

The ‘rise of the rest’ and the revenge of ‘development’:

The emerging economies and shifts in development theory

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1. Introduction

In a book from 2001, entitled *The Rise of the Rest*, Alice Amsden argued that the rise of a handful of countries from outside the North Atlantic to the ranks of world-class industrial competitors, signified a deep challenge not only to the dominant position of the US and Europe in industrial markets, but to development theory as such. The rest arose by devising a new ‘control mechanism’ revolving around the principle of reciprocity between the state and companies, thereby transforming the perceived inefficiencies of governmental interventions into a collective good and setting aside insights from trade theory as well as institutional economics (Amsden 2001, p.1-14). These were insights that had sought to find the best strategy for encouraging development understood as: ‘a process of moving from a set of assets based on primary products, exploited by unskilled labor, to a set of assets based on knowledge, exploited by skilled labor’ (Amsden, 2001, p. 2).

The development strategy of ‘the rest’ caused a major academic and public debate, particularly challenging the then dominating free-market neo-liberalism. However, it did not fundamentally challenge the definition of development as a process of technological upgrading and industrial growth that had been dominant in the development discourse for decades, a view on development that in this chapter will be called ‘developmentalism’.

This view on the goals of development had rather been challenged by a diverse group of scholars and practitioners that had questioned this view. Starting in the 1960s, they criticised the view that economic growth and industrialisation are the principal means to improve human living conditions; that technological upgrading and industrial growth can be sustained without limits; and that such a development is politically neutral and universally desirable.

As a result of this critique, a number of alternative views on the means and ends of development had emerged in the field of development research, with their roots in many different disciplines, epistemologies and political visions. Thus, when ‘the rest’ rose,

development research was a highly fragmented field. Some research and aid institutions were dominated by a neo-liberal discourse neo-emphasising markets free from governmental interference and rejection of the need for a distinct field of development economics or theory; some were focused on reformulating the very idea of development and development policies in order for them to better address real improvements in the wellbeing, welfare, prosperity, freedoms and rights of groups and individuals; yet others were concerned with interpreting the dominating development discourse as a part of a North Atlantic geo-political (and to some, neo-colonial) project, or demonstrating the detrimental environmental or social consequences of development, and seeking to bring about alternative visions of human aspirations for a better life.

In this context, the strategies of ‘the rest’ had a double impact on development theory and discourse. First, as noted by Amsden, it exemplified a new path towards the goal of development understood as industrial growth and technological upgrading. However, it had a second effect – and that is the argument explored in this chapter – of partially restoring this development concept that had continued to underpin many national development strategies, but gradually lost favor in much theory and discourse from the 1970s onwards. When emerging economies demonstrated that pursuing industrialisation and technological upgrading could lead to sustained economic growth and poverty reduction, it also strengthened a growth and technology focused theory of development.

However, although the strategies employed are reminiscent of a post-World War II development project, they are pursued in a very different geopolitical context. This is a context in which the emerging economies themselves increasingly influence international development institutions and subsequently also development research and theory. They also increasingly formulate their policies independently of foreign governments or ‘experts’.

This chapter discusses the impact that the rise of the emerging economies has had and may have on development theory and research. It starts by discussing the evolution of development theory in the post-war era and the geopolitical context for its emergence. This part emphasises the role of the cold-war and the independence struggles as important for understanding not only what theories and discourses that came to dominate the discourse, but also the fate of the strategies employed. It moves on to discuss some of its major critics, and the implications for discourse and practice. Finally, it discusses the evolution of development theory in the context of the geopolitical shifts towards a more multipolar world. After this chronological summary

of major developments in the field, indicators on the changes related to the rise of emerging economies are discussed. The final section discusses possible future scenarios.

For the purpose of this chapter, development theory is considered to be propositions about the means and goals of development that has evolved through dynamic interaction between normative ideas about what development aims should be, intended and unintended development outcomes and the systematic study of them (Bull & Bøås, 2010, p. xiii). Thus, development theory is influenced both on actual implemented strategies and their achievements, ideological and political currents, and on underlying epistemological systems of thought that influence their interpretation.

