

Figure 3.2 Development theory: a framework for this chapter

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here that four major approaches to the examination of development theory can be recognised, and these are shown in Figure 3.2. This categorisation follows the framework originally suggested by Potter and Lloyd-Evans (1998). The four approaches are:

- 1 the classical-traditional approach;

stage of the development debate at particular points in time.

However, each approach still retains currency in certain quarters. Hence, in the realm of development theory and academic writing, left-of-centre socialist views may well be more popular than classical-traditional and neo-classical formulations. But in the area of practical development strategies, the period since the 1980s has seen the implementation of neo-liberal interpretation of classical theory, stressing the liberalisation of trade, along with public sector cut-backs, as a part of structural adjustment programmes (SAPs), aimed at reducing the involvement of the state in the economy and promoting the free market.

But even so, the account which follows uses these four divisions to overview the leading theories, strategies and ideologies that have been used to explain and promote the development process.

Classical-traditional approaches: early views from the developed world

Introduction

The traditional approach to the study of development derives from classical and neo-classical economics and has generally dominated policy thinking at the global level. Classical economic theory, dating from before 1750, was strongly based on the writings of Adam Smith (1721-1790) and David Ricardo (1772-1823). Both Smith and Ricardo equated economic development with the growth of world trade and the law of comparative advantage (Sapsford, 2008) (see Key idea box).

Key idea

The law of comparative advantage

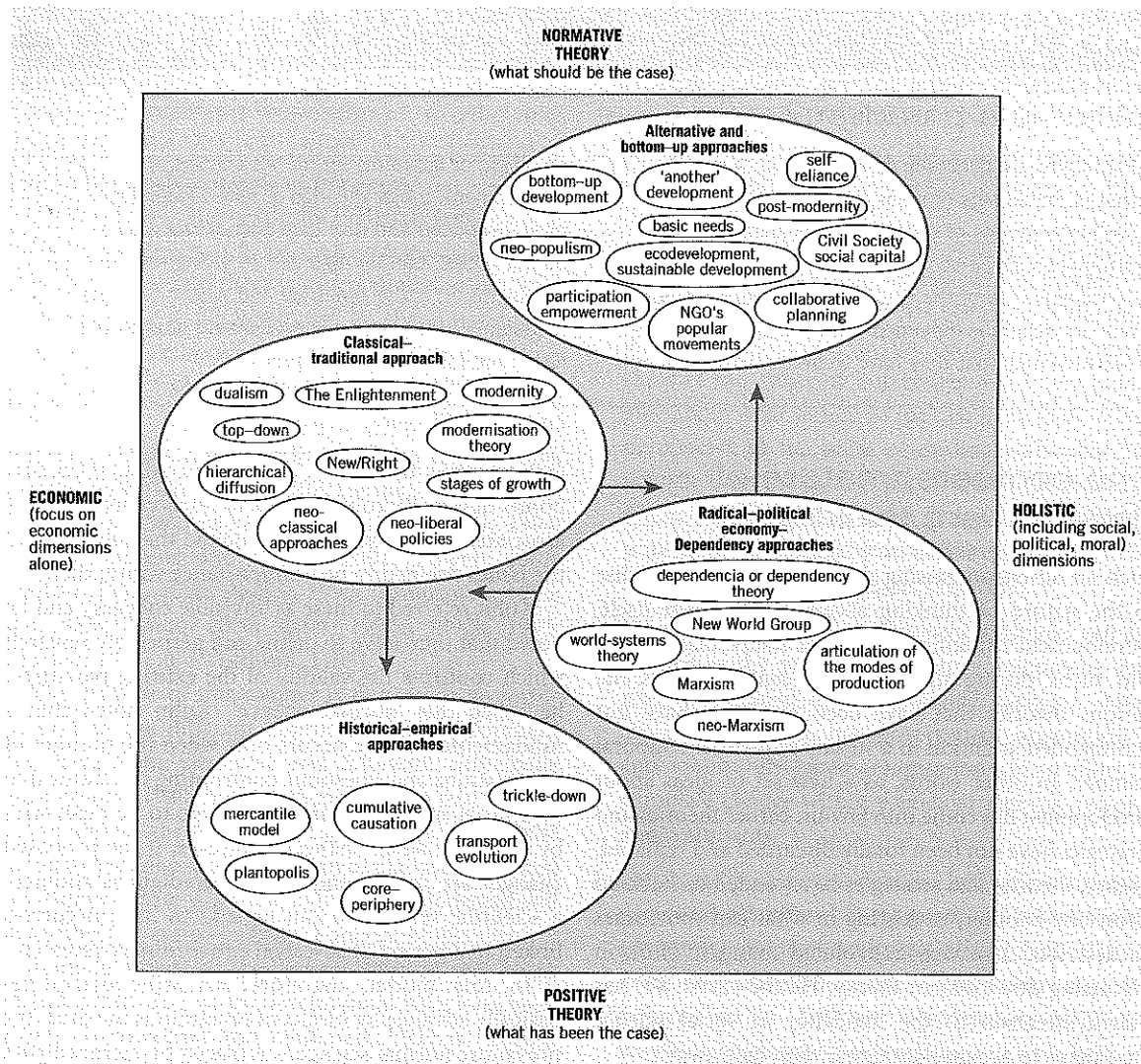


Figure 3.2 Development theory: a framework for this chapter

characterised by evolutionary rather than revolutionary change. Evidence of the persistence of ideas in some quarters, years after they have been discarded elsewhere, will be encountered throughout this chapter, and indeed through this book. Given that development thinking is not just about the theoretical interpretation of facts, but rather about values, aspirations, social goals, and ultimately that which is moral and ethical, it is understandable that change in development theory leads to the parallel evolution of ideas, rather than revolution. Hence conflict, debate, contention and positionality are all inherent in the discussion of development strategies and associated plural and diverse geographies of development.

There are many ways to categorise development thinking through time. Broadly speaking, it is suggested

here that four major approaches to the examination of development theory can be recognised, and these are shown in Figure 3.2. This categorisation follows the framework originally suggested by Potter and Lloyd-Evans (1998). The four approaches are:

- 1 the classical-traditional approach;
- 2 the historical-empirical approach;
- 3 the radical-political economy-dependency approach; and
- 4 alternative and bottom-up approaches.

Following the argument presented in the last section, each of these approaches may be regarded as expressing a particular ideological standpoint, and can also be identified by virtue of having occupied the centre

stage of the development debate at particular points in time.

However, each approach still retains currency in certain quarters. Hence, in the realm of development theory and academic writing, left-of-centre socialist views may well be more popular than classical-traditional and neo-classical formulations. But in the area of practical development strategies, the period since the 1980s has seen the implementation of neo-liberal interpretation of classical theory, stressing the liberalisation of trade, along with public sector cut-backs, as a part of structural adjustment programmes (SAPs), aimed at reducing the involvement of the state in the economy and promoting the free market.

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Neo-classical theories, those having generally been produced since 1945 (although some date back to the 1870s), take an essentially similar worldview, stressing the importance of liberating world trade as the essential path to growth and development.

Essentially traditional approaches regard developing countries as being characterised by a dualistic structure. Hettne (1995) notes the strong role of dichotomous thinking in early anthropology, where comparisons were made between what were referred to as 'backward' and 'advanced' societies, the 'barbarian' and the 'civilised', and the 'traditional' and the 'modern'.

The fundamental dualism exists between what is seen as a traditional, indigenous, underdeveloped sector on the one hand, and a modern, developed and Westernised one on the other. It follows that the global development problem is seen as a scaled-up version of this basic dichotomy. Seminal works include those of Hirschman (1958), Meier and Baldwin (1957), Myrdal (1957), Perloff and Wingo (1961), Perroux (1950) and Schultz (1953).

The basic framework: the contribution of A.O. Hirschman

In this framework, underdevelopment is an initial state beyond which the West has managed to progress (Rapley, 1996). It also envisages that the experience of the West can assist other countries in catching-up by sharing both capital and know-how. The avowed intention, therefore, is to bring developing countries to the modern age of capitalism and liberal democracy (Rapley, 1996).

Key idea

The law of comparative cost advantage

The bases of the economic principles of international trade were formulated by the economist Adam Smith in his book on *The Wealth of Nations*, which was published in 1776. Smith argued that it made sense for particular regions and nations to produce those commodities for which they possessed the greatest comparative advantage. In this manner, at least in theory, global production can be maximised.

Subsequently, by engaging in trade, countries can obtain the goods that they do not themselves produce, and which others can supply more cheaply. The arguments advanced by Smith suggested the economic efficiency of 'open' or 'liberal' trade policies, and in this sense were the forerunners of the arguments in favour of globalisation (Sapsford, 2008).

The general economic development model of the American economist A.O. Hirschman forms a convenient starting point for discussion of the traditional approach. Hirschman (1958), in his *The Strategy of Economic Development*, advanced a notably optimistic view in presenting the neo-classical position (Hansen, 1981). Specifically, Hirschman argued that polarisation should be viewed as an inevitable characteristic of the early stages of economic development. This represents the direct advocacy of a basically unbalanced economic growth strategy, whereby investment is concentrated in a few key sectors of the economy. It is envisaged that the growth of these sectors will create demand for the other sectors of the economy, so that a chain of disequilibria will lead to growth. The corollary of sectorally unbalanced growth is geographically uneven development, and Hirschman specifically cited Perroux's (1955) idea of the natural growth pole.

The forces of concentration were collectively referred to by Hirschman as polarisation. The crucial argument, however, was that eventually development in the core will lead to the 'trickling down' of growth-inducing tendencies to backward regions. These trickle-down effects were seen by Hirschman as an inevitable and spontaneous process. Thus, the clear policy implication of Hirschman's thesis is that governments should not intervene to reduce inequalities, for at some juncture in the future the search for profits will promote the spontaneous spin-off of growth-inducing industries to backward regions. Hirschman's approach is therefore set in the traditional liberal model of letting the market decide. The process whereby spatial polarisation gives way to spatial dispersion out from the core to the backward regions has subsequently come to be referred to as the point of 'polarisation reversal' (Richardson, 1977, 1980).

The doctrine of unequal growth

The full significance of these ideas concerning polarised development extends far beyond their use as a basis for understanding the historical processes of urban-industrial change, for in the 1950s and 1960s they came to represent an explicit framework for regional development policy (Friedmann and Weaver, 1979). Thus, the doctrine of unequal growth gained both positive and normative currency in the first post-war decade and the path to growth was actively pursued via urban-based industrial growth. The policies of

non-intervention, enhancing natural growth centres, and creating new induced sub-cores became the order of the day. As Friedmann and Weaver (1979: 93) observe, the 'argument boiled down to this: inequality was efficient for growth, equality was inefficient', so that, 'given these assumptions about economic growth, the expansion of manufacturing was regarded as the major propulsive force'.

The elaboration of modernisation theory

Hirschman's ideas can be seen as part of a wider modernisation theory, which was in vogue during the 1950s and 1960s. The paradigm was grounded on the view that the gaps in development which exist between the developed and developing countries can gradually be overcome on an imitative basis. The emphasis was placed on a simple dichotomy between development and underdevelopment. Thereby developing countries would inexorably come to resemble developed countries, and 'in practice, modernization was thus very much the same as Westernization' (Hettne, 1995: 52). The modernisation thesis was largely developed in the field of political science, but was taken up from an essentially spatial viewpoint by a group of geographers in the late 1960s (Gould, 1970; Riddell, 1970; Soja, 1968, 1974), although sociologists also spent some considerable time working along these lines.

In such works, sets of indices which were held to reflect modernisation were mapped and/or subjected to multivariate statistical analysis to reveal the 'modernisation surface'. For example, using such an approach, Gould (1970) examined what he regarded as the modernisation surface of Tanzania (Box 3.1).

