Social Policy in a Development Context: Introduction

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Background

Both the contemporary normative discourse and the emerging consensus on development insists on putting in place social institutions (including states) that are developmental (in that they sustain high rates of growth and the structural transformation of economies), that are socially inclusive and that are sanctioned by democratic processes that fully respect the human rights of all citizens. Such an understanding can be surmised from the many resolutions of major international conferences of the 1990s and is reflected at the national level in struggles for democracy, equity and the clamour for bringing development back onto the economic policy agenda. On a more theoretical level, this understanding of development has been succinctly stated by Amartya Sen (1999) in his *Development as Freedom* in which he argues that economic development, equity and democracy are mutually constitutive.

Social policy is collective interventions in the economy to influence the access to and the incidence of adequate and secure livelihoods and income. As such, social policy has always played redistributive, protective and transformative or developmental roles. Although these different roles always work in tandem and synergistically, the weight given to each of these elements of social policies has varied widely across countries and, within countries, over time. In the context of development, there can be no doubt that the transformative role of social policy needs to receive greater attention than it is usually accorded in the developed countries and much more than it does in the current focus on ‘safety nets’. The leitmotif of this volume is the following problem: How can social policies be used to enhance social capacities for economic development without, in the process, eroding the intrinsic values of the social ends that policy makers purport to address? This problem of the relationship between social welfare and economic performance has a long
pedigree, having occupied the minds of some of the luminaries of classical political economy – Smith, Turgot, Condorcet – who were acutely aware of the positive link between social welfare and economic progress, the reputation of economics as a ‘dismal science’ notwithstanding. The economic historian Emma Rothschild argues that the ‘cruel reputation’ of political economy is quite undeserved:

The political economy of the late Enlightenment provides no support for the view of many contemporary proponents of laissez faire that social security is inimical to economic development, or that social equality is a form of luxury, to be promoted only in countries which are already rich. The characteristic presumption of Smith’s early friends and followers in France was rather that political liberty, and the social integration of the poor, were causes (as well consequences) of economic development. (p. 121)

In opposition to this view was the argument of a trade-off between social and economic development, and between equity and efficiency. And it is the latter view that took precedence, as that of Smith, Turgot and Condorcet (which Rothschild describes as ‘the road not taken’) lost out.

Although much contemporary criticism of economic development is directed at the absence of ‘social dimensions’ among its core concerns, most of the ‘pioneers’ of economic development were drawn to the subject because it addressed issues of poverty. They considered elimination of poverty the central preoccupation of development, and economic growth an important instrument for achieving that goal. Various social policy measures were to be adopted in tandem with economic growth as instruments for the elimination of poverty. Gunnar Myrdal, one of the ‘pioneers in development’ (Meier and Seers 1984), was probably the most articulate advocate of this ‘road not taken’. In the 1930s, Myrdal pointed out that social expenditure was not merely public consumption, but constituted an important instrument for development. He was quite adamant about this position, and in a reflective, biographical article he insisted:

The productivity of higher consumption levels stands as a major motivation for the direction of development policy in underdeveloped countries. Higher consumption levels are a condition for a more rapid and stable growth. (Myrdal 1984: 154)

Thus ‘human resource’ development and social progress were seen as an important aspect of the economic developmental process. This view was not exclusive to development studies, but was actually derived from the Keynesian macroeconomics whose understanding was that the relation between