Since we intend to discuss restrictive business practices within the context of development, we will do well to start by reviewing the existing literature. Three main time periods of thinking are observable. They are not mutually exclusive. They are (1) the approaches of the 1950s and early 1960s, (2) the structural and international theories of the 1960s and 1970s, and (3) the transdisciplinary approaches of the 1970s. Before we look at them, we will take a brief conceptual look at growth and development.

GROWTH AND DEVELOPMENT

In its simplified form, economic development may be regarded as sustained increases in real output—namely, growth that is in turn translated into improvements in human welfare. Such increases could be depicted by means of an ordinary transformation curve. If it is argued in theory that restrictive business practices limit the growth of output in an economy, for example, clearly this aspect is relevant to a discussion of development. Yet, as we will see, the literature on development shows the absence of any systematic treatment of the subject.
Figure 2.1 shows increases in real output from $OB$ of $X$ and $OB'$ of $Y$ to $OC$ of $X$ and $OC'$ of $Y$ at respective optimum points—namely, $a$ to $b$. This higher optimum point is the result of a shift in the transformation curve over time. If constant population is assumed and favorable distribution assumptions are made, it is safe to further assume that the increase in real output goes to the benefit of improvements in social welfare for the population. The change in output just described could be brought about by one of the following considerations or some combination thereof: an increase in the quantity of capital, improvements in the quality of labor, technical improvements to capital, discovery of new sources of materials, or better organization of factors of production as a result of $X$ efficiency. Progressive increases in real output will be possible, and growth self-sustaining, if the changes just referred to are continuous. See the distance $a$ to $n$ in Figure 2.1.

It is also possible to use more sophisticated constructs, such as formal growth models of the Harrod Dormar steady-state type or von Neumann turnpike models, to demonstrate these processes at work. However, that is not really necessary for our immediate purpose. As Hicks has reminded us, it is an error to associate formal growth theory with the problem of underdevelopment.

THE 1950s TO THE EARLY 1960s

In a general sense, it could be said that the history of development economics could be traced to political economy. A primary concern of some of