4 Some Major Conceptual Issues in Development

My objective in this chapter is to establish the interrelationships among some critical indicators of development, such as gross national product (GNP), population, labour force, human resources, basic needs, industrialization, entitlement, employment, distributive equity and productive transformation. Within these relationships the focus will be towards understanding the problem of global inequality in the context of the broad concept of poverty-centred and sustainable development. It is necessary, first, to explain the concepts involved here, particularly the socio-economic ones, as they will play a singularly important role in reorienting the approach to structural transformation in the ethico-economic sense. The ethico-economic idea of structural transformation was explained in Chapter 3. Secondly, I will go on to develop the understanding of these major indicators of development in the light of received socio-economic doctrines. This, too, will be carried out with the intention of showing the greater relevance of the ethico-economic approach to such major development issues. A comparative examination of the same concepts of development will be also undertaken in the light of mainstream economics.

4.1 POPULATION RELATIONS IN THE LIGHT OF STRUCTURAL TRANSFORMATION

Neo-classical and Keynesian models of structural change as propounded by Chenery et al. have been found to define levels of development in terms of \textit{per capita} GNP under a varying set of conditions relating to population growth, human-resource development, and initial endowment of the economies.\(^1\) Technological change is introduced into the study of productive transformation by Singer and Ansari,\(^2\) and has been explained by Emmerij in terms of the new technology concept of debt-equity swaps.\(^3\) Here, the relationships between the different socio-economic indicators in terms of such a structural transformation approach to the question of development can be shown schematically with the help of Figure 4.1.
With the arrows pointing from bottom to top in Figure 4.1 as causal relations, we have human-resource development affecting population and labour force activity, economic efficiency, and asset ownership as entitlement (property right). The assumption is consistently maintained throughout, that population control is a necessity for generating beneficial effects on employment, human-resource development and asset ownership. This relationship works on the basis of there being a lesser demand for services; otherwise, the relationship mentioned here will result in inflationary pressures. In the face of excess demand for