

## DEVELOPMENT TOOLS OF PARASITIC PARADIGM: AN AFRICAN PERSPECTIVE OF WESTERN THEORIES OF DEVELOPMENT AND REFORMS

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### Abstract

The orthodox conceptualisation of development and its reforms which are rooted in Western schools of thought recognizes the existence of three categories of polities, viz: developed, developing and underdeveloped states. But the major questions that are of concern are: on what grounds do we submit that a country is developed, and the other is either developing or underdeveloped? Using a historical method of research and utilising mainly secondary sources of data, the paper attempts to answer these salient issues by critiquing the orthodox western development theories and reforms, citing a wide range of instances of faulty development reforms imposed on the global south by the West. The study found that the western driven ‘development reforms or policies’ for the governments of the global North are incompatible with the dynamics and interests of the South. It also found that the western driven ‘development reforms or policies’ were never intended to sustain the economies of the global south or worsen the North-South dichotomy. The paper concludes that every society has its own sense of development and that the orthodox conception of development, and its reforms are not sacrosanct given the peculiarities of the global South. The paper also posits that western driven ‘development reforms or policies’ are ‘neo-colonial schemes’ targeted at strengthening the core-periphery arrangements between the global North and the global South.

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## **Introduction**

Over the centuries, there have been attempts to conceptualise the phenomenon of economic development. However, orthodox Western thought has influenced the way that development is understood, conceptualized and measured. Western philosophy supported the nexus and synergy between the concept of economic growth and development with little or no attention on the indicators on the well-being of peoples such as equitability in the distribution of income and wealth as well as the extreme gap between the rich and the poor. Western schools of thought have focused on human rationality, reduced development to a set of correctly formulated indices which must be applied in all interpretations of development. Although varied, the western theories and definitions of development became fixed in stereotypical forms. As a result of the confusion caused by the plethora of definitions, there have even been suggestions to discard the mostly dominant Western term ‘development’ altogether (Sofela, 2016). The majority of definitions of, and theories on, development have originated from a Western background. Even the whole existence of the term ‘development’ is seen as a ‘*eurozentrischen*’ (Eurocentric).

Thus, a world of Western-determined references is implied when talking about development, but such so-called Western understanding of the phenomenon of development is not necessarily homogenous. In line with this, western scholars in their attempt to conceptualise development within the context of their cosmological alignment have arranged development in a hierarchical structure, implying that some economies are inferior to others. The taxonomy or typology of development because of Western scholarship led to a categorisation of the phenomenon according to levels of progression, which led to the creation of a category named ‘developed’ or ‘developing’ or ‘underdeveloped’ economies. This categorisation was used to group development together that showed similarities and dissimilarities in structure. The categorisation was based on certain parameters, features indices of measurement namely, Gross Domestic Product (GDP), National Income, Gross National Product among other conventional instruments of measurement. The underdeveloped or developing regions or countries were

pejoratively given this tag because of the statistics posed by them using these conventional instruments of development.

But are these western driven conventional instruments or variables of economic development sufficient or adequate for defining or measuring development in all political economies? Can an unorthodox understanding of development contribute to the discourse of what development is? This paper is an attempt at providing answers to these salient issues. It also examines and critiques the orthodox western development theories and reforms by citing a wide range of instances of faulty development reforms imposed on the global south by the West. The paper submits that every society has its own sense of development and that the orthodox conception of development, and its reforms are not sacrosanct given the peculiarities of the global South.

### **Conceptualisation, Theories and Models of Development: An Overview of Western Perspectives**

The concept of development has created a sort of dichotomy to include, commonsensical realm, conventional realm and the unconventional realm. The commonsensical conviction entails the crude, lame or generic perception of the term *development*, which is often positivistic in nature. The conventional perception of development on the other hand is western in origination and synonymous to growth because it basically looks into the increase in the parameters and quantifiers such as GDP, GNP, Per Capital Income, and so on which are set by international organizations, such as UNO, IMF, and World Bank to measure the level of development in a given nation. This perception keys into the Macro economy of various nations in continental Africa, Europe, America, Asia, Latin America and Australia (Sofela, 2016).

