiwan, capital redistribution and drastic land reform have helped to achieve a measure of redistribution with growth moreover, employment and wages remained buoyant through emphasis on labour intensive agriculture, while industries have persistently exported labour intensive commodities. These conditions according to Paul Harrison, have led to a doubling of the growth rate of the income of the poorest 40% over the richest 20%. Similar findings were evident from Tanzania and Sri Lanka. Chenery (1976) in his contribution to redistribution with growth, presented to approaches to inequality.

- a. Relative inequality;
- b. Inequality in relation to the degree of absolute poverty.

Relative Inequality

In determining relative inequality, the relationship between the size of a population group and their share of National income is measured. The problem with relative

inequality is that it does little to explain “absolute standards of living in terms of calorie intake and nutrition levels clothing, sanitation, health, education, and so on. “(Chenery, *Ibid*) Ahluwaha, (1976) what is required is a measure of poverty which indicates these deficiencies. Using a poverty line” of US\$50 dollars and US \$75 dollars income per annum at 1971 prices, Ahluwalia (*Ibid*) found that a third of developing countries he studied – representing about 60% of the population of developing countries fell below the poverty line. Ahluwalia (*Ibid*) concluded that development strategies designed to raise the level of per capital income are not likely to have a serious effect on the problem of poverty if this is accompanied by a worsened rate of relative income shares.

Variations income shares are dependent on many factors, some of them structural. For instance, a situation where wealth, land and the means of production are concentrated in a few hands. In most developing countries, majority of the people are subsistence farmers and petty traders. In addition, the state is unable to provide adequate welfare packages. This robs the poor of the opportunity to reduce the gap between them and the rich. The solution to this problem of widening gap between the rich and the poor, according to Ahluwalia and Chenery (*Ibid*) is to stress state investment in physical and human capital in order to optimize welfare for citizens. The point here is that improvement in the poor’s income shares would then be linked to the capitalist class ability to recoup their investment, maximize profit, save and reinvest in order to provide job opportunities and increase income. Hence the need for integrating distribution with economic growth. Public policy, it is argued, must be designed to eliminate concentration of physical and human resources. These policies should enhance employment opportunities to provide improved shares in wages for low income earners. Since small scale producer, for instance utilize labour intensive equipment and his skilled workers from the poor group, resulting in the employment of many workers, they can be used to redistribute income.

It is important to note that the above conceptualization of development also recognizes the need to achieve a higher growth rate – that is the need to promote a larger National pie in order to reduce poverty through equitable distribution. Clearly, redistribution with growth is not anti-productivity *per se*. Economic Growth theory and the Redistribution with Growth model of development, share one thing in common – the need for Economic Growth in order for a country to be classified as developed. However, redistribution with Growth emphasized the imperativeness of ensuring equitable distribution of the benefit of growth. Although, redistribution with Growth (RUG) proposed some state – led redistribution efforts, it remains part of the economic growth model of development or an extension of it.

The Basic Needs Theory of Development

This model of development, supported by the International Labour Organization (ILO), represents a logical extension of the theory of redistribution with growth. It was officially embraced by trade unions, employers and governments during the 1976 World Employment Conference. (Harrison *Op cit*). However, Streeten et al (*Op cit*) in his work, “First Things First: Meeting Basic Human Needs in Developing Countries” Published in 1981 by the World Bank, present the most comprehensive statement of the Basic needs theory.

The Basic need theory evolved due to the inability of the growth and redistribution theories to meet the needs of individuals in society. High rates of economic growth and

industrial production did not succeed in reducing unemployment, nor have the gains trickled down to the lowest earners. This observation negates Lewis's (1955) argument that the rural dwellers and landless labourers, traditionally engaged in farming, would migrate to the cities to take positions of higher incomes in the modern factories and eventually overcome the initial inequality.

