

Development of What?

An Exposition of the Politics of Development Economics

Arup Maharatna

Gokhale Institute of Politics and Economics
Pune 411004, India

Abstract

It could possibly be a sheer historical coincidence that development economics as a distinct branch of economics was being born at a time when the cold war was blossoming too. But the question as to what has subsequently happened to the fate of the sub-field along with the trajectory of the cold war - the protracted 'invisible' battle fought mainly in the spheres of ideology, economics, politics, and propaganda between the capitalist and socialist blocs - cannot be similarly left as a historic fluke. A detailed substantive academic attempt at examining/establishing the latter apprehension has so far remained suspended and/or at best muted or sometimes just taken for granted in most retrospective accounts of development economics. This paper makes a systematic visit to the issue, and argues that evolution of development economics has been heavily mediated by domineering international politics, and that development economics, as it exists in the post-cold war era, entails a great delusion in relation to its original purpose, promise, and priorities.

I Introduction and Background

That development economics, born around the late 1940s, had encountered only within a lapse of about three decades stern academic attacks from certain quarters against its independent identity, legitimacy, and even survival is certainly a thing of past now.¹ What, however, is not so certain as to whether - as is conjured up by dominant mood of the current economics profession - this historic chorus of denunciation deserves a place of worth no more than a peripheral (or perhaps even ignorable) footnote in the history of economic thought.

The 'formative period' development economics or 'early development economics' spanning up to the early 1970s - when it was young and abundantly promising - had stumbled upon its own (virtual) 'death sentences/certificates', 'obituaries', and 'impeachments' decreed by a section of the profession (e.g. Bauer 1971, 1984; Seers 1979; Hirschman 1981; Little, 1982; Lal 1983, 1992; Bhagwati 1984).² While much of these apparently self-proclaimed decrees have been frowned upon and sometimes even 'taken to task' by a section of academic community (e.g. Sen 1983; Chakrabarty 1987, 1988; Stewart 1985; Dutt 1992; Naqvi 2002; Toye 1993), it became relatively silenced rather soon by the roaring march of neo-liberal/neoclassical paradigms. A few subsequent ventures (purportedly) into resurrecting the subject 'wishfully buried alive' could amount to little more than a flattering homage to the 'deceased' (e.g. Krugman 1992, Murphy et al 1989; also some chapters in Mookherjee and Ray 2001). Indeed, credible attempts to offer a comprehensive and powerful rejoinder to the brusque denunciation of the formative-period development economics, let alone from the perspectives of international politics, economic order, and cold war, have been conspicuously rare.³ Meanwhile, development economics has found itself 'alive' only in its 'strange' incarnation - but with a firm lease of long life now.⁴

Notably enough, development economics since its birth was not ‘baptized’ for long. [There has been no entry on the term ‘economic development’ in the *Encyclopedia of Social Sciences* at least till early 1980s (Arndt 1981:457)].⁵ Unsurprisingly, it used to exist like a ‘problem child’ within the discipline of economics.⁶ A state of orphanage has often been its inevitable corollary. For instance, the Twentieth Century Fund, one long-esteemed research foundation, happened to sponsor only within a short span of about fifteen years Gunnar Myrdal’s masterpiece, *Asian Drama*, an epitome of deep concern, passionate scholarship and highest degree of integrity in academic research on developing countries, as well as Ian Little’s *Economic Development* with its central agenda of sketching a grave of the former.⁷ Although such fluidity of the sub-discipline could well breed disincentives for the prospective researchers in this field, but this could also ignite curiosity, inspirations, and perhaps even zeal for revisiting its murky landscape. The present paper is an outcome of the latter effect, with a broad objective of reviewing – or, to a considerable extent, revisiting - the vicissitudes in the career of development economics from the standpoint of the cold war, and, more particularly, its underlying ideological clash, agenda, and imperatives.

There is, of course, voluminous literature in the nature of routine stock-taking of issues, themes, theories, methods of development economics (e.g. Bardhan 1988, 1993; Stern 1989; Meier and Rauch 2000 and its six earlier editions) as well as in the spirit of broad-brushed (and hence somewhat self-styled) interpretation/classification/schematisation of various development paradigms (e.g. with such labels as ‘shifting’, ‘recycling’, ‘overlapping’ and ‘contesting’) (see e.g. Chakravarty 1988; Sen 1997; Krugman 1996; Thorbecke 2006; Bardhan 1993; Dutt 1992; Toye 2003). However, this received literature (perhaps with very few exceptions) is heavily filtered from the not-so-apparent influences of global dominant power and politics on development theory. For instance, the justly celebrated and most comprehensive survey, by Stern (1989), of what he preferred calling ‘economics of development’, was structured in accordance with key questions/themes/issues that have propelled development economics to bear ‘fruits’ for the discipline of economics generally. As Stern (1989:597) makes clear at the outset, ‘[i]t is not a history of thought, nor research manifesto nor an attempt to adjudicate or settle the major debates’. This survey is thus hardly a place to seek for an informed answer about the exact *extent* to which the evolution of development economics is linked chronologically/historically to the changing times of international politics and order. Likewise, Sen (1997), while trying to pin down the nature of development thinking at the beginning of the 21st century, makes, with a masterly skill for schematisation, a binary division between a perspective of what he called BLAST (short for ‘blood, sweat and tears’) and the later approach of GALA (his acronym of ‘getting-by with a little assistance’), thus bypassing supposedly less useful debates over ‘market versus state’ or ‘profit versus planning’ or ‘classical versus neoclassical’.

Little wonder, textbooks in development economics should appear even more oblivious about the political underpinnings of the twists and turns of development thinking, theory, and policy. *Leading Issues in Economic Development*, a long-serving text of readings describes in its preface to the seventh edition the subject as being at once ‘one of the most exciting’ and ‘very frustrating’, but its readers are immediately assured of getting ‘as much of excitement’ and ‘as little of the frustration as possible’ (Meier and Rauch 2000:xvii). A tendency to depict as exciting and elegant what is inherently complex and heterogeneous subject could well take a toll on the latter’s intrinsic distinctiveness in which, unlike many other branches, ‘everything else’ beyond ‘[t]he validity of the concepts and arguments’ (Toye 1987:viii) could hardly be left to be ‘irrelevant’.

Indeed, ideological undertones, conceptual and methodological tools, and oft-implicit socio-political predilections of the mainstream economics were considered by the development pioneers to be of little relevance to the (colonial and ex-colonial) economies of diverse socio-economic, geophysical, and historical background (see Myrdal 1968 among others). However, a steady neoclassical resurgence in course of the cold war almost simultaneously infected development economics with former's methodological and ideological biases. Almost frantic attempts were launched since the 1960s, particularly in the US, to establish direct relevance or the 'infallibility' of neoclassical laws of rationality in analysing the economics of even the poorest of the world (e.g. Schultz 1980).⁸

Although concept of 'development' in the early development thinking was kept narrow with its concentration on income (GDP) per head and its growth, it was made, by the end of 1970s, broader and more socially-sensitive through induction of various direct dimensions of human development and basic needs such as education, nutrition, health. However, the progress in the latter direction got relatively sidelined rather soon by a pervading prominence of neo-liberal/neo-classical paradigms and dogmas, especially beginning around the early 1980s – a 'turning point' of development economics which, though still inadequately explored and exposed, was clearly coterminous with the rhythms of global politics in the shadow of cold war. Louis Emmerij's eloquent lament on a curiously feeble resistance particularly from the pioneers of development economics at the hour of drastic shifts in development paradigm is worth quoting:

'[w]here had all the Nobel laureates gone who had been so instrumental in the early years to shape development thinking both in the UN and in the world at large?..[N]o consistent counteroffensive was mounted in the early 1980s. ...[S]o the *purse* won [over ideas] mainly because the existing ideas of the 1970s were not defended and adapted strongly and carefully enough and no alternative ideas were brought forward in a sufficiently authoritative fashion' (Emmerij 2006:2).

A relative passivity, particularly since the early 1980s, on the part of development economists to counter the galloping dominance of neo-classical/neo-liberal archetypes has often been attributed – rather readily - to the widely publicized 'government failures' including state apathy, corruption, and vested interests, rent-seeking of politicians and state officials across the developing world.⁹ While, for example, Leys (1996:18) asserts that 'these [Third World] governments were never exclusively concerned to promote the development goals they were ostensibly committed to, and quite often were not committed to them at all', it is far from clear whether all this necessarily signifies 'failures' of the formative period *development thinking* as such. The latter, though broadly suggestive of state-led development strategies/policies, was neither blind to, nor dismissive of, the evidence and practical/potential difficulties associated with characteristic weaknesses of the state in much of the developing world (see e.g. Myrdal 1968, among many others).¹⁰

Although development literature is studded by casual hints at the parallel shifts between global power/politics and development paradigms, comprehensive evolutionary accounts of the latter from the standpoint of the former are conspicuously rare (though such attempts are not entirely absent in political science and sociology). For instance, when Killick (1986:99) writes that '[c]oinciding with the election of power of conservative governments in the US, Britain, Germany and elsewhere, the balance of donor opinion swung rapidly in the early 1980s towards an emphasis on the efficacy of competitive forces as an engine of development', detail mechanisms and related evidence behind this noted 'coincidence' are left pending. This leaves one in doubt as to whether and/or how the victories of the

conservatives had caused the sudden *academic* outpour of doubts over existing state-centred development theory or whether it was other way round. Likewise, Bardhan (2000:3) stops short of offering any clue to what he sees as ‘an irony’: ‘while under the sponsorship of international agencies market fundamentalism was being rammed down the throat of the hapless debt-ridden countries in the so-called third (and now also the second) world, faith in it was being considerably shaken among mainstream economic theorists’. Consequently, these claimed (and/or hypothesised) connections or contradictions remain starved of sound credibility and cognizance. Indeed, what abounds in economics is an assortment of casual, hesitant, ambiguous, muted, and sometimes tacitly apologetic or bitterly sarcastic statements on this growing global hegemony over development economics as its handmaiden – a trend which is the purported target of such critiquing in the first place.¹¹

