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Lectures in Development Economics

For First-Year Political Science Students
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1 Lecture One: Introduction to the Course

When we speak about Development Economics, we enter a field that brings together the cold logic of economics and the urgent concerns of human welfare. This course is not merely about numerical calculations or abstract equations; rather, it is an attempt to understand how societies move from a state of poverty and underdevelopment to a state of prosperity and progress. It studies the mechanisms of social and economic change that countries experience throughout history.

Development Economics is defined as a branch of economics concerned with studying the reasons why some countries become wealthy while others remain poor, as well as the policies that can help developing countries achieve sustainable economic growth. However, this dry definition conceals a more complex reality.

Development is not simply an increase in income. It is a profound transformation in the structure of society, in social relations, and in ideas and values. As Amartya Sen, the Nobel Prize-winning economist, puts it, development is the expansion of people's substantive freedoms. This perspective encourages us to view development in a broader sense than mere economic indicators.

Basic Definition: Development Economics is the science that studies the economic, social, and political processes that lead to improvements in living standards and the well-being of populations in developing countries. This includes the study of economic growth, structural change, social transformation, government policies, and the role of international institutions.

Understanding this definition requires us to see development as a multidimensional process. It is not only about economic growth, but also about improvements in health and education, political and civil freedoms, and the capacity to withstand economic and environmental shocks.

1.1 The Importance of the Course in Political Science

A political science student may ask: what is my connection to a field that appears to be purely economic? The question is legitimate, and the answer lies in the organic relationship between economics and politics. Politics is essentially concerned with the distribution of resources and power, while economics determines the size of those resources and the way they are distributed.

Without economic understanding, political analysis remains superficial. Without political understanding, economic analysis remains blind. Economic decisions are, above all, political decisions. When a government chooses to allocate the budget to education or health, it is expressing political priorities. When the International Monetary Fund imposes conditions on a loan, it is exercising a form of political power.

In Algeria, this relationship is particularly clear. Dependence on hydrocarbons is not only an economic challenge; it also affects the political structure of the state and its relations with the outside world. Understanding this link is essential for any political science researcher.

Applied

Example:

When the Algerian government decided in 2019 to increase spending on education by 15 percent, this was a political decision with social and economic dimensions. Economically, it meant investing in human capital. Politically, it reflected a response to popular demands, especially those raised during the Hirak movement, which called for better public services.

1.2 Link with Political Economy

You have already studied political economy. Recall that it is the field that examines the relationship between the economy and political institutions. Development Economics continues this path, but it focuses on a specific question: how do societies transform?

If political economy studies the “present,” Development Economics studies the “path” — the process of change over time, the dynamics that alter the condition of countries. This difference is fundamental. Countries are not born rich or poor; they become so through a history of decisions, conflicts, and transformations. Understanding these dynamics helps us analyze political change, since revolutions and protests are often linked to economic conditions. The Arab Spring, for example, erupted in countries suffering from high unemployment, corruption, and inequality.

1.3 Concept of Growth and Development

For many economists and development specialists, the essence of development was long considered to be rapid income growth. This was the traditional understanding that prevailed before and after World War II for many years.

1.4 1. Concept of Economic Growth

Economic growth refers to an increase in gross domestic product or national income that leads to an increase in the average real income per capita, achieved through an appropriate level of investment depending on domestic savings, loans, and available foreign aid.

From this definition, the main characteristics of economic growth can be derived:

1. Economic growth does not mean only an increase in GDP; it must also result in an increase in real per capita income. In other words, the growth rate must exceed the population growth rate.
2. The increase in per capita income is not merely a nominal increase; it must be a real increase after accounting for inflation.
3. The increase in income must be long-term and not temporary. Therefore, transitory growth caused by accidental or short-lived factors must be excluded.

1.5 2. Concept of Development

Definitions of development vary according to schools of thought, academic disciplines, and researchers' perspectives. Some define it as "the process through which a society moves from underdevelopment to progress." This transition requires profound and fundamental changes in the economic, social, and political structure. Development is thus "a deliberate and conscious process of changing the prevailing economic, social, and cultural structures in an underdeveloped society in order to reach higher levels, both quantitatively and qualitatively, to satisfy the basic needs of the majority of society."

In general, development is the process through which the average real per capita income increases over time, accompanied by changes in the structure of production and in the quality of goods and services produced, as well as changes in income distribution in favor of the poor. It also entails social and political changes in the direction of rationality and progress.

The elements included in the development process are:

1. All the elements contained in economic growth:
 - An increase in average per capita income.
 - The increase must be real, not merely nominal.
 - The increase must be long-term.
1. Additional elements specific to development:
 - Changes in the economic, social, and political structure.
 - Redistribution of income in favor of the poor.
 - Greater attention to the quality of goods and services produced.

2 Lecture Two: The Evolution of the Concept of Development

2.1 The Evolution of Development

The concept of development evolved from a narrow focus on increasing economic growth rates to broader concerns, giving rise to new concepts that expand its meaning. In this section, we examine the different stages through which this term has passed.

2.2 1. The Traditional Concept of Development

This was the dominant concept for a long period, extending until the late 1960s of the twentieth century. It was essentially identical to the concept of growth discussed earlier.

Developing countries adopted this concept from developed countries and applied it during the 1950s and 1960s. What attracted them most to this approach were the great achievements of Western developed countries in the field of development, despite the different economic conditions and problems they faced. However, the technical and technological progress achieved by developed countries did not necessarily serve the development orientations of developing countries.

In addition, the nature of international relations linking developing countries to developed countries reflected a long historical evolution of an international system marked by a high degree of imbalance and exploitation.

These factors played a major role in the inadequacy of the development concept and, consequently, in the weak results of its application in developing countries. This led economic thought to renewed attention to broader dimensions of development that better meet the needs of these countries.

The continuous evaluation of the results of various development experiences adopted by most developing countries also contributed significantly to this shift.

2.3 2. Lessons from the Development Experiences of the 1950s and 1960s

The development experiences implemented by developing countries during the 1950s and 1960s revealed the limits of the concept borrowed from developed countries, which reduced development to rapid economic growth alone.

This became clear in countries that faced poverty, unemployment, poor income distribution across wide segments of the population, and stagnant living standards.

This was the case even in countries that achieved national income growth rates close to the level considered acceptable by experts and by the United Nations Development Decade, which was 6 percent.

On the other hand, experience showed something unexpected: some developing countries that recorded only moderate or modest growth rates were nevertheless able to achieve noticeable progress in several areas related to meeting basic needs, such as Sri Lanka and Saudi Arabia.

A major conclusion followed from this: improvements in living standards are not achieved solely through high income growth rates or by reaching a high level of per capita income. The real issue also lies in income distribution policies and in policies directly aimed at reducing poverty and improving the living conditions of the poor.

Accordingly, the experience of developing countries in the 1950s and 1960s shifted attention in defining development from economic growth alone toward reducing inequality, achieving income justice, eliminating poverty, expanding employment opportunities, and satisfying basic needs.

2.4 3. Ideas and Proposals of the 1970s

All the proposals and ideas that emerged during this period focused on the need to improve people's standard of living and on the necessity for development strategies to be comprehensive, not limited to material aspects alone, but also including social dimensions, especially the human element.

Among the most prominent proposals were the World Bank's adoption of "redistribution with growth," and the International Labour Organization's adoption of what became known as the

“basic needs strategy,” which emerged from the World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour in 1976.

Its most important contribution was the reconsideration of all development strategies, especially the production side. Production had to increase in order to create new and numerous jobs and to provide the required goods and services at low cost, sold at prices compatible with the income of most households.

Thus, an increase in nominal income alone in poor countries would not, in the foreseeable future, enable beneficiaries to purchase imported goods at world prices. This implies the need for the spread of small and medium-sized labor-intensive industries, which is associated with import substitution strategy.

This development approach faced strong criticism from some Third World writers, who considered it in practice a second-class type of development that prevented developing countries from catching up with advanced industrial countries.

In general, the “basic needs” concept did not receive much attention. One economist commented on it by saying that it had “no place in economic theory or academic analysis,” and that its proponents had not expressed it in a proper academic form, namely mathematical formulation. Therefore, academics left it among the “pile of rhetoric” repeated in international forums by governments unable to develop their countries, along with some economists swept along by political currents.

Despite the limited impact of these ideas on development policymakers, they sparked a new intellectual movement known at the time as the search for alternative development strategies.

2.5 4. Developments in the 1980s and 1990s

During the 1980s and 1990s, several developments occurred regarding the concept of development. As a result, other concepts emerged, including:

1. Human development.
2. Sustainable development.
3. Independent development.
4. The comprehensive development concept.

Although these concepts are accompanied by descriptive terms such as “alternative,” in reality they are conditions and descriptions of the main content of development. Each of them highlights one of the important dimensions or aspects contained in the concept of development.

2.6 Human Development

The United Nations Development Programme played a pioneering role in adopting and promoting this concept through the Human Development Reports, which it began publishing in 1990.

Some scholars argue that the roots of human development go back to the mid-eighteenth century and continued throughout the nineteenth and twentieth centuries. However, the concept in those earlier schools differs from its modern form: the earlier view treated labor as one factor of production equal to the others, whereas the new concept considers the human being the essence of development. Human beings are not only factors of production but also the ultimate objective of development. Development must respond not only to economic needs but also to social and political ones.

