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Palliative Development and the Great Theories of Development

This book has emphasized the key role of the state in producing economic development in the Third World.

States in the Global South need to build physical infrastructure, develop human infrastructure, and do so in a way that does not compromise their financial sovereignty and lead to dependency on international creditors.

The State also needs to re-prioritize Palliative Development along with Transformational Development – by stimulating small labor intensive enterprises that provide services and employment to the local population. Such development strategies are very inexpensive and avoid debt and dependency on international creditors. Such a strategy provides many of the demand-increasing benefits of import substitution, without the distortions of traditional inward-looking IS policies.

This chapter completes the analysis by considering the larger theoretical impact of our findings. We discuss how the present arguments interface with the classic arguments of development sociology and heterodox development economics. Most of this non-neoclassical literature has emphasized the inherent limits of neoliberalism, the specifications of the successful creation of a developmentalist state, and the role of trade and globalization in promoting growth, or increasing the capacity of nations in the global South to survive in the face of global competition. We concur with most of the well-known institutionalist writers in this tradition. However, the present findings suggest interesting tweaks and modifications of their arguments. The larger claims of the sociological/
heterodox positions are generally supported – but alternative methods are suggested for achieving the institutionalists’ desired ends.

A complete review of the entire history of the debate on the developmentalist state would be tedious – and would be generally unnecessary for most readers of this volume. However, many of the great sociological and heterodox writers have made particularly strong and interesting claims; the present work in many cases speaks to these claims. In this discussion, we link particular authors to a handful of primary ideas that they have made particularly emphatically – or which represent their fundamental response to the question of the state and development. In most cases, other authors have had those ideas and the authors under discussion have had other ideas. However, the shorthand of “one writer – one idea” allows for the easy identification of critical concepts in a form that facilitate exposition and are recognizable to followers of the traditional debates.

Two relatively obvious arguments are made first before moving to positions that are more subtle.

**James O’Connor: States produce development by constructing infrastructure**

The O’Connorian analysis is clearly supported by our general analyses of infrastructure provision and by our more detailed analysis of the beneficial effects of expanding airports. This argument has been made emphatically by Aschauer (2000) who argues that public capital provides significantly greater returns to growth than does private capital. His measure of public capital generally is dominated by infrastructural investment. The argument also parallels John Kasarda’s advocacy of the importance of airports. (Irwin and Kasarda 1991, Kasarda and Sullivan 2006) Joseph Stiglitz (1996, 2006) has also emphatically emphasized the importance of infrastructure provision. Sunkel (1993) also forcefully advocated the construction of infrastructure as a strategy for developing the locally-owned and controlled natural resources of the global south.

**Albert Fishlow: Avoid debt**

Albert Fishlow argued in 1990 argued that a wide variety of state development regimes can produce growth – so long as those development programs avoid foreign indebtedness. This argument seems prescient in the light of the traumatic experience of the 1990s and the first decade of the 2000s, in which debt-induced financial crises constrained both growth and human development throughout most of the global South.