2. The multiple origins of the modernisation paradigm

The birth of development studies as an academic field is commonly dated to President Harry Truman's inaugural address in 1949 (Sachs 1992, Escobar 1995). There he called for the western world to share their technology and expertise to bring formerly colonised countries out of misery (Truman 1949). The emphasis on technological progress and how developing countries should replicate the industrialisation, economic growth and increased consumption that had occurred in the west came to mark development studies as well as development strategies in decades to come, and particularly what has been named the "modernisation school".

The most cited work of the 'modernisation school' is perhaps Walt Rostow's (1960) 'Stages of growth' where he predicted that what he called the 'backward areas' would have to pass through a predefined set of stages to reach the 'mass consumer society' of the United States and Europe. This would according to Rostow (1960) only be achieved through massive investments and integration into the capitalist world economy. However, a number of other authors provide much more fine-grained and context sensitive theories of how to achieve industrialisation and growth in the 'backward areas'. Lewis (1954) provided the first argument for how to transfer underemployed labor with low levels of productivity from a 'traditional' to a 'modern sector', arguing that development requires structural change. A number of others were inspired by John Maynard Keynes with his emphasis on the role of the state in spurring this transformation, assuming that market forces and private actors would be unable to provide sufficient investments for development of the 'backward areas'. The principal debates focused on the appropriate models and processes for spurring a process of

industrialisation and growth. Industrialisation and technological upgrading were not questioned as the goals of development (Rosenstein-Rodan 1943; Nurkse 1952).

Rostow's explicit association between anti-communism and modernisation contributed to the critique against modernisation theory for being merely a tool in the US-led cold war against communism and the quest for western world dominance. This critique was later broadened to include the entire 'development project' and development theory as its theoretical-discursive underpinning (Escobar 1995). However, as argued by Eriksen (2013), development studies and theory has actually been more tied to the decolonisation processes and freedom struggles of the 1950s and 1960s than to the geopolitics of the cold war logics and the colonial heritage. Indeed, already in 1955, at the Bandung conference, an economic/technology focused concept of development was adopted by the newly independent African and Asian countries that met to arrive at a joint platform for development policy. Here it was made explicit that 'development' is mainly an economic issue that focuses on production and accumulation. Private investments and aid should jointly contribute to industrialisation, a process in which technological upgrading was central (Smukkestad 2008, p. 32-33).

Latin American countries were not present at the Bandung conference. However, under the leadership of CEPAL it developed simultaneously its own arguments in favour of industrialisation and technological upgrading. This was motivated by a desire to correct the asymmetries between the 'centre' and the 'periphery' (CEPAL 1951, discussed in Rosenthal 1997). However, it was clearly focused on industrialisation and technological progress and it occurred several years before the Truman speech. Indeed, as argued by Helleiner (2010), the idea of a global development project, and the industrialised countries responsibility to provide funding for it, was brought up already at the Bretton Woods conference in 1944. The main proponents were the Latin American countries and the underlying concept of development was based on technological advances, industrialisation and growth.

3. The radical critique from structuralism to post-development

The modernisation paradigm was soon criticised on theoretical as well as empirical grounds. The critique of the premises, assumptions and goals of modernisation was often coupled with a critique of the colonial heritage and geopolitical goals of the 'development project'. Modernisation theory was criticised for imposing a questionable division between 'the traditional' and the 'modern' as a way to distinguish between 'them' and 'us', for portraying development as occurring in a linear and replicable fashion, and – perhaps most importantly –

for failing to understand the implications of relationships of dominance (see e.g. Sørensen 1986, Martinussen 1994, Schuurman 1993 for summaries of the critique).

