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Conventional thinking of Development:

Economic Growth VS Development

CT → Saturday
→ 1st & 2nd cls topic

→ The purpose of development is to enrich human lives, not richness of economy which is only a part of it.

= increase production for sale, investment, exports, trade etc.

→ Economic growth is an increase in the production of goods and services in an economy.

Measurement of Economic Growth (GDP and GNP):

GDP: (Gross Domestic Product): The total value of all goods and services produced inside a country in one year.

GNP: (Gross National Product): The total value of goods and services produced by a country's people and companies, no matter where they're in the world. Location doesn't matter- nationality does.

Per capita income: Average income per person. A country's total income and divide it by it's population to see how much on average, each person would get.

Rostow's model of economic growth:

1 → traditional society

2 → Preconditions for take off

3 → Take off

4 → Drive to maturity

5 → Age of high mass consumption

(1) An agricultural based economy with low levels of trading and a population that is not scientifically or technologically advanced.

(2) A country develops an international outlook and manufacturing Industry, and productivity increases due to science, technology and infrastructure investment

③ A short period of rapid economic growth based on a few key industries, such as steel, railroads, textiles and food prod

④ The economy continues to grow and diversify and the workforce becomes more skilled to meet the demands of modern technology.

⑤ The economy shifts from heavy industries to consumer goods and services and mass production feeds consumer demands.

Example: South Korea as an example of Rostow's stages of economic growth:

→ Traditional society: Mostly agrarian after the Korean war.

→ Preconditions for take off: Invested in education, land reform, and imported technology.

→ Take off: Rapid indstrialization and manufacturing boom in 1960s-1980s

→ Drive to maturity: Continued economic growth, diversification and global integration in the 1990s - 2000s.

→ Age of mass comsumption: High income, advanced technology and strong focus on consumer goods and services.

According to the Rostow, Bangladesh is in the "Take off" stage.

Bangladesh is booming RMG sector and growth in other industries.

However, Bangladesh is still struggles with poverty, inequality and environmental problems, which can slow its move toward the Drive to Maturity Stage;

Limitations of Conventional 'Development' thinking: Economic Growth

→It is based on national income statistics, which doesn't include major portions of real income, like the contribution of work done in the household.

This will seriously undermine the value of the real per capita income of countries like Bangladesh

It is an average and doesn't say much about the structure of production or distribution of the national income.

Currently Kuwait, Brunai etc. are rich in non renewable resourses. Once these resources are consumed, the development process in these countries might cease. Therefore this kind of development is hollow and temporary.

→ The per capita income may increase even in the face of increasing unemployment.

→ The conventional conception involves no notion of what the end goal of development might be.

→ It only assumes an economy that constantly increases in size.

⇒ GDP vs Need Fulfillment:

→ when maximizing the GDP is the goal the owners of capital will be encouraged to put more land into export crops even if there is an urgent need to produce more food for hungry people.

However if land ~~h~~, was taken out of production of export crops and put into growing food for hungry people the GDP would be reduced.

→ Market forces allow the relatively rich few to get most or all of the available resources:

For example, while possibly 850 million people lack sufficient food, which might require 40 million tonnes of grain to remedy, over 40% of world grain production is fed to animals each year, mostly in reach countries.

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Inequality:

The extremely unequal distributions of the world's resource wealth come about primarily because it is an economic system in which some individuals and contries can afford to pay much more to purchase scarce goods.

→ Climate change is a result, almost entirely of man-made techology:- The burning of coal and gas has caused global temperature increases, which is causing catastrophic weather patterns, droughts and various other dangers.

Rich Countries are responsible for climate change:

Rich, industrialized countries (like US, Canada, Japan and western Europe) make up only 12% of the world's population but they're responsible for about 50% of all greenhouse gases over the last 170 years.

multi dimentional / holistic

Development: It refers to a process which is planned and desired by the society. Planning is an essential component of development. Development is value based. It has several dimentions like social, economic, cultural etc.

Development:

→ Good Health

→ Having sufficient good quality food, shelter, and clothing.

