

MYTHS ABOUT THE PURSUIT OF DEVELOPMENT

1) Planning mythology

\*A French economist on trial in Madagascar earlier this year alleged that the country's plan largely existed in "folk songs". Albert Waterston<sup>1)</sup> here recounts some of the hardier traditions in planning folklore.

A widely held myth is that planning is limited to plan formulation and that plan implementation is something else. This convenient myth (convenient, that is, for planners whose job is plan formulation) makes it possible for planners to work in the aseptic atmosphere of a central planning agency, located in the capital of a poor country (away from the grime and inconvenience of the back country). Plan implementation is political, administrative and social, hence, a bit messy and irrational (unlike plan formulation which is essentially clean-cut economics). Since this myth has often led to the production of plans which have never had much chance of being carried out, it might not be a bad idea to consider the possibility of including implementation as an integral part of planning. If planners had to spell out in detail what had to be done to achieve the targets in their plans, exactly how it was to be done, and by whom, it is hard to believe that they would continue to delude themselves that their targets are realistic.

A corollary myth to the first one is that plans are prepared by planners and implemented by non-planners. This leads to a commonly encountered syndrome, the "we -- they" phenomenon for effect. (If one is in a central planning agency "we" are the planners and "they" are the rest of the government with the private sector something thrown in for good measure. If one is outside the central planning office, "we" are the government and/or the private sector and "they" are the planners). Since macro planning without micro planning is a head without a body, it might be worth considering whether effective planning does not require that everyone become a planner. It makes a difference whether one is a macro or a micro planner, but this is where the difference ends. A final thought: it is becoming increasingly clear that development is largely micro.

There is a well-entrenched myth that all self-respecting countries, big and small, rich and poor, in good times or bad, should plan only one way: that is, with perspective, medium-term and annual plans. Moreover, the medium-term plan had best be a five year plan (one wonders why five years is better than any other),

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1) Economic Development Institute, International Bank for Reconstruction and Development.

and that the main effort of the planners should be concentrated on the preparation of that plan. Of course, it is considered appropriate that the kit of tools used by the planners must be applied to each country in a different way, but it is the country which must adjust in essentials to the kit of tools rather than the other way around. It is just possible that "the other way around" may be the better approach. At least, it should be considered. In that case, planning might begin with an examination of the actual conditions in each economy and require the careful selection of only those tools which meet the needs of that economy.

A myth which may seem to contradict the last conclusion (but does not) holds that since each country is unique, it has little to learn from the planning experience of other countries. Of course, every country is unique, but the record shows that they all seem to have the same kind of planning problems and that they make similar mistakes in attempting to deal with them. Hence, it may be possible that a country, despite its indisputable uniqueness, could learn a great deal from the experience of other countries. But this does not mean that a country can indiscriminately adopt without change the planning system of another country. Poor countries which have attempted to adopt without much modification the French planning model, provide edifying examples of the errors of this procedure.

\*One theme in planning folklore is the assumption, usually tacit, that projects which may not themselves individually contribute to development can nevertheless by interaction promote the conditions for it. Hence the myth that "if a sufficient number of separate uneconomic development projects are connected together they constitute a worthwhile development programme". Professor Youngson writes:

This view, which is of course never explicitly stated but which is implicit in a good deal of 'planning' over the last twenty years, is a simplification and bowdlerisation of Rosenstein-Rodan's striking and influential article in the Economic Journal in 1943. In that article, Rosenstein-Rodan pointed out that where a single project might not succeed for lack of a market, several projects simultaneously undertaken might provide markets for one another and thus produce the conditions necessary for the success of all of them and a basis for further development. The argument, although it leaves a great deal unsaid about the role of foreign trade, is formally correct provided one assumes that one or another of some rather complicated sets of highly specific assumptions concerning product variation, the rate of growth of the market, the pattern of time preference, the degree of increasing return and so on are, in fact, met.

