Feature

Modernization Theory and the Metaphor of the Development Ladder

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Abstract

This article critically analyzes the popular metaphor of the "Development Ladder" within the theory of modernization. What assumptions underpin this metaphor and what problems are associated with the theory itself? I use the work of Sachs as a modern example of a text that relies extensively on the metaphor. I discuss the key assumptions informing the modernization theory and the metaphor of the Development Ladder. Next, I problematize the metaphor as rooted within modernization theory, discuss the assumptions of modernization theory, the implication of globalization on Africa and its relationship to the global market, and present and discuss the problems of historicity in development discourse.

I. Introduction

The debate in economics, and specifically in development studies, about how to move a society and its industries forward has a longstanding history. The colonial conquest was partly justified as bringing development, modernization, and civilization to the so-called "backward or primitive societies." In 2005, Jeffrey Sachs, the director of The Earth Institute and a professor at Columbia University, published an influential book, *The End of*

Poverty. Sachs presents an account of poverty and development in terms of the metaphor of the "Development Ladder." In his capacity as the Special Advisor to former United Nations Secretary-General Ban Ki-moon on the Millennium Development Goals, Sachs has advocated a particular brand of development economics in his quest to help end poverty, as the title of the book suggests.

This article critically analyzes the popular metaphor of the "Development Ladder" within the theory of modernization. What assumptions underpin this metaphor and what problems are associated with the theory itself? I use the work of Sachs as a modern example of a text that relies extensively on that metaphor. Secondly, I discuss the key assumptions informing modernization theory and the metaphor of the Development Ladder. Next, I problematize the metaphor as rooted within modernization theory, discuss the assumptions of modernization theory, the implication of globalization on Africa and its relationship to the global market, and present and discuss the problems of historicity in development discourse.

II. Sachs and Top-Down Reform

One of Sachs' most preeminent critics is William Easterly, a professor of economics at New York University and co-director of the NYU Development Research Institute. Easterly wrote that Sachs was "the economics profession's leading advocate of mega-reform. Whether it is stabilization of hyperinflation in Bolivia, shock therapy to leap from Communism to capitalism in Poland and Russia, or a 'Big Push' to end world poverty, Sachs' recommendation throughout his career has been to do it fast, do it big, do it comprehensively, and do it with lots of Western money."

In *The End of Poverty*, Sachs writes that "the rich have gotten rich because the poor have gotten poor," more so, the key fact of our time is less driven by transfer of capital from one region to another but rather "the overall increase in world income, but at a different rate in different regions." The relationship between the global South and the global North is not an issue according to this analysis. The institutional legacy of colonial rule, unequal relations between countries, and unfair treaties are all issues of the past for Sachs. Technology explains the gap between regions, according to his analysis. To end poverty, all we need is more aid money and donor contributions to help underdeveloped and developing countries get out of poverty by getting them moving up the ladder of development.

III. The 'Development Ladder' Metaphor and its Assumptions

The period between the First and Second World Wars and the decades of decolonization in Latin and South America, Southeast Asia, and Africa saw a debate between two economics schools; one advocating for state planning and the other championing markets. Karl Popper argued for "piecemeal democratic reform" as opposed to "utopian social engineering." This is the intellectual legacy out of which Sachs situates his own arguments about the big push to end poverty, rooted within modernization theory. It builds on the debate between "therapy vs. gradualism in the ex-Communist countries." The first major flaw with modernization theory, along with its metaphor of the Development Ladder, is that it dates back to the 1950s and 1960s and has long been abandoned by most economists "as simplistic, realizing that economic development is a complicated interplay of markets (with many imperfections), politics, social norms, institutions, and government policies, social services, and microeconomic interventions." The second is its sequential approach; taking the state as a given unit of analysis, it forcefully imposes artificial stages upon people and the entire society without regard to the politics, history, norms, and values of those it seeks to move up the ladder. The third problem with the theory is that it naturalizes inequality within and between countries as a normal process toward growth and modernity.

Those who advocate a top-down approach and urge countries to get on the ladder of development usually take it upon themselves to justify the call by appealing to the problem of poverty and its eradication. Sachs writes in his book that "The end of poverty is at hand – within our generation – but only if we grasp the historic opportunity in front of us." Behind this claim is an epistemological failure to distinguish between poverty as a historical fact and destitution, resulting from the type of relationship that undergirds the global economic order. Sachs conflates the two terms without making an effort to disentangle one from the other. As Ashis notes in his brilliant article, poverty has always been with us. Destitution, on the other hand, is "directly attributable to processes of development." The myth in development discourse, then, is that poverty can be eradicated, when in reality destitution is a more accurate description. Modern critics such as Ashis and Lakshman Yapa locate the crisis at a deeper level, and they touch on the nature of discourse that upholds the discipline of development studies. Yapa, in one of his articles, noted that:

> "The material deprivation experienced by the poor is a form of socially constructed scarcity. Poverty does not reside exclusively

> in the external world independent of academic discourse that thinks about it; discourse is deeply implicated in creating poverty insofar as it conceals the social origins of scarcity. Although the experience of hunger and malnutrition is immediately material, 'poverty' exists in a discursive materialist formation where ideas, matter, discourse, and power are inter-twined in ways that virtually defy dissection."