One of the classic papers written in this mould was by Leinbach (1972), who investigated the modernisation surface in Malaya between 1895 and 1969, using indicators such as the number of hospitals and schools per head of the population, together with the incidence of postal and telegraph facilities and road and rail densities. This modernisation approach served to emphasise that core urban areas of Malaya and the transport corridors running between them were the focus of dynamic change (Leinbach, 1972). In 1895, early growth was almost exclusively related to the west coast, specifically centering on Kuala Lumpur, with a clear inland island around Ipoh. By 1955, the so-called modernisation surface had penetrated to the east of the nation along two 'corridors' (Figure 3.3).

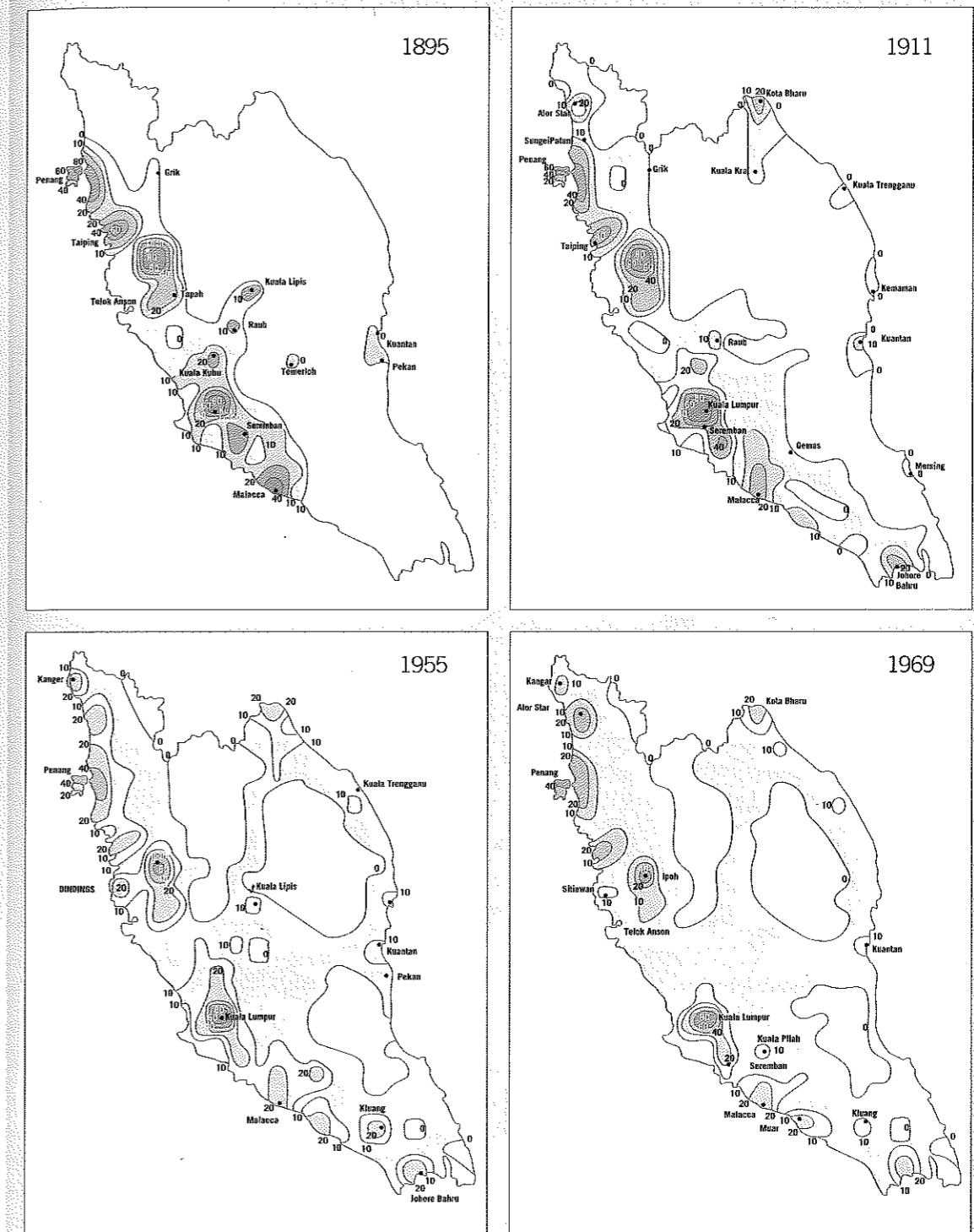


Figure 3.3 The modernisation surface for Malaya, 1895-1969
Source: Adapted from Leinbach (1972)

BOX 3.1

Modernisation and development in Tanzania

Tanzania became independent in 1961 after a British and German colonial history (Hoyle, 1979). The area was occupied by Germans in the 1880s, and after the First World War it became British-administered Tanganyika. Like many former colonies, the population was very concentrated along the narrow coastal region (see Figure 3.4). The other major urban nodes such as Morogoro, Iringa and Mbeya formed a corridor running in a south-westerly direction from Dar-es-Salaam on the Indian Ocean coast.

During the era when modernisation thinking was in vogue, 'islands' of development linked by major transport lines were recognised by geographers such as Gould (1969, 1970), Hoyle (1979) and Safier (1969). Traditionally, the settlement pattern had

comprised dispersed villages, although strong urban concentration around Dar-es-Salaam occurred during the colonial period, with Hoyle (1979) referring to it as an 'hypertropic cityport' (O'Connor, 1983).

Lundqvist (1981) identified four main phases of development planning in Tanzania between 1961 and 1980. The period from 1961 to 1966 was indeed seen as the legacy of the colonial era, during which such planning as was carried out was sectoral rather than regional in scope, as a result of which infrastructure remained concentrated in the principal towns and urban-rural disparities were maintained. Thus, one could talk about a highly polarised 'modernised-non-modernised' development surface which largely reflected colonial penetration.

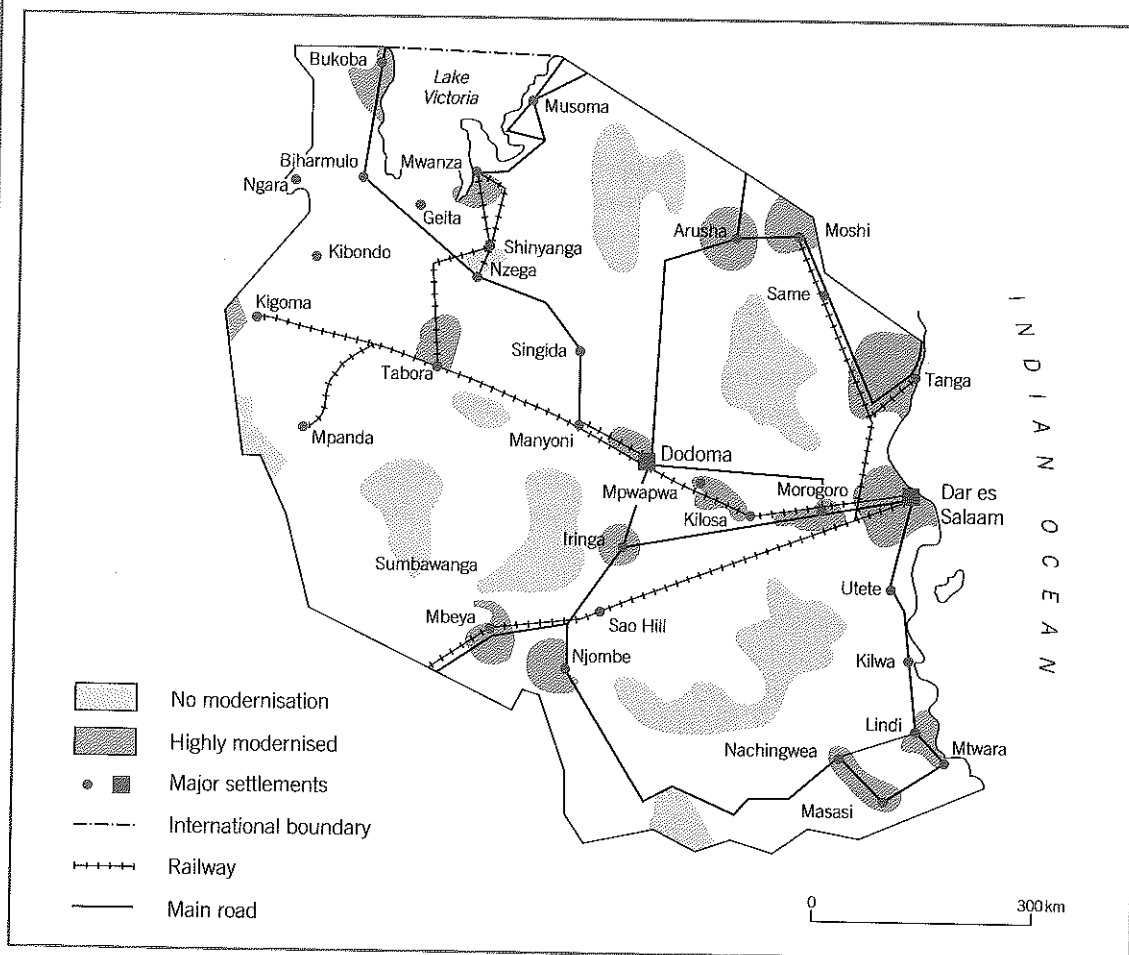


Figure 3.4 Tanzania in the 1970s: settlements and the modernisation surface
Source: Adapted from Gould and White (1974)

BOX 3.1 (continued)

However, subsequently, development in Tanzania has been far more complex than this simplistic overview implies. Thus, the principal policy efforts to reduce urban-rural differences can be identified as giving rise to the second and most important development phase, lasting from 1967 to 1972, and witnessing the emergence of a strong commitment to rural-based development, linked to strong principles of traditional African socialism.

These policies were based on the Arusha Declaration of 1967, which attacked privilege and sought to place strong emphasis on the principles of equality, cooperation, self-reliance and nationalism. Such ideas were put into practice in the second five-year plan, 1969-1974. The major policy imperative was *ujamaa* villagisation, which was regarded as the expression of 'modern traditionalism', i.e. a twentieth-century version of traditional African village life. The word *ujamaa* is Swahili for familyhood. The intention was to concentrate scattered rural populations and, by this process of villagisation, to provide the services required for viable settlements. Reducing rural-to-urban migration was a major goal, along with lessening the dependence on major cities such as Dar-es-Salaam. *Ujamaa* villages were envisaged as cooperative ventures by means of which initiative and self-reliance would be fostered, along socialist lines. In addition, efforts were also made to spread urban development away from Dar-es-Salaam towards nine selected regional growth centres. In overall terms, President Nyerere

regarded these policies as a distinct move away from a slavish imitation of Western-style planning and development, based on uncritical 'modernisation'.

Despite having received much praise from certain quarters, the policies adopted in Tanzania have been viewed with considerable scepticism by others, especially those from a committed Marxist perspective. During the third phase, from 1973 to 1986, enforced movement to development villages occurred. Furthermore, by the fourth stage, starting in 1978, industry and urban development were once again being upgraded at the expense of *ujamaa* villages and rural progress. Thus, the fourth five-year plan, 1982/83 to 1985/86, gave priority to industrial development, and by this juncture the *ujamaa* concept appeared to have all but fallen from the consciousness of both planners and politicians alike.

Critical reflection

The word 'modernisation' is frequently used in the media and by politicians. For example, the former Prime Minister of the UK, Tony Blair, talked about 'modernisation' frequently. For a limited period, keep a note of all instances that you encounter the word - in written accounts or via broadcasts. In such references, what is it being suggested needs to be modernised? Are there clear implications as to the essential nature of modernising processes? How often is the term used in relation to processes in developing as opposed to developed nations or regions?

