

# Economic Development, a Reflection

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## Abstract:

This article surveys development economics studies and shows how it looks for mechanisms able to lead to the long run growth in poorest countries located in Africa, Latin America and other Asian countries. It surveys the way development economics policies tries to improve poorest countries' population life conditions since the beginning of the emergence of the field. In order to achieve development take-off, economic policies use theories and analysis methods allowing sustainable development to settle. Indexes are also used in order to appreciate populations' wellbeing improvements through the time. The necessity of development economics to converge toward market based economy in this 21th century legitimate the need for the best policy to adopt for it to be successful, which turn out to be a preliminary condition for the neoclassical theory to be applied in order to yield less advanced economies stimulate economic growth like in industrialized countries.

## Keywords:

Development, Growth, Sustainability, Environment, Economic Theory, Structural Adjustment Policy, Washington Consensus, Pekin Consensus, Millennium Development Goals, Foreign Direct investment

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## 1. Introduction

Development study when conducted, uses several tools in a simultaneous way i.e economics, social aspect, politics and institutions in order to improve populations life conditions in Africa, Latin America and some parts of Asia where poverty still accurate. It addresses it policies mainly for countries under industrialized country's power from the 1860s and the 1960s which are France, Belgium, United Kingdom, Spain and Portugal, etc... This period is also called colonialism period. Therefore, the economic field which aim is to study those under developed regions is called development economics initiated around the 1940s by Rosenstein-Rodan [1] and continues in the 1950s and the 1960s with authors like Hirschman [2], Lebenstein, [3], Lewis, [4], Myrdal, [5], Nelson, [6] also called development economists pioneers which contributions received the most interest both among economists and policy makers and some of them being Nobel Prices in economics. Each development economist pioneer conceives development in a specific way i.e Rosenstein-Rodan focuses on *the big push* i.e coordinated investment policy as a solution to development absence. Whereas, Hirschman disagrees and promotes key sectors with

strong linkages which correct disequilibrium from one sector to another was the right approach leading to development and structures his book around the *balanced growth path concept*. Myrdal proposes *circular and cumulative causalities* whereas Lewis promotes *labor force transfer from traditional to modern sector* as the right approach leading to development. Rostow [7], a liberal economist, presents 5 stages a given under developed country must cross until long run growth settled. Thus, development is a dynamical process according to that author. In parallel, other development economists such as Prebisch [8], Furtado [9] and Pinto [10] when working for Latin American economies dilemma, present the world economy in two poles where the one called the center represents industrialized countries and the other called the periphery represents under developed countries in order to understand the nature, the causes and the dynamics of inequalities among countries and adopt « ISI », the import substitution industrialization strategy based on international exchange trade rejection since raw material is not profitable for poorest countries, thus ISI is a solution to under development cease according to those authors. Unfortunately, ISI was unable to execute the mission it carried and gave up after the years 1960s. Hence, in this 21th century, exchange trade liberalism combine with sustainability concept are viewed as a mechanics of economic transition toward market based economy instead of industrialization dilemma of the development economists pioneers viewed before.

The origins of under development at the beginning of those debates are according to the French economist Perroux [11], under development is caused by colonialism. In parallel, other development economics explain under development on the basis of Marx work i.e it is due to capitalism according to Andre Gunter Franck [12]. In the same ideas order, under development is due to imperialism, a theory elaborated at the beginning of the 20th century around the 1910s by Lenine [13] and followed by authors such as Rodolf Hilferding [14], Rosa Luxembourg [15] and Nicolas Boukharine [16]. Imperialism is the set of industrialized countries' name accused to be responsible of under development in poorest countries because according to those authors, developed countries support military politician dictatorship in charge of poorest countries direction in order to serve their own interest through international exchange trade mainly.

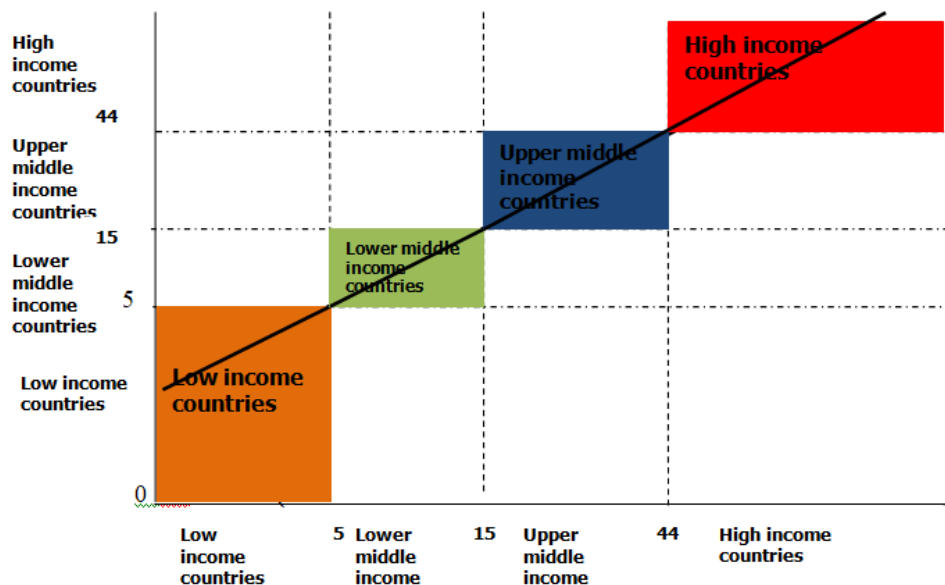
The article is organized like follow, section 2 presents the problem raised by this analysis, section 3 presents the economic literature crisis, section 4 explains how to conduct development, section 5 exposes the methodology used to raise results, section 7 provide discussions and finally section 8 concludes on the analysis i.e reflections on economic development or the way the least advanced economies can transit successfully to market based economy proposed by this article.