The Western conceptualisation of the phenomenon of development has been synonymous with economic, social, and political change in the countries of Africa, Asia, Latin America, the Caribbean and the South Pacific. Given the western driven unipolar approach to development, the increase in the parameters and quantifiers such as GDP, GNP, Per Capital Income, and so on of nations around the world determine the degree of development or under development they have. Thus, some countries have been variously labelled as underdeveloped, less developed, developing in the Third World and the South. These people or groups are totally

different but united by their commitment for development. (Turner and Hulme, 1997). The leaders of these nations, often known as the third world, have exhorted their citizens to strive for development and have formulated policies and implemented programs towards this end. To understand the whole rationale behind the desire for development we should explain development even though there is no consensus about the meaning of development.

Western theories of development are numerous but notable ones are reviewed here. Several early economists had written extensively about the nature and dynamics of economic change and prosperity. Adam Smith and Karl Marx are the two most famous thinkers for their two opposite views on the nation's system of economic arrangements: one called capitalism and the other called socialism (Dang and Sui Pheng, 2015). Adam Smith's *The Wealth of Nations* focused on the market as an instrument of economic development. Smith argued that division of labour could create more productive processes in an economy. The mechanism for enhancing the nation's wealth therefore is through specialization and exchange. Adam Smith contended that under competition, private investors while pursuing their own interests guided by the "invisible hand" would maximize national output and thus promote public interests (Dang and Sui Pheng, 2015). The "invisible hand" doctrine has become the foundation for the working of the market economy or capitalism (Dang and Sui Pheng, 2015). In the system, government interference is seen as inefficient in looking after economic activities. Meanwhile, free trade, private property and competition are seen as the foundations that would spur economic development, reduce poverty and bring on social and moral improvements of humankind (Dang and Sui Pheng, 2015). However, freewheeling capitalism is often criticized for bringing wealth only to the rich, whereas the poor get poorer (Dang and Sui Pheng, 2015).

On the other hand, Karl Marx defines economic development based on social or public ownership of property. Karl Marx emphasized that the wealth of the capitalists comes from the exploitation of the surplus value created by the workers. Hence, private property and free market were seen as causes of poverty for the many millions of workers. Marx, therefore, suggested that private property should be completely abolished. A nation's economy should be planned and managed by the state to serve the interests of the masses. Marx believed that a revolution would be inevitable to break down the increasing concentration of the capitalists, and to establish socialism. However, like Smith's model of economic development, the

Marxian approach has received criticism for its defects. It has been argued that the socialist philosophy is not a viable option. The historical experience of socialist economies showed little or even no improvement in the living conditions of the poor. The collapse of the Soviet Union in 1991 and the central planning paradigm appeared to demonstrate that the model would not provide the solution to poverty and inequality seen in human society (Meier, 2000).

The Ricardian model offers another explanation about the concept of economic development. David Ricardo's theory of comparative advantage says that a country has a comparative advantage in a good if the good has a lower relative price in a country than is found in the other country. This theory indicates that we need to look at the cost of production in each country before trade (in autarky) and compare it with trade situation and compute gains/losses from trade. That way we can better understand the pattern of trade between two countries and be able to answer questions like why it makes sense for a country to export say cheese and import wine or vice versa. Put differently, a country is said to have a comparative advantage in the production of a good (say, cloth) if it can produce it at a lower opportunity cost than another country. David Ricardo's principle of comparative advantage does not require a higher absolute productivity but only a higher relative productivity (a weaker assumption) in producing a commodity. Pre-trade relative productivities/costs determine the pre-trade relative prices. Pre-trade relative prices in each country determine the range of possible terms of trade for the trading partners. Actual terms of trade within this range, in general, depend on demand patterns, which, in turn determines the gains from trade for each trading partner (Ricardo, 1821).

The Ricardian model assumes constant productivity, as there is only one factor of production (labour), and therefore constant (opportunity) costs that lead to complete specialization. However, increasing opportunity costs that often arise in multi-factor situations (law of diminishing returns) due to limited quantity of some factors specific to an industry can easily be accommodated to allow for incomplete specialization. Thus, in the Ricardian model, technological differences in two countries are the major source of movement of commodities across national boundaries.

