

An Essential Journey Back to the Seeds of Prosperity in a Time of Pandemics: Notes for a Renewed Agenda in Development Studies

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Abstract

Will COVID-19 only widen the social and climate injustices in the rules governing world trade and economy? The answers to this question will depend on whether it is possible to reformulate the current development agenda to address the structural causes of such injustices, or whether it remains focused on poverty alleviation and climate change mitigation. In this article, we explain that the official development agenda (and the theories underpinning it) simultaneously reduces both the capacity of developing countries to be self-sufficient in transforming production structures and moving to higher technology activities (and, as a result, increase real wages and the wellbeing of the population), and the capacity to save nature from being destroyed. The challenge is to overcome the current “superficial” view through a broadly conceived agenda that provides the theoretical and political foundations for restructuring globalisation. To this aim, it is necessary to go back to the “seed” of development studies in order to understand how rich countries became rich, in the first place, and why poor countries stay poor, despite their continuous efforts (Alternative Theories of Economic Development). This is whilst all the while rethinking the ethical, ontological and epistemological axioms that underlie common economic concepts such as production, wealth, growth, innovation, crisis or development (Alternatives Theories to Economic Development or “transition discourses”).

Keywords

Developmentalism, German tradition of development economics, Degrowth, ethics

Introduction

How is it possible that, seventy years after the start of international development cooperation and with sufficient technical capacity, deaths from preventable causes are not being eradicated? Why is it that, despite the fact that only a few decades ago the end of history was predicted, we are witnessing a considerable increase in inequalities, the emergence of new forms of poverty, and an acceleration in the destruction of nature? Our thesis is the following: the ideas, prescriptions and international strategies of official development discourse are inadequate and render the root causes of the abovementioned problems invisible. When we speak of the official development agenda, we refer to the focus on the palliative (poverty alleviation) method that gave rise to the Millennium Development Goals and continues to be central to the Post-2015 Development Agenda and the Sustainable Development Goals (SDGs). During the last decade, Experimental Development Economics and its Randomized Control Trials (RCT approaches) approaches have endorsed this strategic change in the development agenda at the scientific level, as have international organizations such as the World Bank

(WB), the International Monetary Fund (IMF), the World Trade Organization (WTO), and the Organisation for Economic Co-operation and Development (OECD).¹

We believe that the outbreak of COVID-19 (officially named SARS-CoV-2) and the subsequent public policies implemented by governments of all ideological spectrums in the fight against the pandemic have created a climate conducive to rethinking Development Studies and proposing a political agenda that addresses the aforementioned issues. To this end, in this brief contribution we will explore two bodies of evidence brought to the table by both the history of economic development and coronavirus disease alike. The first draws on literature related to the limits of mitigation-based action when dealing with crises, whilst the second explores the short fallings of dominant, capitalist approaches to development.

1. Palliative care is not enough: Alternative Theories of Economic Development

States are responding to the crisis generated by the COVID-19 with actions of a different political nature. From exceptional spending allocations for health care, companies, workers, and vulnerable sectors, to productive reorganization programs, or media propaganda to demand that citizens pay close attention to personal hygiene.² In any case, all countries without exception have implemented public policies that affect fundamental civil liberties, such as freedom of movement or freedom of assembly. To carry out this last type of actions (i.e. home confinement, movement restrictions) it has been necessary for States to implement exceptional legislative frameworks. For instance, China has enforced a “round the clock closed management” system, Italy has declared a “red zone” alert, Spain has imposed a “state of emergency”, France a “nationwide ban on gatherings,” and the USA has created “containment areas” (see Wamsley, 2020). The most successful experiences in the fight against COVID-19 show how simply having possessed abundant material resources, without adequate and radical government policies and drastic measures such as those outlined above, would have increased the spread of the virus and caused many more deaths (Lai et al., 2020; World Health Organization, 2020).