## 2. Presentation of the Problem

Three phenomenon occurrences may explain development economics paradigm changes today which are *first* the oil shocks of the year 1970s yield debt crisis in poor countries. That situation made IMF and the World Bank conduct structural adjustment policies during the 1980s and the 1990s i.e macroeconomic stability policy focused on inflation control. *Second*, in 1989, the Berlin wall fall makes East Germany joins the West and Soviet Union collapse as well as the whole communism world, thus almost the whole countries of the world transit toward market based economy except North Korea, thus lead to a phenomenon called economic globalization where the communism influence is ended that encourages Theodore Schultz (Nobel economy price, 1979). *Third*, during the same decade, Roma Club denounces environment

degradation with « Halt to Growth » thus yield environment studies inside the economic literature specifically development which changes its paradigm and includes henceforth, growth sustainability and the market based transition goal by the years 1990s, many countries have not converged toward higher incomes countries yet.

As stipulates figure 1:



**Figure 1.** Countries in the world per economic development levels [2].

Source: WDR 2017 using data from Penn World Table, version 8.1 (Feenstra, Inklaar and Timmer)

### 3. The Crisis of Economic Thoughts

#### 3.1. Development Economics Crisis

From the years 1970s and 1990s, development economics remedies evocated earlier, were unable to boost development and long run growth in poor countries so that, the economic field lost its interest also because development economists were unable to build models in order to see the situation in a more clear way like in growth literature where in comparison, Robert Solow [17] was contemporary with Hirschman [2] and Franck Knight [18] with Rosenstein-Rodan [1] who were already working with well specified economics models, instead, development economics was archaic and yields the field to a kind of crisis. The crisis of development theory in the late 1970s was neither empirical nor ideological: it was methodological [19]. Development theorists were having a hard time expressing their ideas in the kind of tightly specified models that were increasingly becoming the unique language of discourse of economic analysis. They were faced with the choice of either adopting that increasingly dominant intellectual style, or finding themselves pushed into the intellectual periphery. They didn't make the transition, and as a result high development theory was largely purged from economics. Hirschman's Strategy appeared at a critical point in this methodological crisis. It is a rich book, full of stimulating ideas. Its most important message at that time, however, was a rejection of the drive toward rigor. In effect, Hirschman said that both the theorist and the practical policy-maker could and should ignore the pressures to produce buttoned-down, mathematically consistent analyses, and adopt instead a sort of muscular pragmatism in grappling with the

problem of development. Along with some others, notably Myrdal [20], Hirschman [2] didn't wait for intellectual exile: he proudly gathered up his followers and led them into the wilderness himself. Unfortunately, they perished there. Later on economists discovered that, development theory made perfectly good sense after all ([21]). But in order to see that, one need to adopt exactly the intellectual attitude Hirschman rejected: a willingness to do violence to the richness and complexity of the real world in order to produce controlled, silly models that illustrate key concepts.

### **3.2. Economic Growth Theory Crisis**

For other reasons than development economics, growth theory faced a crisis too because it was unable to determinate the origin of the sources of economic growth since physical capital faced a decreasing marginal character making the countries in the world grow the same in the long run because of convergence occurrence. Without having an empirical validity, it was difficult to prove what causes economic performances of the nations. Increasing returns assumes technology to be remunerated as the other inputs of production, which yield losses since profit maximization principle where the derivative is set to zero couldn't work anymore. Therefore, the inclusion of a theory of technological change in the neoclassical framework is difficult, because the standard competitive assumptions cannot be maintained. Hence, several attempts were made by Arrow [22], Levhari [23] and Sheshinski [24], the difficulties faced when working with dynamic optimizing models were avoided by assuming that output as a function of capital and labor, exhibits increasing returns to scale whereas, the marginal product of capital is diminishing given a fixed supply of labor. Therefore, the rate of growth of output is limited by the rate of growth of the labor force. Uzawa [25] is considered to be an aggregate model of growth rather than a model of a specific industry and describes an optimizing growth model in which both intangible human capital can be produced. Unfortunately, it doesn't possess increasing returns to scale and only considered a borderline case of constant returns to scale with linear production of human capital, thus unbounded growth yields. Shell [26] is an optimizing model which takes the rate of technological change as exogenously given. Phelps [27], Von Wiesacker [28], assume knowledge to be accumulated by devoting resources to research, thus the production of consumption goods exhibits constant returns as a function of tangible inputs i.e physical capital and labor, therefore exhibits increasing returns as a function of tangible and intangible inputs. Weitzman [29], Dixit, Mirrlees and Stern [30], Skiba [31] are continuous-time optimization problems with some form of increasing returns. Majumdar and Mitra [32] and Dechert and Nishimura [33] are discrete-time models which study similar issues where the questions of existence of the competitive equilibrium are avoided. Those models rely on either bounded instantaneous utility or bounds on the degree of increasing returns in the problem i.e they consider the production function  $f(k)$  to be such that  $f(k)/k$  is bounded from above. Finally, after the mid-1980s, research on economic growth experienced a boom, beginning with the work of Romer [34] who discovered how to exhibit increasing returns in the competitive equilibrium model by solving a social planning problem rather than by considering the maximization problem of an individual agent who takes as given the path of some endogenously determined aggregate variable. More precisely, it is the first paper which presents a fully specified model of long-run growth in which knowledge is assumed to be an input in production that has increasing marginal productivity. It is essentially a competitive equilibrium model with endogenous technological change where growth rates can be increasing over time due to knowledge increase effects, thus large

