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DEVELOPMENT ECONOMICS IS DEFUNCT: A DISSIDENT PERSPECTIVE

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ABSTRACT

That the Global North has been on a mission to develop the Global South in its own image is a narrative conveyed to students in Development Economics. Integral to this narrative is the sub-narrative that the absence of European institutions in the Global South has militated against its long term development. This paper draws on the very many dissident voices busting these narratives and points to how seeking wellbeing and sustainability in development requires dropping development economics and embracing socioecological economics.

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INTRODUCTION

In this paper, we intend to convey a good as also intriguing narrative to students of Development Economics. A narrative is a string of tales interconnected to culminate in a viewpoint or an understanding, like the collage a complicated paper weaving does. It is well said that a good narrative requires a good setting. The good setting for this paper is that "narratives in economics, as in other social sciences, create myths, which endure despite rational appeal to facts" (Jayaram, 2021). To proceed further in this regard step by step to craft a well-grounded narrative about the uselessness of Development Economics, we need first to recognize certain reckonings. The Global North (rich countries) is constituted by North America, Europe, Israel, Japan, South Korea, Australia and New Zealand; and the Global South (poor countries) by Africa, Latin America, the Caribbean, Asia (excluding Israel, Japan and South Korea) and Oceania (excluding Australia and New Zealand). It is well-known that the North and the South are divided by massive inequality in standard of living. According to Hancock (1989), the development industry is "a fantastically complex, diversified industry... financed largely by the official aid of rich countries, mandated to promote development in the poor ones... it is an industry that employs thousands of people around the world to fulfil a broad range of economic and humanitarian objectives." More arrestingly, as Powell and Seddon (2007) have pointed out, "Like all big businesses, the development industry not only responds to global demand but has a way of shaping the world and its needs in its own interests. Indeed, there are grounds for arguing that the development industry has now become a monstrous multinational alliance of global

corporations, a kind of juggernaut... The juggernaut of the development industry is dominated by the giant national (bilateral) agencies operating under the direction of the governments of the developed industrial capitalist states (which are, in effect the parent companies of their aid agency subsidiaries), and by the international (multilateral) agencies linked for the most part to the United Nations, but also including the major conglomerates of the European Union, OPEC and so on (in which the interests of the national governments are represented through various forms of voting rights). In more recent years, the industry as a whole has come to be dominated, both in terms of strategy and lending policy, by the International Monetary Fund and the World Bank." Development Economics was born in the 1950s as the economics of uplifting the poor countries through the efforts of the development industry with many think tanks in its support. Its intellectuals usually have allegiance with the American Economic Association or the International Economic Association and profess as applied microeconomics. In order to debunk Development Economics, we draw on the opposing voices that have emerged from the Structuralist Development Economics (e.g. Furtado, 2021; Furtado *et al.*, 2020); the heterodox World Economics Association; and from the interdisciplinary subject of Global Development Studies (Sumner, 2023).

NORTH-SOUTH DUALISM AND DUALISM IN NORTH

According to the development industry, the North-South divide is natural, and can be overcome by the North giving grants or loans, promoting big infrastructure projects and employment generating

industries, imposing pro-market (neoliberal) policies, building institutions like strong property rights and anti-corruption mechanisms, and implementing the 17 Sustainable Development Goals (SDGs) of the United Nations in the global South. The Global North, thus, develops the Global South so that the latter will converge with the former. Critics of the development industry such as Alston (2020) as the UN Special Rapporteur on Extreme Poverty and Human Rights, Hickel (2017) as an economic and social anthropologist, Angus (2023) as an ecosocialist activist and Strazzante *et al.* (2021) as European climate activists, just to mention a few, have condemned this as a lie (false narrative) or “development delusion”. The World Bank “persistently underplays poverty using the flawed measurement tool of an international poverty line which sets the poverty benchmark at way too low a level to support a life of dignity consistent with basic human rights.” The structural adjustment programmes imposed on South “were designed to stimulate growth and facilitate debt repayments but, instead, have weakened the hand of the state in terms of economic oversight and deepened the debt burden of poor countries”. The repayments from low- and middle-income countries are astronomically more than the grants or loans received by them from the Northern OECD (Organisation for Economic Cooperation and Development) countries, so much so that the discourse of foreign aid hides “the patterns of extraction that are actively causing the impoverishment of the global South today and actively impeding meaningful development”. The SDGs, like the Millennium Development Goals before them, use this international poverty line as a barometer of poverty. They frame their targets decoupled with human rights, without “a single reference to any specific civil and political right”. “There has been a heavy dependence on private sector funding which calls into question their sustainability as a public good”. Governments have paid low levels of attention to inequality, particularly in regard to gender. There is no promotion of any empowerment at all; only “the energy surrounding the SDG process has gone into generating portals, dashboards, stakeholder engagement plans, bland reports and colourful posters”! The SDG goal of achieving the unrealistic 7 percent growth in least developed countries is “complicit with the same neoliberal growth agenda which has precipitated the existential crisis of climate change. It certainly undermines achievement of the target of limiting global warming to 1.5°C of the pre-industrial average”.

