

Chapter II

Theories of the development economics

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The development economics was created after World War II. Its achievements so far have been marked by three key stages. The first one, determining its emergence was linked to the dynamic process of decolonization at the turn of the 1950s and 1960s. The turning point of the second stage is marked by the outbreak of the energy and raw materials crisis in the 1970s followed by the postulate to introduce a new international economic order in the world economy. The renewed growth in the importance of the development economics is related, on the one hand, to the adoption of the Millennium Declaration and the events of September 11, 2001, and, on the other, to the 2015 migration crisis.

2.1. The genesis and the concept of development economics

The subject of differences in the rate of economic growth was undertaken by the precursors of modern economic thought – W. Petty in England and P. Boisquillebert in France – and then the founders of classical economics A. Smith and D. Ricardo. Extremely important for the emergence of the development economics was the creation by Swedish agrarians of a special methodology for researching the income of the agricultural and urban population. They demanded the spreading of price scissors

between agricultural and industrial products in Sweden to be stopped, mainly through the use of state interventionist instruments. They wanted to ensure the income of the rural population at least equal to the average earnings of the urban population. This original methodology was later applied in R. Prebisch's theory of international trade in the form of terms of trade analysis. In it, Prebisch formulated a thesis about the "hundred-year deterioration" in the terms of trade of developing countries (DC) and – as a further consequence – "unequal exchange".

R. Prebisch's theory provided politicians and economists from DC with scientific arguments for their aspirations aimed at changing the international economic order. Apart from the rapidly occurring process of decolonization, the progressive diversification of developing countries, and the fact that many of them look for their own paths of economic and political development, this was one of the most important reasons for the growing interest of economists in this issue. As a result, more than three hundred theories have emerged that make up the development economics.

Its name derives from the term "developing countries", introduced in 1956 to the official nomenclature by the United Nations – UN. For the same reasons, starting in 1961, subsequent decades in the United Nations were proclaimed Development Decades, and the term "economic aid" was replaced with the notion of development aid, although the name "missed opportunities" would be more appropriate for these decades, and in most cases the aid provided by the West did not serve the development of these countries. On the contrary – it benefited donors rather than nominal beneficiaries (Deszczyński 2006, pp. 189–206).

In this situation, how to define the concept of development economics, how to identify it within the achievements of economic sciences? It seems justified to accept the proposal of Z. Dobrska, who, while defining the research scope of development economics, indicated five of its characteristic features:

1. It examines the specificity of backward (dual) economies and the conditions for their activation.
2. The achievements of traditional economics are not denied, but they are made concrete (how a given law works under given conditions).

3. It covers a wider range of social, political, cultural and natural issues that affect management methods and effects.
4. The surrounding conditions, i.e. the functioning of the world economy and the pressure of highly developed economies, are of great importance (while in orthodox models they were often omitted and analyzes were conducted within a closed economy).
5. It draws largely from the experience of practice – how to get out of stagnation when the market does not work, how to create (or replace) it (Development, 2010, pp. 64–65).

2.2. Classification of the theories of development economics

In the literature on theories of economics, the classification was made on the basis of various criteria. In this study the theories were divided into four groups, using the criterion of the primacy of factors on which their theoretical structure was built.

2.2.1. Development theories – the primacy of internal factors¹

Theories explaining the economic condition of developing countries (DC) based on internal factors are among the oldest. The underdevelopment of DC was usually explained by their unfavorable geographic location, lack of natural resources or their non-utilization, and above all, social and cultural barriers to development. This group includes theories of stages of economic growth by W.W. Rostow and cumulative circular processes by R. Nurkse, as well as the socio-psychological one by D. Lerner.

W.W. Rostow distinguished five stadia – traditional society, preconditions to takeoff, takeoff, drive to maturity, and age of high mass consumption. Based on economic indicators, he classified DC into four types:

- pre-start economies (where savings and investment rates, including limited net capital imports, approach 5% of GDP);

¹ More about development theories – the primacy of internal factors is discussed in the work by Deszczyński (2011a, pp. 17–18).

- start-up economies (exceeding 5% of GDP);
- growing economies (reaching the level of 10% and more of GDP);
- economic enclaves (savings and investment rate $\geq 10\%$, but the preconditions for self-growth have not been met) (Deszczyński, 2001c, p. 33).