countries may always grow faster than small countries, thing which remains difficult to prove before. Lucas [35] shows off the existence of increasing returns to scale from human capital component initiated by Becker [36] and Schultz [37] in the spirit of the work of Romer previously quoted. Romer [38] attempt is to explain the endogenous formation of technological change denoted  $A$  included in the production function, thus considers technological progress to be endogenously determinate by the firm's profit maximization problem where technology is characterized by the fact that it is a non-rival partially excludable good. Thus, non-convexity is introduced inside the analysis of economic growth by this character which rules out a competitive equilibrium existence possibility. The equilibrium yield is no more a competitive one but a monopolistic one. Consequently, Eicher [39] and its elaboration, Loubaki [40] are frameworks where human capital and technological change interact in order to ensure the long run growth existence and stability over time. After the crisis done, one need to know what about development and long run growth occurrence in poorest countries?

## 4. How to Conduct Development

In the concern of development economics, the crisis ends up too when Murphy-Shleifer-Vishny [21] provided a modeling version of Rosenstein-Rodan [1] and the fact that finally, the ideas provided earlier had a sense after all ([19], [41]).

### 4.1. Lessons of Development Economics

In view of what is said previously, in contrast to growth theory, development economics is not a well specified research field yet, it is only conducted such as questions tested by empirical analysis. Indeed three set of questions are constantly asked, so that, the theory can be classified. *The first set of questions* concerns economic policy goals or attempt to answer to what means development, the government role, planning and market virtues, growth and distribution determinants as well as the impact on population ([42], [1], [43], [2], [44], [45], [34], [35], [46]). The planning empirical precursors focus on the feasibility or the consistency of different sectors goals based on methods developed by Leontief [47], Stone [48], Stone and Stone [49] and Chenery [50]. Very early, they expand in several directions specifically, programming techniques and the analysis of the choice of the planning model for development ([51], [52], [53], [54]). *The second set of questions* of development economics focuses on techniques and tools for policy analysis based on empirical work such as planning models, cost/ advantage analysis and examination methods of tax system and prices. Those contributions are simply resolution techniques ([55], [56], [3], [57], [58], [59], [60]). The analysis of market risk equilibrium is the one where the consumer or the producer maximizes his expected utility or profit and market are endowed of a form of speculation or insurance viewed such as an important application in development economics as well as price stabilization problem. Most of commodity stabilization price studies focus on producers' countries and exporter in order to study the resulting shocks [61]. *The third set of questions* is more heterogeneous, but the common character is that they focus on microeconomics, the market or location where geographic institutions, health or culture play a great role. Those works illustrate an intellectual approach in development economics ([62], [63], [64], [65], [66], [67]).

Whereas economic growth performance is measured by GDP (gross domestic product), development economics outcomes use HDI (human development index, see figure2) elaborated by Amartya Sen [68] (Nobel Prize in economics, 1998) for the

World Bank. HDI is an aggregate index of education, life expectancy and per-capita income. Moreover, in developing countries, commodities and resources are devoted to incomplete markets, both producers and consumers have access to limited information. Structural changes occur both in the society and in the economy. There are multiple equilibria rather than a unique equilibrium. Disequilibrium prevails mainly caused by the equality absence between supply and demand functions in all existing markets. Both political and social tensions dominate caused by ethnics divisions and conflicts. Most of the time religious and traditional cultures are preserved rather than economic rationality. Economic rationality absence doesn't allow optimization principles to be applied and Pareto optimality can't be reached because of corruption [69].

Therefore, development needs both structural and institutional changes inside the whole society for population to get the fruits of innovations and poverty reduction raised by the system. Finally, development is a complex dynamical process which necessitates new concepts and theories from traditional neoclassical thought.