Empirical and conceptual elaborations of modernisation theory

The process involved in the Malaysian case is shown as an ideal-typical sequence in the four boxed diagrams depicted in the lower half of Figure 3.5. In the lower figure, T1 to T4 refer to successive time-periods. The figure essentially represents the diffusion downwards of 'development' from the largest to the smallest settlement, as shown at the top of Figure 3.5. Thus, from a critical perspective, Friedmann and Weaver (1979: 120) argued that the approach only succeeded in 'mapping the penetration of neo-colonial capitalism'.

The hallmark of this work was that it posited that modernisation is basically a temporal-spatial process.

In such a vision, underdevelopment is seen as something which can be overcome, principally by the spatial diffusion of modernity. A number of studies argued that growth occurs within the settlement system from the largest urban places to the smallest in a basically hierarchical sequence.

This is shown in the upper part of Figure 3.5. Foremost among the proponents of such a view was Hudson (1989), who applied the ideas of Hagerstrand (1953), concerning spatial diffusion, to the settlement or central place system. Hudson argued that, first, innovations can travel through the settlement system by a process of contagious spread, where there is a neighbourhood or regional effect of clustered growth. This was close to Schumpeter's (1911) general economic theory, in which he argued that the essence of

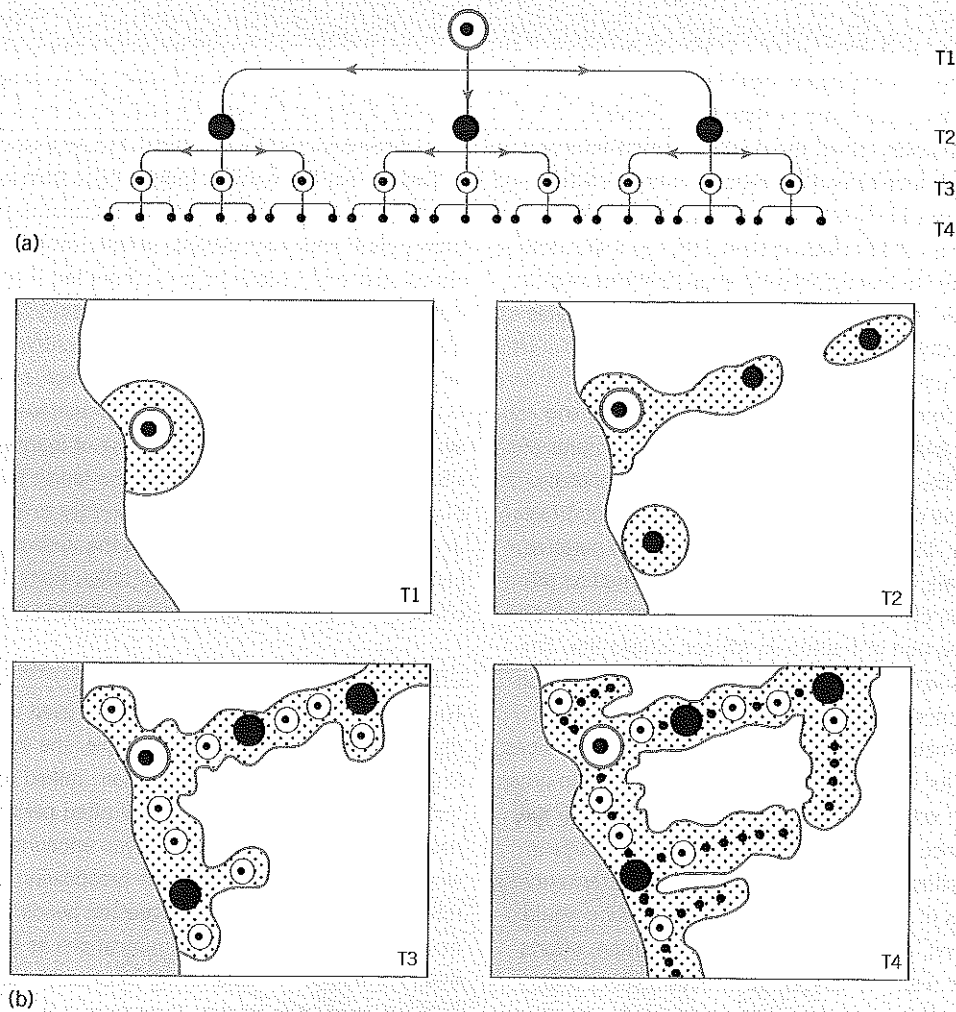


Figure 3.5 The spread of modernisation: hypothetical examples (a) down through the settlement system from the largest places to the smallest places and (b) over the national territory

development is a volume of innovations. Opportunities tend to occur in waves which surge after an initial innovation. Thus, Schumpeter argued that development tends to be 'jerky' and to appear in 'swarms', forming natural, spontaneous growth poles.

Second, Hudson noted that diffusion can occur downwards through the settlement system in a progressive manner, the point of introduction being the largest city. Pedersen (1970) argued the case for a strictly hierarchical process of innovation diffusion, an assertion which seemed to be borne out by some historical-empirical studies carried out in advanced capitalist societies such as the USA (Borchert, 1967) and England and Wales (Robson, 1973). Pedersen drew a very important distinction between domestic and

entrepreneurial innovations; entrepreneurial innovations were the instrument of urban growth, not domestic innovations. In another frequently cited paper of the time, Berry (1972) also argued strongly in favour of a hierarchical diffusion process of growth-inducing innovations; this was seen as the result of the sequential market-searching procedures of firms, along with imitation effects.

But, notably, Berry's analysis was based on the diffusion of domestic as opposed to entrepreneurial innovations, namely of television receivers. In other words, it dealt with what was happening to consumption rather than production. Furthermore, the critique of modernisation has to accept that even larger firms are currently coming to dominate the world capitalist

system, a major development that is detailed in Chapter 4.

The top-down paradigm of development and the 'Western world view'

All of these approaches, involving unequal and uneven growth, modernisation, urban industrialisation, the diffusion of innovations and hierarchic patterns of change and growth poles may be grouped together and regarded as constituting the 'top-down' paradigm of development (Stöhr and Taylor, 1981). Such an approach advocates the establishment of strong urban-industrial nodes as the basis of self-sustained growth and is premised on the occurrence of strong trickle-down effects, by means of which, through time, it is believed that modernisation will inexorably be spread from urban to rural areas (Figures 3.3 and 3.5). This gives rise to the concept of the planned growth pole. Case study 3.1 presents the case of Singapore, where industrial development has formed an important component of development since independence in 1965.

As with modernism, all such approaches 'had a great appeal to a wider public due to the paternalistic attitude toward non-European cultures' (Hettne, 1995: 64). These approaches, together with modernisation, reflected the desire of the USA to order the post-war world, and were used to substantiate the logic of 'authoritative intervention', as noted in Chapter 1 (Preston, 1996). As Mehmet (1999: 1) stated, 'a Western worldview is the distinctive feature of the mainstream theories of economic development, old and new'. This world view has been predominantly 'bipolar', stressing a strict belief in Western rationality, science and technology.

Rostow's Stage Model of Economic Growth

Such models, including Rostow's (1960) classic *The Stages of Economic Growth*, see urban-industrial nodes as engines of growth and development. Rostow's work can be seen as the pre-eminent theory of modernisation to appear in the early 1960s (Preston, 1996). Rostow's position was avowedly right-wing politically (see Key thinker box).

Key thinker

The contribution of Walt Rostow

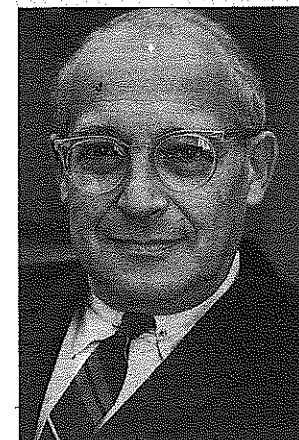


Plate 3.1 Walt Rostow

Source: Getty Images/Time & Life Pictures

Walt Whitman Rostow's (1916–2003) classic work *The Stages of Economic Growth* carried the subtitle *A Non-Communist Manifesto*, bearing testimony to its highly political orientation. Rostow was fiercely anti-communist. The book, which was published

in 1960 at the height of the Cold War, offered the prospect of automatic or almost formulaic growth, suggesting that by following a few simple rules the capitalist Western model could be re-enacted. As Menzel (2006) notes, Rostow was fully aware that his development theory could be employed as an instrument in East-West relations, stressing the Washington path to development. As the same author notes, Rostow's theory was a very simple formulation, which was presented and recommended with 'missionary-zeal'.

Following a series of academic and governmental posts, when John Kennedy became President of the United States Rostow became a full-time staff member and was successful in promoting development policy as US foreign policy. After the assassination of President Kennedy Rostow continued to work under the new President Lyndon B. Johnson, and did so until Richard Nixon became President. Above all else, Rostow's work shows the strongly political nature of development theory.

Case study 3.1

Industrialisation and development: the case of Singapore

Singapore is a city state and in 1996 it had a total population of 3,044,000 persons. Its per capita income stood at US\$32,810 in 2000, higher than for many European countries. Further, in 1996, the country recorded a 7.3 per cent growth in its GDP. Indeed, Singapore is frequently held up as a nation which has created a strong 'Third World' economy in a relatively short period. Yet when Singapore became an independent republic in 1965 the prospects for growth did not seem much better than for many newly emerging nations. As noted by Drakakis-Smith (2000), Singapore is a very clean and green city which has led by example with respect to its environmental policies. But, as the same author notes, in social terms there has been a price to pay for this continued growth.

Singapore is a good example of a state that has grown by early industrialisation. The programme which was embarked upon in 1968 focused on both light industrialisation and some forms of heavy industry, such as oil refining, iron and steel, ship building and repairing. Thus, the contribution of manufacturing to GDP grew from 11.9 per cent in 1960, the average figure for developing nations, to 29.1 per cent in 1980. By 1995, this figure had increased to over one-quarter of GDP, standing at 26.5 per cent. The Government of Singapore was one of the first in Asia to realise fully the limitations of growth via low technology industrial development. Accordingly, throughout the 1980s it sought to transform the economy by focusing on high-tech, high-value-added industries. It was fully intended that this 'second

industrial revolution' would transform Singapore into the 'Switzerland' of Asia. Singapore's major trading partners are now the USA, Malaysia, Hong Kong, Japan and the European Union. The city-state has also become an important centre for financial services, with 149 commercial banks and 79 merchant banks in 2000 (Whitaker's, 1999).

The World Bank frequently holds Singapore up as a model of what can be achieved by free market policies and industrial development. But several analysts have noted that there are local factors and that these are unlikely to be repeated elsewhere. For instance, Drakakis-Smith (2000) argues that Singapore's success has been strongly predicated on its people, and that the degree of human resource management has been intensive and ultimately authoritarian. Specifically, as in many states in the region, there have been very tough controls on labour unions, with the general introduction of factory unions rather than occupational unions. Many argue that this has also served to reduce social class solidarity. Japanese-style company loyalty has been the desired outcome. In addition, since the 1960s there has been strict state population control, both in respect of migration and also directed education programmes, with children being allocated to 'hand' and 'brain' streams at an early stage of their education. Drakakis-Smith (2000) also notes that ethnic disparities in wealth are prominent in Singapore, with Malays forming the most disadvantaged group, but within a general societal context where middle-class consumerism dominates.