The development industry’s time frame for eradicating poverty by global growth is too long for the poor of the world for whom the bell relentlessly tolls like this every day—“In the short run itself, we are dead”. According to Woodward (2015), excluding the differential performance of China from analysis, and considering the most optimistic assumptions about global economic growth, and also assuming that “we sustain the rate of increase in attention to poverty seen since the early 1990s, it is clear that relying on global economic growth seems an almost certain route to ensuring that the poor are, indeed, always with us. Eradication will take at least 100 years at \$1.25-a-day, and 200 years at \$5-a-day in terms of 2005 PPP. This is unviable because global GDP would need to exceed \$100,000 per capita at \$1.25-a-day, and \$1m per capita at \$5-a-day and benefits as may trickle down from this global growth to the poorest will almost inevitably be countered by the adverse effects of climate change and the costs of adaptation. The viable course of action, therefore, is that we shift our attention from trickle-down effects of global economic growth along with add-on solutions such as aid and debt relief towards improving the distribution of the benefits of global production and consumption.” Even then, poverty eradication will not be a real possibility within our own lifetimes. The development industry wantonly hides the truth that “what underpins Northern economic ascendance is a colonial history of coerced extraction”. The unending and expanding poverty and inequality in the global South needs to be attributed to a 500-year history that includes “colonialism, indigenous genocide, extractivism, indentured slavery and neoliberalism imposed by countries of the global North and their proxies” like the development industry. This was “a history of oppression and expropriation by Northern countries in the global South” right “from the first expeditions of Columbus to today’s neocolonial forms of economic control through debt and structural

adjustment programmes which continue to debilitate southern economies”. The historical blindness of the development industry is so astounding as not to recognise the divide between rich countries and poor countries as not natural or inevitable. The truth is that it has been created: “In the year 1500, there was no appreciable difference in incomes and living standards between Europe and the rest of the world. Indeed, we know that people in some regions of the global South were a good deal better off than their counterparts in Europe. And yet their fortunes changed dramatically over the intervening centuries—not in spite of one another but because of one another—as Western powers roped the rest of the world into a single international economic system.” When we go along with this historical detour to the times of the collapse of feudalism into capitalism, we come to know that the period from 1350 to 1500 was “the golden age of the European proletariat when they enjoyed greater economic independence, shorter working hours, grassroots democracy and improved living conditions in tandem with nature. The struggle of labour against landed tithes and taxes imposed by nobles and the church in Europe eventually led to lower rents and higher wages ‘with free access to commons’. The period from 1500 to 1800s was “among the bloodiest, most tumultuous in world history” on two counts. The earlier relative worker autonomy was brutally destroyed by a gentrified system of enclosure which forced commoners off their land. Rural communities were thus destroyed and their relationship with nature was severed. Common land was fenced off and a nascent capitalist system emerged to have plentiful wage labour supply it needed to sustain the new cotton mills. Alongside there was colonisation of the global South which provided the cotton and other raw materials needed to fuel the industrial revolution. Indentured slaves from Africa and the Americas constituted mostly the labour needed to extract resources from the global South. They perished from a pitiless colonial system even as the enclosure system in Europe created “artificial scarcity” whereby a decent standard of living was denied to the commoners forced into subsistence labour without security or tenure. Little wonder that life expectancy collapsed to 25 years in the industrial powerhouse of Manchester due to race to the bottom in wages and appalling living conditions decimating the ranks of new urban workers. Similarly, a famine was created in India that claimed thirty million lives at the end of the nineteenth century. The development industry does not reveal these deplorable injustices to modern economics students.

This is not all. The enclosure severed humans’ relationship with the living environment and their intimate knowledge of “plants, insects, animals, rivers, mountains and soils”. In other words, animism—the idea that all living beings are interconnected and share in the same spirit of essence—based on reciprocity was lost to ensure that ecosystems could regenerate. It was replaced by “dualism which asserted the dominance of humans over nature” based on extraction. And this became “the philosophical grist to the mill of capitalism” which has objectified “nature as a commodity to be exploited and converted into growth and profit”. We can trace from these anthropocene origins “the trajectory of capitalism from the eighteenth and nineteenth centuries of fossil-fuel-based growth in the global North and exploitation in the global South to the post-Second World War obsession with GDP (Gross Domestic Product) and growthism”. And this amounts to an exploration of the “absurdity, waste, and ecological fallout of endlessly pursuing the ‘fix’ of growth ‘indefinitely, for its own sake’! We can understand how we are “collectively bombarded by ever more sophisticated and insidious forms of advertising to purchase commodities that we do not need and create growth that has no social value”. Besides, there is experiential developmental knowledge that GDP obsession (more and more GDP) is not necessary for improving human welfare at all. The above critical outpourings would not be a horrific surprise to innocent students (sans historical knowledge) had they been exposed first to the prescient analysis of the brilliant Brazilian economist Celso Monteiro Furtado in the early 1970s itself. Contributing to the dependency theory that was emerging in the Latin American context, he had argued that “underdevelopment on the Latin America periphery was structurally connected to the accumulation of capital in the advanced economies at the core of the global capitalist system... the very idea