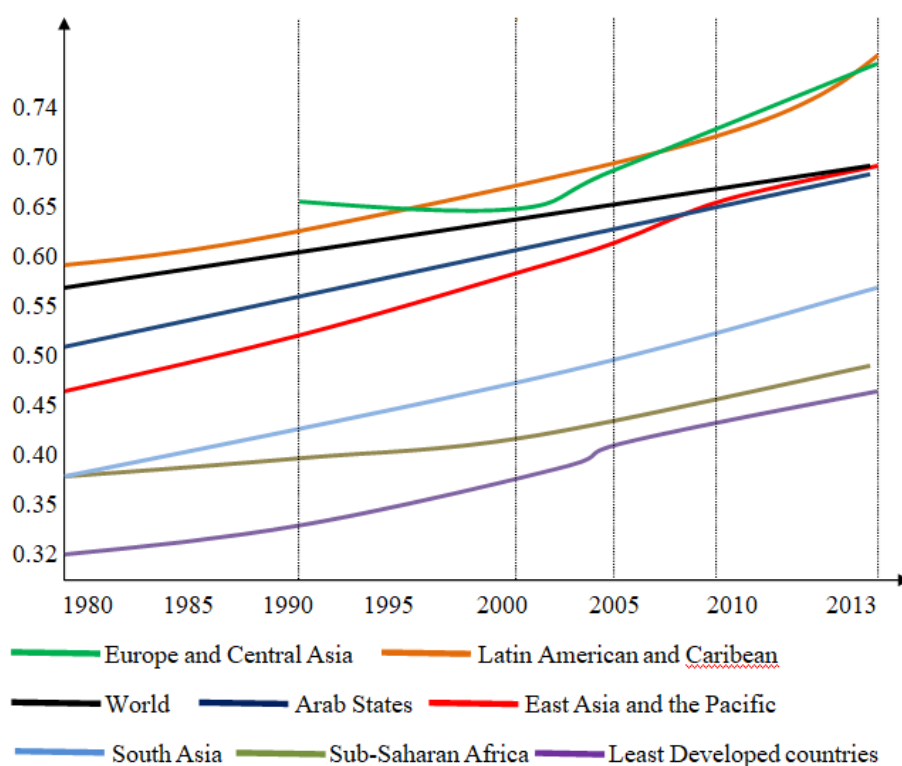


Figure 2. Human Development Index by world region 1980-2013.

Source: Max Roser, Data from United Nations Development Programme

#### 4.2. Rethinking Development

Indeed, after the crisis both in economic growth and in development, barriers among the both fields were levied. Since then, development field is free and mostly conducted by poor countries' governments in cooperation with UN Organizations where researchers essentially conduct their study in an empirical way using data. Consequently, apprehend development phenomenon, in a restrictive way because of data scarcity in the concern of developing countries [70]. In parts such as in Africa, almost none improvements are noticed from the years 1960s until today. We've seen that the precursor of endogenous growth theory is Romer [34]. More generally, endogenous growth contains three approaches which are the models based on

exogenous approach of Solow [71], Romer [34] and Aghion-Howitt [72]. The first approach is called « exogenous growth theory » because of the convergence notion provided by the hypothesis of the marginal product of physical capital but useful for the long run stability of the economic path in contrast to Harrod [44] and Domar [45] analysis, where optimal path of the economy is settled on the knife edge because of unemployment. The second and the third research lines are called « endogenous growth theory » because they are capable to explain growth sources i.e there is no more absolute convergence among countries in the long run. More precisely, the second category line of research attributes growth performance to knowledge [34] and human capital accumulation [35] justifying the poverty trap to under investment in human capital [73]. The last research line in growth literature is based on Schumpeter [74] initiated by Aghion-Howitt [72] and justifies growth by R&D introduction where innovations arrive in a random way and contains a creative destructive character that are not retained by Romer [38] invention model. Those models were restrictive until the years 1990s because of the nonrealistic hypothesis made and belong to the field of one sector endogenous growth models. When the connection is made among the two endogenous growth approaches, it yields multisectoral models.

Through the time, after the 1990s that literature expands and introduced other components to study growth i.e *environment* ([75], [76]), *human capital accumulation* ([77], [78], [79], [80], [81]), *the models of invention* ([72], [38], [82]), *growth models which support health* ([83], [84], [85]) etc However for development studies, much research on endogenous growth literature has been directed at the process of technological diffusion. Perla, Tonetti, and Waugh [86] is a model where heterogeneous firms continuously face a choice whether to produce a variety of a differentiated product or to search for a better technology. Grossman and Helpman [87] is a model where a fall in trade costs is neutral with respect to the incentives for knowledge acquisition if the fixed costs of exporting are null. Otherwise, diffusion can accelerate or decelerate in response to globalization, depending on the nature of the cost function for searching for new technologies. Sampson [88] is a model where there is free entry by new inventors of differentiated products. They draw their technologies for producing their inventions from a distribution that reflects the technologies found among incumbent producers. Sustained growth is driven by perpetual improvement of technologies for production, as each new technology builds on the others. Alvarez, Buera, and Lucas [89] explore another mechanism that links globalization to diffusion in their model of idea flows. They start from the supposition that firms learn from those with whom they conduct business. Each country has a current best-practice for producing each good, à la Eaton and Kortum [90]. Product managers meet others at some exogenous rate. When a meeting occurs, the manager observes the technology of her contact and adopts that technology if it is better than her own. The distribution of contacts depends upon the distribution of productivities among active producers. In autarky, the source distribution for the learning reflects the distribution of productivities in the domestic economy. Trade improves the source distribution by replacing some less efficient domestic sellers with more efficient foreigners.