While Basic Needs theorists accept the importance of income, money, employment and equality, as definitional concepts, they argue that in practice, there is the need to move from concepts to achievable goals. Streeten et al, (1981) argue that equality is difficult to defined, judge, achieve and maintain. Therefore equality to the Basic Needs theorists is an abstraction and complex goal. To the Basic Need theorists, what is required is to strive to achieve basic human needs through the realization of concrete objectives such as elimination of malnutrition, diseases, and proper education of girls.

As a concept, Basic Needs can be interpreted essentially in four ways:

1. Provision of people's minimum requirements for water, housing, clothing, food and sanitation. This does not address the quality or quantity of the items required nor what resources are needed for its realization.
2. Basic Needs may means allowing people to define their own wants rather than what is stated by experts or professionals bodies. For instance by earning enough money to buy what they see as vital services and goods;
3. Government intervention in education, water and sanitation and guidance in consumption.
4. Basic Needs refers to the liberty of the people to express themselves through personal and group participation in planning and implementation of projects.

Streeten, (1981) equate Basic Needs as synonymous with Human Rights of Citizens. It assumed that status in 1986 after the publication of the Book, in the UNITED NATION'S DECLARATION OF THE RIGHTS TO DEVELOPMENT. Thus it can be argued that 'development' is necessarily political. It depends essentially on the role of the state and its relations with economic and social factors.

Basic Needs Theory and Growth Theory: Nexus

Basic Needs theory represents the climax of more than thirty years of development theorizing with the following advantages over the Economic Growth and Redistribution with Growth theories.

1. The theory stipulates what human needs one and emphasized the ends than the means of development; yet it focuses on the individual as the focal point of all developmental efforts;
2. The Basic Needs approach tries to emphasize development from the individual perspectives and his or her mental, physical and social well-being, rather than looking at Economic Growth in terms of such National aggregates as (GNP) (Lewis, Opcit 1954).
3. Basic Needs model embraces certain "non-material" needs such as "the need for self-determination, self-reliance, political freedom and security, participation in making the decisions that affect workers and citizens, national and cultural identity and a sense of purpose in life and in work (Lewis, Opcit, 1954).
4. Basic Needs theory focuses on the evil of malnutrition, illiteracy and ill-health and the enhanced position of women.

Limitations of Basic Need Theory of Development

The realizations of Basic Needs of individuals as identified by the Basic Need theory are limited by the followings:

1. The realizations of the Basic Needs of a citizen are limited by political and administrative shortcomings. The poor hardly constitute a strong political constituency. Governments in the developing world often lack the political will or executive capacity to pursue policies targeted at the poor or the rural majority, even when their administrative capacities in protecting the interests of the rich have been well documented.
2. The Basic Needs approach has been criticized for its immeasurability and lack of operational precision and its immeasurability due to huge cost to governments.
3. The Basic Needs theory diverts attention from the call for a New International Economic order (NIEO) (Diana, 1989).
4. The Need to provide measurable indicators of Basic Needs led Morris and Liser to suggest the Physical Quality of Life Indicator (PQLI) (Morris & Liser, 1977). Physical quality of life indicator was based on giving equal weight to such outputs as reduced infant mortality, high life expectancy and literacy rates where data was more readily obtainable. Others have argued for the adoption of more restrictive measures, based on per capita caloric consumption or life expectancy at birth.

Streeten (1981) criticizes the Morris and Liser (1977) indicators for their preference to “quality of life” which he sees as a misdesignation. Hicks and Streeten (1981) then suggest the performance indicators of five important basic needs such as health, education, food, water supply and sanitation. This suggestion has been adopted by the World Bank. Since 1978, the World Bank has been devoting substantial sections of its Annual Report to the presentation of those indicators of development generally advocated by Basic needs theorists, and has emphasized the relationship between education, health, sanitation, water and food and the elimination of poverty.

Conclusion

Development cannot be transferred, imported nor engineered through the application of either development as Economic Growth, Development as Redistribution with Growth nor the Basic Needs Model of Development. The application of these theories has not translated to Development in concrete terms in Third World Development various from one country to the other. This paper posits that the adoption of a home grown approach to development which will be reflective of the needs of the local people would better ensure meaningful, realistic, people oriented and grass root development.

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