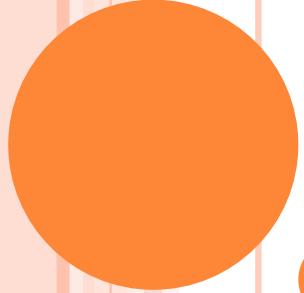


## ANNOUNCEMENTS AND REMINDERS

- Update on grading
- Today: NGO assignment due
- Next Tuesday: International Interview Essay
- 10/18: *The Bright Continent*
- Study Abroad Fair: Wed. 10/19 10 – 3 in Charger Union





# ECONOMIC DEVELOPMENT

GS 200

October 4, 2016

# OBJECTIVES

- Finish up last Tuesday's topic
- Discuss key concepts and varying theories associated with development
- Assess overall the challenges of “development”
- Think about what the goal of development should be



# MANUFACTURING AND EMPLOYMENT?

## Positive Trends

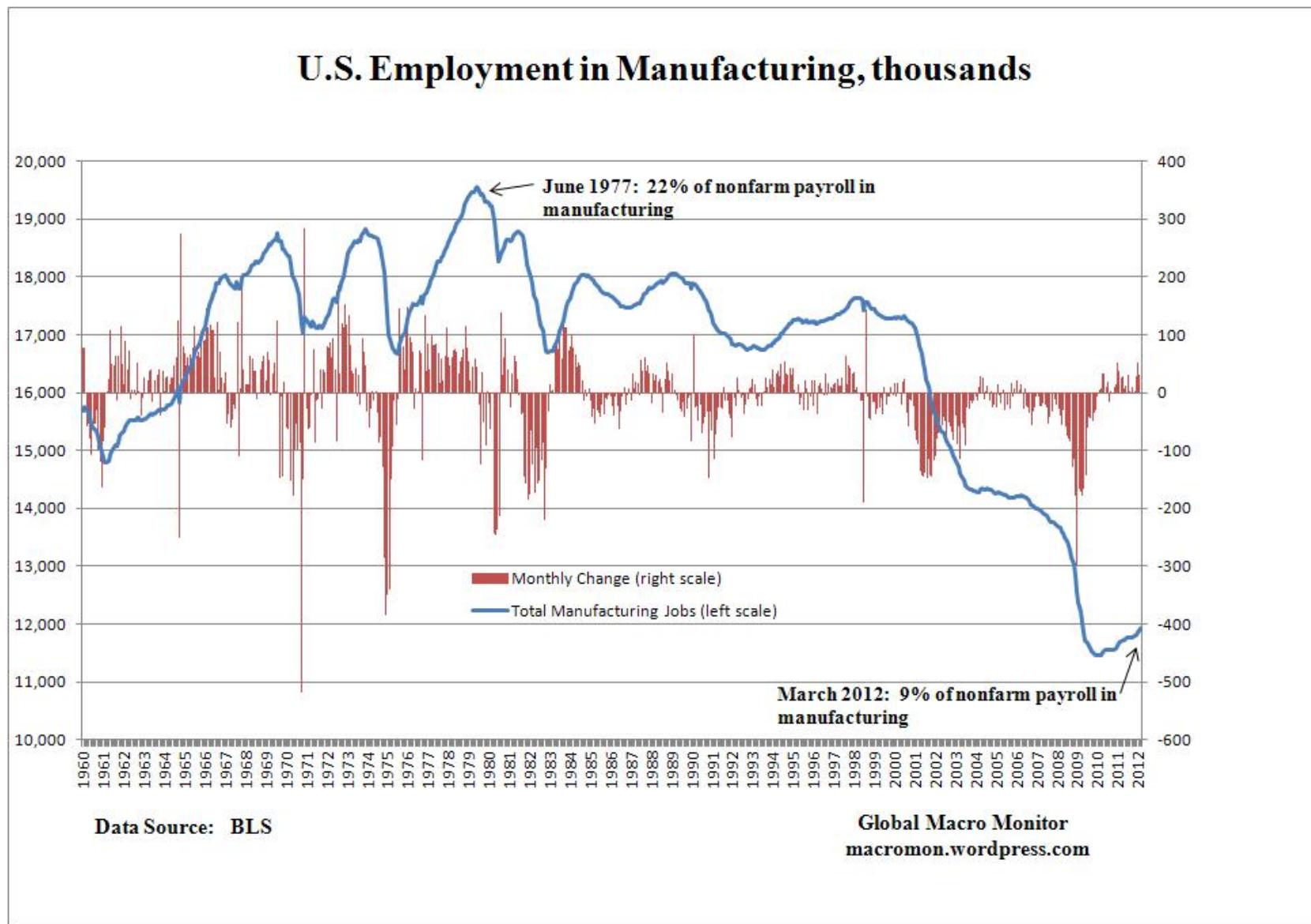
- Insourcing
- Example: General Electric “Appliance Park”

## More challenging realities

- Example: Google Nexus
- Example: Nissan in Smyrna, TN



# RISING MANUFACTURING EMPLOYMENT, BUT...



# “ECONOMIC DEVELOPMENT”

- Elements of a definition:
  - Sustained, concerted actions from policy makers (public and private) to improve standard of living and economic health of a particular country/region
  - Components of concerted actions:
    - Human capital
    - Critical infrastructure
    - Education
    - Public (and individual) health
    - Environmental and geographical factors