There are also classical theories of Economic development. The first generation of economic development models was formulated in the early years after the World War II (Dang

and Sui Pheng, 2015). These early models focused on the utility of massive injections of capital to achieve rapid GDP growth rates (Dang and Sui Pheng, 2015). Indeed, the linear stages growth model is an economic model which is heavily inspired by the Marshall Plan which was used to revitalize Europe's economy after World War II (Dang and Sui Pheng, 2015). It assumes that economic growth can only be achieved by industrialization. The Rostow's stages of economic growth model is one of the major historical models of change. Building on the historical pattern of the then developed countries, Rostow claimed that the transition from underdevelopment to development would pass through five stages: the traditional society, the preconditions for take-off, the take-off, the drive to maturity and the age of high mass consumption.

According to him, a traditional society is one whose structure is developed within limited production functions, based on pre-Newtonian science and technology, and on pre-Newtonian attitudes towards the physical world (Daly, 1996). Newton is here used as a symbol for that watershed in history when humans came widely to believe that the external world was subject to a few knowable laws, and was systematically capable of productive manipulation (Daly, 1996). Thus, the phrase 'traditional society' according to him, involves grouping the whole pre-Newtonian world: the dynasties in China; the civilization of the Middle East and the Mediterranean; the world of medieval Europe (Daly, 1996). "The preconditions for take-off" are seen as the second phase of economic development according to Rostow. The decisive stage is the take-off, through which developing countries are expected to transit from an underdeveloped to a developed state. But this transition cannot happen except certain strategies are mapped out. One of the principal strategies of development necessary for any take off was the mobilization of domestic and foreign saving in order to generate sufficient investment to accelerate economic growth. Besides, the revolutionary changes in agricultural productivity are an essential condition for successful take-off; for modernization of a society increases radically its bill for agricultural products

The third stage of economic growth, according to Rostow, is the take-off. The take-off is the interval when the old blocks and resistances to steady growth are finally overcome. During the take-off, new industries expand rapidly, yielding profits, a large proportion of which are reinvested in new plant; and these new industries, in turn, stimulate, through their rapidly

expanding requirement for factory workers, the services to support them, and for other manufactured goods, a further expansion in urban areas and in other modern industrial plants (Daly, 1996). Besides, new techniques were introduced in agriculture as well as in industry, and as agriculture was commercialized, increasing numbers of farmers were prepared to accept the new methods and the deep changes brought to ways of life (Daly, 1996). Consequently, the rate of effective investment and savings may rise from, say, 5 % of the national income to 10% or more (Daly, 1996).

The fourth stage is the maturity level. Maturity refers to the stage in which an economy demonstrates the capacity to move beyond the original industries which powered its take-off and to absorb and apply modern technology efficiently over a very wide range of its resources--if not the whole range of the resources. This is the stage in which an economy demonstrates that it has the technological and entrepreneurial skills to produce not everything, but anything that it chooses to produce. This, for example, was the transition through which Germany, Britain, France, and the United States had passed by the end of the nineteenth century or shortly thereafter. The fifth stage of economic change according to Rostow is the age of high mass-consumption, where, in time, the leading sectors shift towards durable consumers' goods and services (Rostow, 1960). Historically, the United States is said to have reached this stage first, followed by other western European nations, and then Japan in the 1950s.

Similar to Rostow's stages of growth model is Harrod-Domar model which emphasized that the prime mover of the economic development is investments (Ghatak, 2003). Every country therefore needs capital to generate investments. The principal strategies of development from the stage approach were commonly used by developing countries in the early post-war years (Dang and Sui Pheng, 2015). With a target growth rate, the required saving rate can then be known. If domestic savings were not sufficient, foreign savings would be mobilized.

However, the linear-stages model by W.W. Rostow and Harrod-Domar has received criticisms on several grounds. One, Rostow and Harrod's models are historical in the sense that the result of their application is known at the outset and is derived from the historical geography of a developed, bureaucratic society. Two, Rostow's model is mechanical in the sense that the underlying motor of change is not disclosed and therefore the stages become little more than a classificatory system based on data from developed countries. Three, this model is

based on American and European history and defines the American norm of high mass consumption as integral to the economic development process of all industrialized societies (Rostow, 1960). Four, his model assumes the inevitable adoption of Neoliberal trade policies which allow the manufacturing base of a given advanced polity to be relocated to lower-wage regions.