Some recent attempts at evaluating the newer directions of development economics (often dubbed as ‘new development economics’ or post-Washington consensus development economics) generally bypass the job of penetrating into detailed mechanisms, hard evidence, and deeper ramifications of global political economy and related agendas (e.g. Fine 2006; Jomo and Fine 2006). For example, American oligarchs and their foundations are often reported to ‘have poured hundreds of millions into setting up of ‘think-tanks’, founding business schools and transforming university economics departments into bastions of almost totalitarian neoliberal thinking’.¹² In particular, plausible mutual influences between cold war politics and related ideological swings on the one hand and the evolution of *development economics* on the other have been scantily addressed in economics.¹³ Although critiques of what is variously called ‘neoclassical resurgence’ or ‘liberalist counter-revolution’ or ‘neo-liberalism’ are made often with reference to its theoretical/ideological content, agenda, and policy, a detailed treatment of the process, mainspring, and political underpinnings of the neo-classical ascendancy has remained largely bypassed.¹⁴

The present paper aims at driving home – more explicitly and less ambiguously than usually before – a hitherto-neglected and perhaps often muted (but important) point, namely, that the confusions and identity crisis that had gripped *development economics* in the 1980s, have had much to do with its perennial vulnerability, unlike other branches of economics, to the ideological stakes over the cold war at the global level. Thus, consolidating the contours and key ingredients of a deep chemistry between the cold war trajectory and the vicissitudes in the career of development economics constitutes core scope of the present paper. This should throw useful light on the extent to which (allegedly) pure ‘economic theory’ can be embedded – albeit often somewhat ‘invisibly’ – by undercurrents of politics, power, and such real world (and arguably) extra-economic influences. This could be illuminating particularly in the context of lately trumpeted supremacy of economics (so-called ‘economics imperialism’) over all other social sciences (Lazear 2000; see Fine 2002 for its critique and ramifications in development economics).

In the same vein, we argue that the development economics in post-cold war era – when it has lost its earlier significance as a battlefield of ideological contestations – is fast becoming an elaborate edifice of clever/elegant/attractive ‘models’ that effectively help keep the academic profession engaged and somewhat distracted away from the profound formative period concerns, visions, and perspectives, which gave rise to the birth of the subject in the first place.

II 'Birthmarks' of Development Economics

Broadly speaking, economic realities in the ever lagging colonies in the past – namely, mass poverty, low productivity, limited potentialities, and other predicaments of modern industrial growth and development – could hardly find a place beyond the equivalence of discrete 'footnotes' in the mainstream economics. This exclusion of the vast non-western pre-capitalist economic systems has been described by Gunnar Myrdal as the 'Pre-war Unawareness' (Myrdal 1993:65-67). Even subsequently, *mainstream economics profession* generally tended to bypass the burden of addressing this glaring gap in the world economic history and its deeper ramifications. For example, a sense of casualness or of relative unimportance towards this issue is clearly reflected in Meier's (1984b:209) following remark: '*Out of intellectual tradition, academic economics excluded the problems of underdeveloped countries until after World War II*' (italics added). At long last, however, the problems of the latter did come to constitute, particularly since the beginning of the end of formal imperial/colonial history around the 1930s, a separate branch generally dubbed as 'development economics', which can in a sense be seen as a triumphant event in the intellectual history of academic economics.

Apart from being a young subdiscipline bereft of pedigree and/or categorical lineage of the mainstream economics, development economics was born with quite a few remarkable distinctions vis-à-vis other major branches of economics. First, at the global historic juncture of waning imperialist and colonialist hegemony beginning around the inter-war period, a distinct enthusiasm for triggering modern industrial development in these left-behind countries almost naturally gripped motivations of the pioneers of this new field. This historically ordained impulse, vision, and efforts behind the genesis of the subject cannot but be central to its evaluation, no matter whether output/outcome happens to get belittled by such subsequent characterizations as 'high development theory' (Krugman 1993) or as 'misguided' (Reynolds 1994; quoted in Snowden 1995:746). Indeed, the foundation of development economics, unlike other branches, could not rest solely on ideological and institutional premises and conceptual tools evolved for capitalist industrial economy (e.g. Myrdal 1968). Many poor countries, on gaining independence from the colonial rule, lent themselves almost as 'laboratories' for experiments and development of scientific literature on socialist economics and theory of planning since the late 1940s. Consequently, development economics became exposed *more directly* to the heat and hazards of ideological warfare in the shadow of cold war - albeit often camouflaged by polished academic facades of scientific objectivity and truism.¹⁵ For instance, an early book in economic development by Meier and Baldwin (1957:11-12) wrote plainly about the stakes that developed western countries have had in the development of the subject:

'[e]ncouragement of development is a prominent feature of American and British foreign policy in order to confine the spread of communism, to expand trade between industrial nations of the free world and the poor countries, and to lead the new expressions of nationalism into democratic pro-Western forms.'

As this early development economics, with its steadfastness to the cause of development, emerged with a clear-headed recognition of the inappropriateness of neoclassical premises and tools, the former had marked a discernable departure from the mainstream theorizing. While the scope of the latter has rarely been beyond explaining (and sometimes rationalizing) the evolving economic realities and crises in industrial capitalist economies, the mainspring of development economics had been its decided involvement with broader issues of poverty, misery, well-being, and the fulfilment of basic human needs, and hence of suggesting

effective means to comprehensive development. 'Even though the relevance of these problems is by no means confined to development economics', as Amartya Sen (1988:11) remarks, '...for one reason or another, a great deal of standard economics has tended to move away from [these] broad issues'. Indeed, Albert Hirschman, well-known pioneer in development economics, wrote that '[t]hese economists had taken up the cultivation of development economics in the wake of World War not as narrow specialists, but impelled by the vision of a better world' - a world which could be reached essentially by a move from, in the words of Paul Rosenstein-Rodan, another founder of development economics, 'the national welfare to the international welfare state' (both quoted in Yergin and Stanislaw 1998:75-79).

Classical economists' enquiries into the laws of 'natural progress of opulence' appear, to many, to be akin to development economists' central concern as to how rapid economic development could be transpired. For example, as is remarked by Bardhan and Udry (1999:1), '[i]n some sense, development economics used to be at the centre of all economics' - a remark which echoes much earlier description of the subject as 'at once among the oldest and newest branches of economics' (Meier 1984:3). However, there is, of course, an intrinsic difference between the two. The classical economic thought consists, in the main, of enquiring, explaining, and, at the most, envisaging long-term driving forces and their possible limits in fast industrialising countries. In contrast, the prime motivation of development economics has been one of evolving 'driving forces' themselves in vastly different post-colonial settings. Therefore, premises and scope of classical analyses, linked as it were to the logic of capitalist accumulation in an industrial society, cannot but be distinct - at least in spirit and essence - from what some even called 'new development economics' with its exclusive focus on 'the development problems of Asian, African, and Latin American countries' (Meier 1984:3; Myint 1967; Myrdal 1968 among many others). As the pioneers in development economics saw problems chiefly at 'national' level, 'development theory has from the start been closely related to development strategy' (Hettne 1990:3). While this clearly meant assigning a key role to the state and its machinery, this was not at odds with the dominant air of the times still under the shadow of Keynesian and neo-Keynesian outlook (see Toye 1987: chapter 2).

Yet, a disdain towards post-war burgeoning development economics was neither surprising, nor really absent within the economics profession soaked with ideological values, prejudices, and worldviews of typical advanced capitalist economy. Amid post-war euphoria over decolonisation and fairer international order at the behest of the UN, a stark antipathy against an independent foothold for development economics could not help surfacing, as typified by the writings of Peter Bauer (1959, 1972).¹⁶ As openly opined by Bauer, no notion of third world could emerge on earth if the 'West' did not begin to commit itself to providing aid.¹⁷

However, there had indeed been fairly fast growth of (new-born) development economics during about a quarter century following World War II by way of addressing difficult and complex issues relating to strategies for development in the general context of structural rigidities and associated market imperfections in developing countries (see e.g. Meier 1984b, chapter 6 for an excellent summary of major themes and theories of this formative development economics).¹⁸ Indeed, this period was one of rising prominence of 'a variety of interventionist theories', culminating into what is sometimes branded as a 'Golden Age Economics' (Chang 2002:540). Alas, as Albert Hirschman wrote in 1981, '[i]t is something of a puzzle why development economics flourished so briefly', given that 'considerable advances have taken place in many erstwhile "underdeveloped" countries', and also that

‘encouraging inroads on the problem [of world poverty] have been and are being made’ (quoted in Kanth 1997:192). The explanation for the ‘puzzle’, according to many, lied in ‘unlikely’ or ‘abnormal’ historical times. As Leys (1996:25) notes, ‘the 1950s and 1960s were not ‘normal’ times but, on the contrary, a special interlude in the history of the worldwide expansion of capitalism in which ‘development theory’ could be born’. In a similar vein, Hirschman (1981; quoted from Kanth 1997:192; italics added) views this ‘extraordinarily productive’ formative period ‘as a result of an *a priori unlikely* conjunction of distinct ideological currents’, which, however, did carry seeds of problems in the future. Not surprisingly, the uneasy question as to how a state-centric development economics surfaced amidst prime cold war decades of the 1950s and 1960s is often pushed into irrelevance, particularly by hardliner neo-liberal economists:

‘[w]hether [this] emphasis on market failures and the role of government only provided an ideological justification for what would have happened anyway, or whether governments assumed a central role in the economy because of these beliefs is *not* particularly relevant’ (Krueger 1990:9; italics added).

From a plainer angle, the birth of development economics embodied a destiny in its own extinction when poor countries would become ‘developed’ themselves. This is not that it was not in the reckoning of its pioneers; but such a vision of ultimate self-fulfilling end seemingly fuelled further enthusiasm to reach out the warranted (eventual) elevation of developing countries – a dream which, once realised, would do away with the need for a separate branch of economics for developing countries. As August Heckscher wrote in the forward to Gunnar Myrdal’s *Asian Drama*, we should keep labouring to obliterate the gulf between the rich and the poor nations ‘without hope of seeing our efforts crowned with rapid success or ourselves blessed with appreciation and gratitude’ (Myrdal 1968, vol.1, p.vi). This implies a clear anticipation for development economics to be eventually merged with the mainstream economics, provided of course the latter gains maturity by purging off its Eurocentric biases (*see e.g.* Hettne 1990:2).