Rostow's theory of economic growth was intended to show the governments and societies of the DC the path which they should follow to achieve the economic level of highly industrialized countries. Western critics of the theory of economic growth stages pointed to its descriptive character. Thus, they questioned its aspirations to be a universal theory of growth and reduced its role to a description of the historical phases of development of industrial societies. They also accused Rostow of a number of methodological flaws, such as inconsistent (economic and non-economic) criteria for classification or imprecise terminology and definitions, and failure to explain the reasons for the economic underdevelopment of the DC.

This gap is largely filled by R. Nurkse's theory of cumulative circular processes. In it, he pointed out that the internal barriers to the development of developing countries' economies are the result of a low level of the most important economic figures. Their mutual conditioning means that the effective elimination of one development barrier requires the simultaneous overcoming of others. For this to happen, a broad industrial investment program must be initiated. The problem is that it is difficult to implement such a program both from the point of view of the supply of capital and the potential demand for the goods that were created thanks to this capital. In developing countries there is a small supply of capital, which is closely related to a low propensity to save, which is a consequence of a low level of national income. This, in turn, is the result of low work efficiency resulting from insufficient technical equipment of the workplace due to the shortage of capital. Thus, the first circle of cumulative processes is completed. This led Nurkse to the observation that "the country is poor because it is poor" (Gilpin, 1987, pp. 274–275). Analyzing the situation from the demand side, R. Nurkse pointed to its insufficient size and the resulting very weak incentives to invest in the

DC. The reason is a low purchasing power of the population, caused by low real income. It reflects a low level of labor productivity, resulting from insufficient technical equipment of the workplace and, subsequently, capital shortage. Thus, the second circle of cumulative processes closes. The common factor of both circles is the low level of real income resulting from low labor productivity. All this together creates difficult to overcome barriers of underdevelopment, called by R. Nurkse “the vicious circle of poverty”.

The advantages of Nurkse’s theory include showing in a very precise manner internal limitations of the functioning of DC economies and pointing to the possibility of breaking the economic underdevelopment, mainly through an increase in labor productivity. However, it ignores the negative impact of external factors on the emergence of economic underdevelopment in DC. The failure to take into account the question of how the national income is distributed within the societies of DC was also criticized.

The socio-psychological theory of D. Lerner is based on the assumption that there is a direct causal relationship between commitment, behavior, recognized values and motivations of a society in DC and economic underdevelopment. This is expressed in a belief that a person with a traditional lifestyle is characterized by fatalism, apathy, little creativity and low motivation to efficient work. Lerner proposes to break them out of this state by acquiring a strong and influential personality from the traditional society, capable of initiating its modernization and taking over a new role in modern society (the principle of empathy) and by implementing urbanization programs and spreading Western systems of values and behavior (the issue of social mobility and rational decision making).

Among the basic causes of underdevelopment Lerner lists, in addition to the value system of traditional society, the chronic shortage of capital. Therefore, in order to modernize the economy and society of developing countries, an influx of foreign capital (from private sources and in the form of state economic aid) is needed, which will stimulate traditional society and break the “vicious cycle of poverty”. However, Lerner does not specify how to cause the inflow of this capital.

He attributes particular significance to urbanization, treating it as a universal method of modernization. He ignores the negative experiences related to the process of urbanization which is increasingly becoming a symbol of marginalization and extreme poverty in DC – the case of slums on the outskirts of large cities. The thesis concerning the low creativity and motivation for efficient work of the societies of DC also remains controversial, especially in the light of increasing migratory pressure.

2.2.2. Development theories – the primacy of external factors²

Theories explaining the economic condition of developing countries (DC) only on the basis of external factors are closely related to politicians and scientists coming from left-wing circles – Marxist and socialist. They believed that the economic underdevelopment of the colonial territories, and then of the developing countries, was the result of an inherent feature of the capitalist world economy. It was created by colonialism and imperialism in such a way in order to guarantee profits to the industrialized nations. The essence of the exploitation of the indigenous peoples inhabiting the colonial territories was:

1. “commercial” imperialism, i.e. the need to export raw materials and food products at unfairly low prices and import surplus finished goods that bring the West an increasing income;
2. “capital” imperialism, identified primarily with the activities of multinational corporations in DC;
3. “economic aid” imperialism. It was about establishing political ties to the system of capitalist countries in DC and opening their markets to exports by Western companies (The Global, 2008, pp. 36–40).

