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Balanced Development:

An Approach to Development Policy and Priorities

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Abstract

Living standards in general and poverty in particular are the result of what happens at different levels of aggregation: internationally; and domestically at the macro, meso, and micro levels. Accordingly, policies that address poverty concerns potentially require appropriate interventions at all of these levels. And, for the same reason, the design of policy requires a conceptual framework or model that describes the entire economic system. It is argued in the paper that, both in relation to households and the nonfinancial corporate sector, standard models are weak and therefore misleading. Improvements proposed suggest inter alia that (i) more emphasis should be given to employment and less to the money-metric, and (ii) that the efficient allocation of resources calls for the extensive use of cost-benefit analysis as an alternative to setting targets for the development of the social sector.

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