This set the stage for the diverse contributions that later have been lumped under the headline of structuralism and theories of dependency and underdevelopment. What they have in common is the focus on different aspects of relationships of dominance and subordination between rich and poor countries. 'Backwardness' was not a condition in their view, but rather the result of a dynamic process of underdevelopment. The structuralists did, as the modernisation school, question classical economic theories, but their main target was not their lack of sensitivity to specific conditions in the 'backward countries' but rather the international aspects of these theories, focusing most explicitly on David Ricardo's trade theory, and its errors in predicting the growth potential from trade (Prebisch 1962; Akamatsu 1993).

The Marxist dependency theorists clearly moved further away from the modernisation theories. For example, the neo-Marxist Paul Baran argued that colonisation had prevented industrialisation in the colonial countries, because the profits that could have been reinvested in productive activities were transferred to the centre of the colonial power (Baran 1957). He therefore laid the foundation for dependency theory's comparison of the relationship of exploitation between capitalist and worker to that of the geopolitical 'centre and periphery' (Galtung 1971) or 'metropolises and satellites' (Frank 1966). This was a clear critique of the idea that in 'dual economies' or 'traditional societies' growth could be created through a shift from the traditional to the modern sector. However, it was not a critique of industrialisation and economic growth as the ends of development.

Yet, there are clear lines to be drawn from the structuralists and Marxist dependency theories to the post-development critique and post-colonialism. A Fernando Coronil (2004, p.223) has argued 'the dependency school represents one of Latin America's most significant contributions to postcolonial thought'. The post-development project continued the critique against the relationships of dominance in the development project, but it is even more a critique of intentions, the worldview it is based on, and its discursive power (Escobar 1984). The 'development discourse' is considered to be first and foremost a 'western religion' and a tool to promote westernisation and cultural homogeneity (Pieterse 2000). Thus, in the words of Sachs (1992, p. 3) 'it is not the failure of development which has to be feared, but its

success'. Thus, this clearly also includes a critique of the goal of development as industrialisation and growth.

The post-colonial critique seeks to reveal the false stories that colonialism in its many forms – including the development system – is based on. Post-colonialism focuses on the continuity between colonialism and development, and the ways in which knowledge about the oppressed and dispossessed creates images of societies, human beings and cultures as inferior (Mbembe 1992; Kothari 2005). Post-colonialism is based on disciplines that are relatively 'new' to development such as literature studies and philosophy (e.g. Said 1977, Dussel 1993). Among what could be considered to be among its forerunners we find theologians/pedagogues (Freire 1970), and a psychiatrist (Fanon 1963). They criticised how the effect of colonialism goes much deeper than just the conquered society's political and economic structures, and also include and imposition of culture, attitudes and knowledge on the conquered people. Industrialisation and growth was considered a part of the multiple layers of domination of non-western societies and the violent imposition of a western mind-set and social structure. Post-development and post-colonialism were thus also arguments for more nuanced views on the goals of development and new ways to conceptualise (and measure) improvement in human living conditions. While never dominating in major global institutions such as the World Bank or the UN organisations, this critique, I would argue, contributed to the strong critique against industrialisation and economic growth as goals of development, and the search for more adequate measures. As such it also contributed to a fragmentation of the field that was evident from the early 1970s.

4. The diversification of development paths and actors

In the years between 1970 and 2000, the field of development theory expanded in so many directions and came to include so many disciplines and perspectives that it became difficult to discern its core.

In a highly simplified way, development theory in the decades between 1980 and 2000 can be characterised as a process of struggle and accommodation between two forces. On the one hand, from the 1980s, there were governments, businesses, international organisations and intellectuals – often lumped into the neoliberal category – that argued for a continued focus on growth and modernisation, but rejected the developmentalists' focus on knowledge, technology and industrialisation. Moreover, in a perverse twist on the modernisation schools' belief in linear evolution, they saw development as an immanent process in all societies that

would naturally take place if hindrances were removed. They thus rejected the developmentalists' notion of development as a purposeful process pursued by development actors, first and foremost the state, and considered it rather a natural process that would unfold if state interventions were removed and the market were allowed to regulate prices and encourage entrepreneurship (Kruger 1990, Williamson 1993, WDR 1996).