According to the definition in United Nations reports, human development is “the process of enlarging people’s choices.”

There is almost complete agreement among those concerned with human development that these choices may be limitless and change over time. Yet some choices remain essential at every level of development, namely:

1. To lead a long and healthy life.
2. To acquire knowledge.
3. To have the resources needed for a decent standard of living.

Other choices are also highly valued by experts, including political, economic, and social freedom, opportunities for creativity, self-respect, and the protection of human rights.

The report states that annual growth in gross national product is a necessary condition for the development process, but it is not sufficient. Evidence for this is that some countries have achieved tangible progress in human conditions despite being poor by the growth standard, and vice versa.

The 1991 Human Development Report adopted the classification of freedoms developed by the American researcher Hocharz Heuman, whose study covered 88 countries. He attempted to count the freedoms under study and rank those countries accordingly. He identified 40 freedoms, distributed across five categories as follows:

1. Rights to:
 - Travel within the country.
 - Travel abroad.
 - Political assembly and association.
 - Education.
 - Access to information.
 - Monitor human rights violations.
 - Use of ethnic language.
1. Freedom from:
 - Forced labor and child labor.
 - Work permits.
 - Illegal killing and disappearance.
 - Torture and physical coercion.
 - The death penalty.
 - Corporal punishment.

- Administrative detention.
- Forced membership in a party or organization.
- Imposition of state religion or ideology in schools.
- Censorship of the arts.
- Political censorship of newspapers.
- Censorship of mail.
- Telephone tapping.

1. Freedom in:

- Peaceful political opposition.
- Multi-party elections.
- Universal and secret suffrage.
- Political and legal equality between men and women.
- Equal economic and social opportunities for ethnic minorities.
- Independent press.
- Independent publishing houses.
- Independence of radio and television.
- Judicial independence.
- Trade union independence.

1. Rights to:

- Citizenship.
- Presumption of innocence.
- Free legal aid and the right to choose a lawyer.
- Public trial.
- Speedy trial.
- Searches only by judicial warrant.
- Protection against unlawful seizure of private property.

1. Personal rights in:

- Marriage despite racial or religious difference, or civil marriage.
- Equality between men and women during marriage and divorce procedures.
- Consensual relations between two adults of the same sex.
- Practice of any religion.
- Deciding the number of children one wishes to have.

This 1991 report was heavily criticized by many countries, even within the Executive Board of the UNDP, despite their acceptance of it in defining and describing rights and freedoms.

Most of the criticism stemmed from the fact that the author of the study reflected the demands of societies that had largely overcome extreme poverty and the associated ignorance and disease. As a result, the major concerns of the peoples of developing countries were absent. There was no mention of basic rights such as freedom from hunger, disease, and ignorance, the right to productive work, the redistribution of national income on fairer grounds, the right of peoples to be free from foreign interference in their internal affairs, or the right to control their natural resources.

In response, the report's authors revised their position in the 1992 Human Development Report, which grouped political freedom into five themes: personal security, rule of law, freedom of expression, popular participation, and equality of opportunity.

2.7 Sustainable Development

Sustainable development is based on balancing environmental, demographic, and natural considerations. It is therefore defined as development that seeks the optimal and equitable use of natural resources so that present generations may live without harming the ability of future generations to meet their needs, given that population continues to increase while natural resources are rapidly declining.

One of its main goals is to achieve a stable population growth rate at the global level, because the greater the consumption of natural resources, the greater the depletion, environmental pollution, and waste of environmental energy. Sustainable development also addresses the problem of poverty.

This concept was expressed in Agenda 21 for Sustainable Development, issued by the Environment and Development Conference, the Earth Summit, held in Rio de Janeiro, Brazil, in July 1992. More than 100 heads of state and government attended the conference.

Agenda 21 is a global action plan that sets out the foundations of sustainable development. It includes 40 chapters dealing with social and economic issues, as well as natural resources and their rational development in a way that preserves their capacity to provide benefits.

2.8 Indicators of Sustainable Development

One of the important attempts to establish indicators for sustainable development was the framework proposed after the Environment and Development Conference held in Rio de Janeiro in 1992. In response to the conference recommendations, this framework was presented in 1994 and addresses a large set of environmental and development issues, including:

1. Economic issues: such as integrating environment and development in decision-making, consumption patterns, and financial and technological resources.
2. Social and demographic issues: such as poverty, population dynamics, education, training, and health.
3. Air and climate issues.
4. Land and soil issues, including desertification and agricultural development.
5. Water issues, including freshwater resources and the waters of oceans and seas.
6. Other natural resource issues, such as forests, biodiversity, minerals, and energy.
7. Waste issues, including solid waste, sanitation, toxic chemicals, and hazardous waste.
8. Human settlements and natural disasters.
9. Political support issues: including scientific institutions, capacity building, and the roles of civil society organizations concerned with environmental matters.

2.9 Independent Development

This concept emerged from the search for an alternative development strategy based on self-reliance, as a reaction to attempts by advanced capitalist countries, after the collapse of the socialist bloc, to impose their control over developing countries that were still struggling for economic independence.

Paul Baran is considered a pioneer of the call for independent development in his analysis of the evolution of Indian society in his famous book, *Political Economy of Growth*. He linked development to control over the economic surplus and to its best possible use, beginning with cutting off external channels of drain and eventually linking it to the interests of low-income social classes, which represent the majority of society. He also stressed the need to eliminate all forms of luxurious consumption that imitate consumption patterns in developed countries, since such behavior is one of the most visible forms of wasting actual economic surplus. He focused on external factors in creating dependency and underdevelopment and limited the remedy to severing these factors, while leaning toward a non-capitalist model of independent development in order to achieve autonomy.

Many economists in Asia, Africa, Latin America, and even Europe adopted Baran's idea. Nevertheless, a precise concept of independent development has not yet fully crystallized in economic writings. Most scholars agree that it means a society relying on itself and developing the capacities of its members, while giving priority to mobilizing local resources, industrializing production equipment, and building a local scientific and technological base with all its requirements, including the dissemination of knowledge and the training of the skills and human resources needed for that purpose. It also gives special attention to independent decision-making regarding how local resources are used and how to deal with the outside world, as well as the importance of democratic participation in decision-making and implementation, while preserving individual initiative without allowing it to harm the overall development process.

This should not be understood as isolation from the outside world. Rather, it means insulating local production and consumption from negative external influences in order to radically change the country's foreign trade pattern, while setting priorities in the allocation of available resources to meet the most urgent basic needs of individuals and ensuring that these needs are produced locally as far as possible.

Many researchers divide the indicators of independent development into three main axes:

2.10 First Axis: Possibility Indicators

These indicate the extent to which a developing country is capable of following an independent development path. They include various internal capabilities and conditions that may help or hinder the achievement of development independence:

1. Geographic location.
2. Size.
3. Abundance of natural resources.
4. Cultural and social cohesion of the population.

2.11 Second Axis: Qualification Indicators

These are indicators that qualify a country to achieve independent development. They may also be called indicators of the path toward independent development and include:

1. Changes in production structure and productivity.
2. Changes in population structure and the labor force.
3. Improvement in quality of life.
4. Equity in income distribution.
5. Technology and scientific research.
6. The effectiveness of the state's economic activity.
7. Changes in consumption patterns.

2.12 Third Axis: Independence Indicators

These are indicators that measure the extent of independence of the economic development process in the country concerned. They are distinguished by their quantitative measurability and include:

1. Internal gap indicator: the extent to which the local community relies on itself in financing investment.
2. External gap indicators, including:
 - Trade openness indicator.
 - Export-to-import ratio.
 - Geographical distribution of exports and imports.
 - Commodity distribution of exports and imports.
1. External debt indicator.
2. Industrial dependency indicator, including:
 - Ratio of investment imports to total investment.
 - Degree of reliance on turnkey projects and foreign capital.
1. External relations indicator, including:
 - Relationship with international organizations.
 - Relationship with developing countries.

In addition, there are very important indicators because of their impact on the independence of the development process, such as the national security indicator and the indicator of cultural and intellectual independence, although they are very difficult to measure.

2.13 Comprehensive Development Framework

In 1996, the World Bank announced an initiative called the "Comprehensive Development Framework." This initiative represented a new approach to the concept and indicators of development. It is based on formulating an integrated framework in which the economic and financial aspects are combined with the social and human structure.

Development is viewed here as a process of transforming society from traditional relations and traditional ways of thinking, from traditional approaches to health and education, and from traditional methods of production to more modern ones. This transformation can be summarized as follows:

1. Development is considered an enrichment of people's lives by expanding their horizons and reducing their sense of alienation and marginalization.
2. Development seeks to reduce suffering from disease and poverty, not merely to prolong life, but to improve quality of life.
3. Development gives individuals and societies greater capacity to control their own destiny.

Some economists argue that this World Bank approach is not new, since it had already been emphasized earlier to consider all these ideas together within a broad and comprehensive framework of social transformation.

