

INTERNATIONAL CONFERENCE

ON

**WORLDVIEW OF DEVELOPMENT: CHALLENGES AND  
ALTERNATIVE PARADIGM**

On March 9-11, 2012 at Pune (Maharashtra)

***A CONCEPT PAPER***

# WORLDVIEW OF DEVELOPMENT: CHALLENGES AND ALTERNATIVE PARADIGM

## *A CONCEPT PAPER*

**Modern** World is in the grips of a serious challenge.

This is the challenge of development. Today's world is divided between the haves and have not, between modern and traditional, between developed and undeveloped. As a cynic put it, the world today is sitting on a volcano. Development like peace, knowledge and freedom is indivisible. The twenty first century is not the nineteenth century when one could have world with development in a part of the globe, while majority of the countries are eloped in the sea of backwardness. It was possible, then, to have a strong center with a large periphery serving the interests of the center in a colonial system. No more.

The developments in communications and transportation technology have turned out to be faster than those in the social and economic spheres. These developments have reduced the world to a global village. Consequently, it is no more plausible to have a world in which economic growth could be reserved for a few selected people or nations. Economic growth, like technology, peace, knowledge and innovations are not divisible in the modern world. They have become indivisible. Perhaps more so in today's world, because political economy of international economic system has drastically changed during the last two decades.

During the last decade of preceding millennium, changes of far reaching implications took place in the political and economic organization of the world that has no parallel in history of modern world except for the period that immediately followed the Second World War. The world is still struggling to cope up with these changes. Several new countries emerged on the scene. Many old and established countries, even empires, disintegrated as if they never existed. Many nations and peoples are in search of their new identity. Weak nations around the globe are struggling to win their rightful place in the community of nations. They want their legitimate rights. The gap between the rich and the poor nations is being widened at an increasing rate. The poor nations, which were once mesmerized with the idea of 'catching up', can not even imagine going any where near the levels of development achieved by advanced nations. On the other hand advanced nations are discovering new horizons of development, propounding new technologies, which have taken the world by storm. The near monopolies over technology, industrial production, trade and financial markets have given the advanced countries an advantage, which is fast developing into new forms of neocolonialism. A world that was once divided into two powerful blocks, each around a strong nucleus, has suddenly become unipolar. The bi-polar world appeared to be a stable system in which forthcoming events could be predicted with quite a reasonable degree of certainty. No more so! Whether the world would remain unipolar or shall evolve into a multi-polar system once again remains to be seen.

---

These events have thrown open a big question: Is there no alternative to the path of development except the capitalist one? During 1950s, after successful experiment of central planning in the erstwhile Soviet Union and the triumph of Communist Revolution in China, a number of developing countries, including many Muslim countries, adopted with high hopes the so called 'non-market path to development', which was then characterized by socialist philosophy, central planning and active leadership of the state in economic matters. The break-up of former Soviet Union and the destruction of the economies of East European countries amply demonstrated that the socialist system was in a serious conflict with many important traits of human nature. Its centralization, regimentation, concentration of economic decision-making in a few hands, absence of market mechanism, state ownership of means of production etc. violated the basic urge of human beings of having social and economic freedom. The Marxist and dependency theories of development also provided a basis for "autonomous development" in the developing countries embedded in protective trade regimes, import substitutions and "omnipresent and omnipotent" state intervention in the economy. Experience over the last few decades in scores of developing countries, has shown that these policies have mostly led to increased inefficiency, turning them into wasteful economies having ineffective utilization of productive resources. So much so, that many of these developing countries are faced with political, economic and social disintegration. Examples of Sudan and Somalia in Africa and many countries in Latin America may be cited in support of this hypothesis.

However, the "defeat" of the socialist system does not necessarily imply "victory" for the capitalist path of development. Capitalism is still plagued with a number of uncured and probably incurable "diseases" such as inequitable and highly skewed distribution of income and wealth, poverty and economic injustice, th of social and economic opportunities, crime and social tension, inflation and economic cycles, instability of financial and foreign exchange markets, just to name a few. Many would still recall severe banking, monetary, financial crises in the later years of the last decade that threatened the very existence of the capitalist order and was termed the worst crises since the Great Depression. These "diseases" are not restricted only to developing countries which may allegedly be attributed to their mismanagement of the economy. ; Many advanced capitalist societies, which are proclaimed as the model of development, are not free from these 'diseases.' Recent military adventures of the United States have led to the suspicion that military adventurism is the only way to sustain modern industrial capitalism.