Part of the problem that economists are trying to solve is rooted in the discourse they produce about the problem. Without reforming that intellectual legacy, the technical solution, advanced by people like Sachs, will not eradicate poverty; instead, it will exacerbate already existing differences between and within countries.

Many studies that are critical of the nature of the relationship between western countries and formerly colonized societies are utterly absent from the account given by modernization theorists. It is this unequal relationship that has become problematic, given that inequality is on the rise around the world and income has been falling for the last four decades, especially in the United States. Moreover, the current global capitalist system prioritizes large increases in wealth and income, which is increasingly concentrated in the hands of fewer and fewer people. The destruction of ecosystems and nature, and the many externalities that the system creates, are absent from modernization theory. The destruction of welfare in many regions of the world has not led to a redistribution of the benefits that the current system promises.

In other words, globalization has not benefited people equally everywhere. Wages have stagnated for middle classes around the world. As indicated by a report by the Economic Policy Institute, wages and income for the middle class have been on a decline since 1979 in the United States. This trend has contributed to "dismal wage growth" and is a "key contributor to income stagnation and growing income inequality." Rather than critically analyze and engage with the factors that make and maintain an unequal relationship between and within countries, and interrogating the system that causes people to be worse off today than in the past, modernization theory fails to account for the complex sets of variables that enable poverty and destitution around the world.

IV. Globalization and Africa

Materially and intellectually, Africa has been reduced to an exporter of raw materials and a net importer of manufactured goods. This has resulted in the dwarfing of a competitive industrial base throughout the continent that would otherwise be capable of elevating the standard of living for Africans, while deepening the continent's reliance on external markets. The effect has been that developed countries have focused on manufacturing and knowledge-intensive sectors while allocating the task of raw material extraction to developing and underdeveloped countries. The effect has been a sustained system whereby the rich get richer and the poor are made poorer. The Egyptian economist Samir Amin notedly remarked that of all regions in the world, Africa remains the most vulnerable part of the global system and by this logic, it is condemned to perpetual exploitation.

Africa's place in the world needs to be significantly renegotiated if it is to develop and strengthen its industrial powers. To escape the resource curse and current extreme dependence on diminishing-return industries such as natural resource extraction, African states will have to develop an alternative source of employment, an industrial base, and strengthen the productive powers of infant industries if those industries are to survive fierce international competition.

V. Historicity and Development Discourse

Friedrich List, the 19th-century German political economist, saw the state as the main instrument for economic progress. Through tariffs, subsidies, quotas, import bans on key raw materials, and rebates on industrial inputs, it provided enough coverage for domestic industries to develop their competitiveness. Erik Reinert, a Norwegian economist and a senior research fellow at the Norwegian Institute of Strategic Studies, notes in his study of economic development since the Renaissance that "one very important task of the state has been to create well-functioning markets by providing a legal framework, standards, credit, physical infrastructure and if necessary to function temporarily as an entrepreneur of last resort." The antagonism that is commonly reported in economic literature between the state and the private sector is rather a 20th-century phenomenon.

The very study of economic history has been systematically removed from curricula across the leading institutions in the United States. It is rare to find an economics department in the United States that has a flourishing study of economic history. Harvard University offers a case in point. The Russian economic historian Alexander Gerschenkron, speaking at Harvard University, noted that the study of economic history at Harvard was suffering the same fate as departments of physics in the total elimination of history from the academic curriculum; "such history has been shifted to an independent History of Science Department." The effect of this crucial omission from curricula is reflected in the failure of development economics to be properly grounded in history. Reinert has accused development economists of failing to properly contextualize and historicize the study of economics. Development efforts based on the dominant paradigm, which has abandoned the long tradition of economics dating back to the 1400s onward, ignored history and turned development economics into palliative economics. This is reflected in how development economists confuse symptoms of poverty with the causes of poverty, thus applying the wrong metrics to economic problems that affect developing countries. The effect of this failure in the study of history has been catastrophic for countries of the global South.