According to the World Bank, the indicators of the Comprehensive Development Framework should reflect 14 elements:

1. Good and clean governance: concerning the educational and organizational level of government, the integrity of governance, accountability, and participation.
2. A good legal and judicial system: relating to protection and security for individuals and property, judicial integrity, and independence.
3. A sound financial system: including proper organization, transparent and effective banking rules, and compliance with international auditing and financial control standards.
4. Safety nets and social programs.
5. Education and knowledge.
6. Health and population.
7. Water and sanitation.
8. Energy.
9. Roads, transport, and communications.
10. Environmental and cultural issues.
11. Rural development strategy.
12. Urban development strategy.
13. Private sector development strategy.
14. Strategies for issues of special importance to the country concerned.

Lecture Two: The Evolution of the Concept of Development

1. The Evolution of the Concept of Development

The concept of development has moved from a narrow concern with raising economic growth rates to a broader attention to more complex issues. As a result, new concepts emerged that expanded its meaning. In this section, we examine the different stages through which this term has evolved.

1. The Traditional Concept of Development

This was the dominant concept for a long period, extending until the late 1960s. It corresponded to the concept of growth discussed earlier.

Developing countries adopted this concept from developed countries and applied it during the 1950s and 1960s. What most attracted them to this approach were the remarkable achievements of Western developed countries in the field of development, despite the different economic conditions and problems those countries had faced. However, the technical and technological progress achieved by developed countries did not always serve the development goals of developing countries.

In addition, the nature of international relations linking developing countries to developed countries reflected a long historical process shaped by an international system marked by a high degree of inequality and exploitation.

These factors clearly contributed to the limitations of the development concept and, consequently, to the weak results of its application in developing countries. This led economic thought to renewed interest in broader dimensions and definitions of development that better met the needs of those countries.

The continuous evaluation of the results of various development experiences adopted by most developing countries also played an important role in highlighting these limitations.

2. Lessons from the Development Experiences of the 1950s and 1960s

The development experiences implemented by developing countries during the 1950s and 1960s revealed the shortcomings of the concept borrowed from developed countries, which reduced development to rapid economic growth alone.

This became evident in countries that faced poverty, unemployment, poor income distribution across large segments of society, and low improvements in living standards.

This occurred even in countries that achieved national income growth rates close to the level considered acceptable by experts and by the United Nations Development Decade, namely 6 percent.

At the same time, these experiences revealed something unexpected: some developing countries that recorded only moderate or modest growth rates were still able to make

noticeable progress in several areas related to the satisfaction of basic needs, such as Sri Lanka and Saudi Arabia.

A major conclusion followed from this: improvements in living standards are not achieved solely through high income growth rates or through reaching a high level of per capita income. The real issue also lies in income distribution policies and in policies directly aimed at reducing poverty and improving the living conditions of the poor.

Accordingly, the experience of developing countries in the 1950s and 1960s shifted the definition of development away from economic growth alone toward reducing inequality, achieving income justice, eliminating poverty, expanding employment opportunities, and meeting basic needs.

Proposals and Approaches in the 1970s

All the proposals and approaches that emerged during this period focused on the need to raise the standard of living of individuals and on ensuring that development strategies were comprehensive, not limited to material aspects alone, but also including social dimensions, especially the human element.

Among the most prominent proposals were the World Bank's adoption of "redistribution with growth," and the International Labour Organization's adoption of what became known as the "basic needs strategy," which emerged from the World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour in 1976.

One of its most important contributions was the reconsideration of all development strategies, especially the productive side. Production had to be increased in order to create new and large numbers of jobs and to provide the required goods and services at low cost, sold at prices compatible with the income of most households.

Thus, an increase in nominal income alone in poor countries would not, in the foreseeable future, enable beneficiaries to purchase imported goods at world prices. This made it necessary to encourage the spread of small and medium-sized labor-intensive industries, which corresponds to an import substitution strategy.

This development approach faced strong criticism from some writers in the Third World, who considered it in practice a second-class form of development that prevented developing countries from catching up with advanced industrial countries.

In general, the "basic needs" concept did not receive much academic attention. One economist commented that it had "no place in economic theory or academic analysis," and that its proponents had not expressed it in an academically proper form, namely mathematical formulation. As a result, academics left it among the "pile of rhetoric" repeated in international forums by governments unable to develop their countries, along with some economists swept along by political currents.

Despite the limited impact of these ideas on development policymakers, they ignited a new intellectual movement known at the time as the search for alternative development strategies.

3. Developments in the 1980s and 1990s

During the 1980s and 1990s, several developments took place regarding the concept of development. As a result, other concepts of development emerged, including:

1. Human development.
2. Sustainable development.
3. Independent development.
4. The comprehensive development concept.

Although these concepts are sometimes described with additional qualifiers such as “alternative,” they are in fact conditions and descriptions of the main content of development. Each concept highlights one of the important dimensions or aspects contained in the broader meaning of development.

- Human Development

The United Nations Development Programme played a pioneering role in adopting and promoting this concept through the Human Development Reports, which it began publishing in 1990.

Some scholars argue that the roots of human development go back to the mid-eighteenth century and continued through the nineteenth and twentieth centuries. However, the older use of the concept differs from its modern form. In earlier schools of thought, labor was considered one factor of production among others, whereas the new concept views the human being as the essence of development. Human beings are not only factors of production, but also the ultimate goal of development. Development must therefore respond not only to economic needs, but also to social and political needs.

According to the definition given in United Nations reports, human development is “the process of enlarging people’s choices.”

There is almost complete agreement among those concerned with human development that these choices may be unlimited and may change over time. Yet there are some fundamental choices that remain essential at every level of development, as stated for the first time in the 1990 Human Development Report:

1. To lead a long and healthy life.
2. To acquire knowledge.
3. To have the resources needed to enjoy a decent standard of living.

There are also other choices that some experts value highly, extending from political, economic, and social freedom to opportunities for creativity, self-respect, and the protection of human rights.

The report holds that annual growth in gross national product is a necessary condition for the development process, but not a sufficient one. Evidence for this is that some countries achieved tangible progress in human conditions despite being poor by the above growth standard, while the opposite also occurred.

The 1991 Human Development Report adopted the classification of freedoms developed by the American researcher Hocharz Heuman, who published a study covering 88 countries and attempted to count the freedoms under study and rank those countries accordingly. He identified 40 freedoms distributed across five categories as follows:

1. Rights to:

- Travel within the country.
- Travel abroad.
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- Access to information.
- Monitor violations of human rights.
- Use the ethnic language.

1. Freedom from:

- Forced labor and child labor.
- Work permits.
- Unlawful killing and disappearance.
- Torture and physical coercion.
- The death penalty.
- Corporal punishment.
- Administrative detention.
- Forced membership in a party or organization.
- Imposition of the state religion or ideology in schools.
- Censorship of the arts.
- Political censorship of newspapers.
- Mail censorship.
- Telephone tapping.

1. Freedom in:

- Peaceful political opposition.
- Multiparty elections.
- Universal and secret suffrage.
- Political and legal equality between men and women.
- Equal economic and social opportunities for ethnic minorities.
- An independent press.
- Independent publishing houses.
- Independence of radio and television.
- Judicial independence.
- Trade union independence.

1. Rights to:

- Citizenship.
- Presumption of innocence.
- Free legal aid and freedom to choose a lawyer.
- Public trial.

- Speedy trial.
- Searches only by judicial warrant.
- Protection against unlawful seizure of private property.

1. Personal rights in:

- Marriage despite racial or religious difference, or civil marriage.
- Equality between men and women during marriage and in divorce procedures.
- Relations between two adults of the same sex.
- Practice of any religion.
- Deciding the number of children one wishes to have.

This 1991 report was strongly criticized by many countries, even within the Board of Directors of the United Nations Development Programme, despite their acceptance of it in defining and describing rights and freedoms.

Most of the criticism stemmed from the fact that the author of the study reflected demands that were relevant mainly to societies that had largely overcome extreme poverty and the related problems of ignorance and disease. As a result, the major concerns of the peoples of developing countries were absent. There was no mention of basic rights such as freedom from hunger, disease, and ignorance, the right to productive work, the redistribution of national income on more equitable grounds, the right of peoples to be free from foreign interference in their internal affairs, or the right to control their natural resources.

Thus, the authors of the report had no choice but to revise their position in the 1992 Human Development Report, which grouped political freedom under five themes: personal security, rule of law, freedom of expression, popular participation, and equality of opportunity.

- Sustainable Development

Sustainable development is based on achieving balance among environmental, demographic, and natural considerations. It is therefore defined as development that seeks the optimal and equitable use of natural resources so that present generations may live without harming the ability of future generations to meet their needs, especially since population continues to increase while natural resources are rapidly declining.

One of its main goals is to achieve a stable global population growth rate, because the greater the consumption of natural resources, the greater the depletion, environmental pollution, and waste of environmental energy. Sustainable development also addresses the problem of poverty.

This concept was expressed in Agenda 21 for Sustainable Development, issued by the Environment and Development Conference, the Earth Summit, held in Rio de Janeiro, Brazil, in July 1992. More than 100 heads of state and government attended this conference.

Agenda 21 is a global action plan that sets out the foundations of sustainable development. It includes 40 chapters dealing with social and economic issues, as well as natural resources and their rational development in a way that preserves their capacity to provide benefits.

