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BOOK REVIEW

Development Policy *Sans* the Politics of Development: A Review of S.N.H Naqvi: *The Evolution of Development Policy*

Karachi Oxford University Press, 2010

An extended review of this book is justified because Prof. Syed Nawab Haider Naqvi is a pioneer development economist in Pakistan. He began his career more than fifty years ago at the newly established Pakistan Institute of Development Economics (PIDE), which under the guidance of Emile Despres, Gustav Papanek and several others Harvard group academics was soon to become Pakistan's leading economic think tank. After graduating from Yale and Princeton Prof. Naqvi served as Director of PIDE from 1979 to 1995. Prof Naqvi has been a leading contributor to development policy debates in Pakistan since the early 1960s and the blurb of this book tells us that he has written "about 100 articles and 48 books and monographs on diverse aspects of development policy".

Development policy emerged in the wake of the Second World War. It has evolved from Anglo American and French colonial policy. A central weakness of this book is that it ignores this fact and therefore misunderstands development policy's telos which is the perpetuation of post colonial order. Development policy is constructed on three foundations — development economics, the sociology of development and modernist political science. These interpolated teleologies explain how and by what means can the dominance of post colonial order be sustained. Naqvi does not seem to be aware of the sole industrial justificatory premisis on the basis of which development policy and its evolution can be assessed.

Since the telos of development policy is the sustenance of post colonial order the efficacy of its evolutionary trajectory can coherently be assessed on this basis alone. The narrator must seek to answer the question: has development policy evolved in a manner which increases its contribution to the sustenance of post colonial global hegemony? Assessing the efficacy of development policy on any other basis necessarily needs justification.

One may argue of course that Naqvi is a post colonial apologist. He accepts as his own the meta-rational presumptions that underlie the development theory discourses that he narrates. But arguing from a particular meta rational perspective — arguing on the basis of the view that post colonial global order ought to be sustained — requires the narrator to show the purpose that acceptance of these beliefs entails is effectively served by particularly policy initiatives. Since Naqvi believes that accelerated growth, sustained structural transformation¹, reduced income distributional disparities and reduction in absolute poverty are achieved by a specified set of policies², he ought to show that the achievement of these intermediate / instrumental targets leads to the realization of the purpose (telos) of development policy — i.e. the consolidation and sustenance of post colonial global order.

He does not attempt to do this. Nor does he attempt to demonstrate either (a) that development policy has some other over arching purpose or that (b) accelerating growth sustaining structural transformation, human development etc are not intermediate targets at all, they are ends in themselves.

If (b) is the case — and I suspect that Naqvi believes that this is implicit in his argument — he ought to show that the capitalist life-world³ was transcended at the end of the Second World War as the Ancient Regime was transcended by Christianity in the early centuries of the Christen era. Capital accumulation, as an end in itself, political order premised on the sovereignty of the citizen, rationality conceived of as the consistent pursuit of self interest and colonialism were all discarded and a new moral order was instituted based on a totally different telos. If this was not the case⁴ and capitalist values continue to remain hegemonic in the post second world war era, accelerated growth, structural transformation, poverty alleviation etc cannot be regarded as ends in themselves. They are necessarily instrumentalities for sustaining global capitalist order.

Or are they? Is it not possible to transcend colonialism without transcending capitalist order itself? Naqvi cannot address this question for he excludes from his analysis the vast literature within the political modernization tradition which focuses on the vexed question of the relationship between capitalism and nationalism. A non national capitalist state has been usually regarded as something of an oxymoron (Gellner 1997) and global capitalist order has since the Treaty of Westphalia been structured internationally — not super nationally⁵. And these international structures usually articulate the political preferences of the hegemon nation within the system.⁶ (Anderson 2007).

Moreover, the distribution of power within nationalist global order has always been asymmetric and increasingly unequal — hence global capitalist order has never transcended the colonial / post colonial project of subjecting all states to the sovereign will of a national hegemon representing capital in general.