A possible reason for the demise of the socialist system and for the perpetual crisis of the capitalist system is that both systems are devoid of any moral content. Philosophical roots of both the systems may be traced back to arrogant and aggressive physical materialism of eighteenth and nineteenth centuries. Both the systems over emphasize the material side of human existence, neglecting its finer spiritual and moral dimensions. It is true that man cannot live without bread but it is also equally true that man does not live by bread alone. It is true that man, most often, is not moved by theoretical abstractions and mere preaching but it is also equally true man is not always motivated by self-interest, possibility of pecuniary benefits, and considerations of material welfare. The truth of the

---

matter, for most human beings, is that only the pursuit of some higher moral goal makes this life worthwhile.

It is held that the ideological vacuum created by the demise of socialist model an utter failure of the capitalist model of development may be filled by the Islamic model as many countries in the world are once again looking for a new strategy of development. However, this strand of thought needs serious examination as performance of the so called Islamic countries belies their tall claims.

The main criterion on which economic development as an experience of human civilization "has to be judged ultimately" is "in terms of what it does to the lives of human beings." On this criterion, the record of economic development during the past two hundred years appears to be mixed. Economic development, in the past two hundred years has registered impressive gains: unprecedented prosperity in certain (rather small) regions in the world, technological progress, impressive gains in per worker productivity and efficiency, thousands of new products etc. On the other hand, it has also resulted in increased pollution, global warming, deforestation, climatic changes, environmental damage and moral degradation of Man. It has also led to bigger and sharper gulf between the rich and poor nations in the world.

However, as a concept, economic development is still subject of a debate. A few decades ago, development was measured only in terms of material well being, measured by the gross national product. Then, life expectancy was also added as yet another dimension. It was implicit in the materialist approach to development that a value is attached to 'more GNP' and longer life expectancy" At this stage, two comments are in order: Firstly, both were essentially a measure of "quantity" and not of "quality". Secondly, both assumptions reflect the non-satiation assumption of micro-economic theory... that more is preferred to less. In juxtaposition to this, some other economists have been emphasizing a holistic concept of development, which being more comprehensive, adopts a more exhaustive approach to life than merely focusing on its material aspects. It may be noted that life cannot be divided into watertight compartments. It has to be approached as an organic whole in which the temporal and eternal, material and spiritual, behaviors are not separated with each other but are treated as aspects of the same human behavior.

It appears now that a more comprehensive concept of development is gaining more currency among the development theorists as well as policy makers. It is reflected in successive Human Development Reports brought out by the United Nations. Conceding the fact that 'the concept of development is by no means unproblematic'<sup>7</sup>, and its measurement is even more problem ridden, it may be held that some recent advances in theoretical and empirical research have helped us to understand it better. Particularly, the concept of Human development Index (HDI) where life expectancy at birth, education and income are included is a step forward from the days of "production for market" approach of GNP era. Although it may not be completely justified to consider it as a triumph for the Islamic approach to development; it may also not be too far from reality to say that a consensus is now emerging on the holistic nature of development, embracing market and non market, physical and non physical, material and non-material.

---

It is held that western countries have realized the goals of their system (development) because their strategies are in harmony with their world view and, generally speaking, Muslim countries are backward (have not been able to achieve the goals of their system) as their strategies are not in conformity with the system goals. Hence, a thorough revision of present strategies of development is recommended.

Perhaps the question of strategy is not the most relevant issue. It may be left to technicians of development to draw specific and relevant strategic short and long-term policy plans for the developing countries. More important and interesting issue for economists is to examine the issue whether there is any conflict between the values they practice the values advocated for development.

Present seminar on world view of development and alternative paradigms is being organized with these thoughts in mind. It is proposed that the seminar may examine the following issues:

**I. The Concept of Development and Its Relevance**

Scientific Revolution in the West, Its relevance to Eastern societies and development, Desirability of Development. Its cost: human, social and economic. Gains of Development: increases in per worker productivity and efficiency. Relevant economic and social institutions, Role of Policies

**II. Values and Economic Development**

Social and economic values, Values required for development, present values in the developing societies, A critical examination of Max Weber's thesis.

**III. Human Capital and Development**

Role of education and technology in the context of embodied technology.

**IV. Market and State**

Market as an institution of development, Inability of State to create development at will, state leadership

**V. Goals of Development**

Value neutral and Value based development.

**VI. Social and Economic inequalities**

**VII. Protection of Environment.**