During 1960s and early 1970s, economists generally described the development process as structural change by which the reallocation of labour from the agricultural sector to the industrial sector is considered as the key source for economic growth. The two well-known theories in this category are the model by Lewis, and the one by Chenery. The Lewis model, presented in 1955, dominated development theory in the 60s and 70s. It is also known as the *two-sector model*, and the *surplus labour* model. It focused on the need for countries to transform their structures away from agriculture, with low productivity of labour, towards industrial activity, with a high productivity of labour. In the Lewis model, the underdeveloped economy consists of two sectors: a traditional, overpopulated rural subsistence sector with surplus labour and a high productivity modern sector to which this surplus labour is transferred. The focus of the model is on the process of surplus labour transfer from the traditional sector which leads to the growth of output and employment in the modern sector. Lewis calculated that with an increase of 30% or more in the urban wages, workers will migrate from the rural areas to the urban areas- which would lead to growth in output and employment through the modern sector. Both labour transfer and modern-sector employment growth are brought about by output expansion in that sector. The speed with which this expansion occurs is determined by the rate of industrial investment and capital accumulation in the modern sector. Such investment is made possible by the excess of modern-sector profits over wages on the assumption that capitalists reinvest all their profits (Lewis,2003).

### **Structural Change and Patterns of Development Models Constitute another Western Driven Theory of Economic Development**

Like Lewis model, this theory also emphasizes the sequential process of change. However, in contrast to the Lewis model and the original stage's view of development, increased savings and investment are perceived by patterns-of-development analysts as necessary but not



sufficient conditions for economic growth. In *Structural Change and Pattern of Development*, in addition to the accumulation of capital, both physical and human, a set of interrelated changes in the economic structure of the country are required for the transition from a traditional economic system to a modern one. These structural changes involve all economic functions – including the transformation of production and changes in the composition of consumer demand, international trade and resource use as well as changes in socioeconomic factors such as urbanization and the growth and distribution of a country's population (Lewis, 2003). This leads to the growth of cities and urban industries as people migrate from the rural to the urban regions with a decline in overall family size and rate of population growth.

The international dependence theory is another economic development theory that became very popular in the 1970s up to the 80s. The dependence theorists argued that underdevelopment exists because of the dominance of developed countries and multinational corporations over developing countries. The theory is considered an extension of Marxist theory. Within this general approach there are three major streams of thought: the neo-colonial dependence model, the false-paradigm model, and the dualistic-development thesis. The first major stream, which we call the neo-colonial dependence model, is an indirect outgrowth of Marxist thinking. It attributes the existence and continuance of Third World underdevelopment primarily to the historical evolution of a highly unequal international capitalist system of rich country-poor country relationships (Ernest, 1973). Because rich nations are intentionally exploitative or unintentionally neglectful, the coexistence of rich and poor nations in an international system dominated by such unequal power relationships between the centre (the developed countries) and the periphery (the LDCs) renders attempts by poor nations to be self-reliant and independent difficult and sometimes even impossible.

The second stream in this category is the false paradigm model which attributes Third World underdevelopment to faulty and inappropriate advice provided by well-meaning but often uninformed, biased, and ethnocentric international "expert" advisers from developed-country assistance agencies and multinational donor organizations. These experts offer sophisticated concepts, elegant theoretical structures, and complex econometric models of development that often lead to inappropriate or incorrect policies in Third World countries.

The third strand is the dualistic-development thesis, which is an extension of the dualism concept widely discussed in development economics. In simple words, it says that the relationship between the rich and the poor countries is just a global version of the dualism that we see in every aspect of life. The interrelations between the superior and inferior elements are such, be it in a global sense or in a local sense, that the superior element does little or nothing to pull up the inferior element. In fact, it may actually serve to push it down (Kelley, 1972).

Indeed, the dependency theorists distinguish various states according to the different economic functions they perform. Highly developed and advanced superpowers like the United States and America fall under the centre-centre (CC) category. Countries like Canada, the Netherlands and Japan fall under the periphery-centre (PC) category. These countries have significant economic development and industrialisation. The third category is the centre-periphery (CP) category, which includes developing countries that are growing fast like Brazil, China, India and South Africa. The last category is the periphery-periphery (PP) category which consists of countries that are economically backward and have a lot of social issues, like Cambodia, Zambia, El Salvador etc.

