

THE COMPETING THEORIES OF DEVELOPMENT AND UNDERDEVELOPMENT: A Critical Evaluation from an Eco-Socialist Perspective*

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This paper is an attempt to contribute to an eco-socialist critique of the widely prevailing theoretical perspectives on development with a focus on one aspect: the competing explanations of underdevelopment in the Third World and of the poverty resulting from that underdevelopment. The aspect of inequality between the developed capitalist economies and developing capitalist economies will also be examined from the viewpoint of its linkages with poverty in the Third World. Three main perspectives will be considered: one, the traditional one that keeps the discussion on poverty, underdevelopment and inequality within the framework of a capitalist economy; two, the Marxian one as a critique of capitalism and third, the Green one that focuses on the natural environment as a way of dealing with issues of poverty and underdevelopment.

Key words: Global inequality, Third World underdevelopment and poverty, neo-liberalism, neo-classical economics paradigm, Keynesianism, welfare state, Marxism, Green economics, eco-socialism

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Introduction

*T*HIS PAPER WILL FOCUS ON THE CORE ISSUE of development i.e. reduction or removal of economic poverty (low per capita income) in what is called the Third World or underdeveloped part of the world economy. There has been impressive literature on poverty in the developed capitalist economies and there are important lessons to be learnt from the experience of developed capitalist economies both regarding some success but also massive failure in eradicating poverty. Although the experience of developed capitalist economies in dealing with poverty is not directly transferable to the developing capitalist economies, that experience throws significant light on the various shades of traditional development theories such as Keynesianism, neo-classical paradigm and neo-liberalism. We have, therefore, devoted considerable space to examine critically the debates on poverty and the role of welfare state intervention in reducing poverty in developed capitalist economies. In dealing with the issue of reduction/removal/abolition of poverty in the developing capitalist economies, the paper will engage with competing theoretical perspectives which aim to explain the roots of underdevelopment and poverty, and then propose the route to reducing or abolish poverty. Three main theoretical perspectives would be considered. First, the traditional theoretical perspective of development would be considered in which I would club together the classical, neo-classical/neo-liberal and Keynesian variants of this perspective. Although there are variations in these different shades of the traditional perspective, the overriding unity permeating through this perspective is the location of all theoretical models and policies within the framework of a capitalist economy. For example, the neo-classical economic theory focuses on market as the most efficient institutional mechanism to allocate resources and achieve output outcomes in a capitalist economy while the Keynesian economics highlights the regulation of the market as necessary to achieve most efficient outcomes in a capitalist economy. The second theoretical perspective I would consider is the radical tradition of Marxism and neo-Marxism with a specific focus on its understanding of capitalism, the link between poverty and capitalism and its critique of capitalism. The third theoretical perspective I would examine is the Green economic perspective with a focus on its understanding of the problem of poverty and the link between environmental degradation and poverty. I will con-

clude by arguing for an eco-socialist perspective as the most appropriate development perspective in the era of climate change and global warming.

The thrust of the paper is an attempt to look at the issue of Third World poverty to highlight the unsatisfactory state of traditional, Marxian/radical, and Green perspectives on the link between global inequality, global capitalism and environmental sustainability. The dissatisfaction with the three theoretical paradigms examined here, is not of the same nature and degree. The traditional development perspective is considered seriously inadequate as far as the explanation of global inequality and poverty is concerned though some market instruments, as understood in the Neo-classical tradition, can be fruitfully employed in dealing with questions of environmental degradation and sustainability. Due to the fundamental differences with the traditional perspective and coverage of the main argument of this perspective while discussing the experience of the developed capitalist economies in dealing with poverty, this perspective is considered relatively briefly. The focus of the remaining part of the paper is on the Marxian and Green perspectives. The paper recognises the rich contribution of Marxism to the analysis of many dimensions of capitalism and that of the Green tradition to the understanding of the role of nature in the reproduction of our material and social world.¹ Both these perspectives have strengths and weaknesses in dealing with the issues of global inequality, poverty and sustainability but jointly together have the potentiality to develop into a richer understanding of global capitalism, poverty and sustainability.

The paper concludes by arguing for a critical synthesis of Marxian and Green insights that can overcome the weaknesses and cement the strengths of both. The eco-socialist perspective is an attempt at this critical synthesis of Marxian and Green perspectives.

¹ It is the Western intellectual and political tradition in Marxian and Green perspectives that have been taken into account in this paper. No doubt, there are egalitarian and environmental traditions of rich variety in different parts of the world including the non-Western world. I have not taken the non-Western traditions into account in this paper. This was done partly to avoid the dilution of the focus of the paper, and partly and, more importantly, because none of the non-Western traditions had a coherent analytical framework to examine the functioning of the economy and nature. From this point of view, the example of Mahatma Gandhi is an interesting one. Gandhi inspires many Western and non-Western Greens. Undoubtedly, he provided many insights, some very fruitful, on economy- nature relationship but these insights remain scattered and do not provide an analytically coherent framework.

The Discourse on Poverty in the Evolution of Developed Capitalist Economies.²

The United Kingdom (UK) as the oldest developed capitalist economy has witnessed the most interesting debates on the origins of poverty and the policies to reduce poverty. The austerity policy regime being pursued by the current Conservative- Liberal coalition government in the UK is, on one hand, being considered a role model in many advanced capitalist economies especially in the European Union and , on the other, it has also highlighted the anti-poverty nature of austerity policies (Konzelmann 2014). This policy regime is in direct opposition to the historically- evolved and long established welfare state regime in the UK. In contrast with celebration of free market in the austerity paradigm, the core of the ideology and economic regime of welfare state is based on the acceptance of the necessity of state to intervene in the market to neutralise some of the ill consequences of the functioning of market mechanism for poorer and vulnerable sections of the population. Although there is a long history of welfare activities of the state in Britain, the origins of the modern welfare state in the UK can be located in the economic crisis of capitalism in the wake of the 1929–33 Great Depression, and the political and social upheaval in British society in the wake of the Second World War. At the level of ideas in the history of evolution of the welfare state in the UK, we can identify three key strands: the religious and charitable strand that viewed poverty as morally repugnant, the Keynesian economics strand that viewed the necessity of state intervention to kick start a depressed economy, and the political strand viewing welfare state activity aimed at poverty-reduction as a way of thwarting more radical socialist alternatives to capitalism.