→ Belonging to and being involved in a supportive comunity.

→ Having meaning and purpose, important tasks, projects, interests.

→ Feeling secure - from unemployment, poverty, violence, illness, stress, isolation and social breakdown.

→ Freedom / autonomy over one's life and work.

→ Having a valued and interesting livelihood.

→ Not having to work hard or struggle.

→ Closeness to nature;

→ Having a sense of place, a home.

Adequate development is not done by displacing people from their roots, culture or environments.

Five Pillars of Development:

→ Health

→ Education

→ Amenities

→ Environment

→ IT / Transportation

Goulet (1971) → three basic components

↳ life sustinence (basic needs)

↳ Self esteem

↳ Freedom

→ Life sustenance: This is about ~~meeting~~ meeting people's basic needs. A country can't be seen as development if it can't ensure food, housing, clothing and minimal education for all.

Self Esteem: This is the sense of self respect and independence. A country isn't fully developed if it's controlled or exploited by others. Even after colonialism, modern institutions like IMF and World Bank can limit this independence

Freedom: People must have real choices in life - opportunities, education, skills and ability to shape their own future. Development matters when everyone benefits, not just the rich few.

Amartya Sen → development is the process of expanding human freedom.

→ Economic
→ Political
→ Social
→ using the amenities
→ IT sector

Freedom

Index:

Thinkers like Goulet and Amartya sen argued that development isn't just economic growth. Their ideas led to new ways of measuring development, especially the Human Development Index (HDI) and Human Proverty Index (HPI) created by UNDP.

HDI measures development using three core dimensions:-

1. Long and Healthy life
   → Indicator: Life expectancy at birth.

2. Knowledge:
   → Indicators: Expected years of schooling and Mean years of schooling.

3. A decent Standard of Living:-
   → Indicators: Real Per capita Income (GNI per capita, PPP)

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Economic Growth VS Development:

Meaning: → Economic growth: Increase in a country's real output more goods and services.

→ Development: Improvement in income, savings, investment, plus structural, social and technological changes that improve people's lives.

Factors:

Growth: Focuses on increases GDP compoments – cosumption, investment, govt spending, exports.

Development: Focuses on human capital, reducing inequality, improving the overall quality of life.

Measurement:

Growth: Measured with quantitative indicators – real GDP, Per capita income.

Development: Measured with – HDI, gender Index, HPI, infant mortality, literacy rate etc.

Effect:

Growth: Brings quantitative change – economy becomes bigger.

Development: Brings qualitative + quantitative improvements – better living standards, education, health.

Feedback [2,3rd]

Relevance:

Growth: Shows national or per person income.

Development: Shows actual progress in people's well-being, not just the economy size.

Key Idea: Growth is necessary for higher income, but not enough for development. Development is multidimentional - includes income distribution, basic needs, social well being and real freedom.

[redacted]

Q5: How would you prove / disprove that "economic growth is not the same as economic development"?

To explain that "economic growth is not the same as economic development," we need to understand the distinctions between these two concepts and provide reasons for their differences. Let's explore this with simple explanations:

1. Economic Growth:

- **Definition:** Economic growth refers to the increase in the total output of goods and services (Gross Domestic Product or GDP) in a country over time. It's primarily a quantitative measure of economic performance.
- **Focus:** Economic growth is mainly concerned with the expansion of the economy in terms of production and income.

2. Economic Development:

- **Definition:** Economic development is a broader concept that includes improvements in various aspects of people's well-being, such as living standards, education, healthcare, and overall quality of life.
- **Focus:** Economic development focuses on qualitative and holistic improvements in society.

Now, let's explain why economic growth is not the same as economic development:

1. Quality vs. Quantity:

- Economic growth emphasizes increasing the quantity of goods and services produced. It measures the size of the economic pie. In contrast, economic development focuses on the quality of life for individuals, including access to healthcare, education, clean water, and a clean environment.

2. Distribution of Wealth:

- Economic growth can sometimes benefit only a small segment of the population, leading to income inequality. Economic development, on the other hand, aims to ensure that the benefits of growth are shared more equitably among the population, reducing poverty and social disparities.