On the other hand, there were activists, researchers, politicians and policymakers advocating for finding new ways of conceptualising the goal of development. While not necessarily rejecting growth and industrialisation, they pointed to its limits, both environmental limits, and the limitations of this concept in terms of depicting human progress.

Three important early contributions that led to this diversification of goals were the environmental critique, the gender critique, the 'basic needs' critique, and an argument for including notions of political freedoms and democracy as a goal of development. The environmental critique was first seriously voiced following the United Nations Conference on the Human Environment in Stockholm in 1972 that set off a long and broad debate about the relationship between the environment and development. Although development was given precedence both in the Stockholm declaration and one following Rio conference in 1992 (*Our common future*, 1992), this opened for a parallel debate about the absolute limits to growth and industrialisation, and led to a decrease in the faith in technology, as for example in the critique of the so called 'green revolution' (Shiva 1991, Pimentel 1996)¹. This perspective gained salience with the increasingly obvious impact of climate change on development, reaching the global debate after the establishment of the Intergovernmental Panel on Climate Change (IPCC) in 1988 and its subsequent publication of reports, and seriously entering the development debate with the Stern report (Stern 2006, see also WDR 2010).

The more critical environmental studies drew inspiration from the radical (often Marxist) development theory, and crystallised in the political ecology perspective that seeks to understand how relationships of dominance, particularly those inherent in capitalism, impact on and are influenced by, the relationship to nature (Peet, Robbins and Watts 2010, Bryant and Bailey 2007). For the political ecologists result of unfettered capitalism is not only exploitation of workers, but also of natural resources and the environment, that are often critical for the livelihood of poor people. Exploitation of people and nature are viewed as integral parts of the same model that previously would be considered to be 'development', and thus the search for new goals of development is urgent.

Another main critique of ‘development’ was that focusing on gender, following Ester Boserup’s groundbreaking studies of the shift in the relationship between male and female farming systems as result of development interventions (Boserup 1970). Boserup’s study was followed by a variety of studies of the reconstruction and re-valuing of gender roles and social distribution of labor as a result of development processes. While not necessarily rejecting industrialisation and growth, increasingly gender studies joined the post-colonial critique in contesting key premises particularly of development interventions and development (Parpart and Marchand 1995), and advocated for a gendered analysis of results in general (Kabeer 1991, Jackson 1993).

A third main critique focused on the reduction of absolute poverty as it attempted to define the absolute minimum resources necessary for long-term individual well-being (Streeten 1984). What was first known as a ‘basic needs strategy’ was expanded and refined in many ways, perhaps most notably in UNDPs Human Development Index introduced in 1990 under the leadership of Mahub Ul-Haq with the explicit purpose ‘to shift the focus of development economics from national income accounting to people-centered policies’ (UNDP 1990). Ul-Haq was a former sharp critic of the Limits to Growth (Ul Haq 1972) for its lack of people-focus. He developed the HDI with a group of colleagues including Amartya Sen whose concept of development based on expansion of individual freedoms and the ability to live a life in accordance with one’s own valued goals had lasting impact on the debate (Sen 1991).

This was further elaborated in the multidimensional poverty index, developed jointly by the UNDP and the Oxford Poverty & Human Development Initiative that sought to elaborate different aspects of human deprivation, not only the economic (UNDP 2010). Nevertheless, as Sen’s line of thinking insisted on the existence of a universally measurable human progress (Sen 1991), he continued what in the post-colonial critique had been called a western enlightenment project, closely associated with colonialism.

The idea of development as freedom also tied in with the increasing debate about the relationship between politics and development. The early development theories problematised state policies, but rarely the state itself. The main question exploited in the *political development* literature was whether a certain level of economic development and human capabilities (education) would be necessary in order for a well-functioning democracy to work. There were also a number of general macro studies that sought to investigate the causal relationship between democracy and development (Lipset 1959, Almond and Verba 1963).