We start below by highlighting the main lines of thought regarding the poverty –reducing measures in developed capitalist economies. We then explore the economic pressures and ideological forces that resulted from the Great Depression and the Second World War and thus created the conditions for the rise of the welfare state in the UK to deal with many dimensions of poverty. We then move on to examine the slow and significant decline in the reach of the welfare state since the rise of Thatcherism in the 1980s culminating eventually in the neo-liberal austerity policy regime that gained ascendancy in the wake of the current global

120 | ² For a more detailed development of this section, see: (Singh and Bhusal 2014).

crisis of capitalism since 2008. We highlight the anti-poor content of the austerity policies.

Historical and Theoretical Background to the Rise of the Modern Welfare State

In the studies on the welfare state, there is no unanimity either about the idea or the history of the welfare state. A welfare historian sums it up well: “There is no agreement amongst historians and social scientists over when the first welfare states were established or what the term actually means” (Lowe 2005, 12). However, one common thread that runs through the competing narratives is that the idea and the institutions of the welfare state have developed on the basis of the recognition that in a capitalist society, some sections of the population tend to become vulnerable to poverty, illness and precarious living unless the market mechanism that produces and reproduces these vulnerabilities is regulated or controlled in some way for the benefit of these vulnerable sections. Karl Polanyi is one thinker whose work is not normally recognised in the scholarship on welfare state but in our view he should be considered as one of the theoreticians of the welfare state. It is possible that he is not given his due in the literature on welfare state because he did not specify any instruments/institutions that are normally associated with the welfare state but his major work *Great Transformation* can be considered as having laid the theoretical foundations of the welfare state. In this work, Polanyi highlights the transformative role of markets in the eighteenth and the nineteenth centuries in creating modern capitalist societies but then argues for a state that can act as a regulatory force to mitigate many destructive aspects of the market society that are harmful to human society and also to the natural environment. In pointing out the negative consequences of market society for the environment, Polanyi was a visionary although his main emphasis was on the disruptive role of the markets for society. He writes: “At the heart of the Industrial Revolution of the eighteenth century there was an almost miraculous improvement in the tools of production, which was accompanied by a catastrophic dislocation of the lives of the common people” (Polanyi 1957, 33). The central core of the idea of the welfare state revolves around this disruptive role of the markets and the need to mitigate this disruptive role by emphasising the necessity for state intervention to deal with the precarious situation of the socially and economically vulnerable sections of

the population arising out of the functioning of market economies (Midgley and Tang 2008).

Welfare State and Poverty Reduction

A significant lesson from the historical experience of developed capitalist economies that is recognised in the literature on welfare state is that the extension of welfare state, as evidenced from the continuous rise in public sector spending, has been a key policy instrument in reducing poverty in these economies (Lindert 2004). Poverty reduction is just one aspect of the necessity of welfare state intervention in a market economy although perhaps it is the most important one. There are two main approaches to welfare state intervention for reducing poverty which can be characterised as targeted and universal.³ Targeted welfare approach focuses on the monetary dimension of poverty that implies determining some static income threshold level below which people are considered poor. Only the targeted group is then provided with some welfare assistance. This narrow approach has been found to reduce the number of poor people identified in this one-dimensional way but is considered deficient in dealing with the multi-dimensional causes of poverty and the solutions to poverty. The universal welfare approach, with its dynamic orientation, aims to provide welfare assistance without first identifying a targeted group of poor purely on the basis of monetary income, and is, therefore, considered a better response to address multiple dimensions of poverty (Mkandawire 2005; ILO 2011; Cook and Pincus 2014). Some scholars consider it to be a rights-based approach and argue that the rights-based approach, which stipulates that not to be poor should be a right of every citizen, is more likely to address the root causes of poverty (Devereux 2001, 2002; Bhusal 2011, 2012).

Some scholars dealing with anti-poverty policies in developing countries highlight the limitations of the state-led money-metric and targeted approach to reduce poverty, and instead put faith in the work of Non-Governmental Organisations (NGOs) to reduce poverty (Amendola et al. 2011). However, some others argue forcefully that today's industrialised countries reduced their poverty through state welfare activism and not through the support of non-state actors such as NGOs. They argue that the neo-liberal idea of reducing poverty through markets

³ For a more detailed discussion of the significance of targeted and universal poverty reduction approaches, see: (Bhusal 2012).

and NGOs intervention and leaving only a residual social role for the state can only deliver short-term and means-tested support to the poor and would not deal with the multiple and structural causes of poverty and the solutions to this poverty (Chang 2002). Bhusal (2011) has empirically demonstrated that an active role by the state through social security provision by the public sector is much more effective than a residual role through the route of economic globalisation in reducing poverty.

There are other important lessons to be learnt from the experience of poverty reduction policies in the developed capitalist economies and the role of these policies in shaping the political economy of the welfare state. Academic studies of poverty assessments in these countries played a key role in challenging official poverty estimates based on narrow definitions of poverty and thus contributed crucially to designing more comprehensive welfare policies to reduce multiple forms of poverty. For instance, in Britain, Charles Booth's (1889) London survey, Rowntree's (1901) survey in York and Peter Townsend's (1954) study of poverty in the mid twentieth century were the building blocks for shaping and sustaining many aspects of the British welfare state. All these surveys and studies empirically demonstrated that British government's official poverty rates were highly underestimated (Rose 1986, Wood 1991, Bhusal 2012). These studies also contributed to expanding the definition of poverty from the lack of money to command over a range of consumption goods and livelihood assets that were considered necessary for a decent, dignified and fulfilling life (Bhusal 2012). This expanded conceptualisation of poverty implied that expanding the role of the welfare state was considered very crucial to enable access to consumption goods and livelihood assets. This expanded view of poverty and poverty reduction pre-figured some aspects of the notions of development as freedom and capability expansion as articulated by Sen (1999).

The comparative experience of different regions and countries in the global capitalist economy is also useful to understand the different trajectories of the welfare state (Esping-Anderson 1990). For example, the political traditions in Scandinavian countries, USA and the UK have been different and those traditions have played an important role in the shaping of welfare state policies regarding the role of social security in reducing poverty (Harrington 1962, Lindert 2004).⁴ The

⁴ On the Scandinavian/Nordic countries, the Special Report on the Nordic countries in *The Economist* (2013) provides rich details on the evolution and current status of

left wing political tendencies in Latin America and Europe in the late 1960s and the early 1970s have played a key role in visualising and emphasising the role of expanded social security and welfare state in reducing multiple forms of poverty and livelihood vulnerabilities. Along with the role of these political tendencies, it has been argued that one crucial factor in the advancement of welfare state policies in Europe has been the impressive economic growth in Europe in the post-war period known as the Golden Age of capitalism (Fine and Harris 1997; Gough 1979, 1997; Hulme 2010; Lindert 2004; Swaan 1988). However, the expansion of social security provisions in Latin America without the commensurate economic growth, points to a different trajectory that highlights the political agency role in the shaping of the welfare state.