Rostow envisaged that there were five stages through which all countries have to pass in the development process: the traditional society, preconditions to the take-off phase, take-off, the drive to maturity, and the age of mass consumption, as depicted in Figure 3.6. Rostow's stage model encapsulates faith in the capitalist system, as expressed by the subtitle of the work: a non-communist manifesto for economic growth. For Rostow, the critical point of take-off can occur where the net investment and savings as a ratio to national income grows from 5 to 10 per cent, thereby facilitating industrialisation.

Although Rostow's framework can in many respects be regarded as a derivation of Keynesian economics, its real significance lies in the simple fact that it seemed to offer every country an equal chance to develop (Preston, 1996). In particular, saliently, the 'take-off' period was calibrated at 20 or so years, long enough to be conceivable but short enough not to seem unattainable. The importance of the Rostowian framework was that it purported to explain the advantages of the Western development model. Further, in the words of Preston (1996: 178), the 'theory of modernisation follows on from growth theory but is heavily influenced by the

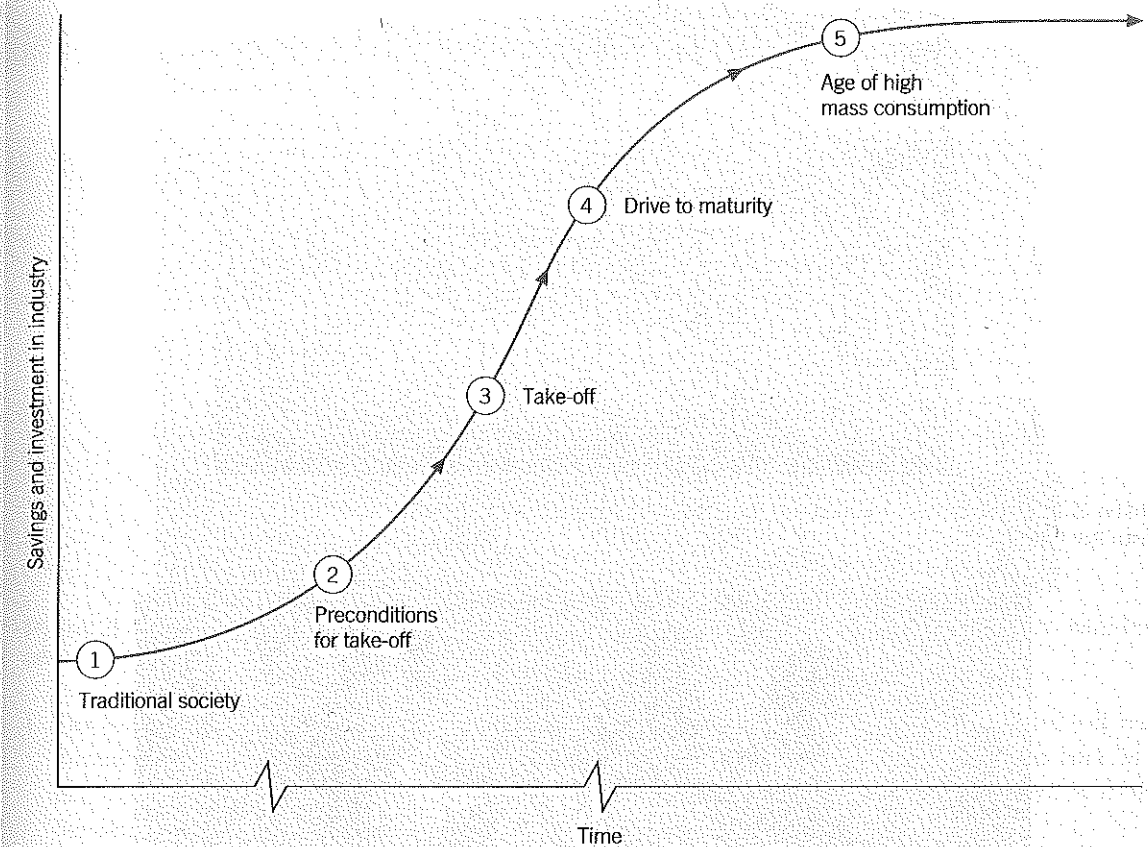


Figure 3.6 Rostow's five-stage model of development

desire of the USA to combat the influence of the USSR in the Third World'.

The central argument was that developing nations needed to industrialise in order to develop. The various approaches that could be followed in pursuing this aim are reviewed in Chapter 4, and include import substitute industrialisation (ISI), industrialisation by invitation (I by I) as well as big-push industrial programmes.

For a number of reasons, it was the industrialisation by invitation model that received the most attention. One reason for this was the influential work of Lewis (1950, 1955), an economist of West Indian origin who was working at the University of Manchester at the time. Lewis set out the foundations of modernisation theory when he maintained that the juxtaposition of a backward traditional sector with an advanced modern sector meant that an 'unlimited supply of labour' existed for development. This duality means that industry can expand rapidly if industrialisation is financed by foreign capital the argument ran. This led to the so-called policy of industrialisation by

invitation (Plates 3.2 and 3.3). It was ironic that a St Lucian economist should use the metaphor of a snowball, arguing that once the process started to move it would develop its own self-sustaining momentum, like a snowball rolling downhill. This is, of course, an essentially similar argument to that of Walt Rostow.

The evaluation of modernisation and top-down approaches

Indeed, all such formulations place absolute faith in the existence of a linear and rational path to development, based on Western positivism and science, and the possibility that all nations can follow this in an unconstrained manner. All such thinking was directly related to the 'enlightenment' (see Power, 2008). Modernism was very much an urban phenomenon from 1850 onwards (Harvey, 1989). What is often referred to as 'universal' or 'high' modernism became hegemonic after 1945. Thus, the top-down approach was strongly associated with the 1950s, through to the early 1970s.



Plate 3.2 Part of an industrial estate in Bridgetown, Barbados
(photo: Rob Potter)

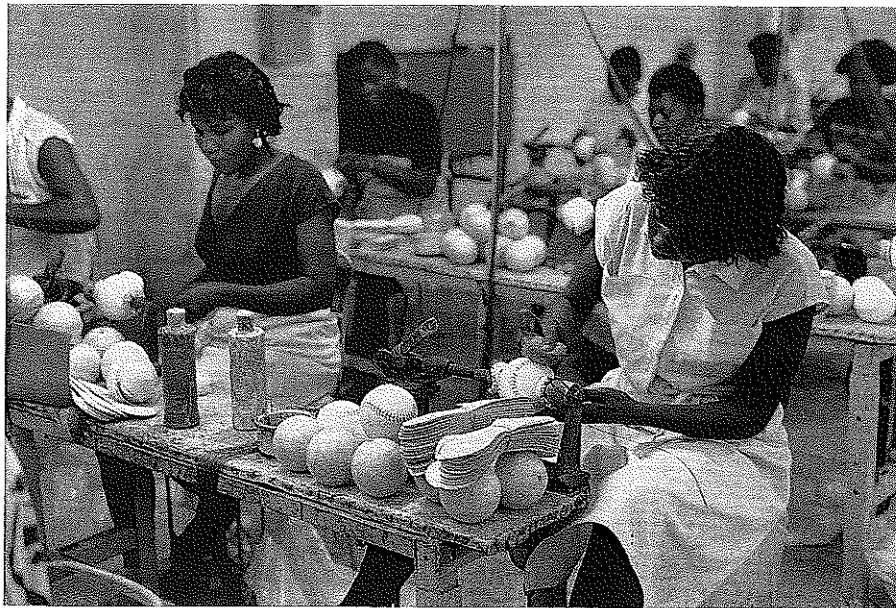


Plate 3.3 US-owned baseball factory in Port au Prince, Haiti
(photo: Sean Sprague, Panos Pictures)

Taken together, many writers refer to these theories as representing 'Eurocentric development thinking', i.e. development theories and models rooted in Western European history and experience (Hettne, 1995; Mehmet, 1999; Slater, 1992a, 1992b). Via such approaches, during the 1950s and 1960s development was seen as a strengthening of the material base of society, principally by means of industrialisation (Plate 3.4). Inevitably, the history of the first industrial state was taken as the model which should be followed, not only by the rest of Europe but ultimately by the rest of the world, for 'it is quite natural that the

original recipe for development given by the developed countries should emanate from their own experiences and prejudices' (Hettne, 1995: 37). It is notable that all the early theories of development were authored by men, and that virtually all of them were of Anglo-European origin.

It would be wrong, however, to give the impression that the focus on top-down, urban-industrial growth, linked to the quest for modernisation, was associated with a single and unified path. Four more or less distinct development strategies making up the early Western tradition can be identified (Hettne, 1995):

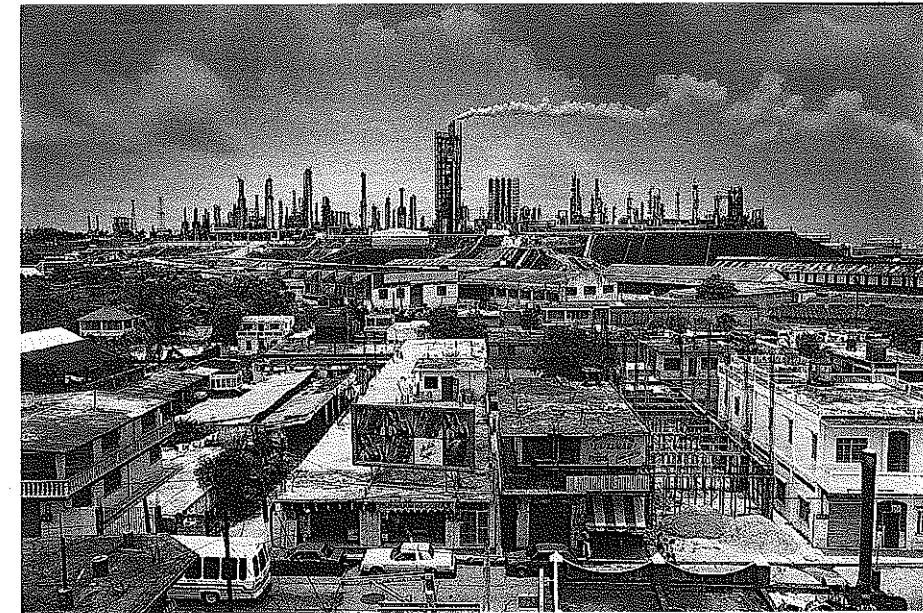


Plate 3.4 A heavily polluted town with the Pannex refinery in the background, Mexico
(photo: Ron Gilling, Panos Pictures)

1 *The liberal model*, the strategy implicitly discussed through much of the above account, stresses the importance of the free market and largely accepts the norm based on English development experience during the Industrial Revolution. In the 1980s and 1990s such views gained fresh currency in the form of structural adjustment programmes (SAPs) enforced by the International Monetary Fund (IMF), United States Agency for International Development (USAID) and the World Bank as the condition of loans given for so-called 'economic restructuring'. However, there have been major outcries against the impact of SAPs, principally in respect of the harm that they do to the poor, and especially to women and children (see Chapter 7). This is fully exemplified by the Oxfam campaign that likened SAPs to medicines which need to be withdrawn from the marketplace, due to their risk to the health of vulnerable groups (see Figure 3.7). Noticeably, by 2000 all reference to SAPs had been expunged from the World Bank website (Simon, 2008). More positive sounding programmes focusing on poverty reduction strategies (PRSs) are now the order of the day. There seems little doubt that anti-capitalist demonstrations since Seattle in 1999 have also been influential in this respect. In these recent developments the battle between the left and the right, and its outcome in outpourings of rhetoric and labelling can be witnessed within the liberal and

neo-liberal paths. Neo-liberal policies will receive further attention in several sections later in this book; meanwhile its essential nature is reviewed in the Key idea box.