A critique of dependency theory has been attempted by some scholars. Perhaps the most glaring weakness of dependency was its lack of empirical grounding. If one accepts Karl Popper's famous dictum that in order for a theory to be scientific it must be testable and falsifiable, then dependency theory can be said to be patently unscientific. While many social scientists attempted to operationalize and put dependency assertions to the test, this trend met with strong dissent from leading dependency figures (Karl, 1992). They countered that the very basic characteristic of dependency studies was the emphasis on global analysis and that a structural or global interpretation could not be subjected to simple empirical evaluation.

In the 1980s, neoclassical counter-revolution economists used three approaches, namely, the free market approach, the new political economy approach and the market-friendly approach, to counter the international dependence theory of development (Dang and Sui Pheng, 2015). In contrast with the international dependence model, these approaches mainly argued that underdevelopment is not the result of the predatory activities of the developed countries and the international agencies but was rather caused by the domestic issues arising from heavy

state intervention such as poor resource allocation, government-induced price distortions and corruption (Meier, 2000).

The central argument of the neoclassical counterrevolution is that underdevelopment results from poor resource allocation due to incorrect pricing policies and too much state intervention by overly active Third World governments (Meier, 2000). Rather, the leading writers of the counterrevolution school, including Lord Peter Bauer, Deepak Lal, Ian Little, Harry Johnson, Bela Balassa, Julian Simon, Jagdish Bhagwati, and Anne Krueger, argue that it is this very state intervention in economic activity that slows the pace of economic growth (Meier, 2000). The neoconservatives argue that by permitting competitive free markets to flourish, privatizing state-owned enterprises, promoting free trade and export expansion, welcoming investors from developed countries, and eliminating the plethora of government regulations and price distortions in factor, product, and financial markets, both economic efficiency and economic growth will be stimulated (Meier, 2000).

Contrary to the claims of the dependence theorists, the neoclassical counter revolutionaries argue that the Third World is underdeveloped not because of the predatory activities of the First World and the international agencies that it controls but rather because of the heavy hand of the state and the corruption, inefficiency, and lack of economic incentives that permeate the economies of developing nations (Meier, 2000). What is needed, therefore, is not a reform of the international economic system or a restructuring of dualistic developing economies or an increase in foreign aid or attempts to control population growth or a more effective central planning system. Rather, it is simply a matter of promoting free markets and laissez-faire economics within the context of permissive governments that allow the "magic of the marketplace" and the "invisible hand" of market prices to guide resource allocation and stimulate economic development. Thus, neoclassical economists focused on the market to find a way out for the developing countries. Policies of liberalization, stabilization and privatization therefore become the central elements of the national development agenda. Unfortunately, however, the models have not brought about the expected results. For instance, several African countries focusing on these issues achieved an average growth rate of only 0.5 % per year (Dang and Sui Pheng, 2015). With weak and inadequate legal and regulatory framework, not to

mention the different institutional, cultural and historical context of the developing countries, free market in these countries fails to stimulate economic development (World Bank. 2000).

New Growth Theory emerged in the 1990s to explain the phenomenon of development in some countries. The theory emerged to offer explanation on the poor performance of many less developed countries that have implemented policies as prescribed in neoclassical theories. The proponents of this theory noted that technological change has not been equal, nor has it been exogenously transmitted in most developing countries (World Bank. 2000). The new growth theory emphasizes that economic growth results from increasing returns to the use of knowledge rather than labour and capital (World Bank. 2000). The theory argues that the higher rate of returns as expected in the Solow model is greatly eroded by lower levels of complementary investments in human capital (education), infrastructure, or research and development. Meanwhile, knowledge is different from other economic goods because of its possibility to grow boundlessly. Knowledge or innovation can be reused at zero additional cost. Investments in knowledge creation therefore can bring about sustained growth. Moreover, the knowledge could create the spill over benefits to other firms once they obtained the knowledge. However, markets failed to produce enough knowledge because individuals cannot capture all of the gains associated with creating new knowledge by their own investments. Policy intervention is thus considered necessary to influence growth in the long term. The new growth models therefore promote the role of government and public policies in complementary investments in human capital formation and the encouragement of foreign private investments in knowledge-intensive industries such as computer software and telecommunications (Meier, 2000). Although the new growth theory helps to explain the divergence in growth rates across economies, it was criticized for overlooking the importance of social and institutional structures. Its limited applicability lies in its assumptions. For example, it treats the economy as a single firm that does not permit the crucial growth-generating reallocation of labour and capital within the economy during the process of structural change. Moreover, there are many other factors which provide the incentives for economic growth that developing countries lack such as poor infrastructure, inadequate institutional structures and imperfect capital and goods markets. Policymakers will therefore need to pay careful attention to all of the factors that determine the changes and their impacts on the aggregate growth rate.