The rise of pro- market neo-liberal political tendencies in the developed capitalist economies in the 1980s onwards has tended to weaken the political impulse in favour of the welfare state and the onset of the recent financial crisis and the resulting austerity policies further reinforce the political orientation against welfare policies. However, there are social imperatives that can act as counter-acting tendencies against the weakening of the welfare state. The historical evidence shows that periods of social and economic crises in fact tend to strengthen the extension of social security arrangements in order to provide a safety net to the increasing number of people that are adversely affected by such crises (Prasad and Gerecke 2010) but the past is no firm indicator of the direction of the future.⁵ It is possible that in order to avoid social and political unrest, the welfare provisions may have to be made available to more people in a crisis period than in a period of growth because a larger set of people need these provisions during the crisis. However, to meet the austerity targets, the amount of these provisions per distressed individual or household could be decreased. What the resultant effect of these two contradictory tendencies- one extending and the other contracting the

welfare policies. For details on some aspects of the vicissitudes of the welfare state in the UK, see: (Singh and Bhusal 2013); And for a European-wide experience with a focus on social work, see: (Villa 2013).

⁵ Chris Hesketh has written: "This [the future of welfare state] is not something that is predetermined. It is surely an open political question. How things were resolved in the 1930s may not be a good indicator of how they will be resolved today" (personal correspondence).

reach of welfare provisions- will be, is difficult to judge while we are in the midst of the current crisis.⁶

Keynesianism and the Rise of the Welfare State

Britain was the most powerful colonial power up until the Second World War. The War turned out to be a major turning point in Britain's decline from that pre-eminent position and in the rise of US as the most dominant economic power in the global capitalist economy. The loss of many colonies, the most important being India, to Britain in the immediate aftermath of the War was the most telling expression of the decline of Britain. The social upheaval caused by the War and the decline in status of Britain as an imperial power contributed significantly to the intellectual and ideological turmoil about modes of economic and political governance in Britain. Another major economic event that contributed to this multi-fold turmoil was the Great Depression of 1929–33 just a decade before the Second World War. The Great Depression of 1929–33 exposed structural weaknesses in the functioning of capitalism as an economic system. Perhaps the most notable theoretical and ideological consequence of the multi-fold crises of global capitalism in general and British capitalism in particular was the undermining of the hegemonic sway of neo-classical economic theory (Foldvary 1996).

From 1870s until the Great Depression, the neo-classical economic theory had held an almost unquestioned hegemony as an economic doctrine (Bharadwaj 1986). This doctrine preached that a market-based capitalist economy had an inbuilt mechanism to keep the economy in equilibrium. This equilibrium, it was argued, ensured among other things, full employment. Any deviations from this equilibrium, it was argued, get corrected by the forces of supply and demand in the market. This comforting belief or world outlook was rudely shaken by the Great Depression that witnessed major disequilibrium in the labour and product markets. This led to a fundamental crisis of the neo-classical economic doctrine that had for nearly six decades preached the infallibility of the markets. This crisis

⁶ Although there are some reports of recovery in the form of lessening unemployment especially in the US, this recovery remains fragile and shaky. Even the jobs that have been created, they are part-time, temporary and are at low wage rate. The new Bank of England governor, Mark Carney, has particularly highlighted the low wage aspect (O'Connor 2014). On the continuous precarious nature of the Eurozone economy, see: (Jones and Moore 2014).

of economic theory saw the emergence of an alternative economic paradigm of Keynesianism. John Maynard Keynes (1883–1946) developed a critique of neo-classical economic doctrine by arguing that in a situation of economic recession, the state needs to take an active part in giving a stimulus to the economy (Keynes 1936). A part of this stimulus effort, Keynes believed, was to redistribute income and raise the level of aggregate demand in economy. His idea that redistribution of income would raise the level of aggregate demand in the economy was based on the idea that low income individuals and groups were more likely to spend any additional rise in their income than what the high income groups were likely to do. Conceptually, this is expressed as: the marginal propensity to consume of low income groups is higher than that of the high income groups. The rise of Keynesianism justifying the role of state intervention in a free-market oriented capitalist economy was a significant development in providing theoretical foundations for the desirability of a welfare state. The moral dimension of the welfare state as a protector of the weak and vulnerable had a long history in the British political, religious and social traditions (Fraser 2009, Thane 1996, Hennock 2007, Lowe 2005) but Keynesianism provided an economic dimension. In the Keynesian framework, the redistributive role of the welfare state was necessary for economic reasons i.e. for giving an economic stimulus to a depressed economy to move towards economic growth. This economic necessity of the welfare state for economic growth was what propelled Keynesian ideas to widespread acceptance among political leaders and economic policy makers. Keynes's influence on the move towards welfare state policy approach was most dramatic in the UK although he influenced, in varying degrees, the policy paradigms of many other countries especially in the developed capitalist world. Keynes became the godfather of economics in the post war period in developed capitalist economies. The acceptance and wide popularity of Keynesian economics was co-terminus with the acceptance of the desirability of welfare state policies. The need for healthy and educated men for recruitment into the labour force for the expanding industry and that into military during the interwar years were other compelling reasons for expanding the welfare provisions especially relating to health and education (Fraser 2009: 9-10). According to Derek Fraser, "at a particular stage of capitalist development welfare served industry's needs...businessmen at times could conceive of welfare as sound economic sense"

(Fraser 2009, 9). The National Health Service certainly emerged out of these needs of industry and the military.⁷

Another important politico-economic development after the First World War that had an indirect impact on strengthening the argument for welfare state was the Bolshevik Revolution in Russia in 1917. The Bolshevik Revolution signalled the first systemic break with capitalism. It gave a tremendous push to the idea that another system that was different from capitalism was possible. The speed with which Soviet Union was industrialised in the 1930s through central planning frightened political leadership in the developed capitalist economies. It was feared that Soviet success in industrialisation could lead to increasing the popularity of socialism as an alternative to capitalism as an economic system especially in the economic circumstance of the early 1930s when the advanced capitalist economies were in the throes of the Great Depression. The Great Depression had created mass unemployment in the industrial working class and the fears of the political leadership in the advanced capitalist countries that socialism as an ideology might become attractive to the working class were not without foundations. The welfare state which provided social security to the unemployed and the poor seemed like a way of preventing the unemployed working class from becoming too desperate and militant. Ian Gough (1979, 60) has argued that the broadening of democracy through universal suffrage and other liberal rights helped to raise working class aspirations and the achievements of welfare improvements were concessions won by the working class. In the context of rising working class activism, the welfare state seemed politically necessary too.