of development in the periphery is a myth, deceiving countries into focusing on narrow economic factors such as the rate of investment and the volume of exports to the detriment of their human well-being. Moreover, the costs of development in terms of environmental destruction would be catastrophic for the planet: the idea that the poor in Latin America and elsewhere might someday enjoy the livelihoods of today's rich people is unrealizable in practice, and any attempt to generalize the lifestyles of the world's well-off would lead to the collapse of civilization" (Furtado *et al.*, 2020). In light of this, he had urged the countries of the South to figure out on their own alternative development strategies independent of the development industry. Little wonder that Furtado's characterization of development and underdevelopment or their manifestations of Global North and Global South as Siamese or conjoined twins is excluded from the mainstream pedagogy of development economics. Consequently, historical blindness is repeatedly and perpetually inherited by the students of development economics, so to say. Furthermore, it must be very embarrassing to the development industry that having failed to bring about global convergence or caused global dualism, it will have to now deal with increasing dualism in the Global North itself. This is a rather funny outcome because this was not the original purpose of development economics. As Rodrik (2022) has pointed out, "Developed countries' problems increasingly resemble the problems found in poor countries. The models and frameworks used to study developing economies are increasingly relevant to the problems confronting rich countries", where "A combination of forces – de-industrialization, globalization, new technologies that favored professionals and capitalists, and declining protections for labour – have indeed produced a widening gap between the winners and those who are left behind. Convergence between poor and rich parts of the economy was arrested, educational attainment increasingly polarized labour markets, and regional disparities widened."

EUROPEAN INSTITUTIONS

Acemoglu *et al.* (2001; 2013) were recently bestowed with Nobel Prize for saying that the European institutions are better for development. They had looked at "long-term development in Europe's settler colonies versus non-settler colonies. In settler colonies, such as the US, Canada and Australia, Europeans established inclusive institutions. And these settler colonies have become high-income countries in the west (Global North). But in non-settler colonies, which include large parts of Africa and Latin America, Europeans established extractive institutions." Institutions that "enforce property rights, protect democracy and limit corruption" are inclusive institutions. Institutions which give rise to "a high concentration of power, limited political freedom, and seek to concentrate resources in the hands of a small elite" are extractive institutions. This is a false narrative on many counts, according to the critics (Hauge, 2024; Trainer, 2025). The fact that "today's high-income countries score higher on western-based institution indexes", such as the Global Institution Index—based on government effectiveness, regulatory quality, rule of law and control of corruption (Leogrande, 2024)—is not solid proof that "economic development was achieved because these states first established inclusive institutions." China, and East Asian states such as Singapore, South Korea and Taiwan demonstrate that inclusive institutions are not a precondition for their growth. Most importantly, the brutality of colonialism in settler colonies is ignored. Years of violence—in many cases verging on the genocide of native or indigenous populations—predated the development of inclusive institutions and this brutality should have been factored into the development processes of the North. The causal mechanism for underdevelopment is identified and located within the poor countries (South) while the actual main causes are to be found in the exploitative nature of the global economy as pointed out above. This suits very well the interests of the development industry. To reiterate, "The main reason why at least half the world's people are poor is because the global economic system has established extractive institutions and keeps them in place, in order to siphon trillions of dollars of resource wealth out of poor countries every year. It is the global system which prevents them from escaping this fate. Conventional economic theory and