- 2 *Keynesianism* departs from the liberal tradition by virtue of arguing that the free-market system does not self-regulate effectively and efficiently, thereby necessitating the intervention of the state in order to promote growth in capitalist systems. Since the 1930s, Keynesianism has been a prominent development ideology in the industrialised capitalist world, especially in countries with a social democratic tendency (Hettne, 1995).
- 3 *State capitalist strategies* refer to an early phase of industrial development in continental Europe, principally tsarist Russia and Germany. The approach advocated the development of enforced industrialisation based primarily on agrarian economies in order to promote nationalism and for reasons pertaining to national security.
- 4 *The Soviet model* represents a radical state-oriented strategy inspired by Stalin's five-year mandatory economic development plans. The approach regarded modernisation as the goal, to be achieved by means of the transfer of resources from agriculture to industry. The agricultural sector was collectivised, and heavy industry was given the highest priority. The state completely replaced the market mechanism.

Key idea



Neo-liberalism

Liberalism, as the belief in free markets and the abolition of government intervention in the economy, dates back to the English economist Adam Smith in his *Wealth of Nations* (1776). In contrast to the view of Smith, during the Great Economic Depression of the 1930s the renowned economist John Maynard Keynes argued that governments needed to be involved in creating employment in order to steer economies out of recession. However, with the rise of what is referred to as the 'New Right' in the 1980s, there was a return to calls for a strongly market-driven approach, which is referred to as *Neo-liberalism*, that is new forms of liberal free-market policy.

The chief proponents of the approach were the politicians Ronald Reagan, President of the USA, and Margaret Thatcher, the Prime Minister of the United Kingdom. Their new political project argued that the state should be progressively removed from the economy, with this ideology frequently being referred to as 'the rolling back of the state', and that measures should be taken to deregulate the economy. Since then, the tenets of neo-liberalism have become the policy orthodoxy of international development agencies such as the World Bank and the International Monetary Fund (Power, 2003).

As a critique, Conway and Heynen (2006) argue, citing Bourdieu (1998), that neo-liberalism is more

than a belief in free trade. They suggest that the neo-liberal doctrine is based on what they refer to as the structured violence of unemployment, job insecurity and the threatened layoff from work – in other words, that neo-liberalism is a coercive economic system. It is a short step to the argument that the system stresses the supremacy of economic entrepreneurs over the subordination of nation states and that it has exacerbated global inequalities and the global divide reviewed in Chapter 1. The same authors argue that neo-liberalism is serving to hit the Third World once more, just as slavery and colonialism did in the past. Neo-liberalism is giving rise to accumulation and self-interest over communal obligations and social obligations to neighbours and the wider community.

Critical reflection

How do you respond to these arguments? Thinking of a sector of the economy, be it manufacturing, agriculture, education, health or indeed any other, outline the major changes that you know have occurred to it over the past say 15–20 years. How many of these fundamental shifts can be seen as the direct outcome of neo-liberal policies? In the case of many nations, the university sector is an interesting example to consider from this perspective, as there have been many changes.

The common denominator linking these four approaches is an unswerving faith in the efficacy of urban-based industrial growth (Plate 3.5), although some approaches in the early modernisation phase also emphasised resource-based development strategies. Notwithstanding the variations noted above, Hettne (1995) comments on the fact that through time the role of the state has generally been central to Western development strategies. This was certainly true of the Keynesian, state-capitalist and Soviet models. However, the recent orthodoxy has seen the dismantling of the welfare state and the reduced scope of government in the form of neo-liberalism. Arguing that the modern welfare state together with trades unions and state bureaucracies have destroyed the market system, Friedman (1962) and others argued against Keynesianism and promoted the New Right.

In this way, the New Right neo-liberal theorists have been seen as having given rise to a counter-revolution, celebrating the unrestrained power of the unregulated free market, arguing both for its economic efficiency and its role in liberating the social choices of the individual. There can be little doubt that the general pro-market position of the New Right has served to inform the policies of the World Bank, the IMF and the United States government since the 1980s.

Thus, as detailed in many of the chapters of this book, but particularly Chapter 7, the World Bank and the IMF have pressed for economic liberalisation, the elimination of market imperfections and market-inhibiting social institutions, plus the redefinition of planning regulations in Third World countries. Some sections of the New Right have even gone so far as to argue that the 'Third World only exists as a figment of

Product recall

Keep out of reach of children

If the International Monetary Fund were a drug, it would have been taken off the shelves long ago. Banned because of its damaging effects on children. The fact is, the Fund stops children going to school. Under IMF programmes, many of the world's poorest countries have seen poverty rise and education spending fall, leaving children without school, a future, or a chance to escape poverty. If you find the Fund's policies hard to swallow, help us call for reform.

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educationnow
break the cycle of poverty

Oxfam

Registered charity no. 202916. Oxfam GB is a member of Oxfam International. Photo: James Hewitt/Oxfam

Figure 3.7 Oxfam's campaign against IMF policies including SAPs

the guilty imaginations of First World scholars and politicians' (Preston, 1996: 260).

In Britain, neo-liberalism was witnessed in the form of Thatcher's popular capitalism in the 1980s, and in America in the guise of Reaganism. Both Reagan and Thatcher saw the extension of the market into new fields such as hospitals, schools, universities and other public sector establishments, often in the form of performance-related league tables and ratings. On the global scale, the 1980s also saw 'liberalisation' being

advocated in the Third World, especially by the monetarist school, which advanced an extreme laissez-faire approach, as in the so-called 'global Reaganomics'. Using the example of the newly industrialising countries (NICs), particularly those of Asia, countries were advised to liberalise their economies, encourage entrepreneurship and to seek comparative cost advantage. From the 1980s, monetarism has become the firm policy of the World Bank and the International Monetary Fund.



Plate 3.5 'Urban-based modernisation: the CBD of Johannesburg, South Africa (photo: Tony Binns)

However, Preston (1996: 260), among others, has argued that 'the schedule of reforms inaugurated by the New Right have not generally proved to be successful'. It is also true to say that the rhetorically important attempt to annex the development experiences of Pacific Asia to the position of the New Right has been widely ridiculed by development specialists. One of the reasons for this is the 'Krugman thesis'. This argues that the so-called miracles of Asian development can largely be attributed to once-in-a-lifetime changes which, having once been enacted, cannot by definition be repeated. This has included massive increases in female participation in the labour force (Watters and McGee, 1997; see also Case study 3.1). Others have pointed to the lack of unionisation, poor working conditions and authoritarian government as factors promoting high productivity, but in ways which are not acceptable elsewhere (see also Case study 3.1).

A further example is to be found in the case of the Caribbean, where the World Bank is wont to point to the low wage levels and high productivity of the Asian tiger economies. Local Caribbean economists and policy makers respond by saying that the policies which underlie Asian development are just not feasible in the Caribbean context. This dialogue can be followed in the World Bank publication edited by Wen and Sengupta (1991).

Historical approaches: empirical perspectives on change and development

The nature of historical approaches

Another way in which scholars and practitioners can seek to generalise about development is by empirical or real-world observations through time. By definition, this approach will give rise to descriptive-positive models of development (see Figure 3.2), and some feel these frameworks have a key role to play in the discussion of development, specifically for grounding theory in the historical realities of developing nations. Although such approaches deal primarily with the colonial and pre-independence periods, it can be argued that they may still afford insights regarding contemporary patterns and processes of development and change.

Gunnar Myrdal and cumulative causation

In contrast to Hirshman, the Swedish economist Gunnar Myrdal (1957), although writing at much the same time, took a noticeably more pessimistic view, maintaining that capitalist development is inevitably

marked by deepening regional and personal income and welfare inequalities. Myrdal followed the arguments of the vicious circle of poverty in presenting his theory of 'cumulative causation'. Thereby, it was argued that once differential growth has occurred, internal and external economies of scale will serve to perpetuate the pattern.

Such a situation is the outcome of the 'backwash' effect, whereby population migrations, trade and capital movements all come to focus on the key growth points of the economy. Increasing demand, associated with multiplier effects, and the existence of social facilities also serve to enhance the core region. Although 'spread' effects will undoubtedly occur, principally via the increased market for the agricultural products and raw materials of the periphery, Myrdal concluded that, given unrestrained free-market forces, these spread effects would in no way match the backwash effects. Myrdal's thesis leads to the advocacy of strong state policy in order to counteract what is seen as the normal tendency of the capitalist system to foster increasing regional inequalities.

Core-periphery and the work of John Friedmann

The view that, without intervention, development is likely to become increasingly polarised in transitional societies was taken up and developed by a number of scholars towards the end of the 1960s and the beginning of the 1970s. As such, they ran counter to the conventional wisdom of the time. These works were based mainly on empirical studies which encompassed an historical dimension. Undoubtedly, the best-known example is provided by American planner John Friedmann's (1966) core-periphery model. From a purely theoretical perspective, Friedmann's central contention was that 'where economic growth is sustained over long time periods, its incidence works toward a progressive integration of the space economy' (Friedmann, 1966: 35). This process is made clear in the much-reproduced four-stage ideal-typical sequence of development shown here in Figure 3.8.

The first stage, independent local centres with no hierarchy, represents the pre-colonial stage and is associated with a series of isolated self-sufficient local economies. There is no surplus production to be concentrated in space, and an even and essentially stable pattern of settlement and socio-economic development is the result.

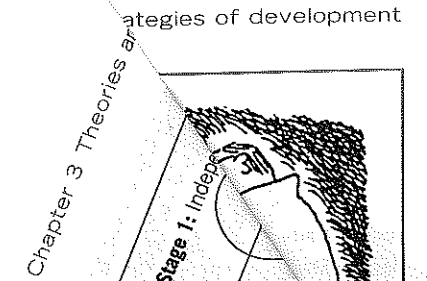
In the first stage, independent local centres with no hierarchy, represents the pre-colonial stage and is associated with a series of isolated self-sufficient local economies. There is no surplus production to be concentrated in space, and an even and essentially stable pattern of settlement and socio-economic development is the result.

The outcome of this instability is the development of a single national centre with strong peripheral sub-centres. Over time, the simple centre-periphery pattern is progressively transformed to a multi-nuclear one. Sub-cores develop (SC1, SC2), leaving a series of intermetropolitan peripheries (P1 to P4). This is the graphical representation of the point of polarisation reversal when development starts to be concentrated in parts of the former periphery, albeit on a highly concentrated basis.

The fourth and final stage, which sees the development of a functionally interdependent system of cities, was described by Friedmann as 'organised complexity' and is one where progressive national integration continues, eventually witnessing the total absorption of the intermetropolitan peripheries. A smooth progression of cities by size and a smooth process of national development are envisaged as the outcomes.

An evaluation of core-periphery models and frameworks

The first two stages of the core-periphery model describe directly the history of the majority of developing countries. Indeed, it is often not appreciated that, in the first stage, the line along which the small independent communities are drawn represents the coastline. The occurrence of uneven growth and urban concentration in the early stages of growth is seen as being the direct outcome of exogenic forces. Thus, Friedmann commented that the core-periphery relationship is essentially a colonial one, his work having been based on the history of regional development in Venezuela.