No less important has been the potential vulnerability of *development economics* to formidable heterogeneity within the developing world – historical, socio-political, as well as economic. One textbook warns its readers thus: ‘[b]ecause of the heterogeneity of the Third World, there can also be no single development economics’ (Todaro 1994:9). However, the post-war international politics, charged as it were with anti-colonial and anti-imperialist voices, afforded coherence in terms of common context of dependent economic structure, its predicaments and goals. However, this historically ordained uniformity of developing world had been, of course, not free of its potential threat of subsequent divergences. Indeed, this original challenge of dealing with the heterogeneous has not only been not spared as a point of attack against development economics generally, but it was heavily used as a basis for neoclassical infiltration into development economics (more on this shortly).¹⁹

Since, as noted already, development thinking emerged amid prevailing anti-imperialist/anti-colonial backlash and lingering hangovers of the Keynesian revolution, the welfare as well as organizing/coordinating role of the state was brought into play in the suggested strategies for development.²⁰ But this pragmatic recognition of key instrumentality of state and central planning had, understandably, turned at variance with subsequently heightened intellectual efforts/agenda of the capitalist bloc in the cold war.²¹ This arguably prompted the US state and influential corporate agencies in cold war decades of the 1950s and 1960s to harness a section academic/intellectual community towards embarking on a bitter ideological attack against the Keynesian perspective and its anti-market undertones. This conforms to the core

cold war philosophy, namely, that ‘bark is more effective than bite’. As Meghnad Desai writes with a remarkable lucidity and candidness:

‘[t]he free-market radicals were working hard in the 1950s and 1960s, thinking not the ‘unthinkable’ but the ‘unthought of’. While Keynesian economists were smugly predicting that cycles were obsolete, and an optimal control of the economy waited only a larger computer, market radicals concentrated on the old-fashioned issues of human behaviour. They were ruthless in their self-criticism, as well as in examining their rivals’ arguments. The battles were fought in learned journals, conference volumes, books. No blood was split, but a most profound change in economists’ thinking – a veritable revolution was brought about (Desai 2002:251-252).

Prominent textbooks in development economics, while recognising this as ‘a field on the crest of a breaking wave’, kept up justifying themselves in terms of original and unfinished task and ‘the ultimate purpose’, namely, ‘to help improve the material lives of three-quarters of the global population’ (Todaro 1994:9). In the following section, we turn to chronicling ‘behind-the-scenes’ political/ideological currents of (admittedly) dramatic metamorphosis of development economics particularly since the early 1980s.

III Development Economics Drama since the early 1980s: A Narrative from the Backstage

The process of cracking down formative-period development thinking could probably be traced to the US-led elaborate initiatives/programmes to bring academic/intellectual universe closer to terms with the cold war agenda. Relatively liberal flow of aid from the US through the Breton Woods institutions in the wake of the Second World War had come to be subjected by the late 1950s to serious scrutiny and rethinking, with the heat of the cold war soaring. The cold war imperatives and agendas soon became the mainspring of the US programme of aid to developing countries, particularly in the 1960s. For example, Jacob Viner, an influential neo-liberal American economist, made it plain enough:

‘The only factor which could persuade us [US] to undertake a really large program of economic aid to the underdeveloped countries would be the decision that the friendship and alliance of those countries are strategically, politically, and psychologically valuable to us in the cold war’ (quoted in Mason 1964:16).

Indeed the cold-war predicated networking and ties between the US Department of Defence, giant private corporate houses and the academia over a quarter century following the World War II, with (admittedly) adverse ramifications for academic ‘independence’ and ‘self-image’, is fairly well-documented, particularly with reference to physical sciences (e.g. Leslie 1993) and social science disciplines such as political science, history, economics, anthropology (e.g. Chomsky et al. 1997). While its evidence and implications do not loom large in the mainstream economics, this cannot but be a key to a deeper understanding of the subsequent evolution and career path of development economics.

For example, the early 1960s witnessed active encouragement from the US state and corporate foundations to the academic efforts on gauging the ‘value’ of developing countries to the US in the post-war and cold war context. The US’s concern is best echoed in the then US Secretary’s saying: ‘If you don’t pay attention to the periphery, the periphery changes, and the first thing you know, the periphery is the center’ (quoted in Wolf 1963:634). In this vein, for example, Rosen (1966:272), inquiring into India’s ideological overtones and

underpinnings of economic policies over a little less than two decades since independence, recommended thus:

‘[I]n spite of the high quality of India’s economists and officials, the United States must play a more active role than heretofore in influencing Indian plans and implementation policies on development. It [the US] must try to use its instruments of *aid and trade* to stimulate those policies it thinks desirable’. (italics added)

By the late 1960s, a series of books/monographs were commissioned under the Area Studies Programme of the US, with clear-headed aims to re-evaluate and recast development experience in individual developing countries from a standpoint of pro-liberal free-trade ideological yardsticks and agenda. For example, the forward written by the then president of the Brookings Institute to a Ford Foundation-funded book, *Quiet Crisis in India* authored by J. P. Lewis, makes our point plain enough:

‘[t]he United States is far more than an interested observer in India’s concerted effort to speed her economic expansion.Americans have a vital *stake* in India’s attempt to achieve radical economic transformation by *constitutional procedures*’ (Lewis 1962:vii; italics added).

When India in the prime Nehruvian era of the 1960s, charged with its vision of a ‘socialistic pattern of society’, had embarked on the route of planning, this book could smell a ‘quiet crisis’ brewing amid the signs of development euphoria and heavy industrialisation, which however it itself called ‘the first and, in many ways, the most significant non-Communist economic experiment in Asia’ (ibid:vii). Indeed, multilateral agencies like World Bank and particularly the US’s private/corporate foundations had financed modelling exercise and research at universities, with a view to making ‘political use of model results to modify policies of the developing country that was modelled’ (Srinivasan 1998:125). A case in point is the attempt, though it ultimately turned abortive, by some at the Centre for International Affairs at Massachusetts Institute of Technology to modify through dialogues with the Indian Ambassador in Washington India’s Third Five Year Plan model/strategy, bypassing the Indian economists at the Planning Commission and other outside experts in this field (Srinivasan 1998:125).

Thus, it was not without a hard groundwork of a core group of neo-classical economists during the 1960s and 1970s that nearly whole world had begun witnessing by the 1980s ‘a harsh reversal of economic policies followed hitherto and a move toward neo-liberal and neo-classical policies that emphasized privatization and liberalization’ (Emmerij 2006:1). As Ian Little (1982:137) succinctly writes about the US-led research initiatives of the 1960s, which were decidedly designed to question the then widely pursued protectionist policies:

‘[r]esearchers were hard at work in the late 1960s, under the umbrellas of either the OECD [Organisation for Economic Cooperation and Development] or the World Bank project or both’.

One major aim, set upon itself by the OECD at its Convention held in Paris on 14 December 1960, was ‘to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations’.²² This agenda – when set against the backdrop of colonial history marked by a growing world trade – should appear hardly new to the advanced western countries. What, however, distinguished the contemporary agenda was the newly emergent stake of the latter, with many countries (with lately acquired sovereignty) having chosen to restrict foreign trade in conformity with such major precepts of the formative-period development economics as infant industry argument, import-substituting

industrialisation, worsening terms of trade for primary producing countries and inward-looking strategy.

Thus, in the period following the Second World War, the abiding need of the hour before the western dominant powers was not so much for an *immediate* increase in the volume of world trade per se as it was for the efforts to credibly convince the developing world about impeccable *potential* benefits of opening up foreign trade and particularly of augmenting exports to pay for increasing imports. In the summer of 1954, the Foreign Operations Administration – a predecessor of the US Agency for International Development – established an Institute on Economic Development at Vanderbilt University for the ‘returning foreign trainees’ (who came to the US to increase competence in various specialised fields), to spend additional four weeks on being briefed about ‘development problems from a more general perspective’ (Worley 1988:S1). This ‘general perspective’ was, understandably, to be the one of US’s official perspective on development problems and remedies in developing countries. In fact, three years later, the International Cooperation Administration commissioned Vanderbilt University to inaugurate ‘a comprehensive, year-round program designed to meet the training needs of officials in developing nations who were charged with creating and/or implementing development plans’. This programme was subsequently supported for many years by USAID, Ford Foundation, and Rockefeller Foundation (Worley 1988:S1-S2).

Similarly instructive are Bela Balassa’s (1988:S275) following words reflecting the US concerns and efforts towards making the developing world follow liberal trade policies:

‘In late 1959, people in Washington were searching for a country that would adopt outward-oriented policies in exchange for initial help by the United States, a bargain to be announced in President Eisenhower’s January 1960 State of the Union message’.

