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## Reviving Development Economics Eight Challenges and Dilemmas

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Item Type	Preprint
Authors	Malhotra, Kamal
Publisher	UNRISD
Rights	With permission of the license/copyright holder
Download date	2026-06-24 09:08:52
Link to Item	<a href="http://hdl.handle.net/20.500.12424/179198">http://hdl.handle.net/20.500.12424/179198</a>



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# Reviving Development Economics Eight Challenges and Dilemmas

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Draft paper prepared for the discussion at the UNRISD meeting on  
**“The Need to Rethink Development Economics”**,  
7-8 September 2001,  
Cape Town, South Africa.

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## Introduction

Reviving Development Economics is both crucial and full of challenges and dilemmas which are particularly acute in this era of economic neo-liberalism led globalisation. First and foremost, it implies reviving the developmental role of the state in leading economic and social policy making. This does not, however, mean a return to the total dominance of the role of the state to the exclusion of all other actors, especially civil society but also the market. In fact, quite the contrary, because it implies creating space for a plurality of organisations, each playing roles at which they are best. It does mean, however, that there should be a socially activist state that leads society's development efforts---a state that creates an enabling environment both for civil society which is committed to a democratization and development project and for a vibrant market which is also committed to contributing to society's overall developmental efforts.

The biggest obstacle to such a revival is the neo-liberal economic climate that has informed global economic policy making since the early 1980s---and in particular the policy prescriptions that the US and UK governments have championed both at home and overseas since then and the role of the international financial institutions (IFIs) and World Trade Organisation (WTO) which are heavily influenced by them. The United Nations system also appears increasingly constrained by the policies of these governments both for financial and other reasons.

Economic neo-liberalism has also unsurprisingly coincided with or even caused the death of development economics as a serious academic course of enquiry particularly in the US but also in the UK where it had traditionally had a much longer and vibrant history. Without a revival of development economics in both these centres of industrialized power, especially in the US, it is hard to imagine a global economic climate which will be conducive to a strong developmental socially activist state in the South or useful and relevant international financial and other multilateral institutions.

Therein lies the first big challenge and dilemma. Without a coherent strategy for reviving development economics as a serious and influential profession in the centers of industrialized power (G7, especially the G3), there will neither be the space for multilateral institutions such as UNCTAD

and UNDP, nor national governments in the South to autonomously advocate and pursue policies which give a central role to a developmentally activist state and a genuine human development paradigm. Indeed, without such a revival, it will be hard to have a realistic strategy of influencing policy making in both the powerful centres of the North (eg. US Treasury, European Monetary Union ) and the South (eg. cabinets and academic institutions in the South in which so many technocrats have been educated in the US and other G7 country institutions).

A second challenge is to strengthen the development economics capacity of Southern academic and policy research institutions. Such capacity will need to be revived, strengthened or built up, depending on national histories and circumstances, emphasising, as far as possible, a Southern perspective through South-South cooperation, although not to the exclusion of cooperation with Northern networks committed to the same objectives---especially those which are committed to and working for the revival of development economics in the North. This, by definition, is a long term strategy which needs to be continuously implemented, utilizing centers where there is a critical mass of such development economists in the South (eg. JNU, New Delhi, India's Center for Economic Studies and Planning, University of the Philippines Diliman,) as a major resource. Simultaneous to such a strategy, will be the need to strengthen such existing centers through the provision of both human, financial and material resources. Some of these centers currently have excellent human resources but are deficient in both material and financial resources.

A third challenge is to ensure the influence of Southern development economists in mainstream governmental policy making, not merely through the conduct of occasional consultancies but through a sustained integration of their perspectives in high-level cabinet and parliamentary decision-making.

A fourth and related challenge is to ensure that appropriate institutions and governance mechanisms are created in Southern institutions which enable such policy to be implemented, followed up and monitored in a sustained manner.

A fifth challenge is to strengthen the role and capacities of democratic parliaments and parliamentarians in policy formulation and exercising effective oversight over executive decisions.

A sixth challenge is to strengthen the relationships between activist thinkers in civil society and academic activists in both independent and government policy research and academic institutions, simultaneously increasing the numbers of both. Such sustained interaction between these two crucial elements of civil society will be a prerequisite to formulating and implementing appropriate and effective policies for the poor and socially excluded in society.

A seventh challenge will be to convert what are often adversarial relationships between civil society activists and governmental policy makers into constructive relationships working towards the same objectives and policies----genuine democratization and development.

Finally, an eight challenge will be to strengthen the role of both governments and civil society working together to regulate the role of the market to ensure that it contributes to socially desirable objectives without jeopardizing roles that it is most effective in playing in society.

An effectively functioning society needs a strong developmental, socially activist state together with a strong and vibrant civil society which is committed to genuine democratization and development. It equally requires a well functioning market embedded in community and societal institutions which is accountable to the state and civil society. The role of each of these three actors cannot be substituted for the other---a fundamental error of economic neo-liberalism is to push the role of the market and some parts of civil society (service delivery organisations) as a substitute for the state, attempting to get the state out of more and more economic and social policy making activity. Not only is this short-sighted, but history is clear in its lessons. No society has developed without a strong, developmentally state activist leading in economic and social policy making.

The Cape Town September 2001 meeting will serve a useful purpose in this context if it is successful both in clarifying the challenges that we jointly face in reviving development economics and in devising strategies to deal with them. The establishment of a Development Studies Association (DSA) while useful and necessary as part of such an arsenal of strategies will obviously not be sufficient by itself and will need to be supplemented by a range of other active strategies. Among these, active and coordinated networking among civil society activists and development economist academics will need to underlie all other strategies.