Be that as it may, development in the context of this paper does not mean the rise or increase in the conventional yardsticks, quantifiers or indicators of growth as expressed in its conventional conceptualisation. In other words, the term ‘development’ as used in this paper denotes poverty reduction, equitability in the distribution of wealth and resources and purchasing power parity tally that bring about the general well-being of people. Thus, our conceptualization of development in this paper is that it is the capacity of a state to increase its human resource with the aim of achieving higher outcome of production for the satisfaction of the basic needs of the majority of its citizens and empowering them. It is possible for an economy to attain significant growth rate while a good number of people in that economy remain poor in spite of it. This is the unorthodox approach to development concept and policies this paper adopts.

### **Orthodox Growth Theories of Development: A critique**

It is pertinent to attempt a critique of the unipolar analysis of economic growth theories which view development as a consequence of an increase in the parameters and quantifiers of economic growth such as Gross Domestic Product, GNP, National Income, Per Capital Income, and so on. This is the position of the conventional western strand of thought on the meaning and measurement of development. Thus, it is the assumption of the conventional school of thought on development that countries should pursue economic policies that would drive economic growth which will in turn translate to development.

To start with, there is no fundamental reason to pursue economic growth as a primary objective of policy, or indeed, to consider it as the key indicator of economic performance or development if it does not guarantee poverty reduction and well-being of people. Economic growth does not, in itself, make people’s lives any better or necessarily reflect changes in well-being. As Woodward and Simms (2006) rightly pointed out, growth takes account only of paid work (with some exceptions, notably subsistence agriculture). The exclusion of unpaid work within the home, in particular, is a major distortion: though contributing considerably to well-being, it is not considered production. Suppose, for example, that Parent A takes a paid job looking after the children of Parent B and in turn pays Parent B the same amount to look after his/her children (Woodward and Simms, 2006). Both incomes

will then add to national income, and to economic growth, even though nothing additional is being produced and no one is any better off financially. Thus, a shift away from self-reliance generates economic growth without necessarily reflecting any increase in well-being. In countless, more complex, real-life examples, from household maintenance and decorating to cooking and cleaning, this scenario is played out repeatedly (Woodward and Simms, 2006).

In the same vein, growth measurement via the national income calculation does not take into consideration the non-financial aspects of well-being, such as working time. Thus, if production were increased by 15 per cent because of everyone working 15 per cent longer, people would not be 15 per cent better off, because of the extra time they were working. The measured growth rate is the same, however, whether working time is increased or not. Similarly, no account is taken of the effects of changes in uncertainty or financial insecurity. Equally, in the childcare example, neither the immediate social and psychological costs of separating young families nor any longer-term effects, e.g., on crime or health, are counted. National accounts also include defensive consumption, without taking account of the social problems which give rise to it. Thus, the additional spending required to clean up pollution, to maintain security in the face of increasing crime or social unrest or to ensure national defence in response to increasing international tensions all *add* to national income and growth.

Most importantly in the present context, growth calculations take no account of the distribution of income. Woodward and Simms (2006) shed more light on this by way of illustration as thus:

National accounts treat \$1 of income identically, whoever receives it. This is clearly unrealistic and counter-intuitive: the effect of an additional \$100 on the well-being of a household with an income of \$100 is clearly far greater than for a household with an income of \$1 million. As a result, the effect of a given change in aggregate income on well-being is critically dependent on *whose* income is increased. This means that from a well-being perspective, the incomes of the rich are systematically overvalued at the expense of the incomes of the poor. If we set economic growth, rather than well-being, as our policy objective, it institutionalizes this serious distortion, so that policies will inevitably result in a

lower level of well-being than could otherwise be reached by biasing policies towards the worse off.