We can, therefore, see that there were three different strands of thought that were supportive of the desirability or necessity of the welfare state. One strand of thought came from religious and social reformers who viewed extreme inequality and poverty as morally repugnant. This strand of thought viewed various pro-poor programmes and activities associated with the welfare state as morally desirable. The second strand of thought came from Keynesian economics which viewed the interventionist role of the state as necessary for economic revival of the depressed economies. The third strand of thought viewed the welfare state perspective as a political answer to the increasing working class activism and the growing threat of socialism becoming popular in crisis-ridden capitalist economies. The establish-

⁷ I wish to acknowledge that a very fruitful discussion with Liz Perez was helpful on this point.

ment of British welfare state can thus be seen as a resultant effect of the complex amalgam of ideologies-religious, economic and political- and the material conditions of British capitalism.

The Decline of the Welfare State and Rise of Neo-Liberal Austerity Paradigm

In the late 1960s/early 1970s and especially after the oil price rise in 1973, the developed capitalist economies were faced with stagflation i.e. simultaneous existence of inflation accompanied by high degree of unemployment. This phenomenon did not fit in with the Keynesian economic theory which has as one of its central tenets that a certain degree of unemployment keeps wages and hence inflation low, and that it is only with full employment that a high level of inflation can be expected. Monetarist theorists attacked Keynesian theory for its failure to explain this simultaneous existence of high inflation with high degree of unemployment. Monetarist theorists had always been critical of the fiscal policy orientation of Keynesianism but had not succeeded earlier in posing a serious challenge to the theoretical framework of Keynesianism because during the so-called Golden Age of advanced capitalism in the post-War decades, inflation had remained relatively low in spite of high growth rate. The phenomenon of stagflation opened a new and fertile opportunity to the monetarist school of thought to launch a potentially damaging attack on Keynesianism and through that on the idea of the welfare state. Monetarists argued that inflation was due to the excessive level of aggregate money supply which, in turn according to them, was due to the state incurring excessive expenditure. They blamed the fiscal policy inspired by Keynesianism for expanding the role of welfare state intervention that had led to increasing the state expenditure.

The monetarist attack on the welfare state in particular and the role of state intervention in general implied a support for a free market-oriented model of capitalist economy. The monetarists argued that if the role of the state in the economy is decreased to the minimum possible, the free market would automatically make adjustments in the money market and the labour market to bring about a wage rate, level of employment and inflation rate that was necessary for attaining equilibrium in the economy. This mode of argument also implied a criticism of the role of trade unions in exercising the bargaining power of labour in negotiating the

level of wages. The trade unions as a social force had been an important part of the architecture of the post-war welfare state. The monetarist attack on trade unions, therefore, tended to undermine an important pillar of support for the welfare state. However, from the viewpoint of the capitalist class as a whole, the role of trade unions in bargaining for social security welfare payments is contradictory in character. On one hand, the welfare payments create a demand for goods and services produced by capital but, on the other, these payments are a deduction from the surplus appropriated by capital. The capitalist class as a whole can, therefore, view trade union struggles for improvements in wages and social security payments positively from one angle (the expansion of market) and negatively from another (reduction of profits).

The free market ideology inherent in the monetarist framework came to be known as neo-liberalism. David Harvey has argued that the rise of neo-liberalism was not simply due to the perceived failure of Keynesianism in explaining the stagflation crisis of advanced capitalism. He argues that the neo-liberal project had been in the making right from the period of the early rise of Keynesianism in the post-war period and that the project had been funded and supported by various US institutions to spread the tentacles of neo-liberal ideology (Harvey 2007). Harvey shows that the main target of neo-liberalism was not Keynesianism but, in fact, socialism. The chief theorist of neo-liberalism, Fredrick Hayek, was no doubt a rival of Keynes but more than being opposed to Keynes, he was opposed to socialism as a world view and as an alternative economic system to capitalism (Hayek 1944/1997). Hayek was the most prominent founder of what later came to be known as neo-liberalism in the late 1970s and early 1980s (Stedman Jones 2012).

The decline of Keynesianism and the rise of neo-liberalism reached its peak during the regime of Margaret Thatcher as the Prime Minister of a Conservative government that came to power in 1979 in the UK and that of Ronald Reagan as the President of Republican government that came to power in USA in 1980 (Skidelsky 1989, Niskanen 1988, Radice 2014). Both Thatcher and Reagan were strong critics of the welfare state and ardent supporters of free market capitalism. Piketty (2014) in his much discussed book *Capital in the Twenty-first Century* characterises their rise to power as ‘a conservative revolution’: “The growth of capital’s share [in national income] accelerated with the victories of Margaret Thatcher in England in 1979 and Ronald Reagan in the United States in 1980, marking the beginning of a conservative revolution” (42).

The Traditional Development Theoretical Perspective

In the post-Second World War, the post-colonial states and societies were sharply engaged with theories and policies to understand the roots of poverty and underdevelopment, and to overcome this poverty. Most of the theories and policies were aimed mainly at accelerating GDP growth. The debates centred around relative emphasis on agriculture versus industry, export promotion industrialisation versus import substitution industrialisation, labour-intensive vs capital intensive technology, balanced versus unbalanced (big push) growth, public sector investment versus private sector investment, foreign capital versus domestic capital, growth versus redistribution and IMF/World Bank liberalisation and structural adjustment model versus nationally-oriented development model etc. This is not an exhaustive list but it does convey the main instruments that were advocated to achieve the highest possible rates of growth of GDP which was the chief policy concern. Most development economics textbooks elaborate these theoretical and policy debates (for a good overview, see Todaro and Smith 2015).

Global Capitalism, North-South Inequality and Third World Poverty⁸

Although global capitalism is expanding fast beyond the territorial boundaries of the traditionally rich advanced countries, the inequality between the richest and the poorest parts of the global capitalist economy is sharpening. Free market mechanism is not leading to a neat reallocation of capital from capital-intensive economies to labour-intensive economies as the theoretical assumptions of Neo-classical economics will make us believe it should do.⁹ The uneven development of

⁸ For a fuller development of the ideas in this section of the paper, see: (Singh 2010).