The revival of the concept of imperialism and colonialism came with the emergence of the theories of neocolonialism, mainly in Africa, including

² More about development theories – the primacy of external factors is discussed in the work by Deszczyński (2011a, pp. 21–22).

theories of K. Nkrumah, F. Fanon and L.S. Senghor. They were to become an alternative to Western modernization theories. At that time, neocolonialism was understood as a system of unequal relations between the developing countries and the imperialist world, consolidating the exploitation and formal subordination of the independent states of Africa, Latin America and Asia. Thus, it was argued that the exploitation of developing countries remained, and it was only its forms that changed. The direct rule of metropolises during the colonial period was replaced by an indirect influence, encompassing all financial and economic instruments (economic aid, the functioning of international enterprises, the World Bank, the International Monetary Fund), technological instruments (dependence of developing countries on know-how and technology exports from the West), political and military instruments (including developing countries into political, military and economic blocs) and cultural instruments (indoctrination by creating the education system, mass media).

Theories attributing the responsibility for the underdevelopment of developing countries only to external factors assumed overcoming underdevelopment by eliminating these factors. Therefore, it was postulated to liberate developing countries from the chains of world trade, nationalize foreign capital, conduct a social revolution and reject economic aid from the West. The political transformation of countries in Central and Eastern Europe in 1989, the collapse of the Soviet Union in 1991, and the negative experiences of communist regimes in Cuba and North Korea have shown that these postulates, with their strong ideological and political tinge, cannot be successfully implemented in the practice of economic life.

2.2.3. Development theories – the primacy of external and internal factors³

These theories arose in the mid-1960s in Latin America. The impulse for their formulation was, on the one hand, the thesis of P. Baran that “the

³ More about development theories – the primacy of external and internal factors is discussed in the work by Deszczyński (2011a, pp. 22–26).

development of economically backward countries is not possible when they are part of the capitalist economic system”, and on the other hand, the previously quoted theory of R. Prebisch. This group of theories was based on the analysis of the experiences of the economic development of the states of this continent which had been independent since 1825, carried out by native scientists, including F.H. Cardoso, E. Faletto, C. Furtado, H. Jaguaribe, D. Ribeiro, T. dos Santos and A.G. Frank. Their results were highly interesting. They opened a new research perspective – the point of view presented by representatives of the group of economically underdeveloped and dependent countries. They did not limit themselves only to researching economic and socio-cultural relations, but extended their research by including the political and military aspects. At all levels, they noticed a high degree of dependence of developing countries (the periphery of capitalism) on industrialized countries (the center of the world economy). For these reasons, the results of their research were called “theories of dependence”. However, contrary to liberal-conservative and Marxist theories, the problem of underdevelopment was not reduced to only internal or only external factors, but to a combination of them. In their theoretical paradigm, it was usually indicated that:

1. The very difficult economic situation of DC was determined by their peripheral (“satellite”) and dependent location in relation to the more industrialized Center, represented first by colonial metropolises – Spain and Portugal, then England and other Western European countries, and now primarily by the United States. This dependence disintegrated the internal economic structure of colonial territories and still distorts the directions of economic development of DC, exacerbating their underdevelopment.
2. Linking the economies of a peripheral country with the Center in the form of foreign investment, economic aid, activities of multinational enterprises or any other form inevitably leads to its exploitation and structural dependence. Under these conditions, their mutual relations do not stimulate development for the dependent country, but on the contrary – they become its barriers. In the international division of labor, they assign to the dependent

country the role of the peripheral raw material and food base. It generates a heterogeneous structure of the economy and society – a hereditary defect accompanying the process of dividing into the Center and the Periphery.

3. The Periphery–Center relations are also reconstructed in the internal system of dependent countries and operate on analogous principles. The economic centers of the developing world are the footholds of the West. They prosper on the exploited and dependent environment of the Periphery around them. Thus, we are dealing with two levels of dependence. To overcome them, it is first necessary to eliminate its source – the existing economic ties with the West (Cardoso & Faletto, 2008, pp. 9–251).

The essence of the dependency theory therefore consists in the impact of external factors on internal factors. In this sense, the results of their research largely coincided with the theses of the Marxist theory, albeit with a clear nationalist overtone, for it is not a class but a highly developed nation that has been recognized as a vehicle for control and dependence. In theories of dependency, overcoming the underdevelopment of DC was associated with the necessity to undertake, at the same time, a double strategy of equal importance, aimed at the elimination of both external and internal barriers to development. In the case of external factors, it was alleged that their negative impact on the economic development of DC was interrupted by the introduction of the so-called dissociation imperative, which consisted in:

1. Gradually and selectively withdrawing from participation in the capitalist world economy, *inter alia*, by abandoning the traditional export structure, and in particular – abandoning export-oriented industrialization and foreign trade as a key instrument of economic development.
2. Re-arrangement. It was about a temporary break with the world market until the end of an independent, internal market-oriented process of economic development. It was assumed that after that

break the cooperation with the West would be possible, but on new principles, called the Re-arrangement.