The next major problem is rooted within development economics and how it relates to history. The metaphor of the Development Ladder originated with the writings of the German political economist Friedrich List. In his seminal 1856 work, *The National System of Political Economy*, List made use of the metaphor in describing that what Great Britain, an imperial power then, was doing to other countries, namely Germany, amounted to a deliberate act of "kicking away the ladder" with which they climbed to the top, thus denying Germany the chance to develop its infant industries. However, the usage of the metaphor by modernization theorists skews the very history of how countries develop their industrial powers. By showing that there are set stages that all countries have to go through, modernization theory attempts to force countries into preset stages of development. The great advocate of this approach long before Sachs was Walt Whitman Rostow and his Five Stage Growth Theory, which included: Traditional society; Pre-conditions to "take-off"; Take off; Drive to maturity; and Age of mass consumption. This was in essence like getting on the ladder of development, starting at the bottom, and climbing one step at a time, one stage at a time until a country reaches the apex of development, thus becoming "developed."

VI. Conclusion

This short article has shown that modernization theory has been abandoned by serious economists in the field of development studies. Without a proper history of development, or historicizing the study of development, the lessons that are being prescribed to "underdeveloped countries, and developing countries" by modernization theorists present a mythical developmental ladder and stages of development, a highly sensitized development discourse stripped of history and a context that is outdated and out of touch with current realities. The outcome is as discussed by Nina Munk on Sachs and his Millennium Villages. Those 12 sub-Saharan villages and the Utopian experiments being implemented there are a complete disaster and failure. The top-down approach advocated by modernization theorists, with its state-centric ideology, has only exacerbated existing differences within and between countries. Moreover, modernization theory, advocated by scholars like Sachs, has not led to poverty alleviation, let alone poverty eradication.

Notes

1 Fredrick Lugard, The Dual Mandate in British Tropical Africa (Edinburgh & London: William Blackwood & Sons Ltd., 1929); Robert A. Williams, The American Indian in Western Legal Thought: The Discourses of Conquest (New York: Oxford University Press, 1990); Sir Henry Sumner Maine, Ancient Law: Its Connection to the History of Early Society; Introduction by J.H. Morgan (London: J.M. Dent; New York: Dutton, 1960).

2 Jeffrey Sachs, The End of Poverty: Economic Possibilities for Our Time (New York: Penguin Press, 2005).

3 William Easterly and Jeffrey Sachs, "The Big Push Déjà Vu: A Review of Jeffrey Sachs's 'The End of Poverty: Economic Possibilities for Our Time'," Journal of Economic Literature 44, no. 1 (2006): 96.

4 Sachs, The End of Poverty, 31.

5 Sachs, The End of Poverty, 31.

6 Walter Rodney, How Europe Underdeveloped Africa (London: Bogle-L'Ouverture Publications, 1972).

7 Joseph E. Stiglitz and Andrew Charlton, Fair Trade for All: How Trade Can Promote Development (New York: Oxford University Press, 2005).

8 Sachs, The End of Poverty, 41.

9 Karl Popper, The Poverty of Historicism (London: Routledge & Kegan Paul, 1960), 61.

10 Easterly and Sachs, "The Big Push Déjà Vu."

11 Easterly and Sachs, "The Big Push Déjà Vu."

12 Sachs, The End of Poverty, 25.

13 Nandy Ashis, "The Beautiful, Expanding Future of Poverty: Popular Economics as a Psychological Defense," International Studies Review 4, no. 2 (2002).

14 Ashis, "The Beautiful, Expanding Future of Poverty," 107.

15 Lakshman Yapa, "What Causes Poverty?: A Postmodern View," Annals of the Association of American Geographers 86, no. 4 (1996): 707.

16 Elise Gould, "Why America's Workers Need Faster Wage Growth - And What We Can Do About It," Economic Policy Institute Briefing Paper #382, 2014, http://s3.epi.org/files/pdf/why-americas-workers-need-faster-wage-growth.pdf.

17 Joseph E. Stiglitz, Globalization and Its Discontents (New York: W.W. Norton, 2003); Pierre Bourdieu, "Conflicts over Globalization," Social Science Research Council (ITEMS & Issues) 2, no. 2-3 (2001).

18 Thomas Piketty and Arthur Goldhammer, Capital in the Twenty-First Century (Cambridge, Massachusetts: The Belknap Press of Harvard University Press, 2014).