⁹ According to an Organisation for Economic Co-operation and Development (OECD) report released on June 21, 2007, FDI into the world's 30 wealthiest countries is set to rise by 20 percent during 2007. The report cites high corporate profits, low interest rates and "solid" economic growth as the factors driving increasing capital flows into advanced capitalist economies. This massive increase in FDI into advanced capitalist economies during 2007 is not a freak occurrence but comes on top of 22 percent increase in 2006 and is a third consecutive annual increase and the highest since 2000. The report notes that if the January-May 2007 figure is indicative of the year 2007 as a whole, then the total value of cross-border mergers and acquisitions in OECD countries will exceed \$1trillion for only the second time in history. The US was the largest recipient of FDI in 2006 and was also the biggest foreign investor in OECD countries. See: (Daneshhku

capitalism is leading to a highly complex mobility of labour and capital around the globe. The impressive economic growth rates in China, India, East Asia and parts of Latin America on one hand and the deceleration of growth in parts of Africa are examples of this uneven development of capitalism globally and nationally. How do we understand the role of 'Third World' poverty and underdevelopment in the global functioning of capitalism? Is poverty in one part of the world essential for prosperity in the other or does the prosperity of the advanced part requires elimination of poverty in the other? There is no consensus in the Marxian theoretical tradition on this critical question.

The role of Third World poverty in the global functioning of capitalism is apparently even more confusing to understand when we introduce the dimension of environmental sustainability into an analysis of the ecological limits to the growth of capitalism. Can we say that Third World poverty associated with petty commodity production enables global capital to police the ecological limits to the further expansion of capitalism? (Harriss- White and Harriss 2007). Is the expansion of capitalism in the Third World, therefore, a historically progressive development in so far as this expansion of capitalism is weakening the ecological limits to the continuous sustenance of capitalism? Or is it the case that the development of Third World is leading us even more closely to global environmental disaster and, therefore, to sharpening the ecological crisis of global capitalism? Green theoretical tradition is ambivalent, to say the least, on this critical question.

The rest of the paper below is an attempt to look at the issue of Third World poverty to highlight the unsatisfactory state of Marxian and Green perspectives on the link between global inequality, global capitalism and environmental sustainability. The paper attempts to show that both the traditions have their respective strengths but standing apart from each other, these are fatally flawed. Therefore, the eco-socialist perspective pins hope in the project of synthesising the two traditions to develop a richer ecologically-informed critique of capitalism.

2007). There is no indication that the crisis of capitalism, especially in the financial, energy and agricultural markets that erupted in 2008 is changing the picture regarding the continuing concentration of FDIs in the rich capitalist economies. For a more detailed examination of the current global capitalist crisis, see: (Singh 2008a). For an exploration of the argument regarding the possible shifts in the global economy, see: (Singh 2008).

Marxian Tradition on North-South Inequality, Global Capitalism and Sustainability

Karl Marx had paid glowing tributes to capitalism in *Communist Manifesto* for unifying the world market and creating conditions for unlimited progress in technological development and labour productivity. For Marx, capitalism was creating the material foundations for communism: one, by unleashing productive potentialities that could end scarcity and lead to an era of abundance, and two, by creating an international working class which will be the agency to usher in the era of communism, an era of fulfilment of human needs. In visualising communism as an era of fulfilment of human needs, Marx's work did not show critical awareness of the ecological limits to the goal of fulfilment of human needs.

Lenin in *Imperialism: the latest/highest stage of capitalism* was less enthusiastic than Marx about the positive implications of expanding capitalism. He viewed export of capital from the advanced industrialised economies to the less industrialised ones as driven by the falling rate of profit in the rich economies and the expected higher rate of profit in the colonies. He saw this search for external markets for capital as the root cause of military conflicts and considered this as the main reason behind the First World War. He looked upon expanding global capitalism as creating permanent conditions for global wars and, therefore, argued for socialist revolution as the solution to this dangerous scenario of wars. Though he was more critical of expanding capitalism than Marx was, he also did not examine the ecological dimensions of the militarist capitalism.

Rosa Luxemburg's analytical framework which accorded a key importance to consumption in the analysis of the functioning of a capitalist economy had the potential to incorporate ecology but it merely remained a potential. Ecology did not become integral to Luxemburg analysis. She argued that capitalist expansion was dependent upon creating markets for its products and, therefore, imperialism was an extension of markets beyond the saturated markets of advanced capitalist countries.¹⁰ If for Lenin, the essence of imperialism was search by surplus capital in the advanced economies to find investment outlets abroad, for Luxemburg it was search for markets abroad to unload surplus commodities. Luxemburg attributed this incessant search for markets for commodities as the driving force behind im-

¹⁰ A good articulation of the external market dimension of Luxemburg's theory of imperialism is Patnaik (1972).

perialist competition and rivalry leading to wars. Her slogan ‘barbarism or socialism’ was meant to highlight that unless socialist revolution overthrew capitalism, there was a danger of imperialist wars bringing humanity to a barbaric end. Joan Robinson in an extension of Luxemburg’s work theorised military expenditure as an extension of the capitalist market and looked upon this expenditure as essential for the continuous growth of capitalism. Neither Luxemburg nor Robinson looked upon the ecological limits to the expansion of capitalist markets. *It is not necessarily wars which could lead humanity to a barbaric end; it could simply be global warming which could lead to an end of the planet earth.*

In the post-Second World War period, Paul Baran and Andre Gunder Frank produced some of the most influential analysis of global capitalism and Third World underdevelopment but both had no place for ecology in their theoretical frameworks. For Baran, the process of colonisation led to drain of surplus from the colonies to the metropolitan economies and it was this drain of surplus which had left the colonies in an underdeveloped state. Baran’s analysis provided justification for and hopes in the national governments in the Third World. According to this analysis, national governments by using the economic apparatus of planning could stop the drain of their economic surplus to the advanced economies. By utilising this surplus within their own economies, national governments of the ex-colonies could initiate the process of economic development. Baran’s neat analysis gave birth to a whole tradition of radical political economy which abandoned the dominant internalist explanations of Third World underdevelopment and highlighted the externalist dimension to this underdevelopment. However, Baran’s diagnosis of the phenomenon of underdevelopment and the prescription for development strategies was not accompanied by an analysis of the implications of these possible developments in the Third World for capitalism as a global system. Nor did his analysis look at the environmental implications of Third World development and underdevelopment.