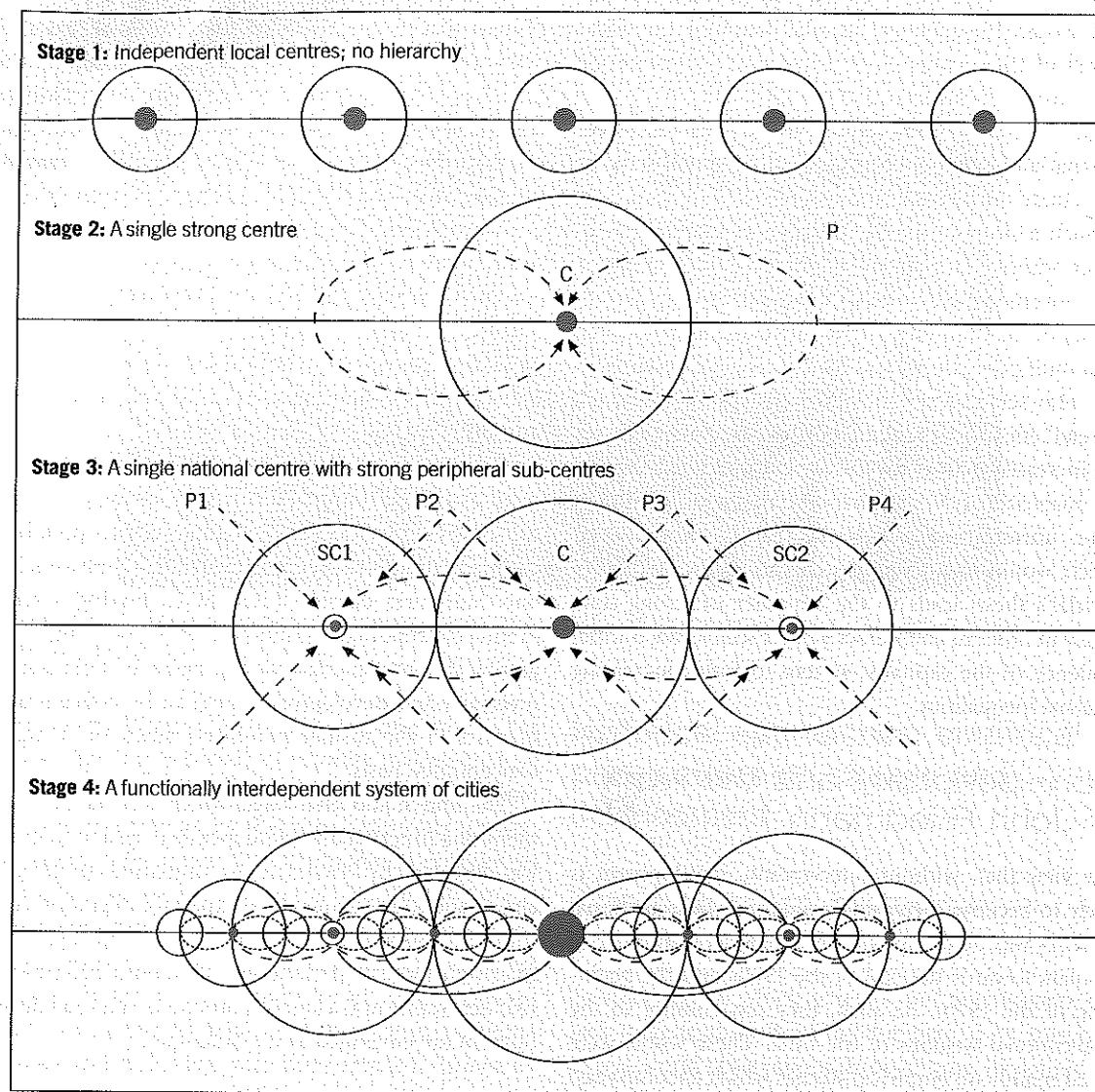


Figure 3.8 An overview of Friedmann's core-periphery model

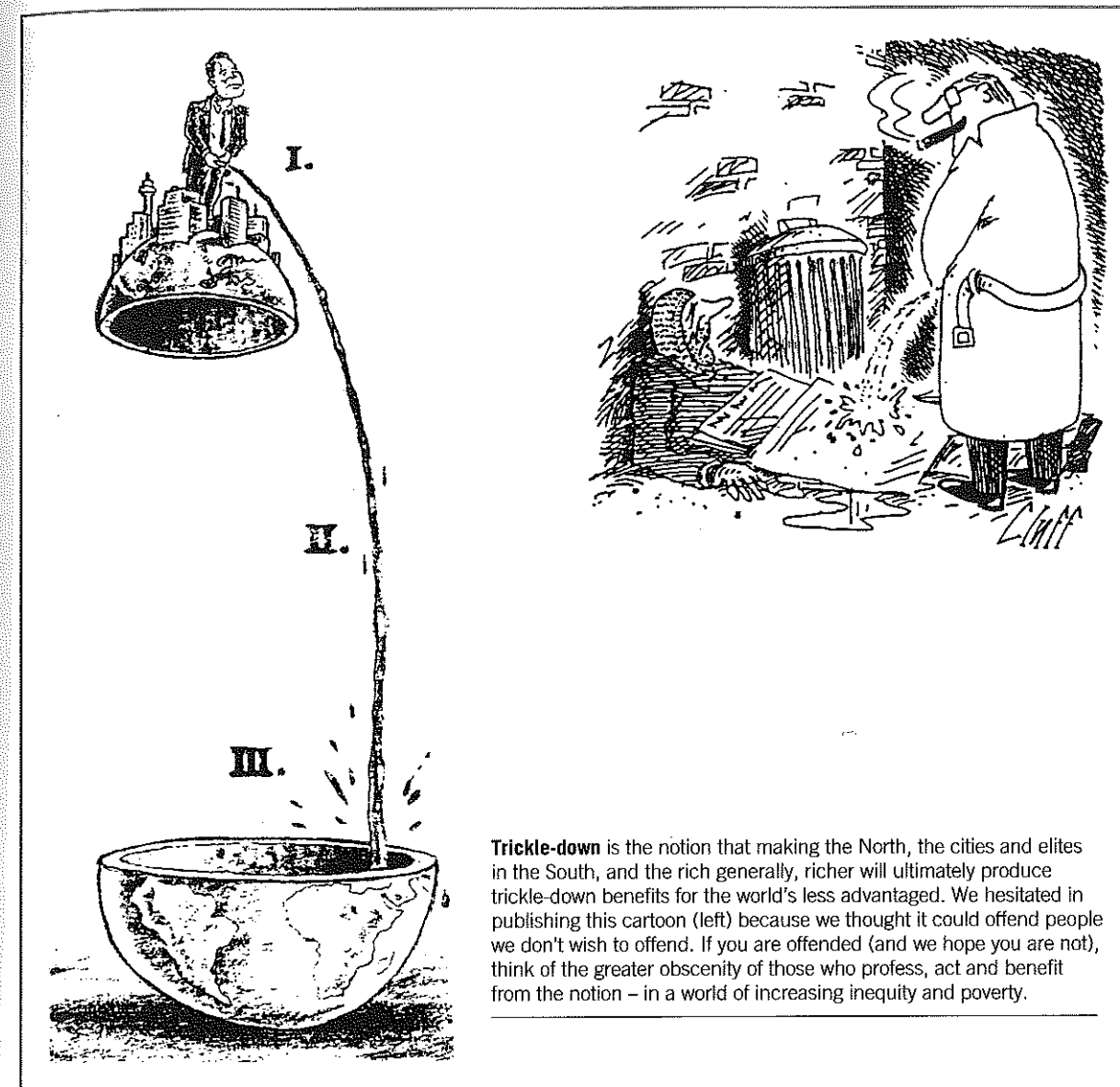
Source: Adapted from Friedmann (1966). © 1966 Massachusetts Institute of Technology, by permission of the MIT Press

The principal idea behind the centre-periphery framework is that, early on, factors of production will be displaced from the periphery to the centre, where marginal productivities are higher. Thus, at an early stage of development nothing succeeds like success. However, the crucial change is the transition between the second and third stages, where the system tends towards equilibrium and equalisation. Friedmann's model is one which suggests that, in theory, economic development will ultimately lead to the convergence of regional incomes and welfare differentials.

But at the very same time as he was presenting the simplified model as a template, Friedmann observed

that in reality there was evidence of persistent disequilibrium. Thus, in a statement which appeared right alongside the model, Friedmann (1966: 14) observed that there was 'a major difficulty with the equilibrium model: historical evidence does not support it'. Despite this damning caveat, many authors have represented the model as a statement of invariant truth, ignoring Friedmann's warning that 'disequilibrium is built into transitional societies from the start' (Friedmann, 1966: 14).

Effectively, Friedmann was maintaining that, without state intervention, the transition from the second stage to the third stage will not occur in developing



Trickle-down is the notion that making the North, the cities and elites in the South, and the rich generally, richer will ultimately produce trickle-down benefits for the world's less advantaged. We hesitated in publishing this cartoon (left) because we thought it could offend people we don't wish to offend. If you are offended (and we hope you are not), think of the greater obscenity of those who profess, act and benefit from the notion – in a world of increasing inequity and poverty.

Figure 3.9 Trickle-down: cartoon interpretations of the trickle from First World to Third World (left), and From rich to poor within a single country (right)

Source: Cartoon on left from *Te Amokura, Na Lawedua, The New Zealand and Pacific Islands Development Digest*; cartoon on right reprinted with kind permission from *Private Eye*

societies; in this respect he was in agreement with Myrdal's prescription that development will become ever more concentrated in space, with polarisation always tending to exceed the so-called trickle-down effect.

Figure 3.9 depicts a somewhat irreverent view of this argument, stressing a lack of faith in spontaneous trickle-down, and the view that such forces will always advantage elites at the expense of the poor. Meanwhile, Figure 3.10 gives a more practical illustration of the degree to which growth-inducing facilities may remain highly concentrated in core regions. The figure shows the location of both domestic and foreign research and

development facilities in Europe in 1999–2000. The map also shows the location of major universities. The contrast between the north-west European core and the rest of Europe could hardly be greater.

The mercantile model and spatially uneven development

Writing just a few years after the appearance of Friedmann's much-cited model, an American geographer Jay E. Vance (1970) noted that it was with the development of mercantile societies from the fifteenth