Nothing is easier than to think up development projects which will make a loss. This can sometimes be converted into a profit

by the imposition of a suitable tariff which will choke off external sources of supply. Alternatively, the risk of not being able to sell the final product can be reduced by building up demand, and this can be done by linking the project in question with some other loss-making project in a demand-supply relationship. A network of such projects can then be established, and appeals to past experience dismissed on the ground that such experience is irrelevant where the whole structure of an economy is to be changed. The "planner's" case is strengthened if he can - and he usually does - claim that important economies of scale, not currently available, will be realised. The critic has now to consider, not one, but a whole series of projects operating in an economic situation not currently observable, concerning which all sorts of assumptions, notably about demand, enterprise and resource availability have to be made. The more this situation is unlike the present one (i.e., the rosier the planner's views about the future), the more any discussion about its realisation becomes a matter of opinion and not of estimation. Founded on solid if not very far-reaching economic analysis, there is a structure of dreams.

It would be fair to describe an economy 'planned' in this way as a ramshackle empire of unprofitable enterprises. True, there may be some advantages in such 'development'. Employment is created at all levels from the Plan Office down, and it is likely that output has been raised. But complacency about the achievement depends on several questions being satisfactorily answered. The capital used - would it have been made available for other purposes? The resources committed - could they have been used to buy goods more cheaply in foreign markets? The matching of demand and supply - has it been efficient as between enterprises and has it resulted in consumers getting what they want? Is foreign indebtedness greater? If it is, can interest payments be met? And if they cannot, what are reactions going to be, at home and abroad, in the next round of development?

## 2) Myths of the rural sector

\*Planners have their assumptions about how resources can be increased and how they should be treated. There is an especially influential assumption to the effect that development is about the transfer of agricultural surpluses from the rural sector to the urban sector. Michael Lipton<sup>1)</sup> questions this view and some of its implications.

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It is a myth that development can be achieved cheaply, easily and painlessly by a rapid transfer of resources from agricultural to non-agricultural activities. The protagonists of this myth usually have three surpluses in mind. Labour is to move from village to town as fast as possible; "the marginal product of farm labour is zero" so no farm output, allegedly, is lost, while the big supply of industrial workers ensures low-wage, high-profit and therefore high-investment production. The surplus of food sold to towns is to grow as fast as possible; cheap, ample food will ensure that urban workers are well-fed and docile, even with low money wages. Finally, the share of capital enjoyed by industrial activities is to be increased by a transfer of rural savings to support urban investment.

In practice, all three things have happened throughout the less developed world. They are supported by powerful political pressures. The farmers, often illiterate, everywhere dispersed, have fewer voices than votes. It is urban riots, urban businessmen that bring governments down. But the notion that maximum surplus transfer helps development, growth or welfare is a self-indulgent myth of those economists who are urbanists first, analysts a poor second, and empiricists not at all.

The transfer of surplus labour is least indefensible. In many places, the extra output produced by a worker is much more in the factory than on the farm (though it is never "zero" on the farm). But this is not true for the unskilled, illiterate rural masses, accustomed to the slack labour discipline of rain and sun - such men are no use in industry. To be effective, such movement requires in most cases multi-shift factory working, since single-shift working is seldom carried on in factories short of labour. Further, in view of seasonal peaks in agriculture, together with the need of efficient industries for a year-round committed work-force, rapid labour transfer requires a massive campaign to disperse industry from big cities to small country towns near the migrants' villages. Lastly, there are social costs: the selective migration of male workers to towns involves severe urban sex imbalance (often 3 men for every 2 women in marriageable age-groups) and a rural sector deprived both of workers and of dynamic leadership.

As for food, nobody denies that rural food should be swapped for urban fertiliser and soap. But to maximise the rate of rural-to-urban food marketing is merely to damage the farmer's terms of trade (and hence his ability to save and his will to invest in farming). It involves pushing food towards those who are least hungry and thus the least likely to work harder or longer for being better fed - the urban employed.