Both Rawls and Habermas have grappled with the problem of the universalization of capitalist order which is necessary for the transcendence of colonialism within capitalist order.⁷ Naqvi is not aware of Habermas, work⁸ and he ignores Rawls' post 1993 writings entirely. Moreover, it is curious that although Naqvi's own moralist leanings seem to be revisionist Rawlsean⁹, he does not justify the development paradigm he regards as most successful — i.e. the Traditional Development Paradigm — on Rawlsian grounds, i.e. as a means for the operationalization of Rawls' two Principles of Justice (maximization of freedom and prioritization of the least advantaged in distribution).

Naqvi's "New Development Paradigm"¹⁰ is "post Rawlsian" only in the trivial sense that he asserts (but does not prove) that it is possible to add on the objective of accelerated growth to the Rawlsian principles of maximizing liberty and distributional preferential treatment of the least advantaged. His definition of "the just", "the good", "the well ordered society" "the rational" are completely identical with those of Rawls and do not represent a theoretical advance. He ignores the entire corpus of literature following Hugh Scanlon's *The Limits of Liberalism* (1977) seminal intervention which shows the cultural specificity of Rawls' conception of the 'well ordered society'. This well ordered society is necessarily liberal as are the 'decent states' which Rawls accepts as legitimate members of the global community of states governed by his Principles of Justice, Rawls explicitly rules out from the membership of this state community a state which legislates on the basis of the *Shareah* (Rawls 2003). An Islamic state is therefore necessarily an 'outlaw' state in the Rawlsian perspective and civil war to overthrow such a state is legitimate.

If Naqvi accepts Rawls' conception of justice as he manifestly does he must necessarily regard Islamic states ruled by *Shariah* law, such as Iran, to be unjust *pariah* and outlaw states.

The extensive critique of Rawls' claims about the a-metaphysical character of his

political theory by authors such as Hubarmas (1987, 1996, 2003) Larmore (1996) and Lafont (2003) forced Rawls to retreat from his universalist claims. Constitutional democracy requires both a specific form of a comprehensive doctrine, such as that of Kant and Mill and a particular conception of the self to sustain it¹¹. Non Kantian comprehensive doctrines (e.g. Islam) and non Rawlsean selves have to be “reconfigured”¹² to fit into the overlapping consensus of comprehensive doctrines that underlie “Justice as fairness.” Rawlsian theory can therefore be interpreted as legitimating the universal dominance of the capitalist way of life — its norms, institutions regulatory structures and transaction forms. Rawls is at one with Locke and Mill in seeing capitalist epistemologies as uniquely rational. As Rawls – admits that.

“(T)he principles of justice as fairness require a constitutional democratic regime and reasonable pluralism (which) is the long term outcome of society’s culture. In well ordered societies of justice as fairness citizens hold the same comprehensive doctrine (which) includes aspects of Kant’s comprehensive liberalism. But given the fact of reasonable pluralism this comprehensive view is not held by citizens generally” (Rawls 2001).

However, despite holding on to different comprehensive doctrine all citizens are endowed with capitalist rationality. It is this rationality which provides a basis for developing the ‘overlapping consensus’ which transfigures non liberal comprehensive doctrines (e.g. Islam) and subsumes them within liberal / capitalist political order (‘Justice as fairness’).

Rawls is a capitalist apologist in the tradition of Locke and Mill. He claims that he has no particular conception of the good yet he defines ‘primary goods’ as income, and wealth and power and authority — all manifestations of capital which alone has intrinsic worth in capitalist society. Value in capitalist society is ascribed through money and capital markets to practices on the basis of their contribution to capital accumulation alone. Capitalist apologists cannot replace utility in their objective function for capital is the concrete form of freedom — it is nothing else. Capitalist societies are free societies in the specific sense that they are organized to maximize freedom and freedom’s concrete social manifestation is capital. Rawls recognizes this when he prioritizes liberty and accepts distributional constraints on liberty maximization only for its own sake — i.e. distributional concerns can inhabit capital accumulation only if this is done to maximize capital / freedom maximization ‘over the long run’. The disadvantaged must be given preferential treatment so that they recognize their self interest in sustaining capitalist order and do not revolt against it.