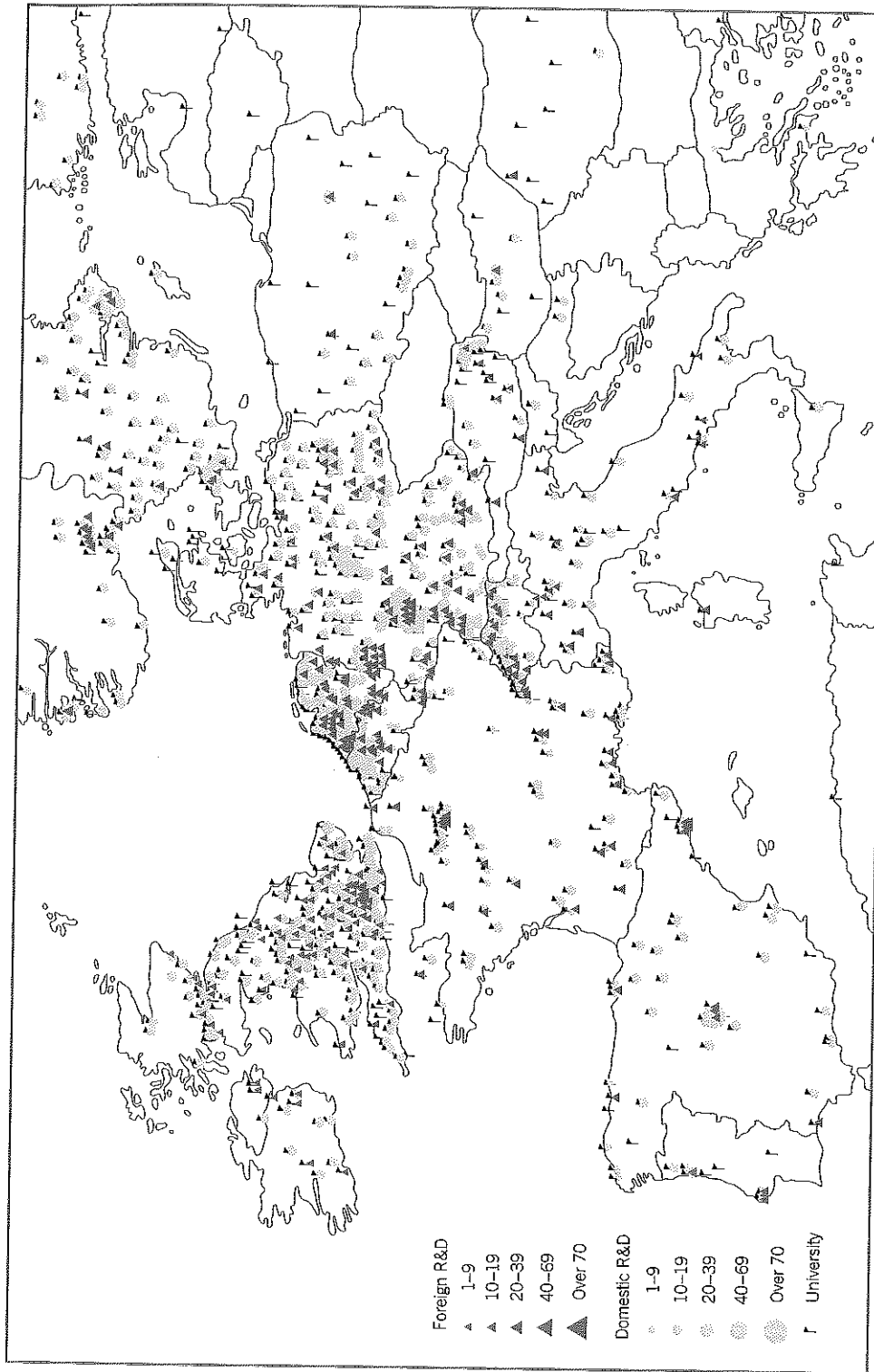


Figure 3.10 Research and development facilities and major universities in Europe, 1999-2002
Source: Adapted from UNCTD (2001)

century onwards that settlement systems started to evolve along more complex lines.

The main development came with colonialism, for continued economic growth required greater land resources. Frequently, this requirement was initially met by local colonial expansion via trading expeditions. By the seventeenth and eighteenth centuries, however, this need was increasingly fulfilled by distant colonialism, the transoceanic version of local colonialism. The implications of these historical developments have been well summarised by Vance (1970: 148):

The vigorous mercantile entrepreneur of the seventeenth and eighteenth centuries had to turn outward from Europe because the long history of parochial trade and the confining honeycomb of Christaller cells that had grown up with feudalism left little scope there for his activity. With overseas development, for the first time the merchant faced an un-organised land wherein the designs he established furnished the geography of wholesale-trade location. By contrast, in a central-place situation (such as that affecting much of Europe and the Orient), to introduce wholesale trade meant to conform to a settlement pattern that was premercantile.

During the period of mercantilism (see also Chapter 2), ports came to dominate the evolving urban systems of both the colony and the colonial power. In the colony, once established, ports acted as gateways to the interior lands.

Subsequently, evolutionary changes occurred that first saw increasing spatial concentration at certain nodes, then lateral interconnection of the coastal gateways and the establishment of new inland regions for expansion. The settlement pattern of the homeland also underwent considerable change, for social surplus product flowed into the capital city and the principal ports, thus serving to strengthen considerably their position in the urban system.

These historical facets of trade articulation led Vance (1970) to suggest what amounted to an entirely new model of colonial settlement evolution; one that was firmly based on history. This is referred to as the mercantile model, and its main features are summarised in Figure 3.11. The model is illustrated in five stages. In each of these, the colony is shown on the left of the figure, and the colonial power on the right:

1 The first stage represents the initial search phase of mercantilism, involving the quest for economic

information on the part of the prospective colonising power.

2 The second stage sees the testing of productivity and the harvest of natural storage, with the periodic harvesting of staples such as fish, furs and timber. However, no permanent settlement is established in the colony.

3 At the third stage, the planting of settlers who produce staples and who consume the manufactures of the home country occurs. The settlement system of the colony is established via a point of attachment. The developing symbiotic relationship between the colony and the colonial power is witnessed by a sharp reduction in the effective distance separating them. The major port in the homeland becomes pre-eminent.

4 The fourth stage is characterised by the introduction of internal trade and manufacture in the colony. At this juncture, penetration occurs inland from the major gateways in the colony, based on staple production. There is rapid growth of manufacturing in the homeland to supply the overseas and home markets. Ports continue to increase in significance.

5 The fifth and final stage sees the establishment of a mercantile settlement pattern and central-place infilling occurs within the colony; there emerges a central-place settlement system with a mercantile overlay in the homeland.

The mercantile model stresses the historical-evolutionary viewpoint in examining the development of national patterns of development and change. The framework offers what Vance sees as an alternative and more realistic picture of settlement structure, based on the fact that in the seventeenth and eighteenth centuries mercantile entrepreneurs turned outwards from Europe. Hence the source of change is external to developing countries. In contrast, the development of settlement patterns and systems of central places in the developed world was based on endogenic principles of local demand, thereby rendering what is essentially a closed settlement system (Christaller, 1933; Lösch, 1940).

The hallmark of the mercantile model is the remarkable linearity of settlement patterns, first along coasts, especially in colonies, and then along the routes that developed between the coastal points of attachment and the staple-producing interiors.

These two alignments are also given direct expression in Taaffe *et al.*'s (1963) model of transport development

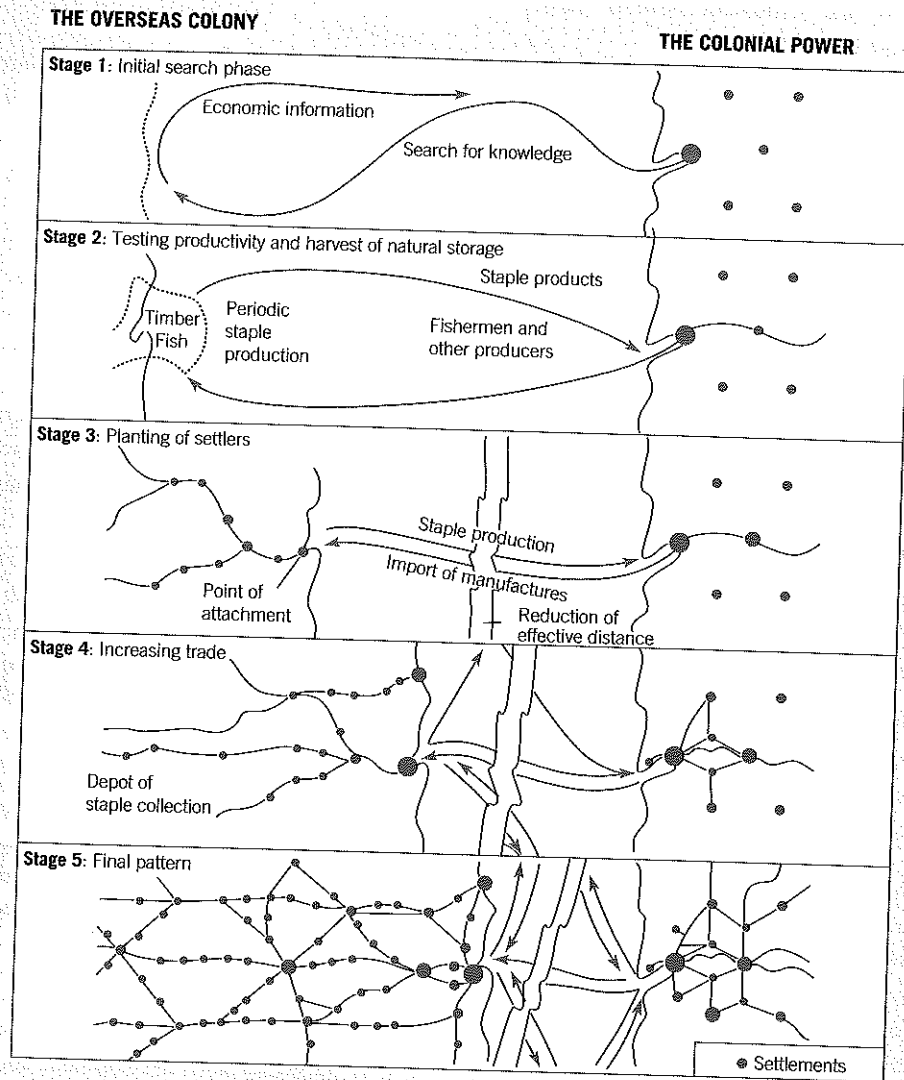


Figure 3.11 Vance's mercantile model: a simplified version
Source: Adapted from Potter (1992a)

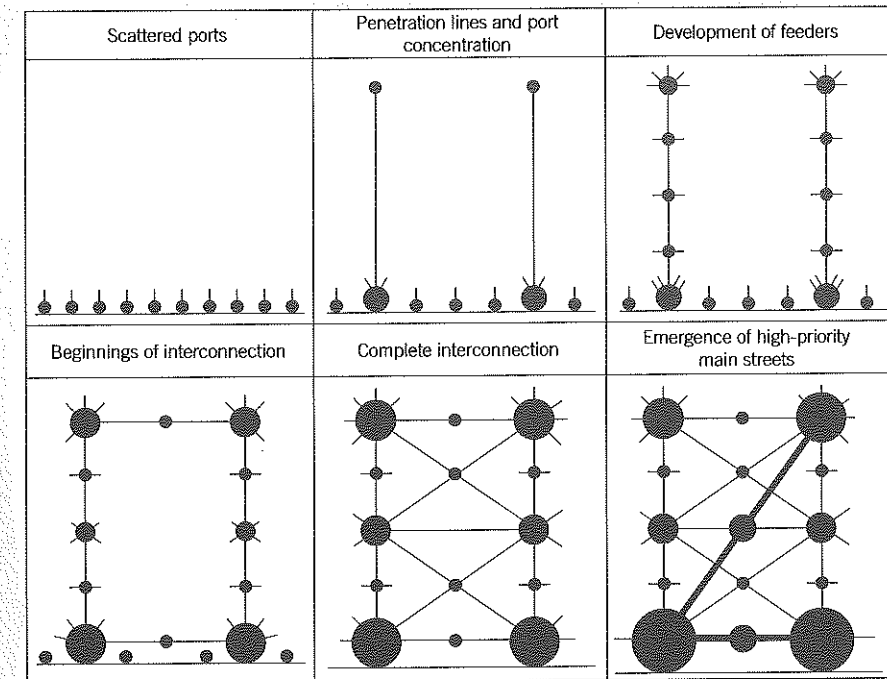
in less developed countries, as shown in Figure 3.12a. The model was based on the transport histories of West African nations such as Nigeria and Ghana, plus Brazil, Malaya and East Africa. Hoyle's (1993) application of the framework to East Africa is shown in Figure 3.12b.

Figure 3.13 deals specifically with the example of Brazil, showing the foundation of the earliest towns. The early ports along the Atlantic coast were small and served thinly settled hinterlands. The evolving plantation economy later focused on sugar mills and gave rise to small inland settlements. The concentration of the first 12 towns of Brazil on the seaboard is very apparent from Figure 3.13.