In so doing, this process biases the whole structure of food output (and agronomic research) towards high-cost luxury foods for the rich: milled rice, not millets; milk, not pulses. Furthermore, it is big farmers who market big surpluses, but the small farmers who get most food per acre, or per unit of capital.

Capital presumably should go where it yields most. In poor countries, new agricultural investment typically produces 1½ to 2 times as much as new industrial investment. Yet few Plans allocate as much as 25 per cent of investment to agriculture - where 70 per cent of workers produce 50 per cent of output, largely because they are short of capital! Admittedly, the yields of industrial investment are more likely to be saved, but again at low returns; rural consumption of the food produced by agricultural investment raises productivity next harvest. Anyway, at the same income level farmers save more than townsmen.

The Doctrine of Surpluses is not even consistent. If the government goes for a particular rate of transfers of food and labour, the incentives to private saving and investment in village and town are determined thereby. The doctrine may be the path of short-run political convenience; it is neither developmentally efficient nor intellectually respectable.

\*But how is production of food and other agricultural resources to be increased? One of the most important problems here is water-supply, and irrigation schemes are often adopted in the hope of solving the problem. Dr. M. D. Gwynne and Mr. M. Dagg<sup>1)</sup> expose some of the technical difficulties involved in the use of irrigation.

Irrigation is often hailed as the answer to the problem of limited available water for crop production - and so it is in competent hands. Assuming, however, an adequate

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1) Both of the East African Agriculture and Forestry Research Organization, Nairobi. For reasons of space, we have had to abridge this discussion of water-supply problems in developing countries. An article by Dr. Gwynne and Mr. Dagg on the use of boreholes and the relationship of forest cover to water resources will appear in the fifth issue of the Bulletin.

supply of water for irrigation, and this is not usually the case in dry countries, the problems attendant on irrigation practice are many.

Irrigation is a difficult form of agriculture that requires tight discipline to ensure that the careful balance between all the various biological and environmental factors involved is maintained. Without such control economic loss can be considerable and, what is worse, the areas may be made completely unfit for any form of agriculture.

Pilot irrigation schemes in the tropics are usually run by expert agronomists from elsewhere and they can give reasonable crop yields. The planners, however, have the difficult task of estimating what fraction of the potential production could actually be achieved by the local population. Most schemes are sited in pastoral areas where the people have little or no tradition of settled agriculture and therefore have a different set of values, and are used to a more casual watering practice. They are, therefore unable to appreciate the great care and constant attention that is necessary to ensure the success of the scheme - the age-old clash between the interests of the pastoralists and the agriculturalists may even make them actively antagonistic to the idea. This latter view will also ensure that they will be unlikely to tolerate agricultural peoples on their land to participate in the scheme.

Irrigation in dry areas brings with it salinity problems which if allowed to get out of control can cause the ruination of the scheme by making the area poisonous to all plants. If the amount of water lost from the soil by evaporation greatly exceeds the amount of water applied to the soil, either by rain or by irrigation, the soil salts which dissolve in the soil water are brought to the upper soil layers where they accumulate forming a toxic region. The balance between water loss and rate of water application, therefore, has to be carefully watched and constantly adjusted to ensure that this does not happen.

With the exception of the Nile Valley, all of the irrigation schemes of the ancient world failed due to salt accumulation in the soil. The Nile system was able to continue because every year the ground was covered by the floods which brought sufficient water to leach the

salts from the soil, thus ensuring that they never accumulated in quantities sufficient to poison the crops. Without adequate firm control the dangers of salinity poisoning occurring on a modern irrigation scheme are equally great.

\*Where such technical difficulties abound, there is a temptation to ask "Science" to cut the knot. But, despite claims for processes which will resolve the food problem dramatically, "Science" has been oddly ineffective. Jonathan Seagrave<sup>1)</sup> examines "the myth of manna from science".