These lessons are useful in ending other pandemics even more damaging than COVID-19: poverty and hunger. Putting an end to both phenomena is not only a question of better RCTs, experience, or palliative interventions but also of implementing a coordinated strategy that allows for maximizing real wages in developing countries (Reinert, 2007). The empirical evidence shows that policy recommendations stemming from the official discourse on development are not in line with the policies implemented by developed countries, or by certain countries that have undergone successful development experiences (i.e. the United States, Germany, France, the United Kingdom, Switzerland, the Netherlands, the ‘Asian miracle’- China, Brazil, etc.). These countries promoted dynamic imperfect competition through protectionist policies, such as industrial and trade regulations and taxation associated with import and export (Chang, 2002; Khan and Christiansen, 2010). The present world economic order is characterized by developed countries (the European Union and the USA) being allowed to subsidize and protect their agriculture and using a range of direct government policies to

¹ The success of this ‘new’ approach to development has been demonstrated by the awarding of the last Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel to the experimentalists Esther Dufló, Abhijit Banerjee and Michael Kremer (DBK). Last March World Development published a monograph on the influence of DBK’s work in Development Studies (see editorial, van der Meulen Rodgers et al., 2020).

² With variations, this type of action has been implemented by most of the countries concerned. Adherence to them entails compliance with certain requirements on the part of potential beneficiaries: invoicing below certain levels, cessation of activity or income thresholds. In the case of Spain, all the details are available at Reales Decretos-ley 8/2020, RD-ley 7/2020, RD-Ley 11/2020.

promote development and to subsidize private enterprise (Mazzucato, 2011), while, under the rules of WB, IMF, WTO, OECD or the Washington Consensus, there is no countervailing right for poor countries to protect their manufacturing interests. The COVID crisis shows tendencies towards a new type of protectionism, first in medical equipment and medicines, but also in agriculture. One example here is Sweden, which closed down much of its agriculture in the past decades, except in the Southern part of the country and, on observing the lack of solidarity from the European Union, is now contemplating a higher degree of self-sufficiency (Veum, 2020). To understand this type of policy development (“developmental nationalism”) it is necessary to journey back to the origin, or ‘seed’, of Alternative Theories of Economic Development.³ That is to say, to go back to the history of Cameralism and the German tradition of development economics (Reinert, 2019; Reinert and Reinert, 2018).

2. Capitalism is not enough: Alternatives Theories to Economics Development.

Constructing the capitalist world-economy was only made possible through the use of racism and sexism as tools for the hierarchization and categorization of the population (Mbembe, 2000; Wallerstein, 2000). The history of capitalism is also the history of the open veins of the South and massive exploitation of natural resources (Galeano, 1972; Herrero, 2013). Its logic of accumulation entails irreconcilable contradictions and growing inequalities between centers and peripheries (Prebisch, 1949). In the field of Development Economics, the structural adjustment policies promoted by the Washington Consensus are a contemporary example (López Castellano, 2009), as are the Troika impositions which, in 2011, led to severe social cuts in countries like Spain or Greece (López Castellano and García-Quero, 2019). The dilemma of how best to balance public health, care for nature, and economic growth has been highlighted again as a result of the COVID-19. The suspension of work has led to a drastic reduction in environmental pollution, while putting the most vulnerable groups at greater risk. It has also shown how, despite their precariousness and low social recognition, various jobs linked to care and jobs with little monetary value are fundamental to sustaining and reproducing life. The challenge, therefore, is how to build a system with a production model that is compatible with human life and care for nature.

Theoretical currents such as Alternatives Theories to Economic Development or ‘transition discourses’ (Escobar, 2015; Gudynas 2011) contend that any political strategy that emancipates human beings and respects nature has to overcome the patriarchal-heterosexual-western-white-bourgeois-modern-colonial capitalism world system (Pérez Orozco, 2015).⁴ Some of the proposals linked to these trends, in particular to degrowth theories, are (FaDA, 2020; Hickel, 2019; Kallis et al., 2020): food sovereignty based on local agroecology; North-South solidarity; debt cancellation and the rejection of austerity and structural adjustment measures; democratization of key institutions of global economic governance; the introduction of policies to prevent mass unemployment (i.e. a job guarantee, work-sharing, basic care income); universal public services; global redistribution taxes, etc.⁵

³ Despite the common English usage of the nouns ‘source’ or ‘origin’ in this context, throughout the article we have opted to maintain a reference to the ‘seed’. This is to retain a more literal allusion to the short story ‘Journey to the Seed’, written by the Cuban author Alejo Carpentier in his book ‘The War of Time’.