practitioners endorse, legitimize and promote this system... It is true that there is extraction and there are extractivists, but economic theory, economists and the rich world are the main causes, protagonists and beneficiaries of extraction... many of the extractivists are in power because the global rich put them there or helped the Samozas and Pinochets to remain there, because they enabled normal economic development. The most capable extractivists are to be found among the rich world corporations, banks and IMF officials." Normal economic development means getting materially richer as nations and as individuals. "It is about being able to purchase more, increasing the amount of producing, selling and consuming going on, and thus it is about increasing the GDP. This is the unidimensional view of development whereby nations move up the slope to be like rich nations. Getting richer is assumed to improve all sorts of other things, such as health and welfare." And "This requires investment because a poor country has little capital. It means borrowing and it means attracting foreign investment. The two main domains enabling this are exporting natural physical resources and exporting labour via plantations, mines and factories. Thus, the country must enter the global market place to sell resources, competing against many other poor countries in the same situation. Lacking the capital to set up mines, etc., foreign investment must be sought. But investors want access to infrastructures such as railways and ports, so large loans have to be taken out to build these. The common result is not rapidly increasing income to repay loans but the accumulation of very large debt, which seems to be accelerating in recent years. The debt typically becomes unpayable. At this point the IMF arranges bailout measures. These are designed to get the economy going again by making the economy more attractive to foreign investors, selling off profitable state-owned enterprises to them, holding down wages and social conditions, imposing savage austerity policies, and generally gearing the economy to the interests of the business class." There is no escaping eulogy for capitalism and its expansion by colonialism, neo-colonialism and internal colonialism: "It is a Fukuyama-esque end of economic history; if only poor countries would adopt free markets and make conditions attractive to foreign investors development would thrive and poverty would be ended!"

DUALISM IN SOUTH

According to Development Economics, the defining feature of developing countries of the South is dualism between small modern and large traditional sectors, and this can be overcome by the vehicle of industrialization, using the ideas of Simon Kuznets, William Arthur Lewis and Joseph Schumpeter. But structural change like this has not happened. Stalled industrialization as also premature deindustrialization is also rampant within the Global South over the past four to five decades of neoliberal globalization. That "the best way to reduce hunger and help people out of poverty may be to focus on improving agriculture" (Dorward, 2010) is anathema to the development industry. This is very well articulated in the Indian context by Bhaduri (2024) thus, which is in sync with Furtado's call for reinventing development strategy by the poor countries independent of the development industry: "...do not try to increase overall labour productivity in the economy by trying to transfer labour from low productivity small agriculture to high productivity organised industry. Instead, ... focus should be on reducing the gap between the two by raising the productivity of small agriculture in the present phase of India's development. The emphasis would be on raising the productivity of land, and not of labour. Infrastructure development including road communication and connectivity should have this land productivity augmentation as focus, instead of the currently pursued self-defeating programmes of creating world class connectivity amongst cities amidst a sea of destitution and poverty in the countryside. Land productivity will need to be defined in an inclusive way. All types of agricultural produce including subsistence and commercial produce, poultry, fishing and animal husbandry should define the productivity of land in an area. Forests, rivers, water bodies, medicinal plants and marine products of the commons should be treated as part of an increase in public rather than private wealth, raising land productivity. The external economies generated in the process will be partly internalised by private firms, but they will also

contribute to fighting degradation of the environment and climate change. Crop composition and inter-cropping varying with soil and climatic conditions should be a priority area of state support for traditional knowledge and field-based research. The relative price of crops is an important instrument in the hands of the policymakers. In particular, prices and other fiscal incentives should be used for intelligent water management for influencing the cropping pattern in view of differences in soil and climatic conditions. Reaching such an inclusive optimal cropping pattern has to be attempted by decreasing rather than increasing the dependence on inputs purchased from markets. This would tend to encourage the idea of local resource-based organic farming with more efficient use of water and power and access to market network developed for this purpose. Less of a dependence on market-based inputs will have a greater impact on the cost of cultivation and the recurring problem of debt, particularly of small peasants. This must be carefully monitored by local banks to ascertain that some reduction in their agricultural debt is actually being achieved, and a bonus system can be instituted to encourage further this system. The credit policy, local warehouse facilities and marketing networks have to be synchronised with special attention given to small peasants. A minimum support price system for agricultural produce is an imperative of our time, both as income support and as a price incentive. A minimal level of crop insurance has to be introduced, while ensuring that crop failure, if it happens, has been in spite of the crops being grown fitting local climatic conditions and water management requirement.