The pathetic, pot-bellied subjects of Oxfam advertisements move not only the hearts of the generous but the imagination of scientists. The result of the publicity given to the 'protein problem' has been the blossoming of a multitude of exotic techniques for producing edible protein - protein from oil, from gas, from fresh leaves, from wool, high protein maize, synthetic lysine, and so on. As readers of the 'pop' scientific journals like New Scientist will know, the inventors are nothing if not precipitate in making startling claims for these processes. Hardly a week goes by without another "world-saving" process being announced.

Despite the energy and ingenuity spent in this way, the problem remains virtually untouched. The only gains that can be shown are a few thousand tons of 'Incap' type compound foods, sold to the well-off and well-fed, and (probably more useful) the fortification of American surplus flour with vitamins.

Why is this so? Basically, the reason is simple. The nutrition problem in the developing countries is primarily one of low incomes, lack of demand, not of supply. Scientists naïvely assume that because children are ill fed, an increase in the supply of protein foodstuffs will improve their lot. They seem totally unaware that the developing countries produce and export millions of tons of protein, oilseed cake and fishmeal, to fatten the cattle of Europe. The protein is already there: but only if processed and distributed free, or at giveaway prices, will it enter the right stomachs.

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1) Research Assistant, Institute of Development Studies.

The situation is indeed worse than this. There is every prospect that the most successful exotic process to date, British Petroleum's 'protein-from-oil' will, in time, lead to the unrequited loss of large and growing export markets for the developing countries. The inventions will be seen as harmful, not helpful, to the poor.

This is a sorry state of affairs, but not surprising. The economist has failed in his job. For his role, in defining and publicizing technical solutions worth seeking is logically prior, if in no sense superior to, that of the technologist in producing them. This has not been adequately done. Thus the 'protein problem' has been mis-specified: it is not an engineering problem of production, but an economic problem of distribution, and above all, a political problem of action.

### 3. The mythology of trade and aid

\*If the resources are there, what are the assumptions about their use which may lead to wastage? Various pieces of conventional wisdom now seem rather suspect in this connection. For instance, there is the notion that "underdeveloped countries should always process their exports of raw materials as much as possible" But take the case of gold-refining in a country like, say, Ghana. The costs in foreign exchange of spare parts and replacements and the costs of employing expatriate technicians would be higher than the added value of the gold.

Then there is the question of the status of private<sup>1)</sup> investment in developing countries. Maurice Zinkin asks whether the interests of investors need bear any relation to the demands of host governments

There is a general belief, repeated very recently in the Stikker Report, that if an investor from a more developed country invests in a less developed country he ought to take

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1) Unilever Ltd., London

special account of the needs and feelings of the country in which he has invested.

At first sight, this is an unexceptionable doctrine. Obviously, everything will go more smoothly if one can employ in senior positions the nationals of the countries in which one invests, if one can increase its exports, and if one observes the prejudices of its politicians and its electorate. If one does not thus consider the feelings of one's host, he is liable at some stage to react violently, with disastrous effects on one's profits.

What is normally not said is that this consideration has to be paid for, and that some of the prejudices of host countries are very expensive.

Nobody employs an expatriate when a local will do; expatriates are more expensive. Nobody refuses to export if exporting is profitable. Nobody competes in a way the locals find too aggressive unless it enables him to expand his market. In short, nobody does anything which may cause offence unless in some way or other it enables his business to operate more efficiently and more profitably.

This means that if a business changes the policy it would otherwise have in order to meet local feelings, it must of necessity operate less efficiently and less profitably. If one employs local managers who are appreciably less capable than expatriates, or if one exports at a loss, the business suffers. Since no private investor with a sense of duty to his shareholders will invest in another country at a lower rate of return than he would get in his own, this means that the total amount of investment will be reduced. Many projects which, if there were no local feelings, would be profitable, become unprofitable. This is particularly true if the local feelings include a determination to attain a socialist society. The investor has to allow for the fact that this determination is liable in due course to be very expensive for him.

