

# Beyond the Ideas of Economic Growth and Economic Development

HENG SIAM-HENG

## INTRODUCTION

In his inaugural address in 1999, the eminent Malaysian development economist Ishak Shari adds his voice to the suggestion that all approaches in development studies be critically reviewed in order that an enduring solution to the problems of underdevelopment, poverty and economic inequality can be found (Ishak 2002). In the spirit of this suggestion, this think piece looks at the assumptions of development studies. It suggests drawing on moral philosophy and spiritual traditions as a way to bring the discussion beyond current discourse on development. Also in a modest way, it tries to broaden the force and range of debate about development and social issues.

## QUESTIONING THE WESTERN MODELS

Implicit in the rationale of development studies is the idea that countries should strive to attain material achievements like those obtaining in the USA. Even with high level of material wealth, the USA is still beset with firearms-related violence, crime, drug abuse, and persistent social inequality. More socially minded scholars would advocate a model with basic features similar to the Scandinavian model. “[W]hy should the industrialized countries of America and Europe be the appropriate model to be followed or imitated by the developing countries? (Ishak 2002: 42-3)” There are certainly good reasons why we should question the Western development model. One thing for sure, developing countries cannot certainly follow the example of slave trade and colonialism of the West in their economic modernisation programme.

We submit that these two models pay too much emphasis on materialistic achievements. By focusing on materialistic consumption as a sign of good life, they neglect the importance of cultural and spiritual development. As a way to move the discussion forward, this piece introduces the concept of societal development which places less weight on material surpluses. It emphasizes the importance of cultural life and the crucial role of moral philosophy and spiritual traditions.

## SOME OBSERVATIONS

Before going further, let me go through the following points:

1. Human beings have certain minimal material needs in order to lead a healthy, enriching and dignified life.

2. The production of such material wealth depends on a set of factors, such as human resources, government intervention, market structure, industrial policy and taxation. There is an impressive body of literature documenting experiences of various countries in this area; see for example Ishak (2002) and Abdul Rahman (2005). I would therefore not go through them here.

3. Given the unequal nature in the claims on economic output, the state must intervene to ensure that there is a safety net for the destitute and disadvantaged.

4. In most parts of the rich countries and in the most developed areas of other countries (let us call them rich sectors), the level of consumption is far too high. The World Watch Institute describes the consumption level in the USA and Europe as record-shattering. And the irony is that the beneficiaries of such “good life” have become victims of their own excesses; they suffer from obesity and other forms of health problems due to overeating and drinking.

That level of consumption, if adopted by the whole world, is definitely not sustainable. In fact the problem of development is no longer one of overcoming scarcity because the world has produced more than enough for everyone. The problem is one of fair distribution.

5. While the world tries to work out solutions for fair distribution, poor countries must exercise their rights to improve the material living conditions along the path of sustainable development based on optimal use of human resources, technology, and low consumption of natural resources, environmental protection and improving the capability of human resources.

6. Material consumption has become synonymous with good life. To become a second USA or a small size USAV has become the implicit goal of national development. (For convenience, let me call this the US model). It is interesting to note that upon shaking off the yoke of imperialism in 1949, the newly liberated China embarked on ambitious development plans to catch up with the material condition of the West. China is not the exception, for the same aspiration is expressed by other poor and developing countries.

Criticism of the US model tends to focus on its exploitation of other countries. This is certainly correct, but it has a weakness. It is just criticizing the means (namely exploitation of others); we should also criticize its aim, namely its obsession with endless material advancement and consumption.

7. More enlightened development scholars advance the idea of a broader conceptualization of development, which embraces social justice, democracy, equitable distribution, environmental protection, press freedom, accountability

and transparency. A powerful and influential voice is the Nobel Laureate Amartya Sen, whose works highlight the importance of political institutions and practices for development. For example, he points out that no substantial famine has ever occurred in any independent and democratic country with a relatively free press. This is certainly a big improvement over the US model. The achievement along these fronts would put us in the company of Scandinavian countries. (Let us call this the Scandinavian model.) But these countries, though better in many ways than the USA, still exhibit features that are criticized earlier on.

In Malaysia, the soul mates of Sen are public spirited intellectuals like Ishak Shari, Jomo K.S. and Abdul Rahman Embong who are articulate advocates of humanistic form of development. It is pertinent to note here that Sen and similar minded economists have returned the discussion to its original broader intellectual foundation of history, philosophy, sociology and political economy.

8. The rich sectors have not shown any reassuring tendency to lower their level of consumption and have not shown deep commitment to share their material wealth with the poor sectors in the spirit of universal brotherhood and sisterhood. Witness the largely futile efforts of Jeffrey Sachs to persuade the rich countries to give more development aid to the African continent. This is true for countries with a strong and long tradition of democracy. It is also true for countries which profess to uphold religious faith. In fact, across the globe, there is no major political party which does not advocate increasing economic growth and material consumption.