19 Gould, "Why America's Workers Need Faster Wage Growth," 3-4, 10, 13, 26-28.

20 Samir Amin, "Africa's Failings and the Global System," Pambazuka, no. 509 (2010).

21 The concept of diminishing and increasing

returns, popularized by the Norwegian economist Erik Reinert, is not new. It goes back to the European Renaissance and finds expression in the writings of many economists including Friedrich List, National System of Political Economy, trans. G.A. Matile (Philadelphia: J. B. Lippincott & Co., 1856), Alfred Marshall, Principles of Economics (London: Macmillan, 1890), and in American statements attributed to policymakers such as Abraham Lincoln, Alexander Hamilton, and Erik S. Reinert, "Development and Social Goals: Balancing Aid and Development to Prevent 'Welfare Colonialism' (Paper Prepared for the High-Level United Nations Development Conference on Millennium Development Goals, New York, March 14 and 15, 2005)," (Oslo, Norway & Tallinn, Estonia, 2005). These concepts are rooted in economic theory that deals with the process that leads to growth or lack thereof.

22 Christopher Zambakari, "Underdevelopment and Economic Theory of Growth: Case for Infant Industry Promotion," Consilience - The Journal of Sustainable Development 8, no. 1 (2012).

23 Erik S. Reinert, "The Role of the State in Economic Growth," Journal of Economic Studies (Bradford) 26, no. 4/5 (1999): 268.

24 Alexander Gerschenkron, "History of Economic Doctrines and Economic History," The American Economic Review 59, no. 2 (1969): 1.

25 Reinert, "Development and Social Goals," 2.

26 Friedrich List, National System of Political Economy, trans. G.A. Matile (Philadelphia: J. B. Lippincott & Co., 1856).

27 Ha-Joon Chang, "The Dangers of Reducing Industrial Tariffs," Challenge 48, no. 6 (2005).

28 See Ch. 2 of W. W. Rostow, The Stages of Economic Growth: A Non-Communist Manifesto (Cambridge, UK: [Cambridge] University Press, 1960).

29 Nina Munk, The Idealist: Jeffrey Sachs and the Quest to End Poverty (New York: Knopf Doubleday Publishing Group, 2013).

Development Study Association (DSA) 2017 Conference, Bradford, United Kingdom, 6 September 2017).

34 In 2008, the IMF and the DR Congo started discussions on an economic program, known as PEG II, covering 2009-11. On 11 December 2009, the IMF board approved the three-year arrangement of USD 551.45 million for the

DR Congo under the Extended Credit Facility (ECF) program.

35 Christine Lagarde, letter to DR Congo Prime Minister Bruno Tshibala, 29 June 2017, http://www.mediacongo.net/dpics/files/2017-07-11-07-00-28_FMI_lettre_reponse_a_la_demande_d_aide_RDC.pdf.

36 From 30 December 2008 to 27 February 2009, the central bank's gross international reserves decreased from USD 77 million to USD 32.87 million. The country was virtually bankrupt. On 12 March 2009, the IMF provided USD 195 million under the Exogenous Shocks Facility (ESF). As a result, the central bank's international reserves rose from USD 237.29 million to USD 894 million from 31 March 2009 to 30 September 2009. In February 2009, the World Bank provided a USD 100 million emergency loan to soften the impact of the global recession.

37 Marcel Kamba-Kibatshi, "Impact of Monetary Policy of the Central Bank on the Inflation Rate in the Democratic Republic of Congo: Instruments, Implementation and Results," Nierówno´sci Społeczne a Wzrost Gospodarczy, no. 42 (February 2015): 462-481, http://yadda.icm.edu.pl/yadda/element/bwmeta1.element.desklight-34398c2e-b5d2-42bf-8d11-dba398a63e2f.

38 The DR Congo has experienced several political transitions, including at the end of the second republic under the Mobutu regime. See Evariste Mabi Mulumba, Congo-Zaïre: Les coulisses du pouvoir sous Mobutu: Témoignage d'un ancien Premier Ministre (Liege, Belgium: Les Editions de l'Université de Liège, 2011).

39 Council of the EU, "Council Conclusions on the Democratic Republic of the Congo," press release, 6 March 2017, http://www.consilium.europa.eu/en/press/press-releases/2017/03/06/conclusions-congo.

40 Congolese Independent National Electoral Commission (CENI), "Calendrier électoral: Décision no. 065/CENI/BUR/17 du 05 Novembre portant publication des élections présidentielles, législatives, provinciales, urbaines, municipales et locales," 5 November 2017, http://www.ceni.cd/articles/calendrier-electoral-decision-n065-ceni-bur-17-du-05-novembre-2017-portant-publication-du-calendrdier-des-elections-en-rdc.

41 International Crisis Group, "Boulevard of Broken Dreams: The 'Street' and Politics in DR Congo," Briefing no. 123, 13 October 2016, https://www.crisisgroup.org/africa/central-africa/democratic-republic-congo/boulevard-broken-dreams-street-and-politics-dr-congo.

42 "Democratic Republic of the Congo – Complex Emergency," USAID, 29 June 2017, https://www.usaid.gov/sites/default/files/documents/1866/drc_ce_fs03_06-29-2017.pdf.