

## Unit 3

## Economics for development

## Stage 1 The relevance of Western economics?

1 For a quarter of a century, economists have argued over the relevance and usefulness of 'Western' economics to 'non-Western' economies.

The debate was largely initiated by Dudley Seers in 1963 with the publication of his article entitled 'The Limitations of the Special Case'. The 'special case' was the private-enterprise, developed industrial economy, characterised by Seers as 'an autonomous and flexible socio-economic structure, in which each human being responds individually to the material incentives offered and which is subject to no formidable exogenous strains' (Seers, 1963, p. 83).

10 Seers conceded that certain elementary propositions retained their general validity in the context of LDCs, but he was particularly critical of the application of macro-economic concepts and models. He argued that propositions derived from largely static analysis were irrelevant and perhaps misleading, and that insufficient attention had been paid to the  
15 specific political and institutional structures of the LDCs. Most importantly, the study of the LDCs could not be divorced from an examination of their position within the world economy, not least because of the 'openness' of their economies, their dependence on the developed industrial economies as markets for their (mainly) primary product exports and their vulner-  
20 ability to protective measures imposed by such economies.

Paul Streeten (1967) further refined and strengthened the critique of orthodox economic theory. He argued that economic models, particularly those used in development planning, were subject to a number of related and systematic biases, *viz*:

- 25 1 the separation of parameters (social and legal institutions, psychological attitudes) from variables; this might be appropriate and justifiable in Western economies, but in LDCs a simple distinction should not be made between 'economic' and 'non-economic' factors;
- 2 the tendency to select one factor (for example, capital or education) as  
30 *the* strategic factor in development;
- 3 the tendency to assign the role of *sufficient* condition to what may or may not be one of several *necessary* conditions for development;
- 4 the failure to recognise that many concepts formed by aggregation  
35 ('income', 'employment', 'savings', 'investment') are often based on implicit value judgements and presuppose the existence of conditions that might well be absent in LDCs (see for example the discussion of the concepts of 'employment' and 'unemployment' in Unit 5, Stage 2).<sup>1</sup>

<sup>1</sup> Streeten refers to these four points as, respectively:  
a *adapted ceteris paribus* or *automatic mutatis mutandis*

b one factor analysis c illegitimate isolation d misplaced aggregation.

It should be noted that Streeten was not only criticising neo-classical economic theory and that his strictures were against the economics profession as a whole. Seers, too, aimed at a wide target—he was critical of much (Soviet) Marxist writing on development problems.

## Comprehension

A The following statements are based upon the information in the passage. If a statement is correct, write T (TRUE); if it is wrong, write F (FALSE).

- 1 Dudley Seers really started the arguments that have been going on for twenty-five years about the relevance of Western economics to non-Western economies.
- 2 Although Seers admitted that some fundamental concepts were generally appropriate for LDCs, he found fault with the application of macro-economics to LDCs.
- 3 According to Seers the 'openness' of LDCs' economies was not a reason for looking at their position in the world economy.
- 4 Paul Streeten also criticised conventional economic theory by arguing that economic models were likely to have several biases.
- 5 In reality there may be a number of necessary conditions for development, yet there is a tendency to allot the role of the only sufficient condition to merely one of them.

B Write brief answers to the following questions, obtaining your information from the passage.

- 1 According to Dudley Seers, what was the 'special case'?
- 2 Why was Seers not in favour of using static analysis for LDCs?
- 3 According to Seers, what was the significance of the LDCs' position in the world economy?
- 4 In Streeten's view, was it appropriate to choose one factor as being crucial for development?

## Word study

### Exercise 1A Alternative vocabulary

The following words and phrases could be used in place of some of those in the text. They also explain the meaning of those words. For each word/phrase below write down the word/phrase in the text that it could replace. Also write the line number. Use a dictionary if necessary.

- 1 originated, started
- 2 extremely difficult to overcome
- 3 external
- 4 admitted
- 5 obtained, got
- 6 separated from
- 7 weakness when faced with
- 8 tending or likely to have, prone to
- 9 tendencies
- 10 limiting factors
- 11 items which may vary
- 12 allot, allocate
- 13 assume, imply

### Exercise 1B Explanation

The following phrases are taken from the text (line numbers are given). Can you explain their meaning as used in the text? Use a dictionary if necessary.

- 1 open economy (17)
- 2 primary products (19)
- 3 aggregation (33)

### Exercise 2 Past tense forms

From reading the texts so far in the book, and from doing some of the exercises, you will have noticed that the **past simple active tense** (e.g. *he believed*) and the **past simple passive** (e.g. *it was introduced*) are commonly used in economics writing.

For the majority of verbs, the regular verbs, these tenses are formed by adding either **-ed** or **-d** to the infinitive of the verb e.g. *attempt - attempted*, *argue - argued*. Note that some verbs double the last letter before adding **-ed** e.g. *occur - occurred*, *prefer - preferred*, *permit - permitted*, *fit - fitted* (but *benefit - benefited*), *signal - signalled*, *travel - travelled*.

For many verbs ending in **-y** e.g. *deny* (*he denies* = present tense), the past tense is formed by changing the **-y** to **i** and adding **-ed** e.g. *he denied*.

1 Write out the past tense forms of the verbs below.

- |            |         |
|------------|---------|
| a deny     | d imply |
| b ally     | e reply |
| c identify | f study |

2 The following verbs have been taken from the texts in the first three units of this book. They all have irregular forms for the past simple tense and the past participle (which is used to form the past simple passive). Write down as many past simple tense forms and past participles as you can, then carefully check the answers. Here is an example:

| <i>verb infinitive</i> | <i>past simple tense</i> | <i>past participle</i> |
|------------------------|--------------------------|------------------------|
| become                 | became                   | become                 |

- |         |            |            |
|---------|------------|------------|
| a break | f lead     | k pay      |
| b bring | g leave    | l see      |
| c find  | h make     | m take     |
| d give  | i mean     | n underlie |
| e hide  | j overcome |            |

### Language use

#### Exercise 1 Prepositions

The following is a shortened form of the Stage 1 text. Write down a suitable preposition (words like *in*, *at*, *for*, etc.) for each numbered space. Think carefully about the meaning of a whole sentence before you write anything. Do not look back at the Stage 1 text unless you have great difficulty.

- (1) \_\_\_\_\_ a long time, economists have argued (2) \_\_\_\_\_ the relevance (3) \_\_\_\_\_ Western economics (4) \_\_\_\_\_ non-Western economies. The debate was started (5) \_\_\_\_\_ Dudley Seers (6) \_\_\_\_\_ 1963 (7) \_\_\_\_\_ the publication (8) \_\_\_\_\_ his article entitled 'The Limitations (9) \_\_\_\_\_ the Special Case'. Seers admitted that certain fundamental propositions retained their general validity (10) \_\_\_\_\_ the context (11) \_\_\_\_\_ LDCs, but he was