Those who argue that the investor should show a consideration for the feelings of his host country and electorate which goes beyond the requirements of the law are giving the investor very good advice. They are also ensuring that the developing countries will get less investment than they otherwise would have done; and this is true whether the developing country concerned is the UK or Canada, India or Brazil.

\*We may, of course, not care about the feelings of investors. But how far does that other external resource, technical assistance, actually contribute to development? What are the conditions for it doing so? Lord Ritchie-Calder<sup>1)</sup> identifies a psychological myth which has damaged the work of technical assistance:

One of the persistent myths of development is that "we" know what is good for "them". We may know what they need - more food, better health, better water supplies, etc. - but it is more useful to find out what they want. The worst mistakes in technical assistance over the last twenty years have been due to failure to achieve this simple understanding. What may have been intended might have been entirely praiseworthy but was bound to fail by lack of cooperation: then we call it 'ingratitude'. Successful projects have been based on "felt need", i.e. what people want - "dirty hands" and "self-help". The "dirty hands" are important because it means not just telling people what to do but getting involved with them. "Self-help" means leaving them with the sense that they have done it themselves, and therefore it is their project and will be maintained as such. The lesson of all technical assistance is that it cannot do things for people and expect permanent results - you have to do it with people.

\*Technical assistance also has political and economic failings. It may breed pacts of self-interest between donor and recipient, it may be worse than useless when technical skill exceeds social insight. Under the rueful heading, Some of My Best Experts are Friends, Paul Streeten considers the limits of friendship:

Technical assistance is commonly regarded as a particularly valuable form of aid. It often receives top priority in aid programmes. It can, however, have serious defects. First, we do not use an independent measure of its value. Its output is measured in terms of its input - money spent or number of experts sent out. This measure conveys a deceptive impression of achievement, when nothing may in fact have been achieved. The index is self-inflating. Enjoyment is often mistaken for success.

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1) Montague Burton Professor of International Relations, University of Edinburgh.

Secondly, both recipients, to whom the services are free, and donors, particularly multilateral donors not subject to political control, have a vested interest in inflating technical assistance programmes without scrutinising their value. For having an impact on development might mean showing up domestic shortcomings, hurting interests in the aided countries, annoying people and upsetting things. The foreign experts, as long as he has no impact, adds prestige to the host country without being troublesome.

Thirdly, experts can live in luxury unattainable at home. They too, unless exceptionally self-critical, have no interest to probe too deeply into the question whether their existence is justified. But by their example, employing servants, dressing and eating differently and keeping their own company, they reinforce the difficulties created for development by a dual economy. The harmony of interests between recipient government, donor agency and expert in preventing radical reforms means that many unsuited people of mediocre quality are attracted and hired. Oxfamiliarity does not breed contempt: it breeds mutual admiration.

Fourthly, the "absorptive capacity" of underdeveloped countries is limited not only for capital, but also for technical assistance. To teach skills effectively, much more is needed than teaching. Human attitudes and social institutions in a complex social system may have to be changed if the teaching is to have an impact. Without reforms in other parts of the system, the assistance "does not take". The cut flowers wither and die because they have no roots.

Fifthly, the specialised United Nations agencies have, as a result of their constitutions and their attempts to preserve and enlarge their frontiers, a technocratic bias which tends to emphasise technical "solutions" without regard to the cultural and social system.

Sixthly, the lack of "absorptive capacity" is matched by a lack of "disgorging capacity" on the part of donors. Experts often do not know the local language nor the physical and cultural environment; their equipment is ill-adapted to local needs, headquarter briefings are poor and debriefings absent, and operations are not flexible enough to follow up desirable new developments and to eliminate undesirable ones.

It only remains to say that all this applies with even greater force to many of those who set out to criticise, assess and "evaluate" the work of others. It may or may not be true to say that those who can, do; it almost certainly is true that those who can't, evaluate.