3. Environmental Impact:

- Economic growth can sometimes come at the expense of the environment. Industrialization and resource consumption may lead to pollution and resource depletion. Economic development takes into account sustainability and environmental concerns, seeking to balance growth with environmental protection.

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4. Social Well-Being:

- Economic development is concerned with improving overall human well-being, including factors like healthcare, education, access to basic services, and social welfare. Economic growth alone does not guarantee these improvements.

5. Long-Term vs. Short-Term:

- Economic growth can be short-term and driven by factors like increased consumer spending or government investment. Economic development takes a longer-term perspective, focusing on sustainable improvements over time.

Examples:

- A country may experience high economic growth due to increased oil production, but if this growth doesn't translate

into better healthcare, education, and living conditions for its citizens, it may not be considered true economic development.
- Conversely, a country that invests in healthcare, education, and social programs, even if its economic growth is slower, can be seen as achieving economic development by improving the well-being of its people.

In conclusion, economic growth and economic development are related but distinct concepts. Economic growth is primarily concerned with the quantitative expansion of the economy, while economic development takes a broader, qualitative approach, focusing on the well-being of society. Therefore, it's possible to prove that they are not the same, as economic growth does not guarantee economic development, and achieving true economic development often requires a more comprehensive and holistic approach.

Q6: How would you prove / disprove that “GDP per person is only a rough indicator of true economic wellbeing per person?

To prove or disprove the statement that "GDP per person is only a rough indicator of true economic well-being per person," we need to explore the limitations of using GDP per capita as a sole measure of individual economic well-being. Let's break it down in a simple way:

1. GDP per Capita:

- **Definition:** GDP per capita, or income per person, is the total Gross Domestic Product of a country divided by its population. It provides an average income figure for each citizen.

2. Limitations of GDP per Capita:

[redacted]
approach.

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2. Limitations of GDP per Capita:

- **Inequality:** GDP per capita doesn't account for income inequality within a country. It could be a high average, but a significant portion of the population may have low incomes. This means that many people may not experience the same economic well-being as the average suggests.

3. Non-Monetary Aspects of Well-Being:

- **Quality of Life:** Economic well-being is about more than just income. It includes factors such as access to healthcare, education, clean water, sanitation, and basic services. A country with a high GDP per capita may still have a lower quality of life if these factors are not adequately addressed.

4. Distribution of Wealth:

- **Wealth Distribution:** GDP per capita doesn't reveal how wealth is distributed among the population. If a small percentage of the population has most of the income and wealth, the economic well-being of the majority may be quite different from the GDP per capita figure.

5. Environmental and Social Factors:

- **Environmental Impact:** A high GDP per capita doesn't account for environmental sustainability or the long-term consequences of economic activity, such as pollution, resource depletion, and climate change.
- **Social Factors:** It also doesn't consider social well-being, including crime rates, healthcare outcomes, and overall happiness.

Examples:

[redacted]

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Examples:

- Qatar has one of the highest GDP per capita figures in the world due to its oil wealth. However, a significant portion of its population comprises low-income migrant workers who may not experience the same economic well-being as the average suggests.
- Bhutan, on the other hand, has a lower GDP per capita but places a strong emphasis on Gross National Happiness, which includes non-economic factors in well-being assessment.

Comparisons:

- Comparing two countries with the same GDP per capita, one might have a much better standard of living due to lower inequality, better social services, and environmental practices.

In conclusion, GDP per capita is indeed a useful economic indicator, but it is not a comprehensive measure of true economic well-being. It can provide an average income figure, but it does not account for income inequality, non-monetary aspects of well-being, wealth distribution, environmental impact, or social factors. To assess the true economic well-being of individuals, a more holistic approach, including multiple indicators, is necessary. This suggests that the statement is accurate in asserting that GDP per capita is only a rough indicator of true economic well-being per person.

Q7: Can you explain – how development is transforming destructing the natural environment and the social relations in Bangladesh?