The orthodox pro-growth policies adopted by governments of developing economies have not helped development in such countries as poverty has been on the increase with majority of citizens finding it difficult to meet their basic needs. The economic history of Lithuania between 2002 and 2008 provides important lessons and evidence to substantiate the fact that rather than entrenching development and poverty reduction, pro-growth policies have only widened the gap between the rich and the poor. Indeed, Extrapolating the pro-growth policy trends and figures or statistics in Lithuania from 2002 to 2008, one would say that such policies have been an extremely inefficient and a dangerous way of achieving poverty reduction and development which emphasizes good quality of life for people. Between 2002 and 2008, the government of Lithuania embarked on economic policies that were aimed at entrenching economic growth and this was rightly entrenched but with no positive bearing on improved quality of life or standard of living of the majority of the citizens in the country.

Lithuania during 2002-2008 was the fastest European country growing economically, when its GDP increased by 7-9 percent annually. However, the poverty threshold in the country stood at the same 20 percent, and there was no poverty reduction in Lithuania during the same period (Rogers, and Stern, 2010). The failure and fallacy of pro-growth policies in engendering economic development and improved quality of life of people was also demonstrated by World Bank and IMF induced Structural Adjustment Policy (SAP) Reforms in African countries. The SAP was one of the orthodox pro-growth measures aimed at entrenching development in Africa and Latin America but rather promoting economic development, SAP has had a disastrous impact on Africa's development contrary to the stated aims of the SAP which from the perspective of development broadly understood as involving elimination of poverty and equitability in the distribution of income. With the embracement of SAP by the governments of African countries, poverty was increased and gap between the rich and the poor became widened In Cote d'Ivoire, following the government's subscription to SAP reforms between 1988 and 1995, the incidence and intensity of poverty doubled from 17.8% to 37% of the population (Aigbokha, 2008). This was although statistics show that Cote d'Ivoire's exports

increased from \$3 billion to \$5 billion from 1980 to 1995 (Aigbokha, 2008). Thus, given the statistics, Ivory Coast experienced economic growth during the period without commensurable improvement in the quality of life the majority of Ivorians as they were smashed with poverty.

Nigeria's economic growth statistics, like many developing countries that implemented SAP policies in the 1980s and 1990s recorded significant improvement at the detriment of the majority of Nigerians whose quality of life was reduced. Following the SAP reforms, the real growth rate became positive from 1988, turning from an average of minus 1.7 per cent in 1980/86 to 4.7 percent in 1986/92 (Aigbokhan, 2008). The strong growth performance continued in the 1990s and into the 2000s, rising to 6.6 percent in 2002/2004 and 6.24 percent in 2004/2006 (Aigbokhan, 2008). However, despite this strong growth performance, poverty incidence has remained high, rising from 42.7 percent in 1992 to 65.6 percent in 1996. Although estimated to have declined to 54.4 percent in 2004, poverty incidence could still be considered high. The decline gives an annual average of 1.6 percentage points since 1997 (Aigbokhan, 2008).

### **Measuring Economic Development: Moving beyond Orthodox Growth Theories**

While we reckon with the economic growth quantifiers as set by international organizations and the proponents of the orthodox models as crucial hints or parameters capable of showing the extent of development in a country at a particular point in time, it is our argument that certain instruments of measurement should be added in order to determine the actual degree of development. Put differently, the use of GDP, NI, GNP and other orthodox parameters of development can stand to an extent in measuring economic growth but are not sufficient enough. However, equitability in the distribution resources or Purchasing Power Parity (PPP) and the gap between the rich and poor must also be considered in the determination of real development in a political economy.

In terms of equitability in the distribution of resources and wealth, development, in the real sense of the word, implies fair distribution of resources in an equitable manner. However, in spite of the growth rates experienced by some countries and at the global level, it has been estimated that some 80 per cent of the world's resources are consumed by 20 per cent of the world's population (United Nations Development Programme, Human Development Report



1998). Even the efforts at addressing this glaring disparity by democratizing development processes and ensuring the free, active and meaningful participation of the beneficiaries of development have met serious roadblocks. Generally, those efforts have been defeated and captured by the same rule of law formalism and the same hegemonic forces of globalization that created the problem in the first place. Thus, the western powers who benefit from the core-periphery relations would continue to do everything within their capacity to promote the pro-growth theories and instruments of development as such favours their hegemonic interest of dominating the South.

Indeed, better and fair *distribution of resources* or wealth among people will reduce poverty and inequality within countries and at the global level. This is ‘real development’. The rate of inequality in the distribution of wealth in many countries today is an indication of the fact that real development is lacking even though there are significant traces of economic growth. Poverty is the inequalities between countries and within them.

