

*ESSAYS IN
ECONOMIC DEVELOPMENT*

V. K. R. V. Rao



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BY THE SAME AUTHOR

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PREFACE

THE ESSAYS CONTAINED in this volume are a selection from my writings spread over the last twenty years. The essay, "The Nature and Purpose of Economic Activity," reproduces the inaugural lecture delivered as Professor in the University of Delhi in January 1943, while "The Human Factor in Economic Growth" was presented at the UN Conference on Application of Science and Technology in Developing Countries held in Geneva in February 1963. The others were written within these twenty years. These essays do not include the author's writings on Indian problems but are confined to some theoretical or international aspects of economic development. They are mostly published as they were originally written, except for the essay on full employment which has been revised and that on deficit financing which has largely been re-written.

The first essay presents in effect the writer's economic philosophy and sets out the idealist foundations of his socialist position. The second examines the Keynesian doctrine of the multiplier with reference to the problems of an underdeveloped economy. The third deals with the concept of full employment and its relevance to a developing economy as contrasted with its position in developed and industrialized economies. The fourth deals with the vexed question of international comparisons of national income and dwells on the limitations involved. The fifth examines the concept and role of deficit financing in economic development and formulates a model for the relation between deficit financing and price behaviour in an underdeveloped economy. The sixth deals with some considerations underlying the price policy appropriate for the promotion of economic development, while the seventh is a preliminary attempt at formulating the role of the human factor in economic growth.

The eighth discusses the challenge posed by economic development in the context of a free society and is based on the Dyason Memorial Lectures delivered by the author in Australia in the winter of 1959. The ninth essay gives a historical review of the ideas put forward as Chairman of the UN Sub-Commission on Economic Development in 1949 and 1950 and argues the case for an international development authority to finance nonbankable projects, particularly those relating to the socio-economic infra-structure so essential for economic development. The tenth essay reproduces the Montague Burton Lecture delivered by the author in the University of Leeds in the winter of 1960, and deals with both the possibilities and limitations of international aid for economic development. The eleventh essay draws upon an unpublished paper prepared by the author for the Food and Agriculture Organization of the United Nations in 1961, and deals with the magnitude of the world food surplus and its utilization for the promotion of economic development. The last essay takes its place with the first in its philosophic bias and constitutes the text of a lecture delivered in Paris in 1960 at the Institut de Science Economique Appliquee.

Acknowledgements are due to the authorities of the Universities of Delhi and of Leeds, the editors of *The Indian Economic Review*, *The Australian Journal for International Affairs*, and *The Economic Weekly*, and Messrs Bowes and Bowes of Cambridge, for permission to reproduce these writings. Thanks are due to my colleague Dr Dharm Narain for reading the entire manuscript and making some suggestions. Thanks are also due to Mr K. Ramanathan, Registrar, Institute of Economic Growth, for having seen the publication through the press so expeditiously and to Mr N. K. Goil for compiling the index.

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