Accordingly, Taiwan turned to be a good ‘choice’ of the Agency for International Development (USAID) for such ‘experimental’ aid ‘in exchange’ for a country’s commitment to ‘manufacturing for exports’, culminating into what made possible Balassa’s statement that ‘[t]he rest is history’ (Balassa 1988:S275). Similarly, South Korea’s readiness to agree with the policy of launching ‘export-led industrialisation’ in the 1960s could readily fetch the country massive economic assistance and ‘extensive technical support’ provided by USAID, apart from sumptuous US military aid and foreign assistance meant for improvement of health, education and agriculture. The story of almost overflowing US aid/assistance in the 1960s with an ever watchful eye on its intended effect on export-led industrialisation was broadly pretty common across many south-east Asian countries, particularly those, which were to be soon portrayed as ‘tigers’ amid the jungles of the developing world and soon thereafter as ‘poster boys’ of market-based outward-looking development strategy.²³

A massively funded, centrally designed and monitored, multi-country research project of the OECD Development Centre on industrialisation, foreign trade, and related policies was launched in the mid-1960s to marshal hitherto scattered official information *inter alia* on volumes, patterns, and directions of foreign trade and regulations/ regimes across diverse developing countries. The specific individual country studies were assigned to respective ‘individuals with close first-hand knowledge of the countries concerned in collaboration with some research institute in each’. No less notably, all the authors were made consultants of the OECD Development Centre in Paris, who had to undergo two major workshops – one, in involvement with World Bank’s two closely related projects, to set a uniform design and

aims of the research before its start, and the other, after the completion of the respective first drafts (Little et al 1970:xiii). Little wonder, given the dominant agenda of the 1960s and 1970s towards 'liberalising' world trade, and given the sumptuous foreign aid to a few tiny east-Asian countries, which were relatively readily agreeable to boosting exports, these individual country studies (sponsored and monitored by the Bretton Woods institutions) would 'discover' a uniform message/recommendation congruous with the OECD mission and ideological posture in the context of cold war.²⁴ The key recommendations contained in the summary statement include: withering of import-substitution strategy followed so far, along with the policy of opening up foreign trade and boosting of exports in particular; liberalisation of industrial policies and administrative controls for giving larger room for market mechanism and private capital (Little et al. 1970: especially chapter 1).²⁵

In the mid-1970s the National Bureau of Economic Research (NBER) sponsored a series of ten country studies, which marshalled further evidence, particularly from four east-Asian countries, to emphasize merits of export-orientation and hence of more outward-looking (free trade) policies vis-à-vis pre-existing import-substitution (IS) regime from the standpoint of efficiency of scarce domestic resources (see Meier 1984b:176-179, and references cited therein; Little 1982). Indeed, many empirical studies commissioned by the OECD and NBER could rather easily demonstrate 'the enormous waste that attended the IS strategy' (Bhagwati 1984c:201). Of course, the mainstream economics, long devoted to maintaining and enjoying its self-styled privacy from political and ideological debates, could get itself duped somewhat readily into treating and trumpeting these new research results as emphatic proof of the hollowness of earlier development paradigms and prescriptions (e.g. Healey 1972). Indeed, as Little (1982:118) writes, 'it has taken years of patient work to undermine the myths' (e.g. import-substitution strategy, export pessimism, and inward-looking policies) propagated by the formative-period development economics. But, as is suggested by the foregoing discussion, there are reasons to wonder as to whether 'the patient work' could succeed in doing anything more than mere supplanting the formative period 'hypotheses accepted as facts' by the cold war predicated *agenda and dogmas craftily posed* (or sometimes imposed?) as facts.

For example, one major World Bank-sponsored comparative study on trade, protectionism, and development performance is reported to have 'extracted very strong pro-liberalization conclusions from limited and imperfect information', with a heavy reliance on 'subjective' indicators of trade orientation (Edwards 1997:44).²⁶ Indeed, the studies commissioned/sponsored by World Bank and other multinational agencies are virtually never free of criticisms from the outside and sometimes even from within.²⁷ The detail processes, protocol, and procedures through which the World Bank plays its role in pushing neo-liberal/neo-classical paradigms and policy are fairly well-documented, particularly in the literatures of political science and political economy (e.g. Wade 1996; Stiglitz 2002). But all this is hardly given prominence or even cognizance in the mainstream development economics curriculum.²⁸

With the global capitalist bloc gaining ground in the course of cold war, the potential vulnerability of formative development economics to the profound heterogeneity amongst developing countries could not withstand debut attacks for long particularly since the 1970s. As is well-known now, concerted efforts were launched by dominant international agencies and foundations to posit and publicise rapid economic growth in four south-east Asian countries (so-called 'Asian tigers') in the 1970s and 1980s as an 'acid test' for superiority of free-market open-trade development paradigm over the pre-existing state-centred inward-

looking strategies.²⁹ By the mid-1980s, the evidence of rapid growth in four east Asian countries, which constitute only a meagre (if not negligible) share of the developing world, had begun to be seen – even by some of the development pioneers – as a basis for questioning ‘even the dividing line between developing and developed countries’, and hence for viewing the notion of ‘developing world’ just as ‘a great *political* achievement’ towards bringing these disparate countries under one umbrella as a pressure group in the United Nations and other international bodies (Haberler 1987:62-63).³⁰ Anne Krueger, already at the helm of the World Bank, amplified what was earlier a minority voice denying a case for a separate field of development economics:

Once it is recognised that individuals respond to incentives, and that ‘market failure’ is the result of inappropriate incentives rather than nonresponsiveness, the separateness of development economics as a field largely disappears. Instead, it becomes an applied field, in which the tools and insights of labor economics, agricultural economics, international economics, public finance and other fields are addressed to the special questions and policy issues that arise in the context of development’ (Krueger 1986:62-63).

Some had voiced even more naïve view that the rise of South Korea, Taiwan and others marked the ‘end of the Third World’ (Harris 1986).³¹ Indeed, the 1980s had witnessed a decline in the flow of concessional funds; and there had been increases in the reverse flow of resources from developing to developed economies. As Chishti 1989:244) argues:

‘Not that the developed market economies are completely oblivious of their interests being linked with those of the developing countries. They have identified those developing countries which are of strategic importance to them either as markets or as sources of strategic and other raw materials. But they focus their attention on them in accordance with case-by-case approach’.

Consequently, a steady intrusion of the neoclassical influences in drawing development economics into its fold could ensure, by the mid-1980s, not only the replacement of ‘the full-blooded Ministry of Planning .. by the mild-mannered Central Office of Project Evaluation”, but also the view of ‘development’ just as a corollary to ‘trade’ (Bell 1987:825).

Ironically enough, all this neoclassical exercise of discrediting the preceding state-centric development paradigm took off amid distinctly encouraging and promising performance of the developing world *as a whole*: ‘[i]n average per capita income the developing countries grew more rapidly between 1950 and 1975 – 3.4 percent a year – than either they or the developed countries had done in any *comparable period* in the past’ (Morawetz 1977:67; italics added). Not surprisingly, many well-argued and fairly forceful case and scepticisms (Sen 1981; Chakravaty 1987, 1988; Singh 1992; Stiglitz 1996; Naqvi 1999, among others) against alleged supremacy of neo-liberal views and policy flowing from positional *biases* in the interpretations of ‘East-Asian success’ could be of little help in stemming the latter’s growing sway over the development thinking and policy – at least until the ‘East-Asian crisis’ of the late 1990s, which did occasion a (temporal) ‘showdown’ of the neo-liberal economic paradigm and its ideological ‘imperialism’ and related excesses (e.g. Stiglitz 2002, Chapter 4; see also Wade 2001). In any case, as the role (direct or indirect) of the Bretton Woods institutions seems to have been substantial in somewhat drastic evolution of *development thinking* as sketched above, particularly since the 1970s, it would be useful to examine this aspect in a greater detail.

IV 'Adoption' of Development Economics by the Bretton Woods Institutions?

From the foregoing, one thus has reason to be curious as to whether new directions in development thinking, particularly since the early 1980s, culminated into, and resulted largely from, a calculated 'capture' of the academic field of development economics by the Bretton Woods institutions in its increasing capacity of a promoter of neo-liberal ideological agendas. As is succinctly remarked in a recent book on the evolution of the World Bank and IMF, '[w]here the World Bank was used, its work became inextricably linked to the geopolitical imperatives of the Cold War' (Woods 2006:33).³² Even much earlier, Adler (1972:34) made clear the World Bank's active role and involvement in establishing a free-market neo-liberal paradigm of development across the developing world since as back as the 1950s:

'The single most important component of the Bank's development 'philosophy' which emerged at the outset, was its firm and pronounced bias in favour of the advantages, not to say virtues, of a market economy and a system of private ownership and enterprise'

Unlike its often drastic changes/reforms in policies of bilateral lending, aid, and economic relations with member nations, the way the World Bank came to establish its distinct influence over *academic* development economics appears to have been relatively long-drawn and subtle, at least to a greater extent than is commonly recognised. Although role of World Bank as a source of ideas/paradigms of development was neither anticipated by its founders nor a part of its original charter, it has always had – by dint of 'its financial clout' - 'tremendous powers to spread and popularize ideas that it latches on to' (Gavin and Rodrik 1995). By the 1970s, innovative efforts were launched by World Bank in building a close and stable rapport with academia across the world. First, World Bank's centrally administered Research Support Budget (RSB), 'used mainly to support research collaborations with outside researchers' is in fact 'one of the main avenues through which non-Bank researchers become involved in the Bank research' (Fischer and de Tray 1990:8). One of the two basic requirements for projects financed through (RSB) is 'that the project be rooted within the Bank, specifically that it be sponsored by a Bank unit, which will administer it and take responsibility for its successful completion' (ibid:8-9). All this is meant to afford relevance of its sponsored research projects to the Bank's current or future concerns and priorities.

In the mid-1980s, the Bank had launched a major comparative research project entitled 'Political Economy of Poverty, Equity, and Growth' covering twenty-one developing countries. It was made no secret that the Bank has had its ideational/intellectual agendas to be carried out and established by this centrally monitored, managed, funded project. The following excerpts from the book written for providing synthesis of the findings of this multi-country comparative study by Lal and Myint (1996:5) makes our point clear enough:

'The comparative studies method, which is largely based on the classical method, can also be looked upon as a form of story-telling. Moreover, as a story-teller tries to tell a story which is both interesting and persuasive, so the method is attuned to the multifaceted aspects of persuasion. These concern the selection of "facts", the crafting of the story, and choosing from amongst a number of competing stories the one which fits the "facts" better than another'.

The fairly bulky volume by Lal and Myint (1996) concludes their 'synthesis' of comparative findings from twenty one developing countries by quoting just an excerpt from Peter Bauer (1984), in which ideal role of government is strictly circumscribed to conducting merely four

activities, namely: a) external affairs including defence, public security; b) effective administration of monetary and fiscal system; c) promotion of institutional framework conducive to market operations, and d) 'the provision of basic health and education services and of basic communications' (quoted from Lal and Myint 1996:406). The authors, however, added their one predilection – albeit of same pro-liberal genre, but of starker degree - namely, to substitute “possible finance” for “provision” in the fourth role above (ibid:406). But Lal and Myint (1996:406) immediately supplemented a final sentence – seemingly in the nature of ‘last word’ of the entire research project – in which Bauer’s above excerpt (slightly ‘fortified’ as above) is hailed as being ‘enough to be getting on with to promote poverty-alleviating growth in much of the Third World’.