Indicators of Sustainable Development

One of the important attempts to define indicators for sustainable development was the framework proposed after the Environment and Development Conference held in Rio de Janeiro in 1992. Following the conference's recommendations, this framework was presented in 1994 and addressed a broad range of environmental and development issues, including:

1. Economic issues: such as integrating environment and development in decision-making, consumption patterns, and financial and technological resources.
2. Social and demographic issues: such as poverty, population dynamics, education, training, and health.
3. Air and climate issues.
4. Land and soil issues, including desertification and agricultural development.
5. Water issues, including freshwater resources and the waters of oceans and seas.
6. Other natural resource issues, such as forests, biodiversity, minerals, and energy.
7. Waste issues, including solid waste, sanitation, toxic chemicals, and hazardous waste.
8. Human settlements and natural disasters.
9. Political support issues: including scientific institutions, capacity-building, and the roles of civil society organizations concerned with environmental issues.

- Independent Development

This concept emerged from efforts to formulate an alternative development strategy based on self-reliance, as a reaction to attempts by advanced capitalist countries, after the collapse of the socialist bloc, to impose their control over developing countries that were still struggling for economic independence.

Paul Baran is considered a pioneer of the call for independent development in his analysis of the evolution of Indian society in his famous book *Political Economy of Growth*. He linked development to control over the economic surplus and to its best possible use, beginning with cutting off external channels of drain and eventually linking it to the interests of low-income social classes, which represent the majority of society. He also emphasized the need to eliminate all forms of luxurious consumption that imitate consumption in developed countries, since such behavior is one of the most visible forms of wasting actual economic surplus. He focused on external factors in creating dependency and underdevelopment and limited the remedy to cutting these factors off, while favoring a non-capitalist model of independent development to achieve autonomy.

Many economists in Asia, Africa, Latin America, and even Europe adopted Baran's idea. Nevertheless, a precise concept of independent development has not yet fully crystallized in economic literature. Most scholars agree that it means a society relying on itself and developing the capacities of its members, while giving priority to mobilizing local resources, industrializing production equipment, and building a local scientific and technological base with all the necessary requirements for knowledge dissemination, skills formation, and the training of human resources. It also gives special attention to independent decision-making regarding how local resources are used and how to deal with the outside world, as well as to democratic participation in decision-making and implementation, while preserving individual initiative without allowing it to harm the overall development process.

This should not be understood as isolation from the outside world. Rather, it means insulating local production and consumption from negative external influences in order to radically change the country's foreign trade pattern, while prioritizing the allocation of available resources to meet the most urgent essential needs of individuals and ensuring that these needs are produced locally as far as possible.

Many researchers divide the indicators of independent development into three main axes:

First Axis: Possibility Indicators

These indicate the extent to which a developing country is capable of following an independent development path. They include the various internal capacities and conditions that may help or hinder the achievement of development independence:

1. Geographic location.
2. Size.
3. Abundance of natural resources.
4. Cultural and social cohesion of the population.

Second Axis: Qualification Indicators

These are indicators that qualify a country to achieve independent development. They may also be called indicators of the path toward independent development and include:

1. Changes in production structure and productivity.
2. Changes in population structure and the labor force.
3. Improvement in quality of life.
4. Equity in income distribution.
5. Technology and scientific research.
6. The effectiveness of the state's economic activity.
7. Changes in consumption patterns.

Third Axis: Independence Indicators

These include the indicators that determine the degree of independence of the economic development process in the country concerned. They are distinguished from others by their quantitative measurability and include:

1. Internal gap indicator: the extent to which the local community relies on itself in financing investment.
2. External gap indicators, including:
 - Trade openness indicator.
 - Export-to-import ratio.
 - Geographic distribution of exports and imports.
 - Commodity distribution of exports and imports.
1. External debt indicator.
2. Industrial dependency indicator, including:

- Ratio of investment imports to total investment.
- Degree of reliance on turnkey projects and foreign capital.

1. External relations indicator, including:

- Relationship with international organizations.
- Relationship with developing countries.

In addition, there are very important indicators because of their impact on the independence of the development process, such as the national security indicator and the indicator of cultural and intellectual independence, although these are very difficult to measure.

4. Comprehensive Development Framework

In 1996, the World Bank announced an initiative called the “Comprehensive Development Framework.” This initiative represented a new approach to the concept and indicators of development. It is based on constructing an integrated framework in which the economic and financial dimensions are combined with the social and human structure.

Development is viewed here as a process of transforming society away from traditional relations, traditional ways of thinking, traditional approaches to health and education, and traditional methods of production toward more modern ones. This transformation can be summarized as follows:

1. Development enriches people’s lives by expanding their horizons and reducing their sense of alienation and marginalization.
2. Development seeks to reduce suffering from disease and poverty, not merely to prolong life, but to improve quality of life.
3. Development provides individuals and societies with greater capacity to control their own destiny.

Some economists argue that this World Bank approach is not new, since these ideas had already been emphasized earlier as part of a broader and more comprehensive framework of social transformation.

According to the World Bank, the indicators of the Comprehensive Development Framework should reflect 14 elements:

1. Good and clean governance: concerning the educational and organizational level of government, the integrity of governance, accountability, and participation.
2. A good legal and judicial system: concerning the protection and security of individuals and property, judicial integrity, and independence.
3. A sound financial system: including proper organization, transparent and sound banking rules, and compliance with international auditing and financial control standards.
4. Safety nets and social programs.
5. Education and knowledge.
6. Health and population.
7. Water and sanitation.

8. Energy.
9. Roads, transport, and communications.
10. Environmental and cultural issues.
11. Rural development strategy.
12. Urban development strategy.
13. Private sector development strategy.
14. Strategies for issues of special importance to the country concerned.

3 Lecture Three: Theories of Economic Development

3.1 Introduction

Researchers have differed in how they classify development theories. Some classify them according to the perspective from which they approached and analyzed underdevelopment and the means of achieving development, including the economic, social, and psychological perspectives. Others classify them according to the historical period in which they emerged, such as classical, neoclassical, and modern theories. A third approach classifies them according to the school to which the theorist belongs, distinguishing between Western theories, known as modernization theories, and theories developed by non-Western thinkers. Modernization Theories

These are theories developed by Western thinkers and presented to developing countries after the end of World War II. They took two directions: the first focused on the reasons why developing countries failed to achieve development, while the second focused on identifying the basic factors through which development can be achieved.

3.2 Rostow's Stages of Growth

In this theory, Rostow used the historical method and argued that a country evolves from one stage to another, passing through five historical stages during its economic growth. Accordingly, the progress of developing countries is only a matter of time.

3.3 Traditional Society

Its main characteristics are:

- A traditional society that hinders the use of technology.
- An agricultural economy suffering from technical and productive backwardness.
- Per capita income does not grow because of the weakness of production methods.
- Income is largely spent on non-productive consumption goods.
- Power is in the hands of landowners supported by the army.
- Low return per hectare because of weak technological mastery.

3.4 Preconditions for Take-Off

Its main characteristics are:

- Society begins to establish scientific laws governing phenomena and starts applying them to increase production.
- Imports rise and are financed by exports of raw materials.
- Society becomes more open to the introduction of new technology.
- The emergence of some leaders characterized by innovation and a spirit of adventure.
- Transport develops as investment increases, and progress spreads from abroad through technology transfer.
- The emergence of banks and some savings institutions.

3.5 Take-Off

This stage is characterized by:

- Its short duration compared with the other stages.
- A rise in real output per capita.
- Major changes in the technologies used, associated with the Industrial Revolution.
- Modernization of economic activity due to the rise of political leaders who bring about social, political, and economic revolutions.
- The society begins to produce import substitutes.
- The victory of the new educated class over the conservative traditional class.
- The investment rate rises from 5 percent to 10 percent of national income.almerja

3.6 Drive to Maturity

- This is considered the longest stage.
- The investment rate rises from 10 percent to 20 percent of national income.
- Production exceeds population growth.
- The main feature is improvement in production techniques.
- The state begins to achieve self-sufficiency and export its surplus products.
- Wages rise, leading to an increase in consumption.
- Administrative leadership shifts to the hands of senior managers or competent organizers.almerja

3.7 Age of High Mass Consumption

- It is characterized by a rise in real income per capita to the point of enjoying abundant consumption of durable goods.
- Social and economic welfare increases.
- Technological progress no longer becomes a goal because it has become easy to achieve

3.8 Criticisms of Rostow's Theory

- Rostow believes that "history repeats itself," based on the applicability of the theory to many countries in the past, such as the United States, Western Europe, and Japan; however, generalization is difficult.
- Underdeveloped countries may achieve development without passing through the previous stages, by making a leap. In addition, the conditions and factors affecting development differ from one historical period to another.
- He did not provide clear and precise explanations of what the stages mean, since the process is complex; therefore, what exactly is meant by the word "stage"?
- He links progress in developing countries to their abandonment of their own specificity, culture, and values, and their adoption of Western values and culture.

3.9 Nurkse's Theory of the Vicious Circle

Through his theory, Nurkse tried to explain the causes of underdevelopment and attributed them to poverty, which leads to a low propensity to save and limited available investment.