However, it was not until the 1990s that ‘good’ democratic governance came to be seen as an integrated part of a desirable development process and thus also something that should be supported by aid. Such aid came to include both support for the strengthening of political institutions, and conditionalities regarding policy making processes respect for human rights and political freedoms. While having an institutional focus, it also implied a shift towards a ‘bottom-up’ idea of development since a key idea was that if institutions allowed peoples’ voices to be heard, they would themselves advocate for policies that would improve their lives.

Yet, the governance agenda also had many other aspects. The first and perhaps strongest influence came from institutional economy arguing for an efficient, regulatory state able to ‘level the playing field’ and reducing ‘transaction costs’ for economic actors (North 1990, WDR 1997). This grew directly out of the many contradictions and problems produced by the attempts at implementing neo-liberal economic policies in states with extremely weak capacity to regulate newly liberated markets, leading to the formation of new monopolies and inefficiencies undermining the purpose of neoliberalism. As a result, the focus moved towards institutional strengthening and the restructuring, rather than rolling back, of the so much despised state led development.

Although many of the views sketched above were contradictory and in conflict, there was also a continuous process of accommodation between different viewpoints and an expansion of the development agenda. One of the main results was an increasing number of more specific, often individualised development objectives. While some were formulated as explicit goals (e.g. sustainable development, pro-poor growth, participatory-development), others remained as ‘checklists’ in development project that increasingly, according to the aid-jargon, resembled Christmas trees: with a core (the trunk) and with ‘gender balance’, ‘environmental impact assessments’, ‘poverty reduction’, ‘participation’ etc. as ornaments. However, this incorporation also led to a certain de-politicisation of development. The dominant logic of development was in accordance with neoliberalism: markets should be the driving force and states were to facilitate their evolution, while additional policies should ensure the fulfillment of other social goals.

Thus, while neoliberalism did not uniformly lead to deterioration of living conditions or the end of development, it did signal the demise of the Third World Project as it was formulated in the Bandung conference and the following NAM movement. This had sought not only, the improvement of living conditions according to a set of indicators, but development through a

shift in the global power balance in favor of the global south (Prashad 2012). While not along the lines of the Bandung conference, the ‘rise of the rest’ has contributed simultaneously to the shift towards a multipolar world, and to development as a state-led process leading towards technological upgrading, industrialisation and growth. The question is whether in the same token, it ignores the multifaceted critique of it discussed above.

5. The ‘rise of the rest’ and the return of growth and modernisation

When ‘the rest’ first arose in the late 1980s, much energy went into attempting to ‘fit’ their experiences into the frames of neoliberalism. The rapid growth of the so called Asian Tigers (Hong Kong, Singapore, South Korea, and Taiwan) was first interpreted as confirming the neo-liberal theories on the advantages being incorporated into a world market. It was also interpreted as defeating the dependency schools’ doomsday predictions for any country that played along with the rules of the global market. However, soon other interpretations emerged on how not only specific industrial policies, but also specific institutional structures and features of the state-society relationship of the so called ‘developmental states’ (see Masina this volume) explained the success in technological upgrading and industrialisation (e.g. Amsden 2001, Wade 1990, Woo-Cumings 1999, Evans 1995)

At the same time as these researchers pointed to the fundamental processes behind the high growth economies in East Asia, the aid and development institutions continued to distribute aid to a diversity of individual development goals. This was perhaps most strongly expressed in the Millenium Development Goals (MDGs). With their measurable indicators on a series of concrete development objectives, they managed to establish a global consensus perhaps precisely because they do not enter into the question of how to reach the goals. As such, they expressed the full the turn-around from the early 1950s: from naming a specific economic structural transformation ‘development’ towards using that name for a number of measures of progress at the individual level.