Andre Gunder Frank’s dependency analysis attributed Third World underdevelopment to the integration of the Third World economies into global capitalist economy. He advocated that Third world countries should delink from the global economy in order to initiate the development process. His emphasis on delinking the underdeveloped economies from the global capitalist economy had the potential to open up new investigations into decentralisation, local economy and local control. These in turn could have opened up new ways of looking at control and

utilisation of resources, including natural resources. That potentiality still exists. Frank's work, along with that of Baran, Amin and Wallerstein, have contributed enormously to highlighting the externalist dimension to Third World development and have provided a powerful critique of internalist schools of thought on underdevelopment e.g. Rowstow's 'stages of growth' model. However, all of them look upon problems of capitalist underdevelopment and development without bringing into their analysis the dimension of complex interaction between the development process and environment resources.

Bill Warren (1973, 1980) reverted to classical Marxism when he looked upon imperialism not as an impediment to Third World development but as the harbinger of development albeit of the capitalist variety. His was the most challenging critique of the neo-Marxist dependency schools of underdevelopment. His analysis was inspired by the success of East Asian capitalism in overcoming underdevelopment through closer integration with the global capitalist economy rather than by delinking from the world economy as had been proposed by Frank. Warren's untimely death prevented the fuller development of his argument which would have brought into sharper focus both the richness of the classical Marxist treatment of Third World underdevelopment as well as its limitations. The most important limitation of Warren's work as it exists is the complete absence of the examination of the aspects of natural resource constraint and environmental degradation in the process of imperialist expansion of the global economy.

What is worth highlighting from this rather quick overview of the Marxist and neo-Marxist treatments of global capitalism and Third World underdevelopment is that irrespective of whether global capitalism was seen as the engine of progress or retrogression in the Third World, its relationship with nature remained outside this framework.

Green Perspectives on Third World Poverty and Global Capitalism

Bringing nature into an analysis of the functioning of the economy is the greatest contribution of the Green philosophical, political and economic tradition. Green economic thought views the economic system as a thermo-dynamic system where economy is a part of the nature and the nature is a part of the economy (Jacobs 1993). The thermo-dynamic model of the economy views the economy as

a circular flow of matter and money in contrast with the orthodox models (classical, neo-classical, Marxist and Keynesian) which view the economic system as a circular flow merely of money between firms and households in a two-sector model of the economy (government and international sectors can be added without affecting the central argument). The thermo-dynamic model is then able to analyse the impact of money flows upon matter (nature) and the consequences of this impact on nature (resource depletion, waste generation and pollution) for the money flows in return. The concept of entropy captures the impact of human economic activities of production, exchange and consumption upon matter (nature). Entropy is the measure of disorderliness and all human economic activities lead to increase in entropy. The increase in entropy is kept in check by nature through the process of reconvertng wastes into resources. Sun, earth, land, air, water and space all contribute to this process of absorption of waste generated by human economic activity and to the reversion of some of this waste into usable resources. Nature's capacity to absorb waste is not unlimited. When the level of waste generation created by human activities exceeds the absorption capacity of nature, it results in pollution. This pollution takes various forms- air pollution, water pollution and land pollution. Pollution, in turn, damages the resources provided by nature for human activities.

The incorporation of nature as embedded into economic analysis enables Green economic analysis to capture the nature-economy relationship in a much deeper way than that done by any orthodox model of economic analysis. This richness of Green economic thought also creates a problem for Green thinking and practice. Because the Greens are ever conscious of the human economic activity upon nature, there is an inherent tendency among the Greens to view economic activities with suspicion. The Neo-classical tradition of attempting to price environmental goods, apparently with the aim of reducing their use, is deeply opposed by the Greens in general but deep Greens in particular who view nature as sacred. For the deep Greens, pricing of nature amounts to sacrilege. Many Greens would advocate zero growth partly because of this suspicion of the very method of attempting to price the environment and partly because of the enormous environmental damage that has already taken place. More moderate Greens would subscribe to the perspective of sustainable development i.e. neither zero growth of the deep Greens nor maximum growth advocated by some neo-classicals. The concept of sustainable development recognises the need for some development

and growth but only that kind of growth which is environmentally informed and does not compromise the interests of the future generations. The concept of inter-generational equity is, therefore, central to the concept of sustainable development. Most Greens would also argue that inter-generational equity can not be achieved without intra-generational equity i.e. equity between the rich and poor countries.

There is, however, a great deal of ambiguity in the Green economic thought about how to reduce intra-generational equity. There could be two possible routes to reducing intra-generational equity. One route could be by reducing poverty in the Third World either by faster development in the Third World than that in the developed world. The other route could be: massive transfer of resources e.g. by foreign aid from the developed countries to the poor Third World countries. This could also involve major restructuring of the rules and structures of global trade to the advantage of poor economies. The challenge Green economics faces is that once the structures of global flows of labour, commodities, money and capital are brought into the analysis, it requires understanding of the laws of motion of global modes of production. Most Greens, not all, are reluctant to blame the capitalist nature of the global economy because they fear that blaming capitalism for environmental degradation can be an escape route for those who can pin their hopes on to socialism as a solution to the exploitation of nature. Most Greens are unwilling to accept that merely replacing capitalism by socialism is a solution to the problem of impending environmental disaster facing humanity today. Their unwillingness to accept socialism as a viable alternative is based partly on the experience of countries- USSR, Eastern Europe- which went through a historical phase claimed to be socialist. These countries were as ruthless, perhaps even more, in neglecting/exploiting nature in their quest for faster economic development as capitalist economies are. Greens, therefore, argue that the environmentally-damaging implications of economic activities follow from the logic of large scale production, irrespective of whether these structures of large scale production are situated in a capitalist economy or a socialist economy. Most Greens are, therefore, supporters of small scale and localised systems of production, exchange and consumption.

Dilemmas of Third World Poverty for Green Economic Perspective

Third World poverty poses a seemingly irresolvable dilemma for Green economic perspective. Greens in the Western world, like socialists and most liberals, are appalled by Third World poverty from an egalitarian and social justice point of view. They would like to think of ways to reduce or remove poverty. However, most Greens do not recognise the contradictions in their perspective on poverty. Some Western Greens, appalled by mass consumerism in the West, tend to glamorise the Third World poor as close to nature in their low levels of consumption. Some Third World activists like Shiva (1989) also pander to these Western views of the Third World poor. Third World poverty in such accounts becomes a site of Green celebration. It would not be wrong to characterise such celebration as vulgar because this celebration ignores the fact that this poverty means children are either illiterate or studying in schools without any blackboards or even without roof. This poverty means homelessness and even when they have some roof over their heads, these roofs are so miserable that they get blown away by even a mildly harsh rain storm or dust storm. Poverty then forces these people to bear the harshness of nature. This poverty also means that children, or even adults, are under-nourished or mal-nourished and when they fall ill, there are inadequate or non-existent medical facilities like doctors, nurses and hospitals. Many more examples of degradation of life that follow from poverty can be provided. Further, glamorisation of poverty amounts to abandoning any egalitarian perspective of reducing or removing poverty.

