1
Lessons of Post-War Development Experience, 1945–88*

Introduction

This paper traces the development process from the creation of the Bretton Woods institutions to present-day adjustment measures: from the optimism of the post-war era to the present scenario of adjustment, retrenchment and stabilization. What were the mistakes and the success stories, and the lessons that can be drawn from them these last 40 years? The paper assesses how and why the Bretton Woods institutions fell short of their initial aims; it takes a hard look at the ‘golden years’ of the 1950s and 1960s; it analyses the ‘debt-led’ growth of the 1970s and the resulting ‘lost decade’ of the 1980s in Africa and Latin America. It goes on to examine the successes and failures that emerge from the history of the development process, and argues in favour of learning these lessons by resuming a policy of ‘redistribution with growth’ and re-establishing strong international institutions to ensure future growth in developing countries.

The story of development: differing scenarios

The story of development, the lessons of development experience, the evolution of our thinking about development – all these things (which are not exactly the same) can be written from many different angles. One could start the story with the high hopes for a Brave New

World at the end of the Second World War at Bretton Woods; comparing these hopes with the ‘lost decade’ of the 1980s, with its debt crisis, African crisis and development going into reverse – at least in Africa and Latin America. The story could then be written as one of clear deterioration, of the Brave New World of 40 years ago ending in a developmental wasteland today. But that story would certainly not be wholly true. It would not do justice to the many success stories in development, nor to the ‘golden years’ spanning over two decades after Bretton Woods, nor to the fact that measured by such simple but compelling indicators as expectation of life, infant mortality, technological capacity, or progress with industrialization, the Third World as a whole is markedly better off than 40 years ago.

Another possible scenario when surveying the last 40 years could be as a story of ups and downs, of problems emerging and being solved, or left unresolved, only to be replaced by other problems requiring different solutions. This would be somewhat nearer the truth than the first account. The development story is clearly a mixture of good and bad, of progress and regress, of success and failure. Indeed, it is this very mixture which leads to much confusion. Some people, institutions or schools of thought tend to pick out the failures and draw from them lessons of what should be done to redeem them or avoid them in the future. Others will be more inclined to point out successes, and base their conclusions on what should be done to extend and support them. Obviously, both approaches are justified: we should learn both from success and failure. But in practice, this polarized approach often leads to unhelpful debates with arguments based on selective anecdotal evidence. This can result in inconclusive controversies, for example whether aid is beneficial or harmful to developing countries; whether the cause of the troubles of developing countries is internal or external; whether developing countries should practise inward or outward orientation; whether developing countries should use modern capital-intensive technology or traditional labour-intensive technology, etc.

Generally, it is unhelpful to pose such questions and try to answer them in this polarized or categorical form of ‘either/or’. The truth, broadly, is that the right kind of aid is good and the wrong kind bad; that inward orientation is right for certain countries, certain sectors