An insurance premium will be collected by the local panchayat in normal years. It is hoped that under these measures of collective water, land and forest management aided by the panchayat system, the distress inflicted by regular droughts, floods and crop failures will be reduced. The statistical offices should carefully collect data on such matters to assess the longer term impact of policy. Use of all village commons has to be under the control of the local panchayat government, and its collective use should be decided by secret voting of members. Employment guarantee schemes have to be extended and oriented to a significant extent for this purpose of creating and improving village commons. However, its possible positive or negative spillovers to private land also have to be considered by the panchayat with mutual measures of local taxes and subsidies. Those enjoying external economies or suffering diseconomies will have to be represented in the local decision-making bodies. Democracy means allowing dissent, and inter- as well as intra-class conflict of interests amongst peasants is almost inevitable. The extent to which it can be resolved at the panchayat level will be a crucial criterion of judging success, but individuals will also have access to legal remedies. Regular elections are a necessary but not a sufficient condition antidote to authoritarianism, even at the gram sabha or panchayat level. This is the reason, as an integral part of evaluating the success of the system, a separate record must be kept of how many people dissented to each major project. A main source of increase in land productivity will come from better use of unemployed and underemployed labour. This can only be achieved through collective use of local labour in a more decentralised set-up with greater administrative and fiscal autonomy to the locally elected governments (the *panchayat* and *gram sabha*). The provision already exists, but mostly not used for panchayats in the Constitution. Poverty compels poor people to take up work as is available. So long as unemployment and poverty persist on such a large scale, employment guarantee at a fixed minimum wage for a certain number of days per year should be the universal right of all citizens. The need to work under the supervision of the panchayat will ensure that this becomes a self-selection process that would be worthwhile mostly for those who really need such work compelled by poverty. It can be a combination of mutually agreed piecemeal and contractual wage payment depending on the nature of work. Wage payment for work is a better alternative than a minimum income scheme. The latter encourages a patron-client relationship between the state and its citizens without any notion of reciprocity between duty and right. This is also the problem of freebies as election promises. Instead, we must strive towards locally decided work on projects which benefits particularly those who participate in the work. One innovation balancing private

with social benefit is to introduce the idea of using labour from the common pool on individual farms by paying a higher wage by the individual owner of land. But this should be allowed only with the consent of the workers and the panchayat. The danger is a two-tier wage system for public and private work. Therefore, it should be introduced only if enough useful public work is not available. For making a dent into the employment problem on a wider scale, improving land productivity on small farms will have to be complemented by a rapid expansion in the services sector in selected directions. Economically, both small-scale industries and services will be subject to some extent by demand-led expansion created by higher income, particularly of small farms. The expanding demand will usually be less suitable for large corporate industries, which typically cater more to upper class consumers and international markets. This results in a natural segmentation of many product markets, and will provide greater impetus for small-scale industry and services expansion when supported by supplementary credit and marketing policies from the government. The government's policies (like demonetisation and the present cumbersome GST regime) are often inimical to small-scale industries, and have missed the point entirely in this respect. For instance, the present government's generous five-year package of \$24 billion in production-linked incentives has created less than 2 lakh jobs, and has not even scratched the surface of the grim reality of educated unemployment, when some 40 million are currently enrolled in higher education. The organised, formal sector presently shifts business to the informal sector which causes loss to government revenue through regulation and tax arbitrage.

This impetus to the informal sector through subcontracting for tax and regulation avoidance should be handled not by making the regulation regime more suffocating for business, but by encouraging product market segmentation for the range of products that the small scale sector can produce for the poor through greater linkage with small scale agricultural production. In this context, the biggest potential for expansion of employment probably exists through expansion of basic welfare services like delivery of primary health and education. They are not only public goods needed desperately by the poor, but they can become a part of the social wage, rather than simply trying to increase private monetary wages to cover expenditure on those basic items. The panchayats should not only be able to deliver them from their fiscal autonomy, but they should be free to devise a tax based on the user-cost principle to partly finance them. Many amongst the educated unemployed can be absorbed in this way with suitable short-duration training. This can also become a useful criterion to judge the performance of the local government for the next round of budget allocation from the state and central governments in a three-tier constitutional structure based on elections, degrees of financial autonomy and governance. It bears emphasis that a local election-based decentralised system of decision making with local autonomy of local governments in fiscal matters and project selection, while essential, may be difficult to imagine today. However, we may recall that greater autonomy for the states in the Indian federal structure was also gradually achieved, and needs continuous defending even today against centralisation of power. Only if a large number of panchayats and gram sabhas can earn the support of the poor peasants, the Constitutional guarantees for their fiscal and other autonomy will survive to make them vibrant. This is the only path to development open to us without over-centralization of power in the hands of the government, supported by a handful of large corporations."

Development Economics students must heed Bhaduri's policy imagination. It must make sense to them as the only viable option to deal with poverty. Suffice to say for them are the realities that have unfolded in India that Bhaduri has highlighted, which must be holding good in many other developing countries as well. There is a grossly inadequate industrial job creation coexisting with an unmanageably vast informal economy. Industrialisation is corporate-led and uses labour saving production processes, thereby worsening the already existing unwieldy unemployment problem. The corporates cannot valorise themselves unlimitedly due to the problem of ineffective demand. Nor are they able to increase their international competitiveness to penetrate foreign markets, which is reflected in the