Some Greens also do not recognise the environmentally-damaging consequences of poverty. Poor people in their desperation to survive and reproduce themselves are forced to encroach upon nature in a way that is damaging to nature. Deforestation for clearing land for cultivation and the killing of animals for food and self-survival are just two of the most obvious examples of environmentally-damaging consequences of poverty. A study of poor farming communities in Ethiopia, Rwanda and Malawi pointed out that low levels of income and livelihood forced these poor farmers to resort to intensive utilisation of land that resulted in land exhaustion and degradation.¹¹ Poverty contributes also to high popula-

11 Ian Scoones and Camilla Toulmin. 1999. *Policies for Soil Fertility Management in Africa*. London: DFID, cited by (Bernstein and Woodhouse 2007, 168–169).

tion growth which, in turn, leads to increase in global consumption of natural resources. Increase in consumption of natural resources results in increase in waste, pollution and the consequent impact of pollution on the availability of natural resources.¹²

Green dilemma regarding poverty gets further confounded if we envision reduction of Third World poverty. If poverty gets reduced in the Third World, it will lead to unprecedented increase in levels of global consumption of natural resources. Even a mild increase in levels of income of the poorest people in just two countries in the Third World, China and India, would result in massive increases in the levels of global consumption of natural resources.¹³ Unprecedented levels of generation of waste and emissions of greenhouse gases will follow. This prospect means that either the persistence of Third World poverty which keeps environmental consumption in check is accepted or it is argued that levels of income and consumption in the West are massively reduced. Is it possible to effect a massive reduction in incomes and consumption levels in the rich countries without questioning the logic of capitalist economic system of production and consumption? It can not be seriously argued that without a significant regulation of the market

12 Bernstein and Woodhouse (2007, 153–154) refer to a study by Tiffen, Mortimore and Gichuki (1994) which argues apparently in a counter-Malthusian strain that population growth can contribute to environmental recovery. I have not looked at this study but I am sceptical of such a claim though it is plausible to argue a different point that population increase can lead to increase in land productivity.

13 According to the Chinese State Bureau of Statistics, China's population grew by 8.1 millions or 0.6 per cent in 2005 to a total of 1.307 billion (*Financial Times* 17. 3. 2006, 6). Though the Chinese population size is huge, its rate of population growth is low partly because of the one-child policy imposed by the Chinese state since the 1970s and partly because of the reduction in poverty of some sections of the population as a result of fast economic growth experienced by China in the last few years. The practice of female infanticide has resulted in severe gender imbalance. 'There were 106.3 men for every 100 women,' according to the State Bureau of Statistics (*Financial Times*, *ibid.*). The practice of female infanticide might have also contributed to the low rate of population growth. This low growth in population might be considered a positive development from the viewpoint of its implications for increase in total level of global consumption. However, due to the absolute level of Chinese population, even a very small increase in the income level of this population implies a massive increase in global consumption. One can argue from a contrary point of view that a low level of absolute population with a very high per capita income and consumption level as in some of the rich capitalist economies may contribute more to total global consumption than a big population with a relatively low per capita income and consumption level as in some Third World economies.

mechanism, there is ever any possibility of regulation of the levels and contents of production and consumption. Greens can not afford to dodge the link between the capitalist nature of the present global economic system and global environmental degradation.

This brings us to the Marxist dilemma about poverty and North-South inequality.

Marxist Dilemma About Poverty, North-South Inequality and Sustainability

Third World poverty associated with petty commodity production in the informal economy, according to Harriss-White and Harriss (2007), enables global capital to police the ecological limits to its further expansion. Putting it in other words, it could be said that poverty by limiting consumption reduces the ecological limits to capitalist expansion. This view needs to be further probed.

The relationship between Third World poverty and environmental degradation is contradictory and poses a dilemma. Poverty may reduce consumption but poverty also forces poor people to encroach ruthlessly upon nature in order to secure food, survive and reproduce themselves. The dilemma poverty poses vis-à-vis environmental sustainability might be better understood if we pose this question in terms of compatibility vs. incompatibility between inter-generational equity and intra-generational equity.

Most commonly accepted definition of sustainability or sustainable development highlights the dimension of inter-generational equity namely that sustainable development is that development that does not compromise the access of future generations to environmental resources. It might be argued, as pointed out earlier, that inter-generational equity i.e. equity over time can not be achieved without intra-generational equity i.e. spatial equity.

Inequality between North and South, between advanced capitalist economies and backward capitalist economies, leads to high mass consumption in advanced capitalist economies and to mass poverty in backward capitalist economies. Both lead to environmental degradation and, therefore, impair the possibility of achieving inter-generational equity or sustainability.

We are faced with a further dilemma if we were to argue that intra-generational inequality should be reduced in order to achieve inter-generational equity. **139**

Reduction of intra-generational inequality, by whatever means, would lead to reduction in poverty and rise in incomes in backward capitalist economies. Since the marginal propensity to consume of lower income groups is higher, the reduction of poverty will sharply raise the aggregate level of consumption in backward capitalist economies. This will obviously have adverse consequences for the environment both in the present as well as in the future.

The dilemma we are faced thus is that both the persistence of poverty and the reduction of poverty are environmentally-damaging though for different reasons. Persistence of poverty causes environmental degradation by forcing poor people to encroach upon natural resources, and reduction of poverty causes environmental degradation by raising levels of consumption.

