

# "Unbalanced Growth: Concept"

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Aparna Sengupta  
Associate Professor  
HOD, Department of Economics

## Unbalanced Growth :-

The doctrine of Unbalanced growth represents a Unique and Splendid contribution in accelerating the rate of economic development in backward and underdeveloped countries.

According to this concept, investment should be made in selected sectors rather than simultaneously in all sectors of the economy. No underdeveloped country possesses capital and other resources in such quantities as to invest simultaneously in all sectors. Therefore, investment should be made in a few selected sectors or industries for their rapid development, and the economies accruing from them can be utilized for the development of other sectors.

Thus the economy gradually moves from the  
Path of Unbalanced growth to that of balanced  
growth.

Albert Hirschman Propounded  
the doctrine of Unbalanced growth  
and has Popularized the concept.

Economists like Hans Singer, Paul  
Streeten, Kindleberger, Marcus Fleming,  
etc., have expressed their views in favour  
of the Unbalanced growth doctrine.

Hirschman regarded, "Development  
is a chain disequilibria that must keep  
alive rather than eliminate the  
disequilibria of which profits and losses  
are symptoms in a competitive economy."

There would be 'seesaw advancement'  
as we move from one disequilibrium  
to another new disequilibrium situation.

Thus Hirschman argued that,  
"To create deliberate imbalances in the  
economy, according to a pre-designed  
strategy, is the best way to accelerate

Economic development." He is of the confirmed view that underdeveloped countries should not develop all the sectors simultaneously rather one or two strategic sectors or industries should be developed by making huge investments. In other words, capital goods industries should be preferred over consumer goods industries.

It is because capital goods industries accelerate the development of the economy, where development of consumer goods industries is the natural outcome. Hirschman has stated that, "if the economy is to be kept moving ahead, the task of development policy is to maintain tensions, disproportions and disequilibria."

According to Hirschman, when new projects are started they appropriate external economies created by previous



Projects and create new external economies that can be exploited by subsequent ones. Development can only take place by unbalancing the economy. This is possible by investing either in social overhead capital (SOC) or indirectly productive activities (DPA)

Albert Hirschman's Unbalanced growth hypothesis, suggests that a developing economy can promote economic growth by initially investing in industries with high backward and forward linkages. Forward linkage effects encourage investment in subsequent stages of production, and backward linkage effects in earlier stages of production. He suggests export promotion is the only practical way of achieving industrialisation via import substitution.

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