According to Nurkse, alongside the supply side there is a very limited capacity to save, resulting from a low level of actual income, which reflects low labor productivity. This low productivity is itself determined by the noticeable shortage of capital, and the shortage of capital is nothing but the result of the weak capacity to save. Thus, the circle closes in on itself and revolves around itself.

This leads developing countries to remain in a state of persistent underdevelopment. Nurkse argues that there are many vicious circles. Concerning capital scarcity, he sees two circles: one on the supply side and one on the demand side.

Ragnar Nurkse was an American economist and a professor of economics at Columbia University. He was one of the scholars who subjected underdevelopment to theoretical analysis.

3.10 Criticisms of the Vicious Circle Theory

- The claim that underdeveloped countries always remain underdeveloped is not true. Some countries have broken this circle and transformed themselves from primitive societies into advanced ones with large projects, modern transport, and successful investments.
- The connection among the elements proposed by Nurkse is mechanical, whereas development is not a chemical laboratory process; it is a social phenomenon governed by the laws of social development.
- Underdeveloped countries actually possess real possibilities for raising labor productivity with very low capital costs.
- Some have proposed another vicious circle different from Nurkse's, arguing that if Western economists advocating this objective theory were truly sincere, they would say, or could say, that effective vicious circles can be built on the following elements: underdevelopment results from lack of money, which results from the exploitation of national income by foreign monopolies, which in turn results from the extravagant spending of parasitic ruling elements on internal resources, taking us back to underdevelopment.

3.11 Balanced Growth Theory

Nurkse reformulated the core idea of the big push advanced by Rosenstein in a modern and integrated form in order to break the vicious circle, and this became known as the balanced growth strategy. He argues that breaking this circle can only be achieved by expanding the size of the market, which in turn requires creating a broad front of consumer industries. This creates balance between the agricultural sector and the industrial sector so that the backwardness of agriculture does not become an obstacle to industrial growth.

This strategy aims to focus on goods needed to satisfy local market demand rather than for export, at least in the early stages, because the goods produced cannot compete with the products of advanced industries in the markets of developed countries.fseg.univ-tlemcen

Nurkse stipulates that the success of this strategy requires the simultaneous development of all industries and projects, since investments in each industry or project create a market for other industries or projects through the incomes they distribute. This expands the market and therefore creates incentives for investment.derasaty

He also believes that the growth mechanism that prevailed in the nineteenth century and relied on foreign trade is no longer suitable for achieving development, because the current structure of international economic relations constitutes a major obstacle to economic development. This is due to weak demand for developing countries' exports of primary goods, the unfavorable terms of trade, and the obstacles imposed on the export of manufactured goods from developing countries to the markets of advanced countries.fseg.univ-tlemcen

Accordingly, developing countries have no choice but to pursue development through the domestic front and rely on local primary resources, because he does not trust reliance on multinational corporations or foreign trade. He believes that local resources should come from the agricultural sector or from external borrowing.

3.12 Criticisms of Balanced Growth

1. Implementing this strategy would impose a modern integrated industrial sector on top of a traditional backward sector, thereby creating and deepening the problem of dualism in developing economies, a dualism inherited from foreign colonialism and its harmful effects on these countries' economies.
2. The strategy is unrealistic because it requires huge resources that underdeveloped countries do not possess.
3. Some criticized it for isolating developing countries from the international economy by focusing on development for the local market.
4. Others criticized the postponement of productive-goods industries in favor of a big push toward light consumer industries, because this approach would reveal its limitations in the long-term development of real savings due to increased consumption at the expense of saving.
5. Applying this strategy encourages inflation because it requires more resources than are available to most developing countries.
6. Investment across a broad front of consumer industries may simultaneously result in small-scale projects, leading to projects that are below the optimal size in terms of productive efficiency.

3.13 Unbalanced Growth Theory

The strategy of unbalanced growth is associated with the economist Hirschman as well as François Perroux. They argued that the capacity to save and invest individually is low in developing countries because of the weak supply of productive capital. Hirschman also supported the need for a big push in development while opposing the prioritization of rural development in order to reduce the volume of investment spending. He preferred

industrialization to begin in large cities, because investment in one industry at one stage will attract further investment in later stages due to the complementary nature of investments.

Supporters of this strategy rely on economic history. Hirschman said that economic history knows no examples of balanced growth; rather, economic growth has taken the form of the progress and expansion of some sectors, which led the growth process, and the development of these leading sectors stimulated other sectors to grow. From here comes the idea of the “leading sector” in the development process.

The problem raised by this strategy is how to determine which industries or sectors should be given priority. Hirschman explains this at two levels: first, in choosing between priority investment in social overhead capital and priority investment in directly productive capital; second, in choosing between priority investment in industries or projects within the directly productive sector.

In the comparison between priority investment in social overhead capital, such as roads, bridges, dams, power stations, railways, ports, and airports, and investment in the directly productive sector, he prefers the former.

When comparing industries or projects within direct production, Hirschman emphasizes the need to invest in the productive activity—whether a project or industry—that generates the greatest possible number of forward and backward linkages.

3.14 Criticisms of Unbalanced Growth

Some economists argue that this strategy assumes that the initial development process takes place primarily through individual initiative, and thus the strategy of unbalanced growth loses its significance when comprehensive planning is adopted as the method of economic development.

In addition, this theory focuses on capital as the sole engine of development, neglecting other variables that are no less important, such as administration and governance, skills and experience, and innovation.

It also neglects investment in human capital, just like the balanced growth strategy, and leaves poverty, unemployment, and the unequal distribution of national income unchanged.

If you want, I can now translate the **remaining lecture on poverty, inequality, and human capital** in the same academic style.

4 Lecture Four: Theories of Economic Development

4.1 Second: Leftist Theories in Explaining Development

These are a group of theories that emerged as a reaction to Western theories, namely modernization theories. They aim to explain underdevelopment and to offer alternatives for development by studying the relationship between developing countries and developed countries, or by studying the historical development of societies.

4.2 Marxist School

The Marxist school represents the major challenge faced by modernization theories. Marxist philosophy consists of two complementary parts: dialectical materialism and historical materialism. Marx and his followers believed that the factors presented by traditional development theories to explain the problems facing development in developing countries, such as the low level of technological progress or the lack of natural resources, were superficial factors.

Marx and the Marxists focused their attention on the capitalist system. They believed that this system contains all kinds of social contradictions that prevent a successful development process. Because of the importance of these contradictions, they lead to the disappearance of the capitalist system and its replacement by the socialist system, in which class struggle disappears and the full use of economic forces is made possible, thereby strengthening growth and allowing all members of society to benefit from the development process.

According to Marx, there are two classes in the capitalist system: capitalists and workers. Capitalists own all the means of production in the economy, such as equipment, machinery, natural resources, and capital, while workers own nothing except their labor power. Capitalists seek to achieve the highest possible profits, not only to raise their own standard of living, but also to obtain investment reserves that enable them to compete with other capitalists.

The method used to achieve this is the introduction of inventions that reduce production costs. In Marx's view, the inability to cope with rapid technological progress is the main factor behind the collapse of the capitalist system. Technological progress leads to many problems, among them technological unemployment, which tends to be high under capitalism..

Capitalists try to increase their capital by introducing new methods of production, which leads to higher unemployment and lower wages for those who remain employed. In an attempt to survive and avoid being swallowed by other enterprises, and to preserve their profit rate, the capitalist increases working hours and reduces wages, including the exploitation of women and children. Despite these forms of exploitation, many capitalists fail and leave the business world to join the working class. As a result, a small number of capitalists accumulate increasingly large amounts of capital. All these factors lead to recurrent crises, which in turn reduce capitalist profits. Underconsumption is considered a basic cause of these crises, resulting in a periodic surplus of goods, because consumption becomes lower than the productive capacity of society.

Marx identified four stages that societies pass through and considered them necessary:

1. Agricultural production stage: This is considered the first social and economic system through which society began to develop. In this stage, the means of production were collectively owned. However, as these means developed and the division of labor appeared, production became more abundant and a surplus emerged, which led to the appearance of two groups within society: the rich, who owned the means of production, and the poor, who became the property of the rich.
2. Feudal stage: The productive forces in the feudal era reached a higher level, and production methods became more advanced and developed. This stage was characterized by conflict between feudal lords and peasants, which led to the emergence of capitalist production. The bourgeois class led this struggle and later became the dominant class and the owner of the means of production in society..
3. Capitalist stage: As mentioned earlier, Marx focused on capitalism and analyzed its historical roots in the West, showing how the separation emerges between producers and owners of the means of production through the appearance of exploitation and social conflict, which leads to revolution.
4. Socialist stage: Marx believed that to reach this stage, one must pass through all the different stages of capitalist development. The most important features of this stage are the disappearance of exploitation with the disappearance of the monopolistic bourgeois class in society, the emergence of collective ownership of the means of production, and central planning.

Accordingly, development in Marx's view is a "revolutionary process" that includes comprehensive transformations in the social, economic, and political structure. It is based on a number of features, the most important of which are:

1. The need to meet the basic needs of individuals through providing and ensuring happiness and welfare for them through work and access for all..cerist+1
2. Collective self-reliance through mobilizing the people and involving them in the development process, especially the mobilization of deprived masses to resist manifestations of exploitation through awareness, which helps the masses develop their collective capacities.