## 5. Materials and Methods

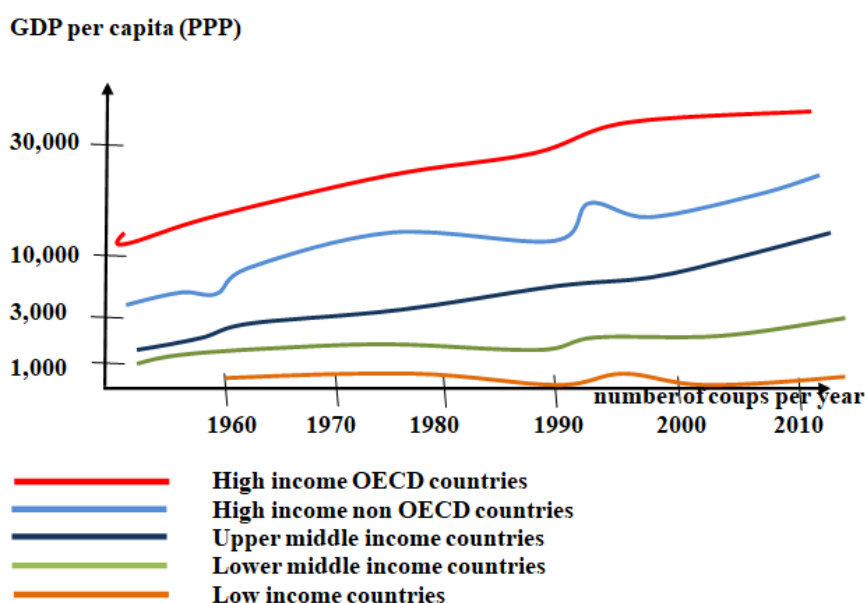
### 5.1. Description

**Proposition 1:** *Development, as a preliminary part of the long run growth, is the domain of the neoclassical thought*

**Proof:** traditional neoclassical thought works in an environment where the world is assimilated to an advanced capitalism i.e markets are perfectly competitive, consumers are rational and prices adjust automatically. Decisions are done at the margin, profit and utility maximization concepts, consequently, the equilibrium yields effectively in all production and resource markets because of the hypothesis of economic rationality and individual interest which is purely materialistic. Consequently, development economics need to have new constant and revolution theories and data. Anyway, development aim is to improve living standards of population living in poor countries as an experimental field, development economics is conducted by UN researchers such that, the World Bank, IMF, WHO who give advices to policy makers of poor countries and most of development research is empirical dealing with data focused on precise questions. Data quality used needs improvements because their quality still under the average required to get a high explanation of some phenomenon in economic policy of developing world that are observed but difficult to explain through data. Indeed, bias risks in results interpretation are possible. Since, it is possible to overestimate some results of the policies conducted in poor countries, added of the fact that, until now, none successful development policy is known in Africa since the 1960s. Therefore, development economics based on economic theory like economic growth approach is the best approach able to lead poor countries get developed in allowing a successful transition toward market based economy in order to fill conditions for traditional neoclassical theory to apply and to lead the poor country's economic path toward the long run growth like it is the case for industrialized countries.

**Proposition 2:** *Economic growth emergence requires security in poor countries*

**Proof:** see figure 3 (countries with fewer episodes of violence are more prosperous) below



**Figure 3.** *Countries with fewer episodes of violence are more prosperous.*



Sources: WDR 2017 team, based on data from Archigos database (Goemans, Gleditsch, and Chiozza 2009) for number of coups and Penn World Table, version 8.1 (Feenstra, Inklaar, and Timmer 2015), for level of GDP per capita. (WDR means World Development Report)

**Proposition 3:** In every country, there is a gap between the laws implemented, but high income countries generally do better than low and middle income countries

**Proof:** see figure 4 (countries income and law implementation relationship)

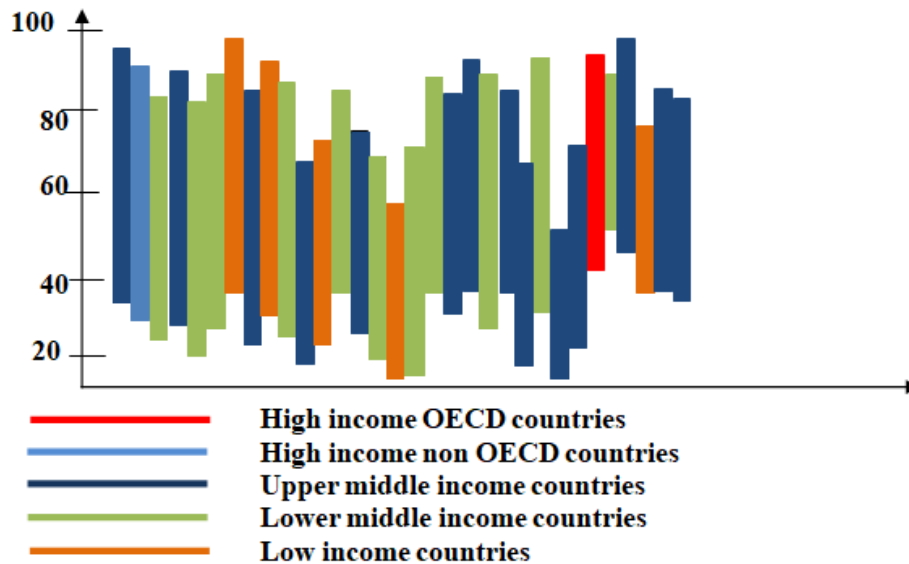


Figure 4. Countries income and law implementation relationship.