persistent trade deficit of the country. Labour market flexibility in terms of lower wages, longer hours of work and the enactment of laws against workers' rights have decreased effective demand even more by depressing workers' consumption, which has not been compensated either by higher investment or consumption of the other classes. "The cost of industrialisation is borne to a disproportionately large extent not by the general public but by the most vulnerable sections. High prices, rising cost of living, and heavy indirect taxes are general symptoms, but much worse is hidden from the public eye. In India, the Adivasis (the Scheduled Tribes), the poorest amongst us, and roughly 8% of the population account for 40% of the displaced population, i.e. they face five times higher probability of being displaced in the name of development...the incidence of land acquisition falls disproportionately on the small, not large holders. Around half of the Dalit households had holdings less than 0.4 hectares. Their average holding is 0.52 hectares, which is about half the average holding of other households (1.05 hectares), and only 6% of them had more than 2 hectares of land. Acquisition of land on a disproportionately large scale from them in the name of economic development deepens economic inequality and exacerbates social divisions in the countryside...Land acquisition in the name of corporate industrialisation, and the handing over of land at highly subsidised price to the corporate houses is the most telling symptom of this toxic economic development we are undergoing...Corporate industrialisation is not the solution but part of the problem. Because large scale land acquisition for industrialisation adds to this growing pressure of unemployment with more people losing livelihoods than gaining jobs, and offers no solution in sight. So long as we continue on this path of development, the unemployment problem will only worsen. In a functioning democracy with electoral accountability, the desperate employment situation on the ground will overwhelm the mystical idea of reaching a long-run equilibrium with full employment in industry. A solution along a different pathway must be attempted for reversing this dismal prospect. This would require making conventional wisdom of development economics stand on its head."

THE WORLD AS IT IS NOW

It is time to take stock of Development Economics in doldrums. It follows from above that we are in a world—global economic system—where there is unending dualism between the North and the South and increasing dualism within the countries of the North and South respectively. This global capitalist world has come about through the historical and contemporary forces of capitalism, colonialism, neo-colonialism and internal colonialism over the last 500 years. All this has been unabashedly spearheaded by the corporate raiders within and across countries. In this world, there is a new global class system (Standing, 2011 and 2016; Bose, 2024) which comprises the following groups in descending order by income: plutocrats, elites, salariat, proficians, proletariat, precariat, and underclass/lumpenprecariat (criminals, vagrants, unemployed and the other abject poor). The plutocrats and elites at the top earn rentier incomes, a form of extractivist incomes. They "live off income gained from property and other assets." They also wield enormous political clout. The development industry including the World Trade Organisation has "shaped the rules that have made the system so unfree and the gains by the plutocracy and elite so vast." The salariat gets income from capital, not from wages. They get much of their revenue in the form of shares and profit-related pay. They have "employment security and an extensive array of non-wage enterprise benefits like pensions, paid holidays and medical leave." Their company pension funds depend on financial investments.

But they are a shrinking group. The proficians are the consultants or freelancers with technical skills, working on gig projects under contract. They frenetically make a lot of money and also gain from subsidies, tax breaks and the like but are endangered by burnout. All these top four groups are detached from the groups below them. The "proletariat (or the working class for which unions had worked and for whom welfare states were built in the post-second-world-war period) have stable full-time labour, with entitlements linked to labour

performativity." They are rapidly shrinking everywhere and on the verge of extinction. Unfortunately, many of them are becoming easy prey for populists and neofascist politicians, playing on racism, xenophobia, religious nationalism and the like. By contrast, the precariat is a rapidly rising group with numerous defining features. The people in this group represent unstable and insecure labour. They suffer from existential insecurity due to a lack of occupational identity or narrative to give to their lives. They "do much work-for-labour that is neither recognised nor remunerated. They have a feeling of being out of control of time. They get mostly money wages without non-wage benefits, rights-based state benefits or informal community benefits. Their money wages have stagnated or fallen with growing labour supplies in the Global South. Their real wages too have been falling in a context in which average real wages have stagnated and wages are increasingly volatile, with declining prospects of upward mobility and increasing downward risks. They live in chronic unsustainable debt, which is a systemic form of rental looting. They face deepening poverty traps, as governments have moved to means testing, conditional social assistance and workfare. They also face precarity traps like long delays between someone becoming eligible to receive benefits and starting to receive them" and lowered long-term earnings when other job seekers or wage-slaves take jobs below their competence or outside their profession. They are also losing acquired rights—cultural, civil, social, economic and political. Interestingly, there are three factions among the precariat. One looks backwards, feeling deprived of a real or imagined past. This faction succumbs to populist sirens who play on their fears and blame the migrants, refugees or some other "group easily demonised. Another faction consists of migrants and beleaguered minorities. These people feel deprived of a present time, home or belonging. There is yet another faction which feels deprived of a lost future like the educated youth who were active in the Occupy Movement more than a decade ago. They go to college, promised by their parents, teachers and politicians that this will grant them a career. They soon realise they were sold a lottery ticket and come out without a future and with plenty of debt. They are not attracted to populists. They also reject old conservative or social democratic parties. And they look forward to anew 'politics of paradise' which they do not see in the old political spectrum or in such bodies astrade unions of both the Right and the Left. The precariat is a complicated miscellaneous group but, as Standing points out, only it has the potential, in terms of size, growth, and structured disadvantage, to articulate a progressive response to rentier capitalism and its corruption. The underclass/lumpenprecariat does not have the agency to act, although some in it join protests." As beggars, after all, they cannot afford to be choosers.