As one entered into the final period of the MDGs, the significant progress that had been made on a number of them was celebrated widely in development institutions. The number of extreme poor (living on less than 1,25 dollar a day) fell from 47 percent in 1990 to 22 percent in 2010, the percentage of undernourished people in developing countries decreased from 23.2 percent in 1990-92 to 14.9 percent in 2010-2012, child mortality rates dropped from 87/1000 births in 1990 to 51/1000 births in 2011, the percentage of children in school

increased from 82 to 90 percent and the increase was from 58 to 76 percent in Africa South of Sahara between 1990 and 2010, to mention some indicators (United Nations 2013).

While the main development agencies insisted that the significant improvements were the results of innovative social policies and investments in individual capabilities (e.g. UNDP 2013), this was not necessarily the lesson that the majority of poor countries took home. Rather, many sought to emulate the policies of the main ‘emerging economies’ that showed increasingly impressive results. While nobody outperformed China’s average growth of 9.2 percent between 1990 and 2010, also several other countries in Asia, Africa and Latin America grew substantially, particularly between 2003 and 2008, but also picking up quickly after the 2008-2009 financial crisis. Moreover, after decades of a declining share of world industrial output accounted for by the developing countries, it started to increase around 2000, and so did the share of income as well as share of global trade. Between 1980 and 2010, ‘the South’ increased its share of world merchandise trade from 25 percent to 47 per cent and its share of world output from 33 to 45 per cent. For the first time in centuries, in 2013 the combined GDP of leading emerging economies—Brazil, China and India—was about equal to the combined GDP of the long-standing industrial powers of the North—Canada, France, Germany, Italy, the United Kingdom and the United States. By 2025 the South is assumed to account for three-fifths of the 1 billion households earning more than \$20,000 a year (UNDP 2013). Moreover, while the so called advanced economies experienced a 1 percent decline in average annual productivity growth between 1990 and 2010, the rest of the world saw a five percent increase. Although much of this is due to Asian productivity growth, also the rest of the world is catching up (The Conference Board Total Productivity Growth 2011). Thus, the main lesson that many poor countries that still lagged behind took home, was a renewed belief in deliberate strategies of growth and industrialisation and their positive impact on poverty reduction.

The concurrences between high growth and industrialisation rates and significant reduction in poverty should not of course immediately be taken as a proof of a causal relation. For example, it was shown that whereas most of China’s impressive growth is accounted for by urban industrial growth, the poverty reduction has largely occurred in rural areas and is mainly due to improvements in smallholder farming (Li 2013). Thus, it is not ‘development’ defined as moving labor from low productivity agriculture to high productivity industry that explains poverty reduction but rather the improvement in productivity in the agricultural sector.

Nevertheless, old development concepts such as ‘structural change’ and industrial policy got a renaissance after having been rendered marginal in the development debate during the 1980s and 1990s. For example, the UN Economic Commission for Latin America and the Caribbean (ECLAC) devoted three landmark reports to the need for a thorough structural change bridging the productivity gap in order to sustain the improvements in poverty rates, and attack what increasingly emerged as a key challenge to societal progress, namely inequality (CEPAL 2010, 2012, WDR 2006, UN task Team 2013, HDR 2010). Especially in Latin America a new re-integration occurred in development theory: Poverty and inequality were no longer viewed as separate fields of development interventions, whereas economic growth and industrialisation was considered better left to the market. Rather these were considered mutually interdependent and integrated parts of the same development model.

Although far from generalisable, a new trend could be seen wherein the poorer developing countries were emulating the ‘emerging economies’ by placing a stronger focus on economic growth, and industrialisation and often with a strong role for the state. In many countries such growth strategies are fuelled by the export of raw materials – that has been reinvigorated precisely due to China’s increased demand. Thus, China and a few other countries are role models for the poorer developing countries and have legitimised a new focus on growth rather than individual development indicators. However, particularly China has also facilitated increased policy space for many countries. This increased independence has been reached in two ways: first, commodity revenues filled state coffers in poorer countries when Chinese demand increased prices, and second, China has provided large non-conditional loans and investments from China to poor countries in Africa and Latin America, and regional powers such as Brazil have done the same in their home regions². In sum this allowed many developing countries more independence from powerful development institutions such as the World Bank and the IMF, something which has opened up for strategies that contradict the strategies recommended by them.