Source: WDR 2017 team data from World Bank, World Development indicators (database 2015 and Global Integrity, database 2012)

**Proposition 4:** The rule of law is highly correlated with high income countries

**Proof:** see figure 5 (rule of law index versus GDP per capita, 2015)

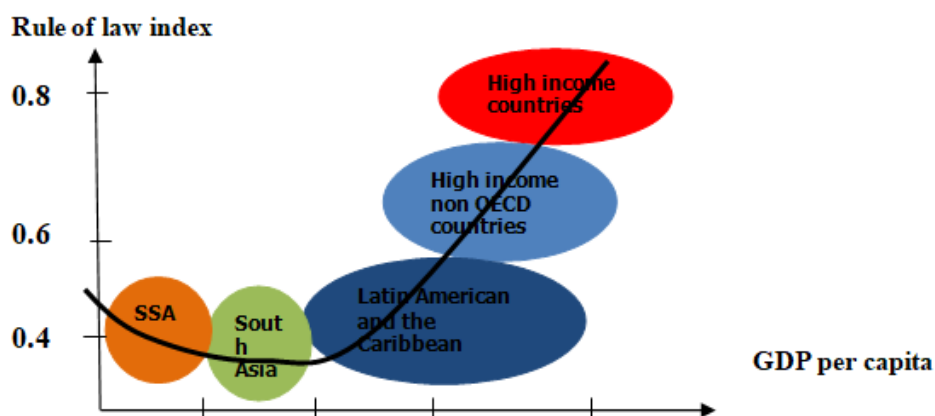
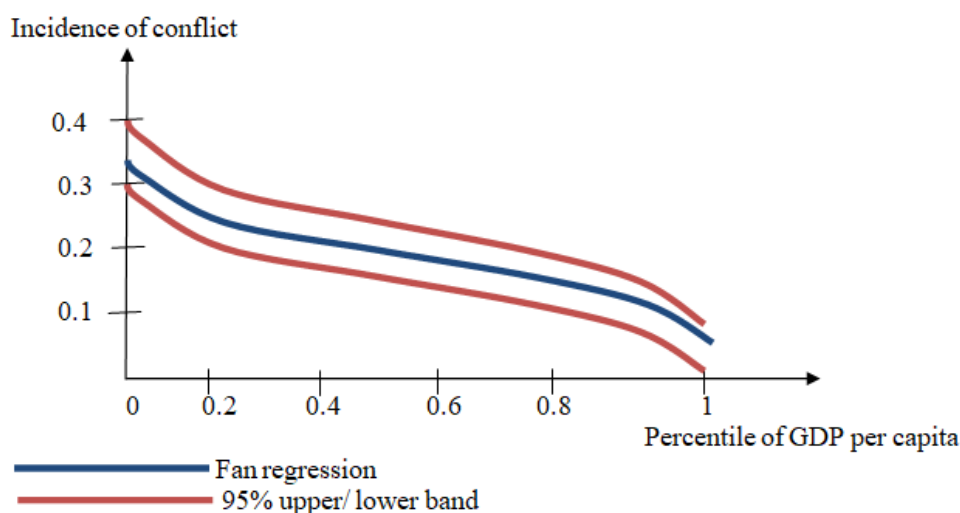


Figure 5. Rule of law Index versus GDP per capita, 2015.

Source of figure5: WDR 2017 team based on data from the World Justice Project, rule of law index 2015 and World Bank, World Development Indicators (database, 2015)

**Proposition 5:** Violent conflict is associated with a reduction in GDP per capita

**Proof:** see figure 6 (percentile of GDP per capita and incidence of conflict)



**Figure 6.** Percentile of GDP per capita and incidence of conflict.

Source: WDR 2017 team, based on Blattman and Miguel 2010 using data from World Bank, World Development Indicators (database), 2015, and UCDP/ PRIO 2015

## 6. Results Raised in Development Studies

The most famous policy applied in developing countries after the debt crisis due to oil shocks is called the Washington Consensus (for being based in Washington D.C.) or Structural Adjustment Policies (SAPs) have been imposed to ensure debt repayment and economic restructuring. But the way it has happened has required poor countries to reduce spending on things like health, education and development, while debt repayment and other economic policies have been made the priority. In effect, the IMF and World Bank have demanded that poor nations lower the standard of living of their people. As detailed further below, the IMF and World Bank provide financial assistance to countries seeking it, but apply a neoliberal economic ideology or agenda as a precondition to receiving the money. Therefore leads to the following results: the role of the state is minimized, currency devaluation, increased interest rates, flexibility of the labor market, and the elimination of subsidies such as food subsidies. To be attractive to foreign investors various regulations and standards are reduced or removed. The impact of these preconditions on poorer countries can be devastating. Factors such as the following lead to further misery for the developing nations and keep them dependent on developed nations. Therefore, Structural Adjustment Policy was given up in the 1990s. Then Pekin Consensus came out i.e. China become the leading under developed countries and helps other developing countries to development and market based economy transition success aim through cooperation with them and / or the imitation of its economic model. Between 2000 and 2007, when UN is adopting the millennium development goals, the international trade between China and Africa has been multiplied by seven to reach 70 billions of dollars and an estimated 1,000 billion in 2010. Thus Pekin Consensus represents a way of economic development to rise and settled in poorest countries. While continues, United Nations introduced the millennium goals in 2000 adopted in New York (United States) by 193 countries UN members to be achieved in 2015 first. Those goals are: to reduce poverty and famine, infant mortality, to fight against diseases and HIV/ AIDS, to increase the access to education, increase maternal health, gender equality and sustainable development achievement. Unfortunately in 2015, improvements observe still too low for the millennium goals to be considered as