Several authors such as Hare (1973) Harsanyi (1977) and Daniels (1973) deny that Rawls principles are irreconcilable with utilitarian maxim. Hare shows that persons in the Rawlsian Original Position could (capitalistically) rationally choose the total utility maximization principle. Similarly to describe Sen as a “non utilization consequentialist” — as Naqvi does repeatedly in his book (p365, 379, 383, 393) needs justification.

Naqvi is an advocate of what he describes as the ‘traditional development paradigm’. This paradigm can be seen as an outgrowth of orthodox Keynesianism. It proposed a Keynesian policy agenda both for neo colonial states and for the hegemon and its satellite international institutions. It’s key weakness — as Kalecki pointed out half a century ago — was its inability to develop a fully articulated theory of the state. The traditional development economists never raised the question: can intermediate regimes / ‘development states’ (such as those led by Nkrumah, Soekarno, Nasser, Nehru and Peron) institutionalize the Keynesian practices and policies that were designed for a quite different political-social configuration and can the hegemon (America) allow them to do so.¹³

Naqvi does not have a theory of the state — he entirely ignores the development sociology and the political modernization literature that is concerned with this issue. He also closes his eyes to the most cogent critique of the ‘traditional development paradigm’ (more properly called structuralism) that has appeared in the works of the Latin American dependence scholars on the one hand and of the Marxists on the other. ‘Dependencia’ and ‘Marxism’ are not included in Naqvi’s ‘development paradigms’. Naqvi does not assess the work of any dependencia or Marxist scholar — neither Frank nor Sunkel nor Sweezy nor Barrington Moore nor Wallerstein nor Bagchi.

Another extremely eloquent silence is his total neglect of the experience of states such as Iran, Cuba, Venezuela, the erstwhile Soviet Union and Maoist China which have articulated a development paradigm of their own, constructed a non Rawlsian state form and resisted subordination to imperialist order for several decades. Is there nothing of value in these experiences? Why should we continue to pretend that they do not exist and that global capitalist hegemony is inevitable and eternal.

Naqvi ascribes “altercations on key development issues to economists’ paradigmatic affiliations’ (back flap blurb). The economists whose work he has surveyed share capitalism’s core values and accept as both reasonable and desirable¹⁴ capitalism’s global systemic dominance. The disputes Naqvi reviews are on how to strengthen capitalism’s global hegemony — not about how to transcend it.

In Naqvi’s view the best way to consolidate capitalist order globally and nationally is by returning to the policies advocated by the ‘Traditional development paradigm’ and practiced according to him during 1950-1980. According to him “the Traditional Development Paradigm” is the repository of most of the right ideas about the mechanics of growth and development . . . It offered a broad based development agenda that focused on societal transformation and the creation of the growth oriented institutions as the fastest road to modernity. It emphasized the quintessentially egalitarian nature of economic growth. It advocated the view that economic development contributed to human freedom and that economic development could best be achieved within the framework of the political freedom that democratic societies routinely provide” (p42-43).

These are very wide ranging claims. Naqvi is claiming that policies advocated by the Traditional Development Paradigm — the promotion of capitalist agriculture, import substitution industrialization, public investment expansion, specially in the capital goods branches — lead to “societal transformation, the emergence of “modern institutions” and the promotion of “political freedoms and democratic societies.” Such claims have not been systematically substantiated in Naqvi’s subsequent analysis — for it is entirely econometric and completely ignores the sociology of development and political modernization literature which addresses such issues.¹⁵

Some empirical evidence has been presented to support the claim that the adoption of the Traditional paradigm advocated policies (the development of capitalist agriculture, import substituting industrialization, deficit financed high levels of public investment etc) led to higher GDP growth rates, higher saving and investment rates, greater structural transformation,¹⁶ lower inflation, improved pattern of income distribution and reduced poverty levels (Table 2.1) for a group of South Asian, East Asian, Latin American and African countries during 1960-2000.

