

No silver bullet in international development

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Abstract

Development economics has started to propose solutions to the problem of development in underdeveloped countries since the 17th century. Over time, various solutions have been proposed by many different development researchers and economists. Most of these solutions have the common characteristic of looking for a so-called “silver bullet” to the problem of development, that is to say a single solution to be applied to all underdeveloped countries, which over time might be freedom, foreign aid, good governance or other single approach. The purpose of this paper is to argue that, being development generally intended as a sort of “adequate level of production of goods and services by public and private subjects in a given country”, the solution to the problem of development cannot be a single one, given that the basic theory of production in economics is based on 4 factors of production (entrepreneurship, labor, capital and land), so that the level and quality of these 4 factors and all the sub-factors influencing them (such as the climate in the case of land or the culture in the case of entrepreneurship) will be the real responsible for the development process in a country.

Keywords: International development, development economics, factors of production, foreign aid, freedom.

Introduction

The search for a solution to the problem of underdevelopment continues as usual, probably with even more attention from the public opinion. If the first theories concerning development economics can be traced back to 17th century, with the emerging theories of mercantilism, the subject has continued to attract the interest of academics and researchers, up to today’s theories on neoclassical economics and Amartya Sen’s works on development issues.

Recently, the academic debate has acquired an even higher public relevance. The United Nations have started to draw people’s attention through the Sustainable Development Goals and the general debate on developing countries. Star professors such as Jeffrey Sachs and William Easterly have published books, mainly aimed at the general public, such as “The end of poverty: economic possibilities for our time” by Jeffrey Sachs and “The elusive quest for growth: economists’ adventures and misadventures in the Tropics” by William Easterly. The public debate has been additionally enhanced by the involvement in the development field of new important and emerging philanthropists, such as for example Bill Gates, with the activities implemented through the Bill and Melinda Gates Foundation, which has called the attention of both donors and media due to the public position held by Mr. Bill Gates and his wife, Melinda.

What do these approaches have in common? Is there any tendency that we may consider as relevant in the recent debate?

Actually, there is one point that is of great relevance, especially in recent approaches for the underdevelopment problem, but that have some common characteristics

with the traditional approaches to development. In English slang, a silver bullet is “a specific, fail-safe solution to a problem”¹, taken from the popular notion that a bullet made of silver is necessary to kill a werewolf. It is a sort of magical, easy solution to a complex problem. In the case of underdevelopment, the search for a silver bullet to this complex problem is haunting development economics with more and more emphasis recently.

In fact, each author has his particular solution to the problem of underdevelopment. For example, historically, Harrod Domar provides a theory where improved capital investment leads to economic growth. If we analyze more recent authors such as Jeffrey Sachs and William Easterly, they all have their silver bullet: in the case of Prof. Sachs, it's international aid, while as for Prof. William Easterly is freedom². That's the tendency of a debate that it's getting more and more divisive in international development, since each author promotes his or her own position and criticizes the one of the other authors.

The point to make is instead different and is the central hypothesis of this paper. There is no silver bullet in international development for a single, but precise reason. If we take into consideration what we mean by development in a generic but widespread approach, we come to the conclusion that we mean a sort of “general production of different goods and services offered by public and private organizations”.

There are other definitions and concepts concerning development, such as for example sustainable development or inclusive development, proposed by the United Nations or single academic researchers. Some are much more refined and academically complex. Still, when we come to the main debate on development, to the way normal people understand and see the concept, we come to something very close to the concept provided above: factories that produce different goods and services, shops that are full of different goods, a government that is offering good services to its citizens and so on.

These are popular but highly effective ways to understand the issue of development, but that's true for academics as well. If we take into consideration the same term of economic growth, which is a sort of proxy for the concept of development by many economists, we are very close to the definition provided above, with an emphasis on the growth of the goods and services provided by public and private actors.

If we focus on the concept of development of general production of goods and services provided by private and public organizations, we should come to quite an interesting conclusion. The general theory of production states that production is linked to the factors of production, which are in fact four: land, capital, entrepreneurship and work. Given that this is one of the most widely accepted theory and the same basis of economics, we should come to a single but relevant conclusion.

Given that we have four factors of production and, of course, we have many other sub-factors affecting them, such as for example the climate of where land is located, the education of the workforce, the skills and capacities of the entrepreneurs and so on, we come to the conclusion that there cannot be any silver bullet in development. The four factors of productions, as well as all the other sub-factors affecting them, are the real drivers of development, the real development bullets. Therefore, when we discuss about so-called one-shot solutions to the problem of development, what it is

¹ See www.urbandictionary.com.

² According to the two books previously mentioned for these authors.

really happening is the following. Every author takes into consideration one aspect of development, one of the four factors of production such as capital in the model Harrod-Domar, freedom for William Easterly or international aid by Jeffrey Sachs.

These factors (which in our case are also subfactors, such as freedom) are normally not inherently wrong, but instead they are basically correct. The problem is they point their emphasis on one particular factor (or sub-factors, such as we said for freedom) and develop a full vision of the system based on that particular point, which in their opinion is the silver bullet to development.

It is very difficult to prove them wrong, since as we said all these factors play a positive role in development, but the point is that they build a full theory of that particular single point, with a sort of extremism in the approach, so that the full development issue depends on that particular aspect.

The point is to recognize instead that the basis of the system of production of goods and services are much more complex than that. It would be necessary to analyze the level of entrepreneurship and what are all the single factors affecting them. Is the culture of entrepreneurship widespread in the population? Is bureaucracy playing a negative or positive role in promoting entrepreneurship? Are ideas and innovation part of the economic system of the country? And so on. This is the only way to recognize that many different factors are playing a role in development and therefore there is no single solution.

Examples can be multiplied and different factors and sub-factors can play a role in promoting the concept of development. A tropical climate is normally a negative aspect for development such as in the cases of Sub-Saharan Africa and India. Still, that particular negative sub-factor can be compensated by other sub-factors that are changing in the country.

For example, a change in the culture of the workforce and entrepreneurship can help development in a particular country such as India today, so that this country is growing in this decade like it was not doing instead few decades ago.

A description of the different sub-factors that play a role in development and the issue concerning whether one factor can compensate the other or not go behind the scope of this paper. The same concerns factors which represent an obstacle to the development of a country, such as being in a state of war, vicious ethnic conflicts and others.

The main concept is instead that many different factors and sub-factors are playing a role in development, therefore no silver bullet is available.

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