6. Conclusion: Development theory and the new geopolitics of development

The shift in development strategies described above could be considered a return to the core of what ‘development’ was considered to be in the early post-World War II period including massive investments in infrastructure and technological upgrading and a strategic use of global markets. This trend was also reflected in theory as exemplified in the publication of titles such as ‘Towards New Developmentalism’ (Khan and Christiansen 2011), and

‘Reviving the developmental state’ (Chibber 2004), focusing on how state-led growth and industrialisation strategies led to poverty reduction and welfare increases.

However, as opposed to the post-World War II period, the strategies are launched in the context of a shift in the global geopolitical power balance wherein the north Atlantic hegemony is increasingly weakened. Moreover, the development strategies are in many cases launched explicitly as parts of nationalist projects and geopolitical struggles wherein industrialisation and technological upgrading are considered to be integrated parts.

What will this mean for the future? Where does it for example leave decades of research and theory on the relationship between development and the environment? Three predictions seem warranted: The first is that the fragmentation of development research as an academic field will continue, and there will be an increasing disconnect between theory, discourse and strategies. For quite some years development theory has been an academic field in search of a theoretic and disciplinary core. However, since the field of research originates in a political project rather than an academic discipline and that project is history, this search has been difficult. As shown in this chapter, it has been hampered by the continuous addition of perspectives, disciplines and competing political views. The constant has been the existence of western aid institutions that have sought to support development theory for finding better ways to channel funds to reach development goals. As development strategies increasingly may be driven by nationalist projects and geopolitical struggles that will happen independently of western aid and policy recommendations, the last remnants of a theoretical core may also disappear. Thus, we can expect increasing fragmentation and a strengthening of the features of development theory as one of the few academic fields where flat earth manifestos and gravity theories live happily side by side.

The second is a possible deepening of the development conflicts. If we are to extract one lesson from the decades of critique of development as industrialisation and technological upgrading it is that such a process is never without conflicts and downsides. The impact of development on gender relations, the democratic challenges that are often related industrialisation and technological upgrading processes, and the impact on local communities of this development, will be no less urgently felt when the development is funded and led by emerging economies than when they were dominated by western powers. This has already resulted in numerous conflicts over natural resources (minerals, oil, gas, etc.), over control over local spaces, and over transparency, democratic participation and distribution of

resources in emerging economies. Thus, it is clear that growth and industrialisation no more resolve all development concerns today than it did in the 1950s and 1960s and is likely to produce new conflicts.

The third is that the governance of key global institutions will become increasingly out of sync with the underlying distribution of power and possibly development strategies adopted by development nations, a matter which may lead to their irrelevance. The World Trade Organisation is currently headed by a Brazilian, the UN by a South Korean and the World Bank by American-Korean Jim Yong Kim. Nevertheless, as argued by Robert Wade, the old G7 still dominate the multilateral system, and the United States remains the dominant state (Wade 2011). This is also reflected in their main lines of development thinking, that emphasises the development of liberal market economies and parallel specific policies to reach a number of social goals. Several of the main development institutions also increasingly advocate climate policies and more sustainable paths towards growth (although this by no means reflects the current strategies of the main powers). This seem increasingly at odds with the strategies that are applied by emerging economies from Vietnam to Brazil. Thus, while the world currently is seeing more ‘development’ than ever before, both development theory and the development institutions that emerged and grew during the last half of the 20th century may become increasingly sidelined.

¹ For the main justification for it, see Borlaug et al 1969.

² For example for the year 2010, China’s loan commitments to Latin America amounted to \$37 billion, more than those of the World Bank, Inter-American Development Bank, and United States Export-Import Bank combined for that year (Gallagher et al 2010). However, although China was the major new actor globally, also other countries played increasing roles in their neighborhoods. The loans emitted by the Brazilian development bank BNDS, in 2011 totaled 68 billion compared to the combined loans of the World Bank (IDA and IBRD) of 43 billion the same year.

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