3. South-South cooperation, which was considered a very important mechanism of collective emancipation of this group of countries and at the same time strengthening self-reliance of individual DC (Nuscheler, 1991, pp. 88–92).

The adoption of the concept of the “dissociation imperative” towards the world economy was associated with a proposal to actively influence internal factors through the “internal development imperative”. It included:

1. Local use of own resources, e.g. raw materials and arable land, and the creation of an interconnected economic circuit, including the launch of local production to meet mass needs (self-reliance).
2. Deep social reforms, such as: change of property relations, redistribution of income and property, land reform, political activation of the masses. It was assumed that without their implementation internal development would not be possible.
3. Strategy for meeting basic needs. The focus of the independent development process should be the satisfaction of basic human needs (food, clothing, housing, work), and not striving to increase abstract indicators of economic growth (Cardoso & Faletto, 2008, pp. 9–251).

Critics of the dependency theory focused on overestimating the influence of historical and external factors on the underdevelopment of DC. It was primarily accused of being one-sided and overly simplifying the approach to the analysis of this issue. On the one hand, the example was given of some of the poorest countries in the world – Afghanistan and Ethiopia, free from colonialism, and on the other hand, economically prosperous former colonial territories – Hong Kong and Singapore. The imperatives of dissociation and internal development were viewed as fundamentally false, non-historical, and idealistic. Negative experiences of the countries undertaking the import substitution strategy and implementing the assumptions of the dependency theory in practice – Tanzania and Burma

(now Myanmar) were pointed out. The question was also asked how countries deprived of any resources were to implement the concept of internal development. Methodological ambiguities and lack of precision in defining concepts, often very difficult or even impossible to define and empirically verify, were pointed out, such as the key one – dependence (Kaiser, Wagner, 1991, pp. 124–125).

2.2.4. Development theories – the primacy of global factors

Within this group of theories, which more and more resembled a set of postulates to be followed in the economic policy of developing countries rather than strictly economic theories, two division criteria can be distinguished – ecological and political. The first one determined the emergence of global problems, including, in particular, the depletion of raw materials and the rapid destruction of the natural environment. The second is a consequence of the new global balance of power in international relations, which emerged in the early 1990s as a result of the liquidation of the bipolar system. As a result of the collapse of the communist ideology, the values derived from the liberal doctrine no longer had a rational alternative in the world.

The genesis of global problems and the increase in their importance is most often seen in the dynamization of economic development, which is a consequence of civilization progress, especially technical progress, population growth and internationalization of the management process (Międzynarodowe..., 1997, pp. 298–301). All this is conducive to the growth of international trade in goods and factors of production, and at the same time to the steadily increasing interdependence between the economies of individual countries. As a result, the impact of the economic situation of one or several countries on the economy of other countries is increasing more and more. Under these conditions, what becomes an attribute of global problems are their global scope (hence the name) and the dependence on many interrelated factors of an internal and external nature. The importance of global problems results from the consequences that they may have in the event of their further aggregation – in an extremely pessimistic variant, they may even include the collapse of our

civilization. The complexity of the essence of global problems means that their effective and efficient solution requires taking comprehensive actions in many spheres of socio-political and economic life, covering basically all entities of the world economy.

In the theories presented so far, mainly those explaining the then economic condition of DC on the basis of internal or external factors, two axioms were adopted:

1. For our civilization, there are basically no limits to economic and technological progress.
2. With the elimination of barriers to economic development in DC, they will adopt the model of economic growth of the North⁴.

The level of material civilization achieved at that time was widely regarded as a great victory of man over nature. It was not until the beginning of the 1970s that the first critical reflections appeared, initiated by the Report of the UN Secretary General U Thant “The problems of human environment” of 1969. A study from 1977 “Catastrophe or new society? A Latin American world model”, followed by the Commission Report of the G.H. Brundtland, also caused much resonance.