Meanwhile, the World Bank had launched in 1984 a series of high-profiled conference amongst the ‘first generation development economists’ (or more reverently called ‘pioneers in development’) (Meier and Seers 1984; Meier 1987). From one standpoint, this was presumably to assess how far the latter seemed ready and, to acclimatise them, if necessary – in light of their own admitted failings and achievements - to come to terms with increasingly dominant neo-liberal/neo-classical stance despised so far in the mainstream *development thinking*. It posed, of course, a formidable challenge, particularly in the 1980s, to bring development ‘pioneers’ to a patronising role vis-à-vis newer generation development economists, whose ideas and aspirations were not exactly grounded – for reasons elaborated above - on a development vision/mission for developing countries as a distinct group. In a fairly long sequel to the previously organised ‘dialogues’ with ‘pioneers’, ‘an intergenerational symposium’ involving both first generation and second generation development economists was organised in 1999 under the sponsorship of the World Bank to, presumably, bolster the neo-liberal thrusts of development economics, with a view to preparing the ‘next generation development economists’ for tackling the unsettled issues that they would confront (Meier and Stiglitz 2001). This thus must have presupposed a broad consensus achieved already between the first and second generation development economists.

All this apart, the World Bank, in one of its sustained efforts to influence the academy of development economics, had launched in 1989 an annual series of conference on Development Economics, with the purpose of bringing ‘researchers from the Bank’s member countries together with Bank staff to stimulate interaction and exchange of ideas and information’ (Fischer and de Tray 1990:1). All these activities of the Bank, of course, could readily fetch it a popular recognition as ‘intellectual actor’ (Stern 1993), but all this at the same time cannot but give strong indications of its increasingly self-assigned role as an ‘intellectual leader’ too. Indeed, Adler (1972:49), while sketching the evolution of World Bank’s concept of development till 1970s, argued that there can hardly be a clear-cut answer ‘as to how much of the Bank’s development “philosophy” was original and how much of it was the result of conscious or osmotic acceptance of new ideas generated “outside”’. This situation, according to Adler, obtains partly because of multi-channelled and continuous professional-intellectual intercourse between the Bank and other institutions in developing as well as advanced countries, and partly because of the tendency of innovative ideas to change shape between their conception and their ultimate application.³³

Indeed, one leading textbook entitled *Development Macroeconomics* by P. Agénor and P. Montiel (1996) – presumably ‘lifeblood’ of current graduate courses in development economics across the globe – is ‘the product of many years of research in development macroeconomics conducted mostly in the stimulating environment provided by the Research Department of the International Monetary Fund’, with close sustained feedback from the

latter's research staff members and some others from outside. [No wonder if the first-rankers in this course get learned only to dream for a career not much beyond a research staff position in the IMF or World Bank!] Likewise, it is hard not to presume that an exponential growth of development economics readings under the *Handbook in Economics* series of the North-Holland publishing house is not entirely free and independent of influences of the ideational core and agendas of the Bretton Woods institutions. [This apprehension seems even more plausible in view of the scale and means by which the World Bank and IMF have of late set a trend of recruiting economics graduates from leading places of learning]. In any case, it cannot but be ironical if *development economics*, which once used to be seen by the hardliner neo-liberal economists largely as an 'ideology' of a 'pressure group' in the UN, is itself gradually transformed into a 'flagship' of neo-liberal ideology and agenda at the behest of the UN and its major multilateral off-shoots and agencies.³⁴ The potential gravity of this (highly plausible) irony can hardly be ameliorated by the fact that 'the main changes of perspective that have affected development economics are the same as those that have affected economics as a whole' (Toye 2003:36). In fact, the reasons for this can be made clearer by evaluating the major underpinnings, implications, and ramifications of the newer or lately dominant economic perspectives both for development economics and developing countries – an issue we now turn to.

V Role of New Economic Perspectives in the Evolution of Development Economics

A *relative* ease enjoyed by the neo-classical and neo-liberal advances in development theory since the 1980s has, of course, been complemented by propagation of some conceptual innovations since the 1960s. Indeed a distinct link between post-war mainstream theorising in economics, (namely, military Keynesianism, rational choice and game theory, and advanced general equilibrium analysis, US monetarist school) and the cold war related ideological imperatives for forging 'the ideas of fundamentalist capitalism' has clearly been discerned by Fusfeld (1998:5),³⁵ who concludes the inquiry thus:

'In summary, during the cold war a high theory came to dominate economics that explained the suitability and superiority of a particular set of social institutions whose defense and extension was the goal of the cold war. It also became the high theory of fundamentalist capitalism, helping to forge a conservative political reaction against activist government'.

It is hard not to expect similar (or perhaps even starker) ramifications of the ideological cold war for the new directions in development economics. First, the innovation of the notion of 'human capital' (i.e. that skilled human beings themselves are the embodiment 'capital goods') in the 1960s opened up a new vista towards getting rid of perennially contentious stigma of the 'market' as a breeding ground for 'unfair' distribution of incomes between capital and labour. For example, if a worker with some productive skill (which is negligible in case of a menial labourer) could be viewed as a 'capitalist' (as an owner of 'human capital' acquired through past private investment in education and training), then worker's income [i.e. return to the investment in education] could well be treated as 'profit' rather than wage, with a revolutionary corollary that the perception of 'class conflict', the nerve-centre of the ideological clash between the two blocs, could be put to rest. Notably enough, the mainstream economics over two preceding centuries virtually never deviated from classical binary division between two intrinsically distinct inputs, namely, human labour and non-human capital, in production processes. One could thus reasonably get suspicious if this innovation of the notion of human capital in the 1960s could be possible but for *inter alia* a

historically contingent atmosphere (in the wake of ideological cold war) opportune for its germination.

No less important has been the use of the notion of human capital in inspiring so-called endogenous growth models. The latter offered not only an escape route from inherent intellectual impasse in the earlier neoclassical growth models (namely, non-conformity of reality with theoretically predicated convergence of countries), but it also laid a formal case for effacing separateness between the economics of development and growth (Romer 1986; Lucas 1988).³⁶ This human capital-centred treatment of development within a general dynamics of endogenous growth, arguably, paves the way *inter alias* for bypassing itchy historical, colonial, and political hangovers, leaving rival neo-Marxian and dependency schools intellectually incapacitated. As Pranab Bardhan (1998:107) once warned, this new interest in endogenous growth models should not ‘divert us from the tough organisational, institutional and historical issues of underdevelopment which are less amenable to neat formalisation’.

Furthermore, the endogenous treatment of development within a broader mould of capitalist dynamics is founded on the centrality of growth of GDP per head in the notion of development – a notion of which infliction had subjected the early development thinking to serious criticisms (e.g. Sen 1983). Indeed, there can be little doubt over one’s informed hunch that the endogenous growth approach should have exerted considerable influence in the direction of underplaying, if not entirely bypassing, the significance of the efforts since the 1970s towards broadening the meaning of development (e.g. basic needs approach, human development index, capability expansion, human rights and freedom). By the time the new endogenous growth theory took off around the mid-1980s, many ripples have already been made of the necessity of focusing on key dimensions of human development and capabilities in the discussions of growth and development (Sen 1981, 1984, 1985), with the first Human Development Report (1990) being almost in its making. Strikingly enough, the former set off with a seemingly (or implicitly) ‘can’t care less’ attitude towards the latter [of which no reference was made at all by the former!].

Apart from the doubts raised (or can be raised) about the *net* ‘newness’ of ‘endogenous growth’ from the previous neo-classical growth perspectives, its potential for serving ideological interests of the global politics and political economy is clear enough: ‘In short, as far as the revolution in economics is concerned, endogenous growth theory might not be in the vanguard, but it is certainly liable to be one of the new wave of following colonisers’ (Fine 2000:263, and see the relevant literature cited therein). Making economic analysis of developing countries amenable to the tools and basic premises of mainstream economics, it can hence be argued, paves a way for laying intellectual foundation of a (new) scheme of globalisation in the post-colonial era. This however calls for rewriting/reinventing/recasting the Anglo-America-centric ‘history of economic thought’, a traditionally taught course in global economics curriculum. Indeed, this particular course, which used to offer virtually solitary opportunity for an exposure to scholarly and perceptive literature on *inter alias* the ideological underpinnings of economics theorizing, began to be scrapped in many a university department, especially in developing countries. On the other hand, the need for reinterpretation of economic history in broad tunes with neoclassical worldview/ideology had (arguably) already begun to be addressed (partly) in the form of newly emerging ‘new/neoclassical institutional economics’. The latter seeks to explain cross-country differential in economic performance almost essentially in terms of respective differentials in evolution and efficacy of ‘economic institutions’ upon which is attributed a key role in the

rise and growth of market capitalism (for a comprehensive survey, see e.g. Lin and Nugent 1995). (more on this shortly)

Thus, there has been a distinct drift away from earlier relatively 'humane', ethical, and practical concerns as to how the poor countries could get rid of mass poverty and hence get developed, to the intuitively exciting question of why some countries have remained poor, while others have not. Recall Robert Lucas' famous remark in his 1988 paper, which almost heralded a formal academic 'baptism' of (new) development economics:

Is there some action a government of India could take that would lead the Indian economy to grow like Indonesia's or Egypt's? If so, what, *exactly*? If not, what is it about the "nature of India" that makes it so? The consequences for human welfare involved in questions like these are simply staggering: Once one starts to think about them, it is hard to think about anything else (Lucas 1988:5).