achieved as said the General UN Secretary Ban Ki Moon. Finally as UN still looking for the millennium development goals achievement, China economic power still increasing in other developing countries while the economic globalization prevailing, shows the importance of foreign direct investments (FDI) for economic development rather than aids policy used before and still in use which most of the time find eviction due to corruption in developing countries. FDI are measured by the payment balance and represents the main indicator of the attractiveness of a given poor country. Thus development economic academic literature experienced a boom due to FDI interest for development prospects rather than aids policies and assistance only (see table1).

*Table 1. FDI per region*

	Million dollar US				In percentage			
	1985	1990	1995	2000	1985	1990	1995	2000
WORLD	61277	235836	335194	1068786	100	100	100	100
Where								
OECD countries	42055	189166	263716	904349	68.6	80.2	79.7	84.6
Non OECD members	19222	46670	71437	137747	31.4	19.8	21.3	12.9
Where								
Africa	404	195	3100	7267	0.7	0.1	0.9	0.7
Asia	2171	12650	25106	29494	3.5	5.4	7.5	2.8
Europe	8	408	3570	14026	0.0	0.2	1.1	1.3
Latin America and Caribbean	9101	18948	23632	68374	14.9	8.0	7.1	6.4
Middle and Close Orient	212	1056	1936	1571	0.3	0.4	0.6	0.1
Non specified	7325	13413	14093	17015	12.0	5.7	4.2	1.6

*Source: OECD statistics on foreign direct investment*

## **7. Discussions Raised about Development Economics Theory and Practice**

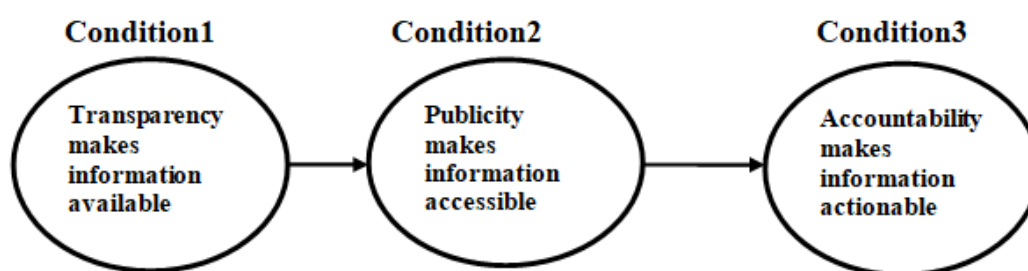
In view of what is said and presented earlier, the weakness of development economics are:

Poor countries must export more because their relationship with other countries in international exchange trade, accuses a deficit most of the time in order to raise enough money to pay off their debts in a timely manner. Because there are so many nations being asked or forced into the global market place before they are economically and socially stable and ready to integrate the global market and told to concentrate on similar cash crops and commodities as others, the situation resembles a large-scale price war. Then, the resources from the poorer regions become even cheaper, which favors consumers in the West. Poorest countries Governments need to increase exports just to keep their currencies stable (which may not be sustainable,

either) and earn foreign exchange with which to help pay off debts. Those Governments therefore, must spend less in government high personality charges, reduce consumption such as luxury expensive cars in order to remove or decrease financial regulations.

According to the theory of economic growth, growth absence is due to low labor productivity, and then the value of labor in least advanced countries is too low compare to the skills needed for domestic firms to be competitive. Indeed human capital investment increase is needed for knowledge to enhance economic growth. Moreover, developing nations need to peg their currencies to the dollar or to the euro (which is already done in the French countries). But keeping the exchange rate stable is costly for some of them like Democratic Republic of Congo due to measures such as increased interest rates. Investors obviously concerned about their assets and interests can then pull out very easily if things get tough. In the worst cases, *capital flight can lead to economic collapse*, such as we saw in the Asian/global financial crises of 1997/98/99, or in Mexico, Brazil, and many other places. During and after a crisis, the mainstream media and free trade economists lay the blame on emerging markets and their governments' restrictive or inefficient policies, crony capitalism, etc., When IMF donors keep the exchange rates in their favor, it often means that the poor nations remain poor, or get even poorer. Even the 1997/98/99 global financial crisis can be partly blamed on structural adjustment and early, overly aggressive deregulation for emerging economies.