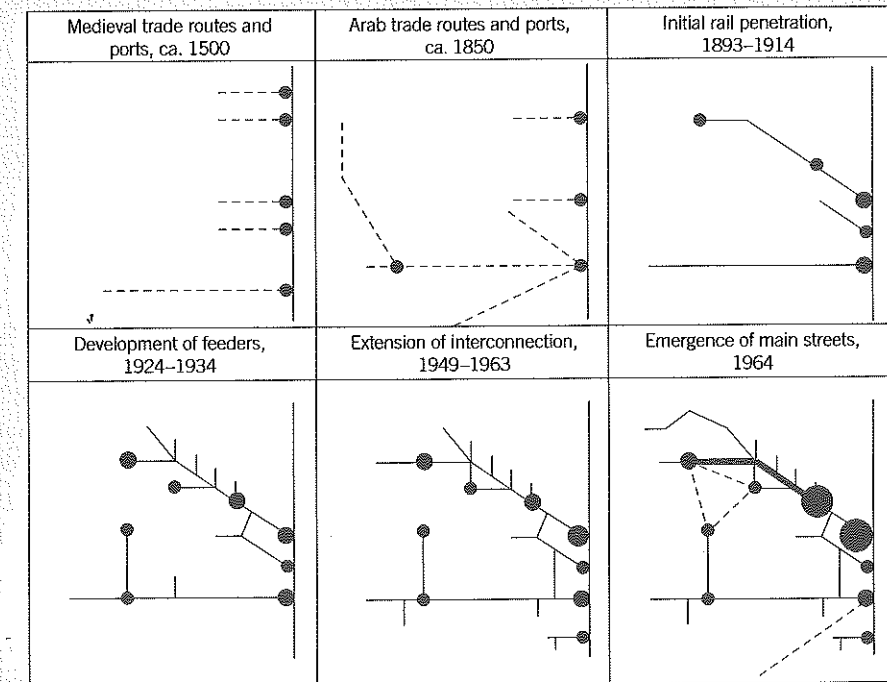
Plantopolis and uneven development

In plantation economies such as those of the Caribbean, a local historical variant of the mercantile settlement system is provided by the plantopolis model. A simplified representation of this is shown in Figure 3.14. The first two stages are based on Rojas (1989), although the graphical depiction of the sequence and its extension to the modern era have been effected by Potter (1995a, 2000):

- 1 In the first stage, plantopolis, the plantations formed self-contained bases for the settlement pattern, such



(a)



(b)

Figure 3.12 The Taaffe, Morrill and Gould model of transport development and its application to East Africa
Source: Adapted from Hoyle (1993)

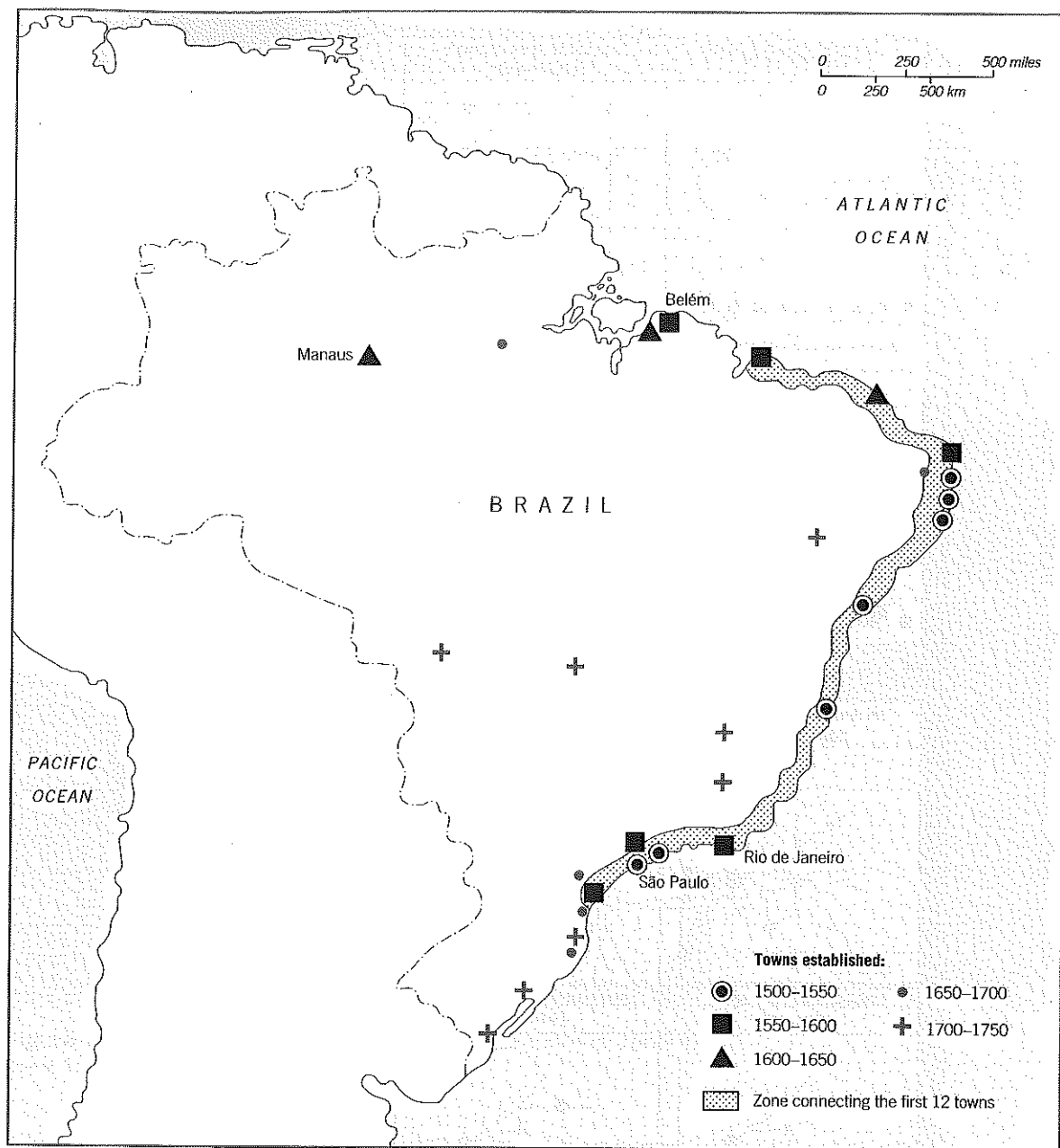


Figure 3.13 The foundations of the earliest towns in Brazil, 1500-1750
 Source: From *Latin America and the Caribbean: A Systematic and Regional Survey*, (Blouet, B.W. and Blouet, O.M.), © 2002 John Wiley & Sons Inc. Reprinted with permission of John Wiley & Sons, Inc.

that only one main town was required for trade, service and political control functions.

2 Following emancipation, the second stage, small, marginal farming communities – clustered around the plantations, practising subsistence agriculture and supplying labour to the plantations – added a third layer to the settlement system. The distribution of these communities would vary according to physical and agricultural conditions.

3 Figure 3.14 suggests that, in the Caribbean, the modern era has witnessed the extension of this highly polarised pattern of development; this is the third stage. The emphasis is placed on extension, for this may not in all cases amount to intensification per se. This has come about largely as the result of industrialisation and tourism being taken as the twin paths to development. In 1976, Augelli and West (1976: 120) commented on what they

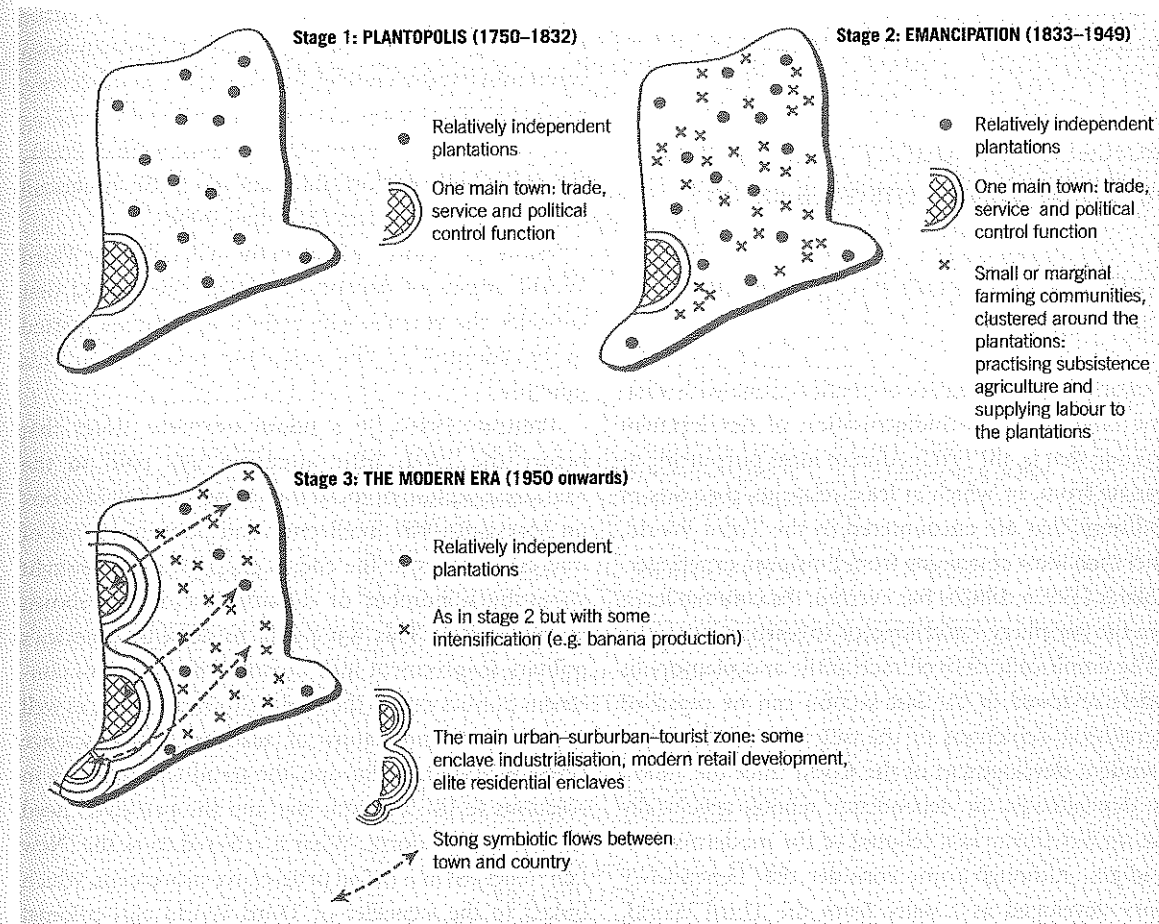


Figure 3.14 The plantopolis model and its extension to the modern era
 Source: Adapted from Potter (1995a)

regarded as the disproportionate concentration of wealth, power and social status in the chief urban centres of the West Indies. As shown in Figure 3.14, such spatial inequality is sustained by strong symbiotic flows between town and country. This theme is picked up in detail in Chapter 9 in respect of the nature of rural-urban interrelations in developing countries.

An evaluation of the mercantile and plantopolis frameworks

The virtues of the mercantile and plantopolis models are many. Principally, they serve to stress that the evolution of most developing countries amounts to a highly dependent form of development. Certainly we are reminded that the high degree of urban primacy and the littoral orientation of settlement fabrics in

Africa, Asia, South America and the Caribbean are all the direct product of colonialism, not accidental happenings or aberrant cases: hence the comment that modernisation surfaces essentially chart colonial and neo-colonial penetration.

According to these models, ports and other urban settlements became the focus of economic activity and of the social surplus that accrued. The concept of surplus product, defined as an excess of production over need or consumption, is developed more fully in the next major section, which deals with radical approaches to development. A similar, but somewhat less overriding spatial concentration also applies to the colonial power. Hence a pattern of spatially unequal or polarised growth emerged strongly several hundred years ago as the norm due to the strengthening of this symbiotic relationship between colony and colonial power.

The overall suggestion is that, due to the requirements of the international economy, far greater levels