Marxism has faced several criticisms, including:

- It exaggerated the idea that socialism is a development model capable of helping different countries overcome their backwardness.
- It emphasized the historical role of the bourgeoisie, although in most non-Western societies it transformed into an effective force that contributed to broad change, as happened in Western Europe.
- Marx's prophecy concerning the inevitability of the transition to socialism failed, since communist revolutions occurred in semi-capitalist countries, not in the most capitalist countries such as England and France.
- Marxism adopted the principle of planning, meaning state intervention in production; thus, it eliminated individual initiative by encouraging the principle of public ownership of the means of production.
- The socialist theory failed in practice.

However, what cannot be denied is Marxism's contribution to the development of capitalism, even if indirectly, by exposing the weaknesses of the capitalist system, which then benefited from this in addressing the crises it faced.

4.3 School of Dependency

This school is an extension of the Marxist school. Within it, we can distinguish several trends that differ in the sources from which they draw their ideas, yet they all share the same general analytical framework: studying the relationship between developed and underdeveloped countries and its consequences for both sides. It emerged in the 1970s and continued thereafter as a result of the failure of Western theories to achieve development in developing countries.

Dependency theory begins from a basic assumption: the existence of a single world system that includes center countries on one side and Third World countries on the other. The latter are economically, socially, and culturally dependent on the former. Underdevelopment as a general phenomenon in developing countries arose and developed alongside the growth of capitalism in colonial Western Europe.

The school of dependency produced a set of ideas that agree on one central point: condemning the colonial West and assigning it responsibility for the emergence and deepening of underdevelopment in the Third World. Underdevelopment emerged and evolved in the same historical course as progress in the advanced capitalist centers, meaning that underdevelopment and development are two sides of the same historical coin that began with the birth of the capitalist world system in the sixteenth century.

There is consensus among the theorists of this school, most of whom belong to Latin American countries, on this assumption.

In this context, Paul Baran argued that there are four major sectors in developing countries that monopolize the actual economic surplus:

1. Foreign companies, especially multinational corporations, that dominate the production of raw materials.
2. Companies and banks operating in the foreign trade sector.
3. Large landowners who use the surplus to acquire new properties.
4. The governments of Third World countries, which use the surplus they obtain to protect the social force they represent.

To eliminate underdevelopment in developing countries, Andre Gunder Frank argued for the need to establish an alternative theory of development in Latin America by exploiting the economic surplus siphoned off by center countries and their allies in the Third World. This can only be achieved by breaking the chain of dependency linking the peripheral countries to the center countries, and the class capable of breaking it is the working class, whose means is revolution.

As for Dos Santos, he distinguishes between three types or relations of dependency:

1. Economic dependency: in which commercial capital and financial capital from the colonial state control economic relations in the colonies through trade monopolies supported by the monopolistic control of mines and plantations by the colonizers and their allies.
2. Financial-industrial dependency: this appeared at the end of the nineteenth century, when large capital from certain countries controlled the production of raw materials and agricultural goods in Third World countries, what was called “outward-oriented development.”
3. Technological-industrial dependency: this is based on investments by multinational corporations in industries oriented toward the domestic market in different countries.

Samir Amin focused on the idea of “unequal exchange” between developed and underdeveloped countries and on the nature of the relationship between them. He stated that the continuous construction of the global capitalist system works against the modernization of the Third World and thus inevitably increases its backwardness, as center countries move toward progress while peripheral countries remain backward.

From the above, the main principles of dependency theory can be summarized as follows:

1. The world is divided into advanced capitalist “center” countries and developing backward “peripheral” countries.
2. The advanced center countries are held responsible for the backwardness of the peripheral countries.
3. Historical analysis is used to explain the causes of underdevelopment.
4. Its thinkers adopt socialism as a solution to the underdevelopment of Third World countries.
5. They adopt a strategy of self-reliance to achieve development, which requires political will and popular leadership, and the orientation of development inward to provide basic needs, together with “delinking” from the developed world in order to correct the relationship between center and periphery and make it based on equality rather than inequality and exploitation.

The dependency school succeeded in shifting academic attention toward new questions. It introduced distinct theoretical concepts for understanding the nature of underdevelopment and development in developing countries, and terms such as “peripheral countries,” “center,” “periphery,” and “dependent countries” came to be used more frequently than terms such as “traditional societies” and “Third World” used by modernization theories.

Nevertheless, it was subjected to strong criticism, the most important of which are:

- It was seen more as a framework for promoting Marxist thought than as an explanatory framework for underdevelopment.
- It fell into the same trap as Western views, which reduced the causes of underdevelopment to internal factors, while dependency theory reduced them to the external factor linked to unequal relations.
- Developing countries did not free themselves from dependence on the developed world despite adopting the strategy of self-reliance.
- All the studies of the theorists of this school are based on the idea that all developing countries have the same degree of underdevelopment, although underdevelopment is a relative phenomenon that cannot be generalized equally to all Third World countries.

5 Lecture Five: Factors of Development and Its Challenges

5.1 First: Poverty and Inequality: Structural and Political Approaches

5.2 1.1. Dissecting Poverty: Beyond Income Deficiency (Absolute Poverty versus Relative Poverty)

Everyone talks about poverty, but the concept differs fundamentally depending on the perspective. Absolute poverty is measured by a specific poverty line representing the minimum resources necessary for survival. This line, set by international organizations like the World Bank, currently stands at about \$2.15 per day per person in purchasing power parity terms. However, despite its importance, this measure conceals a more complex reality.

Imagine a person earning two dollars a day. According to international standards, they exceed the extreme poverty line. But can this person meet basic needs like balanced nutrition, proper clothing, education, and healthcare? The answer is clear: no. This is the trap of absolute poverty statistics, which show reassuring numbers while millions live in actual deprivation.

What must be understood here is that the extreme poverty line is a tool for international comparisons and not necessarily a complete measure of reality. It helps track progress toward eliminating the most severe forms of deprivation, but it says nothing about distribution within society or the rights and opportunities available to individuals. It is a useful but limited tool, like any other statistical measure.

Relative poverty, on the other hand, is measured relative to the standard of living in the society itself. A person who cannot afford a smartphone or participate in social activities may be considered poor in a wealthy society while being rich in a poorer one. This approach links poverty to its social context and shows that poverty is not merely a lack of resources but also deprivation from the ability to participate in social life.

In the Algerian context, this can be seen clearly. A family that owns housing and can send its children to school may be considered middle-class in a remote village but very poor in a neighborhood of the capital. This does not mean the suffering of the former is not real, but it means that poverty is relative before it is absolute, and comparison between contexts is necessary for full understanding.

5.3 Second: Causes of Poverty: Historical and Institutional Factors

5.4 1. The Colonial Legacy: The Unhealed Wound

It is impossible to understand poverty in many developing countries without referring to colonial history. Colonialism was not just the exploitation of natural resources but also the systematic destruction of local economic and social structures. In Africa and Asia, colonizers destroyed local industries and imposed monocultural agricultural systems focused on export crops, making local economies hostage to global market fluctuations.

Algeria's experience provides clear evidence. When examining the colonial legacy, we find that it did not stop at material plunder but extended to the destruction of the cognitive and

cultural system. Colonial education aimed to train low-level clerks rather than scientists and doctors capable of leading the country. This strategy created a deep gap in human resources after independence, a gap whose effects we still suffer from today.thesis.

5.5 2. Absence of Effective Institutions

History cannot be blamed alone. There are internal institutional factors that play a decisive role in perpetuating poverty. When the state lacks effective institutions, corruption spreads, the rule of law weakens, and resource redistribution becomes distorted. It is true that abundant natural resources can be a blessing, but in the absence of sound institutions, they become a curse, known as the “resource curse.”

When large portions of oil or gas revenues go into the pockets of a small elite instead of being spent on education, health, and infrastructure, the country remains poor despite its wealth. This is what happened in many countries where inequality worsened instead of decreasing thanks to oil wealth.

The concept of “inclusive institutions,” developed by Daron Acemoglu and James Robinson, provides a strong framework for understanding this phenomenon. Inclusive institutions are those that distribute power and resources broadly and encourage investment and innovation. In contrast, extractive institutions concentrate wealth and power in the hands of a few and hinder development despite the availability of resources. The difference between the two explains many development gaps in our world.

5.6 3. Poverty as “Failure of Capabilities”

According to Amartya Sen, poverty is not limited to income deficiency alone but extends to the deprivation of individuals’ capabilities. Lack of educational opportunities, poor health, and social exclusion all prevent them from achieving their full potential. This Nobel laureate’s view reminds us that economic growth alone does not automatically translate into human development.blogs.

This perspective leads us to rethink how to measure progress. If poverty is a failure of capabilities, we must measure it beyond income. The Human Development Index, developed by the United Nations Development Programme, embodies this shift by combining income, life expectancy, and educational attainment. This index gives us a more complete picture of development reality in any country.

What is striking is that some countries that achieved leaps in the Human Development Index were not necessarily economically rich. South Korea in the 1950s was poor but invested intensively in education and achieved tremendous progress in human development before achieving large-scale economic growth. This proves that investing in people can precede and enable subsequent economic growth.