Therefore, *first*, 3 conditions are viewed for development take-off i.e for information transparency (see the figure 7 below)



**Figure 7.** Information transparency.

Source: WDR 2017 team, based on Naurin 2006

*Second*, the positive and the negative outcomes of citizenship engagement lacking in development economics (see table 2)

**Table 2.** Citizenship outcomes.

Positive	Negative
Construction of citizenship	
Increased civic and political knowledge Greater sense of empowerment and agency	Reliance on knowledge intermediaries Disempowerment and reduced sense of agency
Practices of citizen participation	
Increased capacities for collective action New forms of participation Deepening of networks and solidarities	New capacities used for “negative” purposes Tokenistic or “captured” forms of participation Lack of accountability and representation in networks
Responsive and accountable states	
Greater access to stable services and resources	Denial of state services and resources Social, economic and political reprisals

Greater realization of rights Enhanced state responsiveness and accountability	Violent or coercive state response
Inclusive and cohesive societies	
Inclusion of new actors and issues in public space Greater school cohesion across groups	Reinforcement of social hierarchies and exclusion Increased horizontal conflict and violence

Third, gender equality is needed for women integration in the society, specifically in the labor market (see figure 8: the mobilization of women and promotion of gender equality)

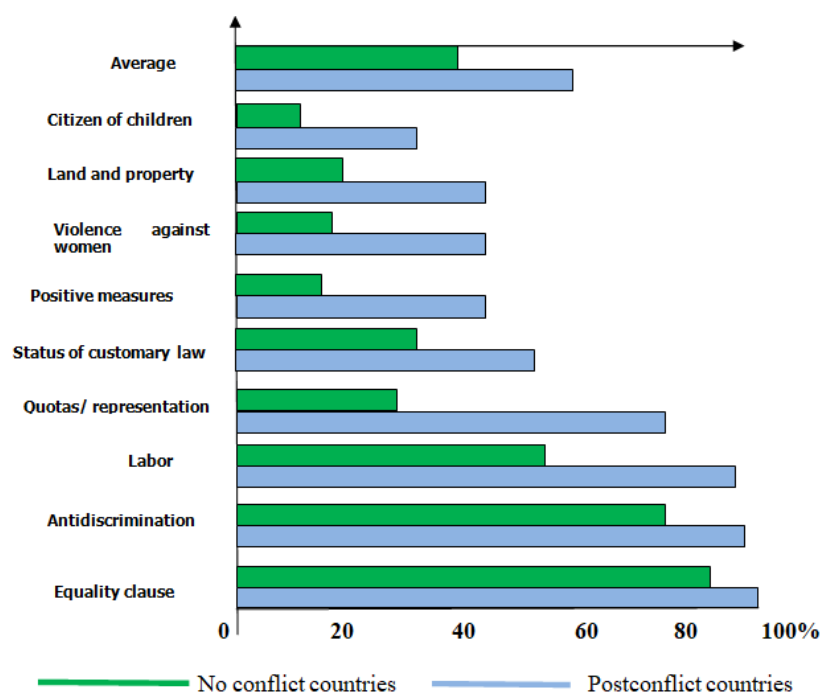


Figure 8. The mobilization of women and promotion of gender equality.

## 8. Conclusions

By the years 1990s, the world economy gets inside a new paradigm which consists now on how to render growth and development sustainable following the claim of economic degradation by the Roma Club in the year 1972s. That question focuses on an eventual natural resources shortage at the whole world level during the years 1970s. By the years 1980s until now, it focuses on the atmosphere waste of water and ocean as well as global warming, radioactive waste in developed world and pollution in developing world. Indeed, to answer those new challenges, development economics attempt to apply modern macroeconomic techniques to the study of economics, social, environmental and institutional faced by the developing world. After Washington Consensus cease for Pekin Consensus emergence in the years 2000s, added to the market based transition goal or economic globalization since the years 1990s with the Berlin wall fall ending communism influence, development set of questions focus now on FDI (foreign direct investment) capability to promote economic growth including sustainability component on the one hand and the UN millennium development goals on the other hand yields after the SAP (Structural Adjustment Policy) failure. Of course development question still to raise passions on the way poverty can be overcome and development take-off reached because no miracle

solution is found yet, the main question remains how over time, a given poor country can stimulate growth like most of the industrialized countries do ?. However, recent theories and practices demonstrate that development for it to be successful, must combine multiple factors which are political, social, institutional,... Economic globalization which prevails actually aim is to push all the countries in the world toward liberalism. But liberalism possess two aspects where the one is economic i.e capitalism and the other is democracy but the atmosphere seems that capitalism propagation is going faster than democracy i.e human rights in all aspects and thus depends on cultural believes since societies are different in that plan, democracy is slow and there is not an equilibrium among the both aspects of liberalism since some countries agree for polygamous and social regression for women as well as quantity in the choice of the number of children to have since they may insure parental resting income once old and education for many children is too costly, human capital investment increase through parental income is limited which thereby limit development take-off. In order to achieve capitalism, demographic transition must be done i.e education increase for women in order to reduce early fertility and increase women introduction in the labor market since it is a mechanics of economic development [91] because it may reduce poverty.

### **Conflicts of Interest**

The authors declare that there is no conflict of interest regarding the publication of this article.

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