The table below shows the correlation between inequalities in wealth distribution, poverty and development in Africa (Corrado, 1921).

**Table 4: Gini coefficient, GDP and per capita income growth rate for some selected countries 2018**

Country	Gini coefficient (%)	GDP growth rate (%)	Growth rate per capita income (%)
Egypt	32	5.5	3.56
Ghana	34.1	3.4	0.94
Algeria	35.5	3.8	1.39
Niger	36.2	3.4	0.02
Côte d’Ivoire	36.9	5.5	3.57
Cameroon	40	5.2	2.36
Nigeria	45	2.4	-0.46
South Africa	58.5	5.2	4.12
Kenya	58.3	2.7	0.56

**Source:** Amin (2018)

As indicated in the Gini table above, it is possible for a country to witness high income and wealth inequality in spite of significant increase in GDP. As seen above, South Africa which boasts of one of the highest growth rates in Africa has a very high percentage of income and wealth inequality with 58.5% inequality rate in spite of 5.2% growth rate. The has continue to widen the gap between the rich and the poor and worsen Purchasing Power Parity which should stand as the real indicators of development considering their impact on the well-being of people.

This income and wealth inequality, however, can substantively affect how economic growth impacts the rate of poverty reduction and thus development in any country. A series of studies have underlined the importance of income inequality as a mediator between growth and poverty reduction (See Deininger and Lyn Squire, 1996; Dollar and Kraay, 2003 and Martin and Shaohua, 2007). For instance, Fosu (2011) points out that not all countries fit the general trend of poverty reduction over the past two decades; in fact, in some cases poverty has been reduced only marginally, and in a number of countries—such as Bolivia and Mongolia—its incidence has in fact increased. He also posits further that only part of this differential performance with respect to poverty reduction can be attributed to growth rate differentials: income inequality emerges as a crucial mediating factor between economic growth and the extent to which it results in poverty reduction. While Botswana has for instance grown at a much faster rate than Ghana, Fosu (2011) shows that Ghana has been much more successful at translating its relatively moderate growth into substantial poverty reduction. This difference, as indicated by Fosu (2011), can largely be explained by the difference in the levels of income inequality between the two countries. Thus, a move towards equitable distribution of income is a measure towards development that does not just emphasize growth but poverty reduction and equitability in the distribution of income and wealth.

The widening wealth and income gaps between the rich and the poor means countries with accelerated growth are yet to attain real development. It should be noted that wealth and income inequalities is a challenge that is not unique to the developing world but also the so-called developed economies. Using 2000 data for 39 countries, Davies et al. estimate that at the global level the top 10 percent of households own 71 percent of the wealth. In the US, income

inequality has reached historical highs, and wealth inequality continues to rise. Similarly, Wolff estimates that the wealth gap between the richest and the poorest households in the US rose sharply between 2007 and mid-2009; while the share of wealth of the top quintile grew from 85 to 87.7 percent, the bottom two quintiles saw their share of wealth dropping from 0.2 percent to -0.8 percent: i.e., as a group, the bottom 40 percent of US households hold no assets and are in fact in debt. Indeed, Wolff estimates that close to one in four households in the US had zero or negative net worth in mid-2009, compared with less than one in five in 2007.

### **Conclusion**

Orthodox economic growth quantifiers are neither a necessary nor sufficient condition for making development on a number of important fronts from poverty alleviation to equitable distribution of income and wealth. As presented above, this paper questions an idea which has become almost unquestionable that a growing national and global economy is the indispensable foundation for solving all regarding reducing poverty. Thus, the central argument in this paper is a paradigm shift from the orthodoxy, which states that poverty reduction requires rapid economic growth in developing countries; economic growth in developing countries in turn requires rapid growth in the global economy; therefore, poverty reduction requires the fastest possible growth in the global economy. This paper has discussed the concept of development, showing the various dimensions of development from the orthodox viewpoint and attempted a critique of the orthodoxy in development. The orthodox growth approaches and reforms aimed at economic development, and which were sold to governments of third world countries by parasitic Western forces or agents such as IMF are also faulted based on the negative experiences of the countries who adopted them. Impliedly, the paper argues that equitability in the distribution of income and wealth, improved Purchasing Power Parity and efforts aimed at reducing the wide gap between the rich and power are important quantifiers that should complement growth parameters in measuring what development is.

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