A major problem with this evidence is that the 24 countries for which aggregate averages have been presented in Table 2.1¹⁷ have not been categorized as those pursuing

and those not pursuing Traditional paradigm advocated policies. Yet Naqvi claims “(s)ome tentative observations can legitimately be made about the reasonableness of the many hypothesis that the rival paradigms have made” (2010 p48). Naqvi writes that ‘none of the developing countries experienced development failure¹⁸ with the exception of post shock Africa (during the 1960s, 1970, 1980s and 1990s) (2010 p51). The only way to ascribe this lack of ‘development failure’ to the Traditional paradigm is to assume that all developing countries were pursuing Traditional paradigm advocated development policies throughout 1950-1980. Naqvi presents no evidence and no arguments to show that this was the case. He does not provide any explanation for the much higher growth rates of East Asia as compared to Latin America during the 1960s when external shocks were absent and when Latin American economies were pursuing Traditional Paradigm policies much more enthusiastically and consistently than Hong Kong, Malaysia, Indonesia, Singapore and Thailand¹⁹.

Naqvi provides no evidence for the view that high saving rates in East Asia and Latin America can be assigned to their adoption of Traditional paradigm advocated policies. India and Pakistan (including Bangladesh during the 1960s) also adopted similar policies. Why were South Asia saving and investment rates about a third of those of East Asia? Nor is any explanation — barring a few rhetorical speculative sentences — provided for the differential in the export growth and GDP growth rates between East Asia on the one hand and Africa and Latin America on the other.

Naqvi recognizes that no evidence is presented in Table 2.1 to justify the claim that adoption of Traditional paradigm policies leads to the type of growth which reduces poverty. He notes that South Asia’s GDP growth rates have been higher than that of Latin America but poverty levels remained much higher in South Asia than in Latin America.²⁰ Why was this the case when, as Naqvi presumes, both were pursuing Traditional paradigm advocated policies. Nor is there any evidence presented in Table 2.1 to establish the relationship between the adoption of Traditional paradigm advocated policies and improvements in the pattern of income distribution.

Similarly, there is nothing in Table 2.1 to substitute the claim that “structural transformation’ was a consequence of the adoption of Traditional paradigm advocated policies, nor can the low level of inflation in South East Asia be ascribed to the adoption of Traditional paradigm advocated policies — for Latin American economies which perused such policies much more assiduously had far higher levels of inflation throughout the period.

That it is incorrect to assume that all countries in Naqvi’s sample adopted Traditional paradigm sanctioned policies is illustrated by the fact that the public investment to GDP remained low and stagnant in Latin America, South Asia and East Asia through out this period. As Naqvi himself acknowledges “(n)othing definite can be said by looking at these figures (in Table 2.1) about the causative factors” (2010 p48) of performance variations. Moreover, Naqvi does not for apply standard tests for significance of difference between means for identifying differences in performance outcomes.

Table 19.1 (p330) attempts to test the Traditional paradigm expectation that the GDP per capita growth and the investment to GDP ratio are determined by the share of manufacturing (MVA) in GDP. These results are not robust because:

- The time period over which the data has been pooled has not been specified. The sources say that some of it has been taken from Penn World Tables — Version 6.1 (2002). Does this mean that the time series end in 2001? Why?²¹ And when does


the time series begin?

- Unit root tests have not been reported (one suspects they have not been performed) for variables in the model to determine order of integration.
- Therefore, it is not clear whether co-integration tests needed to be performed for this data.
- Granger causality tests have not been performed to test direction of causation between dependent and independent variables.
- Standard techniques (such as AIC-Akaike's Information Criteria) have not been employed to determine optimum lag length.
- Adjusted R^2 and DW statistics have not been reported. So, goodness of fit cannot be ascertained.

These weaknesses also apply to Table 19.2 (p330) and Table 20.1 (p341) which seek to identify determinants of poverty. Table 20.2 omits the 'structural transformation' variable and cannot be said to test the Traditional paradigm hypothesis at all²². This table is particularly suspect for the dependent variable is not defined at all — it is called "poverty and economic growth" and there is no indication how this composite variables is measured. In any case none of the elasticity estimates of the independent variables reported in this table are statistically significant. Hence nothing what so ever can be claimed on the basis of these findings. In Table 19.1 the elasticity estimate of the structural transformation variable is not found to be statistically significant in the equation with growth per capita income as the dependent variable. Hence Naqvi provides no evidence for validating the central doctrine of the Traditional paradigm²³.