While development has hardly ever been viewed as anything other than a 'process' – albeit complex, involving historical, social, economic, technological, and political factors – it was perhaps for the first time looked upon as a 'mechanics' being universally applicable to the developed and developing countries alike. It is worth quoting what Lucas (1988:5/6) boldly meant by 'mechanics of economic development':

'[T]he construction of a mechanical, artificial world, populated by the interesting *robots* that economics typically studies, that is *capable* of exhibiting behaviour the gross features of which resemble those of the actual world that I have just described.' (italics added)

In this view 'economic development' is no less tractable by the neoclassical economists' tools, skill, and knowledge than an automobile engine is in the hands of engineers and technicians. This new endogenous view of economic development, while intuitively elegant, evokes deep dilemmas. First, it flouts the entire spectrum of human development capability approaches and particularly the question of distribution and equity, which is linked to political economy issues. Second, and somewhat relatedly, knowing the mechanics of an engine is clearly not useful enough unless the purpose for which the vehicle would be used is known. Defining development in terms of a specific mechanics of development suffers the vice of circularity or even perhaps of emptiness.³⁷ Finally, traditional development economics was heavily criticised for its 'high' claims to generality/universality of what many subsequently termed 'grand' theory and vision for development and related policy prescriptions (import-substitution, unbalanced growth, dualistic development process), which allegedly failed in accounting for stark diversities across the developing world (e.g. rapid growth in East Asia). But this new neoclassical view of economic development got immediate acclaim for its no less lofty claim to generality in explaining long term cross-country differences in development.³⁸ Note the distinct departure of the view held by recent texts in development economics from the earlier/original query of the subdiscipline as to how development could be transpired fast to the developing countries:

There is one central, simple, question in the study of economic development: why are some countries developed, and others less so?' (Mookherjee and Ray 2001:1).

As just noted above, all this was simultaneously complemented by a new emerging body of what is called 'neoclassical institutional economics', with its immediate mission of explaining – in terms of fundamental neoclassical notions and optimising axioms - as to why 'institutions', which historically had evolved in advanced countries (arguably in response to economic incentives or disincentives associated with technological change, innovations, and

evolving complexities of market exchange and transactions) did not (and/or do not) similarly emerge and propel economic growth in many developing countries. Somewhat rhetorically speaking, this took only about half a dozen slim (but admittedly 'seminal') books and/or articles to re-interpret – from the standpoint of optimising behavioural universalism and related market-centred notions (e.g. transaction cost, incentive structure, relative prices that mostly emanate from a typical neoclassical/neo-liberal world-view) - global economic history spanning more than half of the last millennium ((North 1981, 1990; North and Thomas 1973; Williamson 1985; Olson 1965, 1982; Grief 1992, 1997; Grief et al 1994, Coase 1960; among others).³⁹ As Douglas North (1990: 134), one of the chief architects of the new institutional economics, writes:

To attempt to account for the diverse historical experience of economies or the current differential performance of advanced, centrally planned economies and less-developed economies without making the incentive structure derived from institutions as an essential ingredient appears to me to be a sterile exercise.

One variant of such newer perspectives on the long-run historical development across world often highlights the role of geography and geophysical features in influencing the pattern of economic and other developments, sometimes through complex interactions with institutions, politics, and culture (see Hasan 2007 for a useful summary of these perspectives and also the references cited therein). Lamentably, however, 'in the economics of institutions theory is now outstripping empirical research to an excessive extent' (Matthews 1986, quoted in Lin and Nugent 1995:2362). Similarly, the contribution of research on institutions and institutional change to the *institutional reforms* in a country is still an area where development economists 'can do well while doing good' (Tullock 1984, quoted in Lin and Nugent 1995:2363).

In this vein, a process of tilting the curriculum of *development economics* and selection of readings in universities/academies since the 1980s is not hard to testify, beginning (admittedly) with a distinct awakening of some leading mainstream economists to the needs for turning attention increasingly to the development economics. One could recall, for example, the famous remarks made in his Nobel Lecture by Theodore W. Schultz in 1979:

Most of the people in low-income countries are poor, so if we know the economics of being poor we would know much of the economics that really matters (Schultz 1980:639).

Even after discounting for its rhetorical and humanistic undertones expected possibly in public orations, this remark invites some deeper questions: Isn't this a strange sudden realisation, given that this has been a prominent reality for centuries? Isn't this remark an admission of (relative) uselessness of the mainstream economic theories that hitherto evolved chiefly in the context of advanced countries? Doesn't it overlook that there have already been sincere attempts at understanding poverty and the poor of developing countries?

Distinctly similar, but perhaps more professional, is Joseph Stiglitz's (1989) following oft-quoted remark in inviting economics profession to increasingly bring *development economics* at the centre stage of economics in general, but not as much for the development of *developing countries* as for understanding supposedly scientific economic 'mechanics':

A study of LDC's is to economics what the study of pathology is to medicine; by understanding what happens when things do not work well, we gain insight into how they work when they do function as designed. The difference is that in economics,

pathology is the rule: less than a quarter of mankind lives in the developed countries. (quoted in Bardhan 2000:3).

Indeed the same year, the World Bank's annual series of conference on development economics was launched with its new 'liberal' definition of *development economics* as something amenable to almost all branches and specialities of economics, thereby almost stripping off the former of its independent identity and territory:

[A]lthough often seen as a subdiscipline of economics akin to labour economics or international trade, in fact it [development economics] embodies all economic subdisciplines, distinguishing itself by applying these subdisciplines to a particular set [of] countries. Because development economics is *not* a separate discipline, experts in virtually any of the traditional economic and other social science disciplines can contribute to "development" research if they direct their expertise to the specific circumstances – the institutional and social character – of developing countries' (Fischer and de Tray 1990:9, italics added).

As its consistent upshot, there had begun to emerge a newer breed of development textbooks with far more elegance and mathematical abundance than ever before. What distinguishes them clearly is their prime stated object of inspiring and training prospective academic crop *away* from deeper 'quintessential problems' and 'questions impossible to answer' of the 'early development economics' *toward* 'exciting avenues of research' into questions, which seemed more manageably and perhaps more mechanistically answerable by virtue of the 'results in pure economic theory' (Basu 1984:viii). The North-Holland multinational publishing house had launched its massive project of *Handbooks in Economics* series to bring out bulky global books of readings – all commissioned, centrally edited, and richly updated survey papers on diverse issues written purportedly by respective international authorities. Indeed this landmark series, quite understandably, soon began almost setting the global graduate curriculum in economics. By the 1990s, the development economics profession was further endowed with such impressive (albeit somewhat stunting to the older generations) titles as *Development Microeconomics* and *Development Macroeconomics* – in lines with the newer dominant definition of development economics as a common ground for display (and perhaps play too) and application of expertises of major subdisciplines of economics. In the following section, we conclude by exemplifying major contours, thrusts, and directions in *development economics* in the post-cold war era – but, of course, in relation to its original purpose and agenda, namely, development in the poor countries, which gave its rise in the first place.

VI In the 'Final Act' of the Drama: Development of Development Economics?

Browsing through major books and journal articles in development economics over recent past, one can hardly help being struck by a great frequency with which a triumphant voice is heard from development economics profession (particularly amongst younger generation) over its alleged 'victory' in struggling for a respectable place/status within mainstream academic economics. Indeed, this sense of inferior 'status' is often alleged to have been so overwhelming as if its effacement is currently often attributed as the prime motivation of the development economics profession. This clearly points to a misplaced emphasis and hence a distraction away from the original concerns/agenda of development economics. To illustrate: the opening sentences of 'comment' by a leading development economist on a paper by Hoff and Stiglitz (2001) – presented in a high-profile conference sponsored in 1999 by World

Bank amongst currently 'leading' and established 'leaders' – summarised the authors' narrative of 'the story of development economics' thus:

'Once upon a time there was an ugly duckling called development economics...full of strange assumptions and contrary logic and all the other economics made fun of it...as it grew up, it beefed up its theoretical muscles and ugly assumptions...it became the envy of all the rest' (Banerjee 2001:464).

Alas, the one, who is not free as yet of the remnants and zeal embodied (as discussed above) in the genesis of development economics, could only wish that bringing to 'development economics' (and perhaps to development economists too) more recognition, status, and dignity vis-à-vis other branches of economics be coterminous with bringing improvement in, in Arthur Lewis's words, 'the level of living of the masses of the people in LDCs' (quoted in Streeten 1982:110). Seemingly in its ironic sequel, many contemporary development economists' explanations for the rise of neo-liberal/neo-classical dominance on the 'grave' of the development economics of the Lewis' times reflect similar naivety and/or a marked delusion, particularly in the light of our foregoing analysis:

Between 1960 and 1980 high development theory was virtually buried, especially because the founders of development economics failed to make their points with *sufficient analytical clarity to communicate their essence to other economists*, and perhaps even to each other. Only recently have changes in economics made it possible to reconsider what the development theorists said, and to regain the valuable ideas that have been lost. (Krugman 1995:7; italics added)

Indeed, of late there has been an outpour – in the name of 'new development economics' - of reinterpretations of the subdiscipline chiefly from the standpoint of its success in obliterating its (perceived) original 'stigma' or 'ugliness'. These developments in *development economics* are thus often judged in almost exclusive terms of its progress in catching up with (in esteem, status, methodological/mathematical sophistications) mainstream economics.⁴⁰ Note for example the following recent remark in glorification of *development economics*:

'Development economics stands in beleaguered ascendancy, atop development studies and development policy. Economists and economic thinking dominate the leading development institutions. The prestige of development economists within academia ...has never been so high' Kanbur (2002:477).

As an obvious corollary to this high-flying mood in development economics profession, the question as to how far the subdiscipline is successful, fruitful, and alive towards its abiding goals of reducing poverty, malnutrition, morbidity, insanitation, illiteracy, and related unfreedom amongst masses in developing countries gets often dumped into the backseat, if not off the car altogether. For example, development economists have of late come more candid and uninhibited than probably ever before in expressing concerns about 'how the *intellectual production function* in development economics will once again be shifted' (Ranis and Fei 1988a:101; italics added) – the concerns which may not *necessarily* coincide with those for shifting the *economic production function* of its purportedly chief subject of enquiry (i.e. the developing world).

Indeed, one well acclaimed development textbook, which probably seized almost entire global graduate curriculum soon after its first appearance in the mid-1980s, set its objective in the preface as one of capturing 'the changing face of development economics' (Basu 1997: xvii). This clearly leaves in doubt as to whether all this necessarily meant – even remotely – portraying the 'changing face' of peoples of developing countries in terms of such common

indicators as living standard, health, life expectancy, education, technology.⁴¹ Of course, changing levels, dimensions, and patterns of economic development cannot help having (at least some) reflection on any portrayal of the state-of-the-art development economics. But what seems worrying is that a state of ‘separation’ (or perhaps even ‘divorce’) between these two ‘faces’ (i.e. of ‘development economics’ and of masses of poor people in developing countries) has been increasingly evident within the recent body of development economics. This is probably amply testified by the following excerpt from the editors’ introduction to a recent book of collected readings in development economics:

‘The purpose of this reader is to provide an introduction to *new ways of thinking* about the problem of economic development. The emphasis throughout is on economic *theory*, a selective sort of theory which we feel will define and shape the *conceptual landscape of development research* for some years to come’ (Mookherjee and Ray 2001:1; italics added).