The phenomena that may accompany the further unrestrained economic growth of the world and the promotion of the consumerist lifestyle, so characteristic of societies in highly industrialized countries, began to be considered more deeply. Intellectual elites, and consequently political elites, became more and more aware of the significance of the changes taking place (especially in the long term) between the demographic explosion in DC, the scale of economic activity and the growing aspirations for further material and civilization progress on the one hand, and the possibilities of preserving the natural environment and of supplying of natural resources, fuels and other resources needed by man on the other.

⁴ Thus, we have a typical Eurocentric approach here, consisting precisely in assessing the functioning of the economy, politics, culture and other areas of DC life from the point of view of models, both right-wing and left-wing (assuming their superiority *a priori*), arising from the development experiences of the European population.

In the era of dynamic civilization changes the protection of the natural environment was recognized as one of the most important matters, which at the same time meant the emergence of a new direction of intellectual activity – global issues.

Under these conditions, theories of eco-development and an alternative lifestyle emerged. They questioned the validity of the axiom of unlimited possibilities for the development of the world economy. It was pointed out that many natural resources needed by man are non-renewable. It was also emphasized that the creators of eco-development are not principally against all growth. However, the idea was that it should be carried out on the basis of eco-development, i.e. always in harmony with the surrounding natural environment. Eco-development was defined as independent development based on the effective use of available resources (self-reliance), in such a way as to adapt it to the specificity of the culture, history and ecology of individual developing countries. Its internal boundaries would be determined by the satisfaction of basic human needs, while its external boundaries would be determined by the preservation and not burdening the natural environment. There should also be no uncritical imitation of Western values and economic growth models, including scientific and technical rationality, industrialization and bureaucratization. As one of the representatives of this trend, I.D. Illich, put it, poor nations cannot afford to satisfy their thirst with Coca-Cola and solve communication problems by creating traffic jams (Illich, 1970, p. 129).

A less radical understanding of eco-development was included in the Report of the United Nations World Commission for Environment and Development, chaired by former Norwegian Prime Minister G.H. Brundtland. In the document submitted in 1987, not accidentally called “Our Common Future”, the aim was to make the society, especially politicians, economists and representatives of business circles, aware that:

1. Satisfying the current needs must not limit the possibility of meeting them in the future.
2. There must be intergenerational solidarity and equality, i.e. achieving consumption at the right level today is as important as ensuring it for future generations (*Our Common Future*, 1987, p. 8).

The G.H. Brundtland report served its purpose. It contributed to the adoption of Agenda 21 in 1992 in Rio de Janeiro during the United Nations Conference on Environment & Development, which announced many projects aimed at environmental protection as part of the “One Hundred Years of Ecology” program. Among others, Commission for Sustainable Development (CSD) was established (Nuscheler, 2004, pp. 382–384).

The radical strategy of eco-development, on the other hand, rejected the traditional way of understanding economic development, including universal factors related to it, such as capital, work, and technology. The aim of eco-development was not, as it was called, achieving higher and higher abstract indicators – GDP or investment rate – but improving the situation of a specific group of people who so far lived in a given territory, adhered to a certain system of values and had specific economic resources (Deszczyński, 2009b, p. 237–239).

The theories of sustainable development and alternative lifestyles are imbued with idealism. Representatives of these theories do not show how they intend to encourage highly industrialized Western societies to abandon the prevailing pattern of mass consumption. It is also hard to expect that the societies of developing countries will agree to lower the level of their own consumption, because in order to survive (regardless of the necessity of social reforms), they must, on the contrary, achieve economic growth, also by increasing production in agriculture and industry (Braun, 1991, pp. 101–102).

The theories of eco-development and alternative lifestyle, however, made it clear that achieving the level of consumption of highly industrialized countries by the societies of developing countries is not possible, not only because of internal or external factors inhibiting the development, but mainly due to an ecological catastrophe of a global dimension, threatening mankind in this case. In other words, the fact that a Western citizen can indulge in the charms of mass consumption while consuming many times more, for example, energy and water is due to the extreme poverty of the vast majority of society in developing countries, who simply cannot afford such a waste.

The second group of theories of the economic development of DC, distinguished on the basis of the primacy of global factors, appeared

as a result of a new global balance of power in international relations – the elimination of the bipolar system. The Soviet Union and the countries subordinated to it in Central and Eastern Europe collapsed primarily due to the chronic ineffectiveness of the chosen economic system, and its inefficiency that was worsening over time. Moreover, these patterns, adapted in various forms in developing countries, also turned out to be a misunderstanding and instead of introducing them to the path of development, on the contrary, they contributed to the deepening of economic underdevelopment. In this situation, there was once again a spectacular return to the neoliberal concepts of economic development, called in 1990 by J. Williamson the Washington Consensus.