The plutocrats (billionaires) constitute the top 0.001 per cent of the population. The elites—millionaires and multimillionaires—constitute 5 per cent of the world's population. The salariat and proficians constitute 20 per cent, and 5 to 10 per cent of the population respectively. The proletariat comprises 10 per cent of the working population. The precariat represents 40 to 50 per cent of the population! The cabal of plutocrats and the elites is now adept at doing reputational laundering in the name of stakeholder capitalism or compassionate capitalism with the World Economic Forum as their smokescreen (Bose, 2025). The super-rich have bypassed the United Nations framework to pursue their own agendas in the name of world development including data driven and digital technologies for smart climate adaptation (WEF, 2024). They are bent on reshaping the world to serve their quest for profit, corrupting politicians, subverting governments, and breaking international law on labour, environment and human rights with impunity (Dodwell, 2016). The way they talk through their Centre for New Economy and Society is similar to the way the current IMF head talks (Georgieva, 2024). Students must research their "talk the talk, walk the walk". The precariat is going to expand more and more due to more and more economic and social dislocation going on in the world (Bose, 2020a and 2020b). Their struggles against corporates aided by states and their aspirations can be gauged from the documentation of Survival International, Progressive International, Food Sovereignty Movement, International Work Group for Indigenous Affairs, Wellbeing Economic Alliance, People's Archive of Rural India, Adivasi Adhikar Sabha, Land

Conflict Watch, etc. It is a pity that students pass the Development Economics paper without knowing how the tribal people are struggling against the corporate loot. They must be sensitive to the heart of darkness in India's development conflict (Prasad, 2016). Thanks to Global Development Studies, we can now understand this world by global extractivism as its organizing concept (Chagnon *et al.*, 2022). It "forms a complex ensemble of self-reinforcing practices, mentalities, and power differentials underwriting and rationalizing socio-ecologically destructive modes of organizing life through subjugation, violence, depletion, and non-reciprocity." Its "sectorial focus has expanded beyond mining and fossil fuel extractivisms, to agrarian or agro-extractivisms of different types, including forestry extractivism." As Friends of Earth Australia (2022) points out, extractivism since colonial times to the present means "extraction of raw materials such as metals, minerals, oil and gas, as well as water, fish and forest products, new forms of energy such as hydroelectricity and solar energy, and industrial forms of agriculture, which often involve land and water grabbing by the extractive industries. It is also discussed as 'urban extractivism' in terms of the fashion industry extracting cheap labour and human rights violations that are erased by a marketing machine to 'just do it' and consume; as 'data extractivism' in terms of development of information technologies where data effectively becomes a raw material that can be extracted, commercialised, refined, processed, and transformed into other commodities with added value, like the billion-dollar profits of Amazon, Google and Facebook; as 'financial extractivism' by way of gentrification of our cities where rich investors buy social housing without a care for the building or the community it may serve; and as 'green extractivism' in the global transition to renewable energy, in which we are witnessing corporate and private interests putting pressure on countries in both the Global South and Global North to satisfy the global economy's demand for minerals and raw materials for 'green' growth and the 'green' transition."

Bruna (2023) and World Rainforest Movement (2021) demystify extractive projects branded 'green'. These projects constitute "a system of extractive development that harnesses climate change and other socioecological crises as profit-generating and re-branding opportunities." There are diverse manifestations of it, well documented, across the Global North and South, with serious socioecological issues and violence related to them. They are showcased as 'green', 'environmental', 'clean', 'decarbonized' and 'sustainable' even as they have actually "expanded capitalist relations, land control and extractivism to intensify modernist development and wealth accumulation" in the interests of a super-rich minority. Activist scholars have exposed these processes as green pretensions advancing neocolonial and capitalist land control for extraction at an alarming rate. The noises of "Green New Deals are rapidly colonizing collective imaginations with 'lower-carbon' lifestyles, thereby advancing faulty climate change mitigation/adaptation strategies. They are creating new and intensifying existing inequalities, injustices and a multiplicity of harms across the world" via land grabbing, displacement, dispossession, ecological destruction, repression, violence against women, femicide and elite profiteering. The colonially shaped North-South relations are reproduced along with various forms of internal colonization (within countries) leading to more and more ecocide and homicide. Bhaduri (2009) had discussed corporate-led extractive model of development in India as "Developmental Terrorism" practised by the state in the name of development (industrializing and modernizing the economy) with the sole purpose of enriching the big business by crushing the democratic aspirations of the people at large. None of the political parties has really opposed this, and endeavoured to bring economic democracy closer to political democracy for the majority of Indians. Unfortunately, the middle class has supported this terrorism.

