ECONOMIC DEVELOPMENT

An Introduction

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An Introduction

Clarence Zuvekas

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Preface

This textbook treats economic development as an interdisciplinary subject and is designed specifically for courses in which many students may not be economics majors. Its focus thus differs from that of the several good-to-excellent texts aimed at advanced undergraduate and graduate students in economics. Still, it is written from an economist's perspective, with no attempt at any "grand synthesis" of the social sciences.

Coverage of the subject matter is fairly comprehensive but certainly not exhaustive. Space considerations dictate that some topics be treated only briefly, and this results inevitably in generalizations with which I myself am sometimes uncomfortable. However, students should not have to wade through qualifications and exceptions to every statement. For those who wish to explore certain topics in more detail, the annotated references at the end of each chapter provide a guide to studies that can be read without great difficulty. These references are selective because important works on the subject now run into the thousands. The compactness of the text should afford instructors considerable flexibility in assigning additional readings of particular interest to them.

Since I began teaching development economics in the early 1960s, this relatively new field has matured and changed significantly. Fifteen years ago, economists tended to devote much attention to abstract theories of development. There were several reasons for this, including (1) a natural tendency to try to bring order and simplicity to a new field of inquiry; (2) fascination with the new Keynesian growth theories; (3) lack of data, which restricted the opportunities for empirical research; and (4) limited experience with institutional environments and practical policy issues in a wide range of developing countries. More recently, greater availability of data and improved tools of analysis have stimulated a great deal of empirical research, much of which has caused economists to revise their notions about the development process. In addition, the firsthand experience acquired by many economists, a result of what might be called the "foreign aid boom" of the 1960s, has made them more

concerned about development policy issues and more aware of the importance of political and other noneconomic factors in the development process.

My own classroom teaching has reflected these broad trends. Particularly since acquiring my own overseas experience, both as an academic researcher and as a government employee and consultant, I have placed less emphasis on theories of development and devoted increasing attention to policy issues and empirical findings. But theory cannot be neglected. Microeconomic theory can be used imaginatively to examine a variety of specific policy issues, and macroeconomic theory is necessary if we are to understand problems such as inflation and balance-of-payments deficits. I have no regrets, however, about abandoning the search for a comprehensive theory of development, or mentioning only briefly great debates such as the one over “balanced” versus “unbalanced” growth. Writings on these subjects have often been far removed from the arenas in which policy decisions are made. Graduate students in economics should become acquainted with them, but for undergraduates the priorities lie elsewhere.

In summary, I have tried to achieve a balance between theory and policy, leaving space also for historical interpretation, description, and empirical evidence. The analytical tools used are simple, but they do presume an acquaintance with basic macro and micro theory and with the specialized terminology of economics. Ideally, students should also be acquainted with the theory of comparative advantage in international trade, but for those who are not, a brief introduction is provided.

One of the early and great development economists, Nobel prize-winner Gunnar Myrdal, has advised his colleagues to say something about their values in their writings, since nothing is written from a perfectly value-free, or “objective,” standpoint. The very choice of topics and relative emphasis given to each, for example, constitutes a value judgment. May I simply say that I share Myrdal’s ideals of liberty and equality of opportunity, recognizing with him that these general terms have different policy implications in each country. It follows from this position, I think, that attitudes toward any particular government’s development policy should be based not on what kind of hat the chief executive wears, or on what kind of “ism” he, she, or they *claim* to represent, but rather on what is being done to improve equality of opportunity and the quality of life for *all* of the country’s population.

My opinions about the desirability of certain policy actions and the degree to which various governments have pursued them are expressed in this book only occasionally, and, I hope, without implying that they are the only reasonable opinions possible. The policy discussions in this text strive rather to emphasize the reporting of facts and empirical find-

ings and a consideration of different viewpoints. A description and interpretation of events is also necessary to provide perspective, and here I strive to report what I think is happening, even if these perceived trends disappoint or displease me. Readers should not assume that I endorse every reported trend. Instead, they should make up their own minds about the merits of alternative policies regarding such issues as tariffs, land ownership, and population growth, based on their own values and an awareness of the implications of each alternative.

Readers may find it difficult to pin a label on me, for I do not claim to represent any particular "ism." These and similar labels have been so abused that they now have little meaning. Too often there is little connection between what a government actually does and what the stereotype of its label says it is doing, and it is the former that should concern us.

This book draws not only on published materials but also on my research and work experience, since 1965, in Argentina, Bolivia, Ecuador, Haiti, and eight island states in the eastern Caribbean. Each of these countries is unique, and outside of the Western Hemisphere the differences among countries are greater still. I am indebted to the participants in the U.S. Department of Labor's 1964 International Manpower Seminar, for which I served as Chief Rapporteur, for introducing me to some of the issues in their twenty-one countries, mainly in Africa and Asia. Without this experience, my selection of examples from outside Latin America and the Caribbean would have been less informed.

In preparing the final manuscript, I have benefited from critical comments by John Adams and several anonymous reviewers. I would also like to thank Jacques Defay for illuminating discussions of the absorptive capacity issue; Elizabeth Erickson for comments on the Physical Quality of Life Index and many stimulating conversations about development issues generally; and Ann Zuvekas for a valuable critical reading of the section on public health. Judith Cromwell deserves much credit for undertaking the typing of the manuscript and executing it so well on top of an already heavy workload. Valuable editorial assistance was provided by Bertrand W. Lummus and Carolyn Eggleston of St. Martin's Press. Finally, I wish to thank my children, Sam and Ann, for their patience.

Clarence Zuvekas, Jr.

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