These were proposals from international financial institutions, primarily the World Bank and the International Monetary Fund, recommended to Latin American governments to accelerate the development of their economies. It was assumed that introducing the basic principles of neoliberal origin, such as the idea of market economics, the theory of limited functions of the state, the right to private property and the theory of freedom and individualism, with the support of the West, mainly the United States, into the economic policy of DC, would be a universal panacea for overcoming their chronic underdevelopment.

The implementation of the Washington Consensus principles was accompanied by a dynamic globalization. Both of these processes supported each other. Opening up to the world was to be an opportunity for faster economic development for many DC. Indeed, the results achieved in the first half of the 1990s seemed to confirm the correctness of the adopted neo-liberal strategy. At that time, however, the negative effects of liberalization and globalization, in the form of, above all, deepening income inequalities in DC, were underestimated. With a low national income per capita, the emergence of an economic crisis always poses an additional threat of an outbreak of an uncontrolled social crisis. Data published in reports by the United Nations and the humanitarian organization Oxfam show that social inequalities have been increasing steadily since the 1980s. Approx. 40% of the world's wealth is in the hands of only 1% of the richest people, and as much as 85% is owned by 10%. In turn,

half of the world's population owns less than 1% of the world's wealth (Deszczyński, 2020, p. 47).

The 1994 crisis in Mexico, followed by the financial crises in 1996–1999, first in Southeast Asia, and then in Brazil and Argentina, revealed the inadequacy of the proposed solutions under the Washington Consensus to the situation in DC. Moreover, it was the countries most integrated with the world economy, such as the countries of Southeast Asia, that suffered the most from the currency and financial crisis, which quickly turned into a deep economic and social crisis. The economic reality of DC once again turned out to be much more complicated than it might seem from the perspective of Washington, London or Paris.

While the blame for causing them could have been placed on the governments of DC, in the case of the 2007–2009 crisis, which first affected the United States, it could not be concealed that its source was the exuberant globalization, and within its framework – primarily the financialisation of the world economy. As a result, the existing solutions began to be perceived by an increasing number of people as doctrinarian and incapable of resolving emerging conflicts on the internal and international levels. There was a progressive loss of faith in the reliability of neoliberal solutions in the economic sphere and the elaborated, current principles of the Washington Consensus began to be questioned (Stiglitz, 2002, p. 21; Rodrik, 2011, p. 32, 2017, p. 41).

The response to this deepening tendency was the emergence of an anti-global and alter-global movement at the turn of the 20th and 21st centuries. Their criticism focused on the attributes of the functioning of the capitalist system – the World Bank, the International Monetary Fund⁵, the World Trade Organization and multinational corporations. They petrify the hitherto unfair social relations on the internal and international level. The argumentation of today's opponents of globalization sounds very similar, and in some cases identical to the formulations of K. Marx and F. Engels in the Communist Manifesto of 1848, which

⁵ The critical assessment of the activities of the World Bank and the IMF, but embedded in a different paradigm, was shared by many economists, not only from left-wing circles, including Nobel laureate in economics J.E. Stiglitz (cf. Stiglitz, 2007, pp. 7–223).

was a reaction to the rapidly emerging first globalization. While in the times of La Belle Époque, according to the Marxist understanding of economic determinism, “being shaped consciousness”, now consciousness is shaped by the growing lack of a broadly understood sense of security. It was intensified by the depletion of the possibilities not only to finance the expansion of social programs, but even to maintain the existing ones, even by the richest countries.

The collapse of the Washington Consensus coincided with the appointment in 2008 of the vice president of the World Bank and chief economist J.Y. Lin. Following the example of J.E. Stiglitz, he used this situation to disseminate his scientific achievements, proposing the “new structural economy” as a panacea for the problems of underdevelopment (Lin, 2011, pp. 193–229). Its undoubted advantage is drawing the right conclusions from the mistakes made by structuralists (Lin, Wang, 2018, pp. 123–141), while its disadvantage is that it is selectively formulated *ex post* based on the experience of industrialization of Asian countries, and above all, similarly to structuralists, it emphasizes the key role of state institutions in development processes, which in the conditions of the “soft” state syndrome common in DC means that the implementation of theoretically correct assumptions is in practice quite difficult, if not impossible (Banaszyk, Deszczyński, Gorynia, Malaga, 2021, p. 77).