THE WORLD FOR OUR GRANDCHILDREN

In the long run, we are not dead. We will be there as our grandchildren. For their sake, it is high time we cremated Development Economics and welcomed the birth of Social Ecological

Economics as the right antidote to global extractivism. The development industry and the World Economic Forum exude neo-Schumpeterian arrogance that technological innovations in a growth-oriented economy can fix the problems of social and environmental unsustainability. In order not to be mesmerized by this high-tech religion, students must examine how Hoften and Rijt (2025) have attacked Schumpeterian innovation (conventional innovation) as driver of progress on the following grounds.

First, its objective is to improve return on investment, or increase wealth for vested interests, often subsidized by governments. Profit-seeking organisations use the innovations as a driver for more consumption, consequently leading to economic expansion.

Secondly, it often exacerbates socio-economic disparities, fuels processes like gentrification, and diminishes individual and community autonomy.

Thirdly, it fuels the accelerating rapid production cycles of new consumer goods, creating artificial desires that drive the consumption of needless commodities and offering choices that add little value.

Fourthly, it has led to an existential problem by destroying well-functioning ecological processes and a healthy biodiversity. Creative destruction has turned into destructive creativity.

Fifthly, it has created justice issues by being not neutral. It leads to competitive advantage of Global North companies and leads to uneven power relations. It permeates development discourse, leaving market-driven solutions as the sole means of creating value.

Lastly, it cannot overcome the Jevons Paradox in that technological solutions frequently fail to account for the fact that improvements in efficiency are often counterbalanced by increases in consumption so much so that we become more efficient at consuming more and more resources and energy.

By contrast, we are now fortunate to have a new transdisciplinary field with a stronger emphasis on environmental protection and social justice. This is the Social Ecological Economics (Diesendorf, 2025; Spash, 2024). Because growth economy with Schumpeterian innovations exacerbates ecological and social problems, this new discipline argues that our economies must degrow. Which means that we can "increase human well-being and enhance ecological conditions at the local and global level, in the short and long term", by downscaling production and consumption. This is the only effective way of reducing extraction, emissions, and material use with high certainty. There are four principles of social ecological economics: 1. Our reality is entropic, the world's throughput must reduce to levels that do not exceed the safe operating space; 2. Enhance social and economic justice for all; 3. Improve and secure well-being for all life; and 4. Foster and enhance democracy. Degrowth innovations serve these principles so much so that saying goodbye to Schumpeterian innovations in a growth economy may be the biggest innovation the modern era needs!

CONCLUSION

A former President of the Yale University (whose history is intertwined with colonialism) had addressed the students by his commencement speech that the students should be wary of the seductive power of false narratives bombarding them everyday in a world of increasingly polarized and fractious times, and that the students should subscribe to the "ideal of judicious, searching inquiry in the service of reasoned discourse about the matters we investigate and care about the most" (Salovey, 2016). We cannot agree any more with him. In fact, as teachers of development economics, we are guilty that we are only conveying to our students the false narratives of the development industry as discussed above without countering them in the classroom. Alas, we do not have a say on what we teach. We have written this paper, therefore, as if we are making ourselves clear to our students that there are indeed counter-narratives as highlighted in this paper, which, to us, are truthful as also meaningful

for stopping social and environmental destruction in order to make wellbeing and sustainability as the ends of development (O'Mahony, 2017). The truthful narrative that students must now examine and study at length undoubtedly belongs to the field of social and ecological economics. Of course, it must be stressed that "Those who see this are not likely to be awarded a Nobel Prize by the reigning economic establishment". Be that as it may, it is heartening to know from Guha (2024) that there were many early environmentalists in India who had subscribed to the degrowth principles of social and ecological economics. On behalf of our students, we salute the late Furtado (2021) for giving us the good setting for the narrative of this paper: "Myths have exercised a strong rule over the human mind striving to understand the social reality... An example of this tendency to myth worship is given by the literature on economic development... 90 percent of it is grounded on the implicit idea that economic development, such as has been practiced in the countries that led the Industrial Revolution, can be universalized; more precisely, that the standards of consumption presently enjoyed by the population of the industrialized countries could be shared by the masses of population living and expanding in the Third World, provided that they work hard and behave well."

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