⁴ In these currents, several perspectives coexist: *Buen Vivir* (loosely translated as ‘living well’), the ecological perspective, eco-feminist theories, degrowth contributions, de-colonial epistemologies and post-extractivisms, amongst others (see García-Quero and Ahumada, 2017).

⁵ From critical positions, they explain that these currents force everyone to live miserable lives, and that the coronavirus crisis reveals “the misery of degrowth” (McAleenan, 2020). However, degrowth is the opposite to a

These economic policy instruments also focus on the country's productive structure, but go beyond the Alternative Theories of Economic Development, challenging the concept of development itself, and beginning to place a change to the current paradigm on the global agenda. While Alternative Theories of Economic Development understand development as real wage increase produced through the expansion of activities with increasing returns to scale (Reinert, Ghosh, and Kattel, 2016), the Alternatives Theories to Economics Development move the analytical focus from the processes which increase the capital value to ones that make life sustainable.. It is not enough to break the vicious circle of diminishing returns. Rather, this must be done in a way that does not negatively impact countries of the South, vulnerable populations, and nature. These theories advocate for the de-colonization of Eurocentric powers and knowledge, to allow alternative modes of social existence (Quijano, 2011, Rivera-Cusicanqui, 1984) and innovation (Jimenez et al., 2022). From these perspectives, the very idea of infinite wealth production is harmful since it fails to recognize the physical limits of the planet and the economic relevance of care, a sphere associated with femininity (Pérez Orozco, 2014; Herrero, 2013). These questions imply a new 'journey to the seed' in Development Studies, in this case towards that of knowledge: the ontological and epistemological discussion.

3. Conclusions: Linking Alternative Theories to go beyond the capitalist world economy

Overconfidence in the magical thinking of technification, economic growth, the free market, and neoliberal globalization has led many to forget that the state is the main policy architect and actor when facing a crisis. Successful responses to Covid-19 have shown, once again, the central role of states in organizing political measures that foster and maintain the welfare of their populations, through actions to guarantee quarantine, social distancing, mobility restrictions, as well as extraordinary support to manage losses related to the economic downturn.

The role adopted by the states and politics in countries' performances when tackling COVID-19 is very different from the perspectives that dominate the current agenda of development. SDGs and RCTs, while containing some valid points, abound in efficiency criteria and reduce the fight against poverty and climate change to mere products of the rational or irrational choice of individuals. These discourses divert attention from thoroughly addressing these challenges, and obscure the fact that the key to avoiding poverty is transforming productive structures and achieving an endogenous technological capacity to improve real wages. Nor do they allude to the impossibility of combining current rates of economic growth with care for the environment and biodiversity (Otero et al., 2020).

The current challenge for the agenda and the theory of Development is to accept and incorporate these lessons, and to try to make two 'journeys to the seed' compatible to reduce the injustices in the rules governing the world. To recapitulate, the journeys are the following: 1). Towards a developmental vision focused on promoting industry and structural change; 2). Towards the epistemological and ontological foundations of Development Studies, the redefinition of its aim and its indicators, an expansion of its borders and a drive for methodological openness. Both journeys are only compatible from a systemic view that focuses on making visible the inherent exploitations of the capitalist world-economy in terms of gender, ethnicity or nature.

Solving pressing problems of contemporary society during and after COVID-19 is ultimately a matter of political and ethical discussion that implies prioritising some interests and freedoms versus others. In

new version of austerity, because austerity calls for scarcity in order to generate more growth, while degrowth calls for abundance in order to render growth unnecessary (Hickel, 2019; Kallis et al., 2020).

the fight against COVID-19, for example, public health has been given priority over the freedom to travel abroad. Why, in today's world, does the right to accumulate wealth, property, or to pollute the environment take precedence over the right to life of millions of people? The answer has much to do with one's power to achieve what one desires, whether referring to the European Union, USA, Donald Trump or Bill Gates. However, this is not mentioned in the official development agenda either. Just as governments have implemented stage-based plans (or similar measures) to de-escalate from the COVID-19 lockdown whilst prioritizing citizen freedom, the new development agendas have to reveal an ambitious exit strategy to gradually transition from global emergencies towards local interventions developed and spread with attention to community and the environment. Such strategies must commit, unwaveringly, to ethical criteria which hold the sustainability of life at their core.

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