5.7 Third: Political and Security Implications

5.8 1. Erosion of the Middle Class

The middle class forms the backbone of social and political stability in any country. It is the class that has enough resources to avoid deep poverty but is not rich enough to be isolated from the concerns of the majority. This class typically pays taxes, consumes goods and services, and provides stability through its participation in political life.

When the middle class erodes due to growing inequality, this stability collapses. Society becomes polarized between poor and rich without a middle layer. This creates social and political tensions that can explode at any moment. History shows that most revolutions occurred when the middle class lost its position..

In the Arab context, we have seen how revolutions and popular protests were partly driven by the erosion of the middle class. In Egypt, Tunisia, Libya, and Algeria, millions from the middle class lost their economic status in recent decades, creating widespread discontent that spilled into the streets. What happened was not just economic but also social and political.

What is notable is that most Arab revolutions were not clearly right-wing or left-wing movements but rather movements where people from the eroding middle class defended their dignity and social status. This shows how closely intertwined economics and politics are, with economics forming the foundation of politics.

5.9 2. Poverty and Armed Conflicts

There is a close link between poverty and armed conflicts, although this link is not as simple as one might expect. Not every poor country suffers from conflicts, nor does every conflict occur in a poor country. However, the probabilities increase greatly when poverty, inequality, and political deprivation combine. History shows that most civil wars have occurred in poor or declining countries.

The triangle linking poverty, ignorance, and extremism is not mere rhetoric but the logical result of social and economic processes. When youth are deprived of education and economic opportunities, they become easy prey for extremist discourse that promises meaning and identity protection. Moreover, poverty can fuel cycles of violence. In societies lacking effective rule of law, individuals may turn to armed groups for resources and protection. This creates recurring cycles of violence that are hard to break. Violence begets violence, and poverty feeds it, in a vicious circle that is difficult to escape.

Climate change complicates this equation further. With declining natural resources, competition between countries is expected to intensify, potentially leading to escalating conflicts. This raises particular concern in North African countries already facing water scarcity and desertification. Climate change is not just an environmental threat but also a security threat.

5.10 3. Poverty as a Threat to the Legitimacy of Political Systems

When citizens lose confidence in the political system's ability to provide fair opportunities and a decent living, they also lose their loyalty to it. This can lead to popular uprisings, political disengagement, or the spread of populist discourse promising quick solutions. Legitimacy is not given but earned through performance.

In many developing countries, political legitimacy is closely tied to economic performance. When the economy grows, the regime retains its legitimacy, but when it slows or regresses, even authoritarian regimes may face increasing internal pressure. This poses a dual challenge for policymakers in developing countries: achieving economic growth while redistributing its fruits fairly.

If they focus on one side at the expense of the other, they risk either social explosion or erosion of political legitimacy. Achieving balance between growth and justice is one of the hardest tasks facing any ruler, especially in development contexts characterized by scarce resources and numerous pressures.

Lecture Six: International Institutions and Economic Sovereignty

5.11 First: The Emergence and Evolution of Bretton Woods Institutions

5.12 1. Establishment in the Shadows of War: 1944

In July 1944, at a pivotal moment in history, representatives from 44 countries gathered in Bretton Woods, New Hampshire, USA, to lay the foundations of the post-war international economic system. The conference took place during World War II, with participants hoping to avoid the economic disasters that led to the Great Depression and wars. The major economic catastrophe following World War I served as a warning to all.

The conference's goal was clear: to create a stable and open system that promotes international economic cooperation. For this purpose, two main institutions were established: the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD), which later became part of the World Bank Group. Along with the GATT agreement later on, these institutions formed what is known as the "Bretton Woods system."

The delegates' ideas were deeply influenced by the lessons of the Great Depression and the two world wars. They believed that enhancing economic stability and international cooperation could prevent the repetition of catastrophic economic shocks experienced in the first half of the twentieth century.

5.13 2. Core Institutions: The World Bank and the IMF

Each of the World Bank and the IMF plays a different but complementary role in the international financial system.

The IMF, established to ensure international monetary stability, acts as the lender of last resort for countries facing balance of payments crises. When a country faces a chronic deficit in its balance of payments, it can turn to the IMF for emergency financing. However, access to this financing is usually conditional on implementing policies known as "adjustment" or "structural adjustment programs."

The World Bank was initially created to finance reconstruction in Europe after World War II, then shifted its role to focus on financing development in developing countries. It provides concessional loans for infrastructure, education, health, and other development projects. Today, it is the world's largest development lender.

The headquarters of both institutions are located in Washington, D.C., which is no coincidence. The United States was then the world's strongest economic power and exerted significant influence on the design of these institutions and their policies, an influence it still enjoys today.

5.14 3. Transformations Over Time

Over the past eight decades, Bretton Woods institutions have undergone profound transformations. In the 1970s, the system of fixed exchange rates pegged to the dollar and gold collapsed, leading to the disintegration of the original Bretton Woods system and the transition to flexible exchange rates.

The World Bank also shifted its orientations; it initially focused on physical infrastructure, then expanded its activities to include poverty reduction, education, health, and governance programs. This reflects a change in the concept of development itself—from a focus on quantitative growth to human well-being and sustainable development.

However, this expansion of the World Bank's agenda has not been without controversy. Many have criticized the Bank for increasingly intervening in the internal affairs of borrowing countries, exceeding its narrow technical development role. This criticism deserves special attention from the perspective of international relations and sovereignty studies.

5.15 Second: Structural Adjustment Programs: Austerity and Privatization Policies

5.16 1. What Are Structural Adjustment Programs?

In the 1980s, many developing countries faced acute economic crises and were unable to service their external debts, threatening the stability of the entire international financial system.

In response, the World Bank and IMF developed what became known as "structural adjustment programs." These programs were a condition for obtaining emergency financing and required borrowing countries to adopt a package of radical economic reforms. These programs were a response to the crisis but came at high social and economic costs.

The basic ideas of these programs were based on the dominant economic current of the time, known as the "Washington Consensus," a term coined by economist John Williamson in 1989 to describe the package of liberal policies strongly promoted in developing countries. The "Washington Consensus" became the main reference for formulating economic policies in that era.

5.17 2. Components of Structural Adjustment Programs

Structural adjustment programs typically include four main components:

First, fiscal austerity: countries are required to reduce public spending, including cuts to food and fuel subsidies and social services, to reduce budget deficits and limit money printing that fuels inflation. Austerity was painful for broad segments of the population.

Second, privatization: governments are encouraged to sell public enterprises to the private sector, based on the argument that the private sector is more efficient and that privatization proceeds can be used to pay debts or finance deficits. Many privatization operations sparked political and social controversy in various countries.

Third, trade liberalization: through reducing customs duties and removing import restrictions, to make the economy more competitive through openness to international competition. However, this orientation severely damaged nascent local industries in many cases.

Fourth, financial liberalization: through easing restrictions on interest rates and cross-border capital flows, to improve the allocation of financial resources. However, this financial openness also opened the door to speculation and volatility.

5.18 3. Critique of the Washington Consensus

The "Washington Consensus" faced widespread criticism from economists and practitioners alike.

Among the most prominent critics is Joseph Stiglitz, Nobel Prize winner in economics, who criticized IMF and World Bank policies in his book *Globalization and Its Discontents* for failing to consider local specificities and for being overly ideological rather than results-oriented in their impact on people's lives. His criticisms carry special weight given his direct experience within these institutions.

Many researchers have pointed out that structural adjustment programs exacerbated social conditions in many cases, as cuts in public spending on health and education disproportionately harmed the poor. In countries like Ghana and Nigeria, poverty rates rose during the implementation of these programs. Programs said to help the poor often weakened them in reality.

In sub-Saharan Africa, these programs were associated with the "lost decade," a period of stagnation or real decline in per capita income. Countries that implemented these programs strictly did not necessarily achieve higher growth than those that resisted some components, making the results less than expected.

5.19 4. The Algerian Case

Algeria went through a painful experience with structural adjustment programs in the 1990s. In 1994, following an acute economic crisis stemming from declining oil revenues and the aftermath of the "Black Decade," the government was forced to sign an agreement with the IMF.

Under this program, a series of reforms were implemented, including reducing public spending, expanding privatization, and liberalizing trade. These measures contributed to relative macroeconomic stabilization but came at high social costs, including rising unemployment rates and deteriorating living standards—a period that remains vividly present in Algeria's collective memory.

Many Algerians associate that phase with deep social pains, which partly explains subsequent resistance to any economic transformations feared to reproduce that experience. This shows that economic reform programs must consider social and political dimensions alongside purely financial indicators; economics alone is not enough to craft successful policies.

5.20 Third: The Conflict Between Financing and Sovereignty

5.21 1. The Concept of Conditionality

When a country borrows from the IMF or World Bank, it usually accepts a package of conditions that go beyond technical economic reforms. These are called "conditionality" and include demands for the borrowing country to adopt certain institutional and political reforms. Conditionality is the main tool through which these institutions exert influence over national policies.

Historically, conditionality was primarily economic, such as reducing deficits, increasing revenues, and privatizing public enterprises. But since the 1990s, it has expanded to include governance, human rights, and democracy issues—a controversial expansion.

