**Text 7**

**Read and translate the text. Answer the questions.**

**Growth economics and development economics**

The developing and underdeveloped countries are a very mixed collection of countries. They differ widely in area, population density, and natural resources. They are also at different stages in the development of market and financial institutions and of an effective administrative framework. These differences are sufficient to warn against wide-sweeping generalizations about the causes of underdevelopment and all-embracing theoretical models of economic development. But when development economics first came into prominence in the 1950s, there were powerful [intellectual](https://www.merriam-webster.com/dictionary/intellectual) and political forces propelling the subject toward such general theoretical models of development and underdevelopment. First, many writers who popularized the subject were frankly motivated by a desire to persuade the developed countries to give more economic [aid](https://www.britannica.com/topic/social-welfare-program) to the underdeveloped countries, on grounds ranging from humanitarian considerations to considerations of cold-war strategy. Second, there was the reaction of the newly independent underdeveloped countries against their past “colonial economic pattern,” which they identified with [free trade](https://www.britannica.com/topic/free-trade) and primary production for the export market. These countries were eager to accept general theories of economic development that provided a rationalization for their deep-seated desire for rapid industrialization. Third, there was a parallel reaction, at the academic level, against older economic theory, with its emphasis on the efficient allocation of scarce resources and a striving after new and “dynamic” approaches to economic development.

All of these forces combined to produce a crop of theoretical approaches that soon developed into a fairly fixed orthodoxy with its characteristic emphasis on “crash” programs of investment in both material and human capital, on domestic industrialization, and on government economic planning as the standard ingredients of development policy. These new theories have continued to have a considerable influence on the conventional wisdom in development economics, although in retrospect most of them have turned out to be partial theories. A broad survey of these theories, under three main heads, is given below. It is particularly relevant to the debate over whether the underdeveloped countries should seek economic development through domestic industrialization or through international trade. The limitations of these new theories – and how they led to a gradual revival of a more [pragmatic](https://www.merriam-webster.com/dictionary/pragmatic) approach to development problems, which falls back increasingly on the older economic theory of efficient allocation of resources – are subsequently traced.

**Questions:**

1. What do the developing and underdeveloped countries differ from one another?
2. What were the grounds to consider the countries as developing and underdeveloped countries in the 1950th? What theory do you support?
3. What is the debate over the development of an underdeveloped country?
4. Does the efficient allocation of recourses differ?