9. Development studies have to address the issue of how the rich sectors would lower their level of consumption and how some of the resources so released can be used to uplift the material living conditions of the poor sector. The triumphant self congratulation expressed by people like Fukuyama (1989) about Western liberal democracy notwithstanding, contemporary history has shown that Western liberal democracy is incapable of handling this issue, whether from the perspective of theory or that of institutional setup. It is indeed a shame upon the Western civilization that it continues to perpetuate a global condition where so many resources are channeled towards the arms industry while there is widespread poverty in many parts of the world.

10. Current works in developmental studies would need to explore the notion of acceptable maximum level of consumption just like they have done so in defining the minimal level of subsistence.

11. We have to explore ways and means to enrich our current thinking in development studies to deal with the issues raised in the preceding passages. Looking back at our cultural heritage, the most likely candidates are moral philosophy and the spiritual traditions. The contributions of these two areas in the history of government are quite evident, e.g. the principles of liberty, fraternity and equality. Also it is evident in the impact of Confucian thinking in moulding Chinese social and political elites.

## THE NOTION OF SOCIETAL DEVELOPMENT

Bearing the above points in mind, it is perhaps appropriate here to formulate the notion of societal development. It has affinity with the principles of human dignity, self-worth and well-being advanced by Abdul Rahman (2005). It refers to the development of society in the broadest sense of the term, in which each and every individual is treated as valued asset of society. Each human being is assumed to have the ability to develop his physical, intellectual and artistic skills, to use them to contribute to the well being of others, and to grow up as a spiritual being in the image of the Divine.

1. Economic growth is not an end in itself. This point is not new, but it is emphasized here for the sake of completeness. Such thinking can partly be found in the following remark of Robert Kennedy ... “[GDP] does not allow for the health of our children, the quality of their education, or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our courage, nor our wisdom, nor our devotion to our country. It measures everything, in short, except that which makes life worthwhile, and it can tell us everything about America except why we are proud that we are Americans” (quoted in Mankiw 1998: 489).

Interestingly, it has been found that from the survey of subjective well-beings rankings of 82 societies, Puerto Rico tops the list, US number 15 and Japan number 42. The implication is not hard to draw.

2. Labour is not treated as a chore but as an indivisible component of social existence. The principle is that every healthy adult below retirement age should work, either paid or voluntary. In the language of the spiritual traditions, labour is sacred. This has implication for the relentless march towards technological innovation, a key feature of which is to increase the scope of automation.

3. Up to now, the working concepts in currency in development studies are GDP, import substitution, taxation, industrial policy, state intervention, entrepreneurship, physical and social infrastructure, and capital accumulation. Such an approach is inadequate and one-sided. Just as much as economic development can cause pollution and damage our physical environment, it can also harm certain aspects of the non-physical world such as culture, language, social harmony and social institutions.

Development with a human face would rope in additional concepts like social justice, equitable distribution, sustainable development and environmental protection. However, it remains silent on the content of character of the people. One old saying in Chinese history refers to a society where goods lost on the way will not be pocketed by passers-by, and one does not need to lock the doors at night. It is a kind of society that many people yearn for at the deepest level of their hearts.

4. The concept of societal development does not rule out the need for economic growth and economic development. Economic growth is a necessary condition for economic development, up to a certain point. Similarly, economic development is necessary for societal development up to a certain point.

Upon attaining a modest level of material well-being, the emphasis should shift increasingly to the promotion of learning, to social cohesion, to harmony, to benefit from the vast cultural treasures of human civilization (fine arts, literature and languages) as well as to contribute to them. Ancient Greece was by today's material standards a poor place to live in. Yet its intellectual achievements remain until today and for a long time to come a standard for all to strive for. The same can be said of the Chinese, Indian and Middle East civilizations.

5. Knowledge and learning without a strong ethical element have proved to be inadequate at the individual, social and political level. At the individual level, a learned person can behave like a self-centered, dishonest and intolerant figure. Witness the occasional fraud committed by scientists even though the punishment meted out is very severe. The arms industry is being run and served by some of the most intelligent and educated engineers and scientists. The most shocking example is that many of the top Nazis were highly educated, loving family men, and with a cultivated taste for music, poetry, painting and fine arts.

Unless we strive to improve our moral sentiments and the spiritual dimension of ourselves, it is difficult to see how any country can deal with the questions raised so far. Citizens would prefer to acquire as much as they can in order to "enjoy life". It is difficult to envisage how they are going to vote for a government that is intent on cutting down their consumption level. An illustration of such political behaviour can be found in America. It is widely accepted that cars are the greatest air polluter, yet no US administration would dare to raise petrol tax even in times when the petrol prices are low.