In fact evidence abounds to bear out contemporary development economists’ (admittedly) excessive and growing preoccupation with questions of the ‘status of development economics’ and of ‘the relationship between theoretical and empirical contributions’ in ‘new development economics’, but largely in isolation of fundamental concerns over actual economic state and status of the peoples of developing countries (e.g. Tribe and Sumner 2006; the papers on symposium on the new directions in development economics in *Economic and Political Weekly*, 1 October 2005).

Little wonder, development economics, which used to be rated ‘lowly’ (or perhaps even as outcaste) by the mainstream economics, has indeed managed to experience a huge lift in its academic status. Analogically speaking, the ‘face’ of development economics is indeed bestowed with ‘high-tech sophisticated cosmetic surgery’, so much so that it appears often like a ‘stranger’ or as if it ‘no longer exists’ (Krugman 1993:15). And, development economists have already busied themselves fairly heavily in claiming, showcasing, and pinpointing their own share of credit in the recent major advances of economic science itself (e.g. Bardhan 1993, 2000; Banerjee and Duflo 2005; Stiglitz 1988, among others), no matter if all this continues to evoke the lament that ‘the problems of the world’s poor remain as overwhelming as ever’ (Bardhan 2000:13).

It is not entirely clear now, or is even getting increasingly unclear, as to what constitutes development economics as a subdiscipline of economics. There are already debates as to whether development economics is ‘actually little more’ than the economics of developing countries (Tribe and Sumner 2006:957) Indeed, the preface of the seventh edition of the celebrated collection of readings titled *Leading Issues in Economic Development* edited over last 35 years by Gerald M. Meier announces development economics as ‘a very frustrating subject’, so much so that ‘two scholars can with equal justification write two completely different textbooks’ (Meier and Rauch 2000: xvii). No wonder, the M.Phil course in Development Economics at Oxford aims at teaching students ‘what they need to know to feel *comfortable* attending a conference such as the NEUDC [North-Eastern Universities Development Consortium]’ (Fafchamps 2006; italics added).

But, as is amply suggestive from the foregoing, it is hard to deny that long-awaited development in many poor countries has quintessentially been its fundamental mainspring. Consequently, the extent and patterns of development in these countries could legitimately be one – if not the only one – criterion for judging the worth and/or progress of development economics. Alas, even after six decades of ‘development thinking’, which was originally

meant to bring in ‘development’, is still faltering (or perhaps sometimes, fondling) about the notion of development itself, demanding for our further patience for sorting out proper yardsticks of assessing actual course and achieved development (see e.g. Krugman 1996; Shin 2005). Neo-classical growth perspective, founded mostly on inanimate notions of income, productivity, technical progress, and market, exists side by side a broader perspective built on directly human-centred categories like quality, functioning, and freedom of human life. These mutually contrary strands of development thinking coexist in the discourse not exactly because they are sensitive and harmonious to each other, but largely because they try to remain oblivious of, and immune to, each other.⁴²

There is of course a fast growing body of literature with the name of new development economics, which has reached a point of what some have even called ‘the embarrassment of riches’ in terms of the variety of ‘models’ (Mookherjee 2005). The latter virtually (and perhaps visually too) constitute parades and exhibitions of economists’ higher and higher levels of professional skill, intuitive ingenuity, productivity – in both economic theory and econometric estimations - in sketching more and more complex and ‘elegant’ optimal economic mechanics, which are finally laid bare in terms of algebraic interplays between a few key (allegedly) *impersonalised* economic categories such as ‘incentives’ and ‘resources’ (see Ray 2007 for a somewhat comprehensive summary of the issues and themes that constitute the current body of development economics). This growing academic output is used (or indeed usable) chiefly in announcing further and further *development of development economics*. As a corollary, the younger profession remains engaged and distracted away largely from the original purpose, promise, and priorities of the subdiscipline. But as a matter of irony, there would not surely be many who can dare deny that development economics, while it should open itself to newer ideas and methods evolved both in its own area and in the subject of economics in general, must ‘keep alive the foundational motivation’ of its own.⁴³

Endnotes

1. There is, of course, a variation in intensity and spirit with which this dismissive voice against formative period development economics was expressed. In the words of Deepak Lal, for example, it sounded almost thundering a ‘death sentence’: ‘the demise of development economics is likely to be conducive to the health of both the economics and the economies of developing countries’ (Lal 1983:109). In contrast, Hirschman’s (1981) disposition appears more in form of lament and despair over increasingly manifest defencelessness of traditional development economics against the newly mounted neoclassical (and neo-Marxist) incursions. There is also a more impassionate stance, focusing on how/why traditional development economics, instead of turning to a course of ‘suicide’, should begin to mould itself by learning to emphasize the great (potential) benefits of freer trade and more market-oriented development paradigms (Bhagwati 1984).
2. The terms, ‘formative period’ development economics and ‘early development economics’ were both coined by Meier (1984,a,b), referring broadly to the period of the 1950s and 1960s.
3. Naqvi (1993, 2002) is probably one rare attempt to reaffirm and reinstate the early traditions, spirit, and ethos of the development economics, even to the point of establishing the latter as a ‘separate tree’ itself with much potential of independent growth vis-à-vis its oft-portrayed state of a ‘withering’ branch.
4. Such ‘death sentence’ meted out to development economics contrasts with what other major branches of economics have, in general, experienced in their careers, namely,

reinterpretations, extensions, newer formulations and techniques, notwithstanding occasional/sporadic alarms over pervasive mathematical modelling bereft of enough notice of real-world complexity and practical relevance (e.g. Cassidy 1996; Perelman 1996; Ormerod 1994; and Blaug 1998).

5. The celebrated survey series that have been being hosted by world's two esteemed journals of economics, namely *Economic Journal* and *Journal of Economic Literature*, did not publish a comprehensive survey of development economics for quite long, if not ever. In rather sharp contrast to what was, to use Syrquin's words (1998:156), a 'magisterial' survey of 'growth economics' published as early as 1960s in the *Economic Journal* (Hahn and Mathews 1964) (i.e. in less than two decades of its surfacing), a similarly comprehensive survey of development economics appeared only after a lapse of about four decades since the birth of the subject (e.g. Stern 1989). Subsequently, although the *Journal of Economic Literature* has published survey articles focusing on some specific new developments/areas both in growth theory and development economics (Britto 1973, Healey 1972, Griffin and Gurley 1985, and Williamson 2000), a comprehensive survey on the evolution of development economics, let alone from historical and political economy perspectives, has never been published by the *Journal* to my knowledge. By using Robert Dorfman's metaphor, one could perhaps only guess that, unlike growth economics, the 'time' perhaps never came for the *Journal of Economic Literature* to commission the job of 'winnowing' the vast number of 'words, graphs, tables, equations' jumbled under a 'shaky' shade called development economics (Dorfman 1991:581).
6. For example, one oft-cited reason for writing a book in development economics has been 'to make the economics of development *manageable*' in response to *students'* nagging complaint 'that they can see no underlying structure or framework within the study of development economics' (Hall 1983:1 italics added; see also Basu 1984, 1987).
7. This volatility, reflecting basically conflict of ideological perspectives, is somewhat distinct from the intrinsic scientific status of economics in which 'the [Nobel] prize is often split between one person who has developed a certain thesis and another who has labored mightily to prove it wrong' (Hirschman 1981 quoted from Kanth 1997:196).
8. In a recent paper, Chang (2002:540) describes this as a period of emerging neo-liberalism through what he calls an "unholy alliance" between neoclassical economics, which provided most of the analytical tools, and what we may call the Austrian-libertarian tradition, which provided the political and moral philosophy'.
9. For a succinct discussion on the notion and ramifications of 'government failure, see e.g. Krueger 1990.
10. In fact Gunnar Myrdal and many other formative period development economists were much worried and indeed often sceptical about the extent to which the suggestions that they offered after painstaking research would be implemented. As one reviewer of Myrdal's *Asian Drama* wrote in an apparently emotional note, '[i]f various of his suggestions are carefully studied by influential people in India and Pakistan and at least partially followed, it will be the best reward for the author's ten years of tedious and complex study (Basch 1969:387); see also Streeten 1995:195-200 for insightful discussion on Myrdal's deep concerns and pragmatic analyses in the spheres of state action and policy in developing countries.
11. To illustrate: while John Toye in his influential book *Dilemmas of Development* harps on a mixture of 'cynicism and sincerity' in the role of dominant international players in development thinking since the early 1980s, its exact magnitude/measure is left to be told only by 'a bold person who claimed to be able to tell' (Toye 1987:159). What thus appeared as 'dilemmas of development' to Toye's restrained exposition could have

deserved to be described as ‘dangers for development’ in a more explicit and detailed investigation into this merely hinted nexus. In a recent paper, Toye (2003:37) appears himself (arguably) to be in dilemma between his recognition of the limitations of neo-liberal state-minimalist perspective and his newer conviction about the worth of economic insights (e.g. transaction cost, incentives) offered newly by the neoclassical institutional economics school into the formation of state and other institutions. Likewise, some authors appear naive in thinking that the neoliberal/neoclassical attack on formative period development economics was simply because ‘[a]ny major thrust of new ideas generates a counter-revolution’ (Martin 1991:52; italics added). There also exist relatively curt remarks describing this connection as ‘a thinly disguised championing of the ideology of the free-market capitalism as the ultimate truth about the economic universe’ (Naqvi 1998: 975). Again, accusing fingers are sometimes pointed to the ‘iconoclastic excesses (for example, indiscriminate state interventionism or autarkism and pre-occupation with blanket market failures)’ of ‘the isolated marginalized group’ of the development pioneers, with latter’s subsequent ‘demoralization’ at ‘the news of the failures and disasters of regulatory and autarkic states in developing countries’, which, as the argument runs, paved the way for ‘successful inroads’ of orthodox economists (Bardhan 2000:2). This simplistic text-book type interpretation glosses over important elements of international politics germane almost inevitably in the episodes of transitions of *development paradigms*.