The justifications for this expansion include arguments that good governance is a condition for sustainable development and that international institutions must ensure that the funds they provide are not wasted or squandered due to corruption and mismanagement. However, many critics see this as a form of interference in internal affairs. Here arises a fundamental question: where is the line between legitimate and illegitimate intervention?

5.22 2. Sovereignty and Debt: A Complex Relationship

Debt revives the question of sovereignty forcefully. A country dependent on external financing may find itself forced to accept conditions that do not fully align with its national interests or the preferences of its citizens. It is a difficult equation between the need for resources and preserving decision-making independence.

During the nineteenth and twentieth centuries, many European powers used external debt as a tool to expand their influence in other countries, and one could say that contemporary conditionality sometimes serves a similar function, albeit with more subtle and symbolic tools. This is not mere theoretical hypothesis but is felt in concrete experiences lived by many developing countries.

The complexity also lies in the fact that many developing countries did face objective economic crises that necessitated external intervention; without international financing, comprehensive economic collapse was possible in some cases. Thus, a real dilemma arises: how to reconcile the need for financing with respect for national sovereignty?

5.23 3. Toward a More Just Model

It is clear that the current framework of international financing needs deep reform. Several proposals have been put forward in this context:

First, easing the severity of conditionality and giving countries greater room to design their development policies in line with their national priorities and local contexts; the principle should be that countries decide for themselves what suits them, not have ready-made prescriptions imposed by lenders.

Second, enhancing the participation of borrowing countries in decision-making within international financial institutions; the current voting system is based on financial contributions, which gives rich countries disproportionate influence, seen as unfair.

Third, creating more equitable financing mechanisms, such as expanding the use of Special Drawing Rights (SDRs) in favor of developing countries, or increasing official development assistance without conditions, to reduce these countries' reliance on conditional loans and give them greater decision-making freedom.

The path to a more just international financial system is long and complex, but it is necessary if development policies are to serve peoples rather than focus solely on the interests of major powers and their financial institutions.

6 Lecture Seven: Human Capital: The Invisible Engine of Development

6.1 First: Theory of Human Capital

6.2 1. From Concept to Theory

The idea that skills and knowledge can constitute capital has a long history in economic thought, but its crystallization into a comprehensive "theory" came from American economists like Theodore Schultz and Gary Becker in the 1960s. This theory brought a profound shift in our understanding of the economic role of education. The core idea is that individuals invest in their education and training just as businessmen invest in factories and equipment, as this investment yields measurable economic returns: the educated individual earns higher income on average, and the country with higher education levels achieves faster growth rates. Thus, investing in human capital is an investment in the future.

Schultz developed this idea systematically in his Nobel lectures in 1979, arguing that the increase in labor productivity in advanced countries cannot be attributed solely to the accumulation of physical capital but is closely linked to education, training, and accumulated experience. The skilled worker is much more productive than the unskilled.

Becker went a step further by building a microeconomic analytical framework for human capital, focusing on individual investment decisions in education, which allowed a more precise understanding of how individuals decide on the volume and type of their educational investments based on expected costs and returns.

6.3 2. Education as Investment, Not Expenditure

In many developing countries, education is viewed as a "social service" or "basic right" only, which is ethically correct but overlooks education's economic dimension. Some countries still treat education as current expenditure rather than productive investment.

When a state invests in education, it is actually building a stock of human capital that yields economic returns in the medium and long term. Empirical studies have shown that each additional year of formal education can raise a worker's productivity and income by about 8 to 10 percent on average, a high return compared to many other forms of investment.

However, the quality of education is no less important than its quantity; a student who obtains a degree without acquiring real skills does not differ much, in terms of productivity, from someone who never attended school. This explains why some countries have high enrollment rates in education while their productivity remains low. Good education is more important than long formal education.

6.4 The Link Between Education and Economic Growth

Empirical evidence shows a strong positive relationship between education levels and economic growth at the macro level; countries that accumulate better human capital tend to achieve higher and more sustainable growth rates.

In East Asia, where several countries achieved remarkable development successes, investment in education was always at the heart of development strategies. Japan, South Korea, Taiwan, and Singapore all started from relatively poor conditions but bet early on education and building high-quality human capital, enabling qualitative leaps in productivity and international competitiveness.

South Korea is a striking example; in the 1950s, per capita income was lower than in many African countries, but today it is among the richest in per capita income and technological power. Most researchers agree that intensive investment in education was the key turning point, making South Korea one of the countries spending the most on education as a percentage of GDP.

In contrast, some resource-rich countries failed to achieve similar development transformations because they did not prioritize education, falling into the "resource curse," where economic growth relies on oil and gas while human capital development lags. Money alone is not enough without serious investment in people.

6.5 Second: Economics of Health

6.6 1. Health as a Driver of Development

Health and development are linked in a circular relationship; poor countries lack sufficient resources to invest in health systems, but the absence of good health keeps their populations in a poverty trap, creating a vicious circle that must be broken. Investing in health is, at its core, an investment in productivity.

When a worker falls ill, they are absent from work, treatment costs rise, and productivity declines. At the macro level, infectious diseases like malaria, tuberculosis, and HIV/AIDS cause massive economic losses costing Africa billions of dollars annually. Thus, health is not a social luxury but an economic condition for development.

6.7 2. Epidemics and Economic Impact

Modern epidemics clearly show how a health crisis can quickly turn into a comprehensive economic crisis. COVID-19 provided a stark example, as a public health crisis turned into a global economic recession in just a few months.

When the virus spread, governments faced difficult choices: either impose strict lockdown measures to limit transmission at the cost of widespread economic halt, or ease restrictions at the cost of greater health risks. Lockdowns led to business closures, rising unemployment, and sharp contraction in GDP in most countries.

The pandemic's effects were harsher on poor and vulnerable groups, who often work in jobs that do not allow remote work and lack savings to protect them from long unemployment periods, bearing a disproportionate burden of the crisis costs. The pandemic also exposed the fragility of health systems in many countries due to chronic underfunding and investment, renewing calls for increased health spending as part of economic recovery strategies.

6.8 3. Health as a Political Right

Health is not merely a technical issue but also a political right and part of the national security equation. When broad segments of the population are deprived of basic healthcare, political stability itself becomes vulnerable.

Historical experience shows how epidemics can contribute to shaking regimes; for example, the Black Death in the fourteenth century killed a large portion of Europe's population and contributed to the breakdown of traditional feudal structures. In our contemporary world, major epidemics can lead to widespread social unrest if governments fail to respond effectively. Thus, investing in health has become a component of national security alongside being a commitment to social justice.

6.9 Third: Brain Drain

6.10 1. Understanding the Phenomenon

The international migration of skilled professionals is an old phenomenon, but what distinguishes contemporary "brain drain" is its increasing volume, speed, and unequal impact between sending and receiving countries.

Brain drain refers to the migration of highly qualified professionals from developing to developed countries seeking better living and working conditions. These include doctors, engineers, scientists, technicians, and talents in various fields. The main drivers are economic incentives (large wage gaps), professional and scientific development opportunities, quality of life in terms of education, health, and services, and the search for political and security stability.

6.11 2. Implications for Developing Countries

Developing countries are affected by brain drain in a dual way; on one hand, they invest large resources in training competencies through higher education and training, then a significant portion leaves without the national economies benefiting from the return on this investment.

The cumulative effect of this migration is large; the loss of doctors and nurses weakens public health systems, the loss of engineers and scientists limits innovation and industrialization capacity, negatively impacting long-term development prospects. Studies show that some African countries lost more than half of their qualified medical staff to rich countries, leading to acute shortages in providing basic health services.

6.12 3. The Algerian Case

Like many Southern countries, Algeria has experienced increasing waves of brain drain in recent decades, especially among young doctors, engineers, and researchers who have migrated in large numbers to France, Canada, European countries, and Gulf states seeking better working and living conditions.

The effects of this migration go beyond the purely economic; it affects the social fabric through family disintegration and dispersion of ties, and generates frustration and "relative

deprivation" among those who remain, seeing their peers succeed in more supportive environments

However, migration cannot be viewed as entirely negative; remittances from migrants are an important resource for families, and the expertise they acquire abroad can serve as a bridge for transferring knowledge and technology to their home countries if institutional channels are available.

6.13 4. Addressing Brain Drain

Developing countries have adopted various strategies to reduce the hemorrhage of competencies or direct it in a way that serves national development:

First, improving local conditions by raising wages in sensitive sectors, improving working conditions, and providing modern equipment for scientific research and services.

Second, building an attractive research environment through funding laboratories, encouraging scientific publication, and linking universities and research centers to international networks, allowing competencies to produce and innovate without having to leave.

Third, establishing programs that encourage voluntary return or at least "circular return" through short-term contracts, research partnerships, or facilities for starting economic projects in the homeland.

Fourth, adopting active policies to benefit from scientific and professional diasporas abroad by involving them in training, academic supervision, and investment, allowing the combination of the advantages of staying abroad with contributions to national development.

Nevertheless, the large gaps in income levels, service quality, and research opportunities between North and South make it difficult to completely stop brain drain, even with the best policies, but it can be managed to transform it from a net loss into a more balanced relationship.