



SUMMARY OF THE KAPUSCINSKI DEVELOPMENT LECTURE

BRINGING PRODUCTION BACK INTO DEVELOPMENT

Delivered by Ha-Joon Chang

On 10th May 2015

The concept of production in development studies

Ha-Joon Chang opened his lecture with a remarkable observation that the topic of production has almost disappeared from the development discourse in the last few decades. Secondly, he noted that development has become almost synonymous with poverty reduction. Production – or, more precisely the transformation of productive structure and capabilities – used to be at the heart of the debate on economic development, but it lost this position some years ago.

Production happens to be misinterpreted

Ha-Joon countered some common opinions such as saying that in some middle and low income countries there is a lack of entrepreneurs, or that countries like Switzerland and Singapore have neglected the productive aspects to focus solely on the services.

Discussing the shortcomings of the three main discourses that lie behind this state of affairs – neoliberalism, humanism, and post-industrialism – and enumerating the negative consequences of the neglecting of production, Ha-Joon Chang argues for a re-construction of the development discourse that takes production seriously.

Neoliberalism takes capabilities as given and, believing in the power of the free market, criticizes any public policy intervention in this area. The humanists emphasize the need to enhance individual capabilities through health, education and empowerment, as reflected in MDGs. And finally, the post-industrial service economy has also helped to weaken the interest in production. According to this view, rising income has brought about the shift of demand towards services, making production increasingly less important.

Consequences of production neglect

According to Ha-Joon, the neglect of production in defining economic development has resulted in a number of negative outcomes. Firstly, it has made a lot of people think that what countries produce to earn their incomes does not matter. Secondly, policies have been oriented on a short-term basis. Thirdly, neglect of the collective dimension of productive development has made people ignore the issues of how to develop modern firms that are central to productive development.

A way forward

Given these negative consequences, Ha-Joon concluded that there is a need to reconstruct the discourse on economic development, not to go back to the older tradition, but incorporating recent theoretical developments. This includes the insights from the humanist tradition, looking at individuals, but not only as consumers, paying attention to the role of organizations, institutions, culture and also incorporating environmental sustainability into our thinking.