12. Quoted from George Manbiot’s article in *The Guardian* (London) reprinted in *The Hindu* (a leading Indian daily, Chennai), 29 August 2007:13. Of late, however, new research has documented the detailed impact of the Cold War on the academia in social sciences too (e.g. Lowen 1997; Westad 2005).
13. Somewhat curiously, the oft-cited book edited by Noam Chomsky et al (1997) documenting the cold war influences on the directions of various academic disciplines in the US, contains no chapter dealing specifically with economics (let alone development economics) (Chomsky et al 1997).
14. For example, while it is not rare to find such remark as that ‘[t]he context of post-war development was thus one in which....it was subordinated to the interests of the Cold War, global capital and so on’ (Kiely 1998:35), credible attempts – with convincing depth and evidence - at establishing the view, are strikingly few or perhaps virtually non-existent. Similarly, almost none of the papers published in a special issue of *Journal of Development Studies* 41(2), 2005 on East Asia and the Trials of Neo-liberalism edited by K. Hewison and R. Robinson discusses explicitly and in convincing details the role and ramifications of the cold war. At a more extreme level, there can be a view in favour of ignoring not only the details underlying such plausible nexus, but the chief neo-classical contentions altogether: ‘Scoring debating points over neo-classical economics, therefore, is hardly the way to establish the credentials of development economics’ (Kurien 2002:4).
15. This is of course apart from – though not unrelated to - the starker physical ramifications of the phenomenon of ‘superpower rivalries’ in the Third World until the 1980s; see e.g. Furedi (1988) for a succinct discussion on the latter.
16. See Baldwin (1966) for a illuminating discussion on the influence on American foreign policy of UN-led voice and initiatives for redressing historically unequal international economic development and order
17. For a succinct discussion on such perspectives, see Toye 1987: especially Chapter 1, among others.
18. For a quick feel of relatively rapid growth and features of the development literature during three decades since the early 1950s, see various editions of *Leading Issues in Economic Development* by Gerald Meier over this period.

19. There were of course parallel political vulnerabilities of such heterogeneity of the developing world, illustrated particularly by the experience of non-alignment movement (e.g. Rothstein 1976).
20. Since substantial discussion is available on historical background and relevance of these early perceptions and predilections among the pioneers of development economics, particularly up to the 1970s (e.g. papers in Meir and Seers 1984, and especially the papers by G. M. Meir, and A.W. Lewis, and Meier 1984b, chapter 6, among others), we refrain from dwelling on them here.
21. As Engerman (2004:31) writes about development policies of the 1950s and 1960s: 'Debates over the strategies for economic development quickly entangled in Cold War politics. Soviet leaders tried to convert the popularity of their economic model into a political advantage. Meanwhile, American official sought to counter Soviet efforts in the third world, viewing with deep suspicion any praise for or even interest in Soviet economic models.'
22. See OECD website. The OECD, which was set up in 1961 in the wake of decolonization that had opened new field in Africa, southern Asia, the Pacific and Caribbean, was an outgrowth of the Organization for European Economic Cooperation founded in 1948 to organize the distribution of Marshall Plan Aid chiefly amongst the member European countries.
23. See e.g. Stubbs 1999:344-346 and references cited therein.
24. There are, of course, some who find reason not to be so cynical, as 'the Bretton Woods institutions are not unitary, and what goes on at a Board of Directors level is not always reflected in the academic studies commissioned by the World Bank and the IMF' (Corbridge 1995: 383).
25. The intuition behind the presumed instrumentality of the multinational agencies in fostering pro-liberal conclusions/facts/findings advanced by a dominant section of academic community gets reaffirmed by two related observations: first, most of the academic output/research favorable to neo-liberal and neo-classical perspectives policies happen to have been produced under sponsorship or at the behest of the Bretton Woods institutions and other such multilateral agencies and corporations; second, it is extremely rare, if not impossible, to find research findings/conclusions distinctly contrary to the chief agendas and initiatives of the international or multilateral agencies which have commissioned/funded the former. The above observations hopefully cannot be vitiated by such allegation as that '[i]t is fashionable in some quarters to write off the World Bank as a purveyor of neoliberal economic orthodoxies' (Corbridge 1995:383).
26. One may perhaps recall in this context Noam Chomsky's famous thesis on the US's pervasive programmes and efforts particularly in the realm of media toward virtually 'manufacturing consent' on the righteousness of the US liberalist ideology and concomitant world order.
27. As Wade (2001:127) writes: 'The World Bank has been especially useful instrument for projecting American influence in developing countries, and one over which the US maintains discreet but firm institutional control'.
28. There are, however, some universities and institutions – especially in parts of Europe – where these issues are made part of some specialized graduate programmes in development or development studies.
29. As for illustration, note the following remark by one author on the debate over the 'East-Asian miracle': 'An endlessly repeated theme of this literature is that it was the magic of the unhindered free-market mechanism with its concomitant of unrestrained export-orientation which did the trick of these countries' (Datta 1987:602).

30. While this view is based on the assumption as if development aspirations and achievements are distinct from international politics and foreign relations, this is clearly not the case in the context of development paradigms and policies. See Raothstein (1976) for an excellent exposition of the interplay between foreign policy and development policy in the context of developing countries during the 1960s and 1970s.
31. All this seems to have been matched by, and consistent with, shifting postures of the western countries in the North-South dialogue and negotiations since the 1960s (e.g. Haq 1976, chapter 8). As Ruggie (1984) has argued forcefully, a lethargic and reluctant mood of the North in bringing itself to the North-South dialogue and reform efforts since the 1960s, and the 'stalemate' by the early 1980s, though apparently and popularly attributed to 'lack of political will', were due to more basic and profound factors including international resource allocation and mutual economic gains. In Jagdish Bhagwati's words, 'the passionate Southern voice of solidarity and confrontation in the immediate aftermath of OPEC [Organisation of Petroleum Exporting Countries]' was rather quickly transformed into 'a frustrated Southern monologue ever since as the early post-OPEC Northern perception of Southern strength yielded to reality' (Bhagwati 1984:1).
32. It is worth noting what Kofi B. Hadjor, Editor and Publisher of Third World Communications remarked in 1988 on the newer directions in north-south dialogue: 'It is now customary for Western powers and international agencies like the IMF to work out the economic policies that the nations of the South should pursue. Even the UN has joined in the act' (Hadjor 1988:49).
33. Note what Gautam S. Kaji, a managing director of the World Bank, remarked while inaugurating the 1995 Annual World Bank Conference on Development Economics, 'this event has evolved over the years to become the *single largest* gathering of the development economics community in the world' (Kaji 1996: 8; italics added).
34. It would be no less ironic if development economics profession, which of late devotes a good deal of attention to what it calls 'capture' of local level participatory and decentralization initiatives by local elites, bureaucracy, and some political leaders in developing countries, appears ambivalent to its own academic territory being 'captured' by powerful multilateral agencies as World Bank and IMF, well-neigh satellites of dominant capitalist bloc in international politics.
35. This was somewhat matched by the Soviet bloc's 'discernible shift in emphasis away from ideology towards a growing understanding of the importance of underpinning aspirations with economic deeds' (Machowski and Schultz 1987:244).
36. With or without any recourse to the endogenous growth perspective, the idea of distinguishing between growth and development has always been ignored by a section of economists on the ground that both mean essentially increases in per capita incomes or consumption. (e.g. Dorfman 1991:573fn1).
37. This happens to be an echo of the lament voiced by Ronald Coase (1998/2002:46) about the recent trends in mainstream economics theorizing: [e]conomists think of themselves as having a box of tools but no subject matter'.
38. *The Less developed Economy* by Basu (1984), with its conviction about the distinction between growth and development (there was no chapter on growth), was in its next edition given a new title, *Analytical Development Economics*, with *inter alias* a chapter added on growth models and of course the author's newer conviction about the rationale for abandoning earlier distinction between the two (Basu 1997).
39. It is worth noting here that most of these articles devoted to the reinterpretations of economic history in the light of such newly influential perspectives as transaction cost, incentive structure, economic institutions across ancient, medieval, and modern periods are published in the hardcore/esteemed journals of *mainstream economics*, instead of

premier *specialist journals of economic history*. For instance, the *Journal of Monetary Economics* has apparently become of late so holistic towards development issues that a paper dealing statistically with the effects of tropical germs and crops through ‘institutions’ on the long run incomes of various countries could be welcome for publication in the *Journal* (Easterly and Levine 2003), of course apart from the publication of Lucas’ earlier famous paper on economic development (1988). Likewise, a recent paper dealing with hard historical data of about entire nineteenth and earlier part of twentieth centuries on world trade and tariff rates for many individual countries finds a specialised journal of development studies quite (or more?) appropriate for its publication, rather than a specialist one in economic history (Chang 2003).

40. See e.g. a collection of recent papers prepared for a symposium on New Directions in Development Economics: Theory and Empirics, and subsequently published by *Economic and Political Weekly*, 1 October 2005, No.4)
41. Note, in contrast, how W. Arthur Lewis, one of the pioneers of development economics, while concluding his reflective essay on the growth of developing countries over about 30 years since the publication of his seminal paper on a dual development model – kept vivid his concern for the face of developing countries (rather than of ‘development economics’): ‘if economic growth continued at this pace for another 30 years, the *standard of living of the Third World* would be *unrecognizable*’ (Lewis 1988: 23; italics added).
42. To illustrate, many a recent paper on the issues relating to current dilemmas, identity, and directions of development thinking and economics (e.g. Tribe and Sumner 2006; Fine 2006a, 2006b; Waeyenberge 2006, Stiglitz 1998, Shin 2005, among others) does not apparently need to mention a single writing or ideas of Amartya Sen, a longstanding intellectual force in development thinking by reasonable reckoning, or for that matter any UNDP document.
43. This expression, of course, is based on our borrowing from, and more precisely on our paraphrasing of, Amartya Sen’s following remark: ‘Development economics, it can be argued, has to be concerned not only with protecting its “own” territory, but also with keeping alive the foundational motivation of the subject of economics in general’ (Sen 1988:11).

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