THE REALITY OF DEVELOPMENT:
A CRITIQUE OF THE CURRENT INTERNATIONAL DEVELOPMENT POLICIES

BY ZACHARY J. PATTERSON
IUPUI-SPEA MPA 2010

Executive Summary
Since their creation at the Bretton Woods Conference in 1944, the primary international
development organizations have played a leading role in coordinating and implementing
international development policies. However, these policies, rooted in Western standards of
democratic capitalism, have done little to improve the poor economic and political conditions in
less developed nations around the world. Contemporary approaches encourage large-scale
development through international organizational cooperation and global market structures.
Current “macro” approaches miss the mark by calling for broad-based policies that do not
recognize, much less build on, the cultural and social “ground-level” realities within
underdeveloped nations. Modern development, although grounded in the best of intentions,
tries to replicate the characteristics of a Western democracy within the developing nation.
This study argues that the current development approach ignores the actual needs of the poor in
these nations. However, development goals cannot be discarded entirely, and, with some
adjustments, they can retain potential for ensuring global equality. A new approach to
development must involve practical policy that will serve the needs of those on the ground in
underdeveloped nations. This policy approach must shift from its current viewpoint of absolute
liberalism to one that does not completely abandon liberal ideology, but that also embraces a
“basic needs” ideology infused with modern liberalism. The new approach must merge a more
finely-grained understanding of the needs of the poor and incorporate those understandings into
development policies to empower grassroots development planning and implementation. This
policy study critiques current approaches to international development and argues that “macro”
approaches ignore the “micro” issues within underdeveloped nations. Furthermore, it argues for
an adjustment to current “macro” development policies, beginning with a ground-level analysis
of local conditions prior to implementation of development policies.

Introduction
Existing international development policies are shaped at the national level. National
level governments, mainly governments of the world’s wealthiest nations, direct approaches and
decisions of development policies. These policies are then implemented on entire nations, or
societies, that are in need of economic and social assistance to become self-sustaining in the
international community. However, these current global economic relationships and
developmental policies lack efficiency for creating equitable and efficient long-term
development success. Current top-down development approaches fail at creating the targeted
“trickle-down” economic impact in less developed nations. This is due to the misunderstanding
of implementing broad macro-level development policies in less developed nations.

This study argues for a revision and reformation of current international development
programs, which are rooted in replicating the characteristics of a Western capitalist-democracy
within less developed nations. This philosophy has led policymakers to often disregard the
important aspects of individual societies and citizens in these less developed nations. Rather
than attempting to indirectly assist these countries’ poor through macro-level development
procedures, policymakers must reform current development approaches to include an understanding of social characteristics of these nations. This adjustment will influence development policies to pay greater attention to the basic needs of the less developed nations while at the same time developing these nations’ broader governments and economies. It is in the best interest of the interconnected global community to revise current development policies, because if more attention is given to a basic needs understanding, global justice and equity will be achieved.

**History of Development Policy**

As World War II neared its end in 1944, the major global governments met in the New England town of Bretton Woods to establish institutions and rules that would govern post-war international economic activities. The meetings of Bretton Woods established three key international economic organizations that are still important to developmental policies today. These are the International Monetary Fund (IMF), which was initially designed to administer the international monetary system; the International Bank for Reconstruction and Development, now known as the World Bank, which was designed to fund various industrial development projects in developing countries; and the General Agreement on Tariffs and Trade (GATT), now known as the World Trade Organization (WTO), which was designed to fashion and enforce global trade agreements. These organizations, originally established to assist in rebuilding war-torn Western Europe, would later become the main policy organizations in international development.

The term “development,” and its definition as modern advancement of a nation’s politics and economy, came from U.S. President Harry Truman’s 1949 inaugural address. Speaking in the period of international decolonization, President Truman’s words forever defined development as Western societies’ commitment to spread prosperity and peace to less developed countries through social and economic assistance. The charitable and humanitarian foundations of development need to be the significant driving factors in today’s policies. Changes must occur to current development policy standards in order to improve the positive effects of development and allow these policies to aid those who they are meant to aid.

**Current Practices of Development**

Development policies throughout the mid to late 20th century have been rooted in the Western definition of “modernity”. Modernity in this instance is defined largely in economic terms. This understanding has allowed the World Bank to use gross national product per capita (GNP p.c.) to categorize nations as low income, lower-middle income, upper-middle income, or upper income. This indicator, combined with the indicators of the Human Development Index, allows international organizations to formulate macro-level development programs for less developed nations. Following the collapse of the Soviet Union and the end of the Cold War in the 1990s, the IMF, the World Bank, and the World Trade Organization (WTO) synchronized their interests and commitments to work and advocate for the deregulation and integration of economic markets around the world. This was thought to further assist global development initiatives. Around this time one policy that was formed by the IMF and the World Bank was the Poverty Reduction and Growth Program, aimed to loan less developed nations development loans while encouraging global free-market cooperation. The policymakers advocated that the much-needed loans would be supplied to less-developed nations, in return for less-developed nations’ acceptance of the accumulated interest of the loans and the implementation of “structural adjustment programs” (SAPs). The latter are structural reforms that the less
developed nations must enact in order to receive international financial assistance. These reforms require poorer nations to reduce trade barriers, privatize government owned businesses, and create open markets for global investment. The macro-level goal here was a “trickle-down” of economic investment from the nation level to the nation’s people. Although SAPs have been used in development since the 1970s, their popularity grew throughout the 1980s and 1990s. Macro-level policies like SAPs have ignored the micro social characteristics of less developed nations, leading to failure of these policies in attempting to develop poor nations.