The challenge is to work out development models which contain positive elements of the Scandinavian society (gender equality, social justice, environment protection, social safety net, etc) but with willingness to consume less materially and with emphasis on cultural and spiritual life. It certainly sounds utopian, but it is not as utopian as those advanced by the socialist utopians. Unlike socialist scheme, it does not challenge the idea of private property. Unlike the practice of former socialist states, there is no element of coercion, let alone use of political, psychological or physical violence. Instead of raising the socialist slogan of class struggle, the mantra is "contentment is bliss". This concept of a good life dates back to antiquity and is found in various spiritual traditions and moral philosophy.

This paper gives the place of honour to the ethical, moral and spiritual dimension in the discussion on development studies. The idea discussed so far has implication for political life as well. The need to reinvigorate the moral

content of our people is indeed pressing. Democracy has certainly the merit of avoiding the evils of dictatorship. But the way it is practiced has many flaws. We just need to cite the case of money politics in the USA. In democracies, politics has become a platform for advancing career or a more effective way to make money. It is not surprising that in the western democracies, politicians have been seen to be in the same league as prostitutes. Politics has to undergo a rebirth in order for it to be perceived and accepted as an arena for public service, a calling that can attract the noble spirited rather than the power hungry and the greedy. But how can this be so when people are addicted to more and more materialistic consumption? To me therefore, the greatest challenge to democracy is obsession with consumption and ceaseless material progress rather than terrorism.

### CONCLUSION

The issue of development takes on an extra urgency when we look at environmental changes. Two recent BBC news reports say that the Arctic ice is disappearing at an alarming rate, and the Greenland's glaciers are sliding towards the sea much faster than previously believed. Scientists who are involved in these studies think that these are partly caused by global warming associated with greenhouse effect. These are wake-up calls that should prompt global citizens to seriously rethink the kind of world they want to leave behind for the future generations. A friend makes this witty remark ... "The ways we live suggest a bizarre paradox. They show that we love our children but not our grandchildren and great grandchildren."

On the environmental issues, experts have not reached consensus on how grave the situation is. However, even if the prognosis of some scientists is too pessimistic, it makes sense to err on the side of caution rather than to reach an irreversible point. Besides damaging the environment, economic growth is often pursued at the expense of personal health, family harmony, social justice and decency. In doing so, we forget who we really are. We neglect to develop our full potential as social, compassionate, thinking and spiritual beings. We distort our very human capacity to care for others.

However, we should not give up hope, for time and again we have witnessed the power of the human spirit. This spirit saw us through the horrors of the two world wars. This spirit is manifested in the selfless service of doctors and nurses in the SARS outbreak three years ago. This spirit reveals itself in the generosity rendered to the victims of the recent Southeast Asian tsunami. This spirit drives the work of countless volunteers in war zones. The list continues.

Besides displaying the spirit of selflessness, courage and generosity, we need to curb our consumeristic propensity and practise "contentment is bliss". There are numerous examples where simple life style has been practiced, to the

great benefit of the body and soul. If it is possible at the individual level, why is it so difficult at the societal level? This great social, political and economic question should concentrate on the minds of social thinkers, demand the efforts of political leaders, and command the attention of social activists.

It is indeed a lofty challenge for Malaysians to transform their society into such a society. In so doing, it would make a monumental contribution not only to the theory of development studies, but also to the practice of spiritual values and moral philosophy. And it will make enduring contribution to human civilization.

### ACKNOWLEDGEMENT

The author would like to thank Habibullah Khan for his thoughtful comments.

### REFERENCES

- Abdul Rahman Embong. 2005. *Development and Well-being*. Bangi: Penerbit Universiti Kebangsaan Malaysia.
- BBC news report (16 February 2006). Greenland Ice Swells Ocean Rise. <http://news.bbc.co.uk/2/hi/science/nature/4720536.stm> (accessed on 28 Feb 2006).
- BBC news report (28 September 2005). Arctic ice 'disappearing quickly'. <http://news.bbc.co.uk/2/hi/science/nature/4290340.stm> (accessed on 28 Feb 2006).
- Fukuyama, F. 1989. The End of History? *The National Interest*, Summer 16: 3-18.
- Ishak Shari. 2002. *The Earth for All Humanity* Bangi: Penerbit Universiti Kebangsaan Malaysia.
- Mankiw, N. G. 1998. *Principles of Economics*. New York: Dryden.
- Text on history of development economics.
- World Values Survey. 2004. Subjective well-being rankings of 82 countries. <http://www.worldvaluessurvey.org> (accessed on 27 Feb 2006).
- World Watch Institute. 2006. *State of the World 2006: China and India Hold World in Balance*. <http://www.worldwatch.org/> (accessed on 1 March 2006).
- A good source of the works of J. Sachs and of Amartya Sen is Wikipaedia at <http://en.wikipedia.org/> (accessed on 1 March 2006).

Heng Siam-Heng, PhD  
Associate Professor  
Universitas 21 Global  
5 Shenton Way  
Singapore 068808  
[michael.s.h.heng@u21global.edu.sg](mailto:michael.s.h.heng@u21global.edu.sg)