It is nothing short of amazing that as experienced an econometrician as Naqvi²⁴ can, on the basis of such spurious inconclusive and weak results, claim that "(these) results should settle the division of opinion on the growth, inequality, poverty relationship" (p341). Such exaggerated — indeed false — claims detract from the value of the book.

The book lacks in analytical rigour and is written in an impassioned rhetorical polemical style. It adds almost nothing to Naqvi's earlier shorter treatise (1993) and in neither the 1993 nor the 2010 texts does Naqvi make a theoretical contribution. His effort can best be described as a concatenation of four conventional development economics paradigms.²⁵ I emphasis this is a concatenation not a synthesis, hence the volume cannot be used as a text book.

The principle silence in Naqvi's analysis is ethical. Political Development policy is essentially a political project concerned principally to perpetuate the dominance of global capitalist order. The sociological and political science literature which focuses on development policy recognizes and justifies and / or critiques development discourses on this basis. By omitting all references to this rich body of knowledge Naqvi has taken assumed the value neutrality of the various development theories that he has analyzed. This is fundamentally misleading Development discourse is not what Naqvi has taken it to be. 

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Notes

1. Defined as an increase in the share of manufacturing in national net output (p134)
2. Mainly those advocated by what he describes as the “Traditional Development Paradigm” (chp 3-6)
3. In the Habermasian sense
4. And I am not aware of any author of any school of thought who argues that capitalism was transcended systematically in 1945.
5. Super national capitalist utopias have been conceived by several influential authors. Such as Nazick (1974) and Hardt and Negri (2000).
6. When they fail to do so they stagnate and stultify as was the case of the United Nations during the Cold War era. Since 1991 the United Nations has become increasingly subservient to US influence (Anderson 2007 p29-30).
7. Hebermas’ discourse on this issue is more profound and nuanced than that of Rawls.
8. There is no reference to Habermas in the text or the bibliography of Naqvi’s book.
9. Naqvi writes “(t)he New Development Paradigm (i.e. his own) supplement(s) some aspects of the Non Utilization consequentialist philosophy — i.e. the Rawlsian conception of a well ordered society and Sen’s principle ‘consequent evaluation’ (2010 p365).
10. There is in my view very little “new” in this “paradigm” — it is essentially a concatenation of different elements of a small number of “old” paradigms.
11. The Rawlsian self is antecedently individuated in the sense that it is not constituted by its ends (For elaboration see Sandel (p977) Ansari (2003).
12. Rawls’ term.
13. A major exception was Gunnar Myrdal who did raise this question in his Asian Drama (Harmondsworth 1969) from a broadly Keynesian perspective but gave very ambiguous answers.
14. Reason as Hume maintained is after all only the slave of the passions and specially so in capitalist epistemology.
15. Naqvi tries to substantiate such claims by giving appropriate quotes from “Traditional Developmentalists”. But this is neither here nor there, for other quotes with alternative interpretations can also be given and many critics have done so (see for example the classic argument of Lal 1969).
16. Defined as an increase in manufacturing value added (MVA) share of GDP.
17. Five each from South Asia and Africa and seven each from East Asia and Latin

America.

18. Naqvi does not 'define development failure' in the text.
19. The only other countries in Naqvi's East Asian sample are China (which under Mao cannot be seen as an adherent of the Traditional paradigm) and South Korea.
20. Table 2.1 does not give a precise definition of how poverty is measured by Naqvi.
21. Later data on variables included in this table is readily available in several easily accessible sources such as World Bank (2010).
22. This is unavoidable for in my opinion the traditional development economists did not concern themselves with issues of poverty at all.
23. The results reported in Table 15.1 (p277) and Table 15.2 (p230) which seek to identify determinants of 'human development (represented solely by the literacy rate) are equally weak.
24. Dr. Naqvi served as director of Pakistan's premier economics research institute PIDE for 18 years (1975-1995) and co-authored several major econometric studies (e.g. Kamal and Naqvi 1991, and Kamal and Naqvi 1999).
25. Which he calls (a) Traditional (b) Liberalist (c) Anti Liberals and (d) Human Development.

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