**Data: Where is Development Falling Short of Expectations?**

During the late 1970s Jamaica was experiencing severe economic problems, including negative economic growth. In 1977 Jamaican leaders agreed to sign with the World Bank for a structural adjustment loan, which forced Jamaica to make critical changes to its national economic regulations. By liberalizing many of the previous government operated functions of Jamaican society, government expenditures dropped dramatically. While government spending of social services was approximately $641 million in the early 1980s, this had fallen below $370 million by the end of 1989. This drop in spending, combined with increased unemployment throughout the nation, led to declining standards of living. Furthermore, the overall poverty levels increased during this time in Jamaica. Overall, since their first introduction, SAPs have had a negative impact on Jamaica. By disregarding the social factors at the ground level, international organizations attempted to develop Jamaica using a model of Western economic investment and development. Had attempts been made to better understand the precise needs of Jamaican society as a whole, a more successful policy could have been formulated and implemented. Instead, by applying a broad macro-level approach to Jamaican development, the basic needs of the Jamaican people were ignored and, in fact, negatively affected.

**Recommendations and Conclusions**

Current development policies need to be altered to include a more finely-grained understanding of the needs of the poor, and incorporate these understandings into development policies to empower future grassroots development planning and implementation. Current approaches to international development are designed and implemented at the macro-level. These approaches ignore the micro social issues within underdeveloped nations. If the micro issues were understood, policies could better help the basic needs of the poor while developing the nation’s economic infrastructure. Through helping to develop the basic needs of a society, future economic development programs and investments will be more successful. By developing an educated and well-trained workforce within a nation, that nation’s future will be more politically and economically stable. Therefore, development will continue to improve in that nation.

In the 1970s, Robert McNamara, World Bank President at the time, advocated a “basic needs” understanding to development policy. McNamara promoted the idea that through understanding the “basic needs” of a nation, a development program could be more successful in developing a society’s education and health while assisting the government with broader economic and political developments. McNamara, along with the International Labour Organization (ILO), outlined the four categories of “basic needs” as personal consumption (food, water, and shelter), access to essential services (clean water, education, transportation, and healthcare), access to paid employment, and qualitative needs (democratic participation and healthy environment). Despite widespread support of these ideas from many governments, there
was a range of criticisms and implementation problems. One issue was the expense of improving public services for less developed nations. Many international organizations believed that these programs hindered possible rapid economic growth through larger-scale development programs. Opponents argued that “basic needs” focused too much on informal social activities and issues, leaving economic focus to the side. Although there was some attempt by McNamara and others throughout the 1980s to include “basic needs” ideas in development policies, the focus faded as more neoliberal macro-level programs, like SAPs, grew in popularity.

Despite their once lack of appeal, it is time for policymakers to reconsider “basic needs” ideas in development policy. If development policy considered micro-level issues, such as health and education, future development programs would be more successful. For this adjustment to development policy to be successful, the policy must be two-fold. First, when formulating development programs, a ground-level analysis of local conditions must be completed prior to implementation of development policies. Secondly, once the issues are properly assessed, a development policy will be formulated that will target improvement of “basic needs” issues while assisting the developing nation’s government officials develop proper economic and investment growth plans. In doing this future phases of development will build upon a proper foundation of educated and healthy citizens of the developing nation. Enormous resources are available for development initiatives, ranging from the over $60 billion in global aid that flows from developed nations to less developed nations, to the thousands of individuals participating in countless organizational efforts (NGOs, people’s movements, etc) to create an equitable global community. Adjusting development policy in this way will not be deterred by international organizational financial issues or lack of human resources. This policy adjustment would be easily applicable, and could lead to future development success. International development remains a global project deserving of our best intellectual imagination and practical decision-making, so we must rethink and rework development to allow for future global justice.

About the Author

Zachary J. Patterson is a Master’s of Public Affairs student in the School of Public and Environmental Affairs at Indiana University-Purdue University Indianapolis. He received his Bachelor’s Degree in Political Science from Marian College, in Indianapolis Indiana. His research interests include political science, international development policy, globalization, and international affairs. zjpatter@iupui.edu

Additional Information and Resources

Center for Global Development: http://www.cgdev.org/.
George, Susan, (1990), A Fate Worse Than Debt, New York: Grove Weidenfeld.