Resolving the Marxian and Green Dilemmas on Poverty

We have discussed above the dilemmas Marxian and Green perspectives face regarding Third World poverty and sustainability. Though these dilemmas originate from different perspectives, yet there are over-lapping and common features in both. Faced with these dilemmas, our suggestion is that if a choice has to be made, it should be made in favour of reduction of poverty in backward capitalist economies. This is for two reasons. Firstly, it is for reasons of social and class justice. And the second reason is that reduction of poverty and the rise of consumption in backward capitalist economies creates higher environmental risks for the sustainability of capitalism in advanced capitalist economies. This higher risk may impel the managers of advanced capitalist economies to speed up the search for renewable energy. The recent shifts in US policy about global climate change could be construed as indicative of this trend. Research and investment into renewable energy is the corner stone of the march towards sustainable future. In the immediate future, embedding sustainability into capitalism might make capitalism more flexible and adaptable. In the long term, capitalism's ever increasing need for continuously rising levels of higher consumption to keep the engine of accumulation of capital running would erode the compatibility of capitalism with environmental sustainability. However, the embedding of environmentally friendly technologies and processes of production would be conducive to the creation of material foundations for environmentally sustainable alternative to capitalism. An alternative is

capitalism is better than an ecologically-destructive capitalism as a precursor to an ecologically oriented alternative to capitalism. The weakness of some Green visions of the future is that they are based on the imagining of compatibility between ecology and capitalism. Marxian perspective has this strength that it does acknowledge the possibility of compatibility between ecology and capitalism in the short or medium term but it highlights the long term incompatibility between ecology and capitalism.

To conclude, the development of capitalism in backward capitalist economies has a historically progressive role to play in a way different from the way it was conceived in classical Marxism. The classical Marxism attributed historically progressive role to capitalism in backward capitalist economies because it was believed that increasing penetration of capitalism in these backward economies would break the feudal remnants. This would result, it was believed, in the creation of industrial proletariat- the expected agent of socialist revolution. From the angle of sustainability, the development of capitalism in backward capitalist economies can be considered historically progressive from a different viewpoint than the creation of the industrial working class. The development of capitalism in backward capitalist economies is historically progressive because this will sharpen the ecological limits to global capitalism. This sharpening ecological crisis of global capitalism will necessitate search for alternatives to capitalism. The dangers of global capitalism for the survival of humanity would contribute to the emergence of global consciousness and solidarity for replacement of capitalism by a system which is ecologically sustainable and socially just-globally and nationally. In one sense, it is immaterial what name is given to this ecologically sustainable and socially just alternative to capitalism. It can be simply called socialism or eco-socialism. More imaginative nomenclature might emerge but what is crucially important is that this scenario creates a meeting ground for Marxian and Green perspectives.

Neither Marxism without incorporating ecology into its perspective nor Green ideology without economic critique of capitalism can provide an answer to the problems of global inequality, poverty and environmental degradation as we face today at the beginning of twenty first century.

Before we finally conclude, it may be fruitful for further elaboration of the perspective of eco-socialism to reflect on the debate on austerity, welfare state and poverty discussed in the earlier part of the paper.

Eco-Socialist Perspective on the Economic Stimulus Dimension of the Welfare State Policy Paradigm

One major challenge to the reinstatement of expansionary fiscal policy that could be supportive of the welfare state whether in the UK or elsewhere is that we are faced with a huge ecological crisis. The world economy has reached a stage where to stop global warming and climate change, the goal of accelerated economic growth has to be replaced by a more sustainable approach to development (Singh 2008, Castree 2010). When the 1929–33 crisis was resolved by the expansionary fiscal policy inspired by Keynesian economic policy, there was neither the theoretical knowledge of the environmental consequences of economic policy nor the material reality of the scale of climate change which is being witnessed now. One line of thought that recognises the enormity of global climate change suggests that instead of the traditional expansionary policy, our present era needs a green expansionary policy. Such a green expansionary policy would entail a drastically changed transport system, energy policy, housing policy and creation of what are called green jobs. Undoubtedly, many of these green policies have positive elements because one could say that green capitalism is better than ungreen and dirty capitalism but this approach is evasive on the mode of production-environmental destruction link. It does not recognise that capitalism is essentially a profit-driven economic system and is therefore inherently destructive of the environment. This profit driven system is based on exploitation of natural resources (O'Connor 1998) and continuously needs multiplication of consumer wants to generate the market for the commodities produced by the use of natural resources (Panayotakis 2011).

A fundamental alternative to environmentally destructive capitalism is the vision of ecological socialism (Singh 2010a). That vision, on one hand, does not entail the need for a welfare state because the necessity for the welfare state arises out of inequalities in capitalism where the poor and the disadvantaged need to be cared for in some way but, on the other hand, implies welfare for all because there would not be a division between the privileged few and the under privileged many in the eco-socialist society. However, that goal is a long term one in the distant future and in the journey towards that, the strengthening of the welfare state is desirable for attaining that goal because the idea of welfare state recognises the institution of community and the collective effort required in responding to some

142 | needs of the community. Dearlove and Saunders (1984: 319) have rightly pointed

out that “The Welfare State represents a “Trojan horse” within the citadels of capitalism in that it rests firmly on a set of values which are fundamentally opposed to those of capitalism”.

Both neo-liberal austerity and Keynesian welfare/stimulus stratagems are two different forms of governance of capitalism in response to different phases/cycles of capitalism. The competition between them is only on which one is more efficient i.e. which one generates higher and maximum possible economic growth. Both are, therefore, anti-ecological. However, from a social equity point of view, the neo-liberal austerity paradigm is far more inegalitarian than the Keynesian welfare/stimulus one. Eco-socialism is, therefore, sharply critical of neo-liberal austerity paradigm but has some degrees of affinity with ecologically-modified welfare paradigm as a basis for building egalitarian future.

Eco-socialism is emerging as a new historically-necessary response to the challenges of poverty both in the developing capitalism economies as well as in the developed capitalist economies.

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Rezime:

Konkurentne teorije razvoja i nerazvijenosti: Kritički pogled iz eko-socijalističke perspektive

Ovaj rad ima za cilj da pokuša da doprinese eko-socijalističkoj kritici široko prihvaćenih teorijskih modela razvoja. U fokusu su konkurentna objašnjenja nedovoljne razvijenosti privreda Trećeg sveta i posledičnog siromaštva. Pitanje nejednakosti između razvijenih kapitalističkih zemalja i zemalja u razvoju se povezuje sa siromaštvom u zemljama Trećeg sveta. Razmatraju se sledeće tri glavne perspektive: tradicionalna, kod koje se diskusija o siromaštvu, nedovoljnoj razvijenosti i nejednakosti odvija u okvirima kapitalističke privrede; Marksistička kritika kapitalizma; ekološka kritika kod koje prirodno okruženje predstavlja sredstvo za borbu protiv siromaštva i nedovoljne razvijenosti.

Ključne reči: svetska nejednakost, nerazvijenost i siromaštvo Trećeg sveta, neoliberalizam, neoklasična ekonomska paradigma, kejnzijanizam, welfare state, marksizam, zelena ekonomija, eko-socijalizam

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