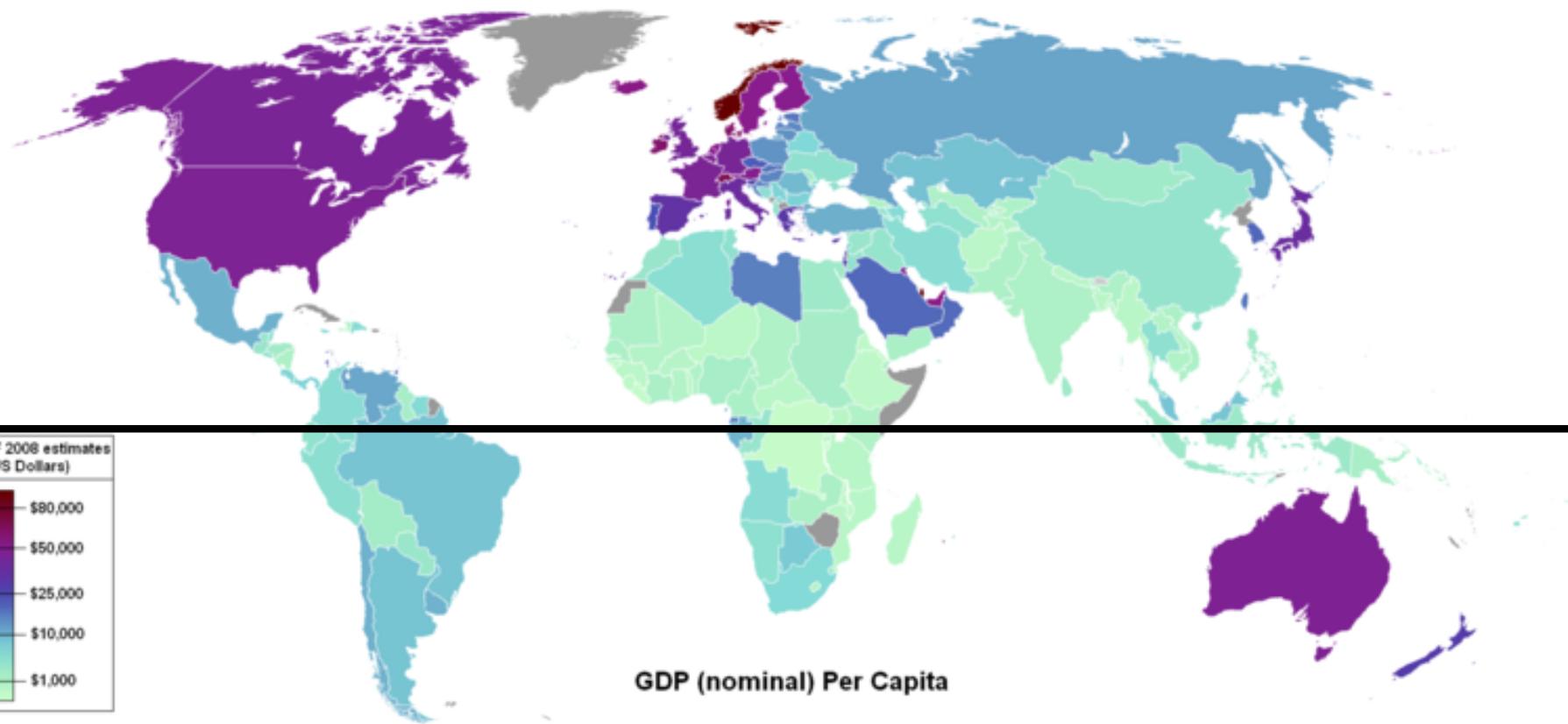


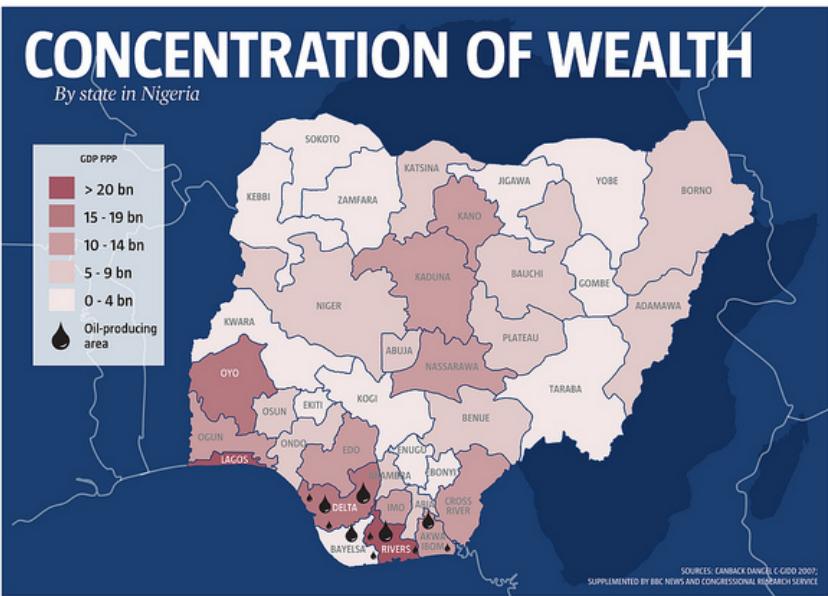
# TERMS OF DEVELOPMENT

- “Developed” and “Undeveloped”
- Lesser Developed Countries (LDCs)
- Core and periphery
- “First” and “Third World Economies”
- “Developing Economies”
- “Emerging Economies”
- “Global north” and “global south”



# GROSS DOMESTIC PRODUCT (GDP)





U.S. SENATOR  
CHRIS COONS  
of DELAWARE

[WWW.COONS.SENATE.GOV](http://WWW.COONS.SENATE.GOV)

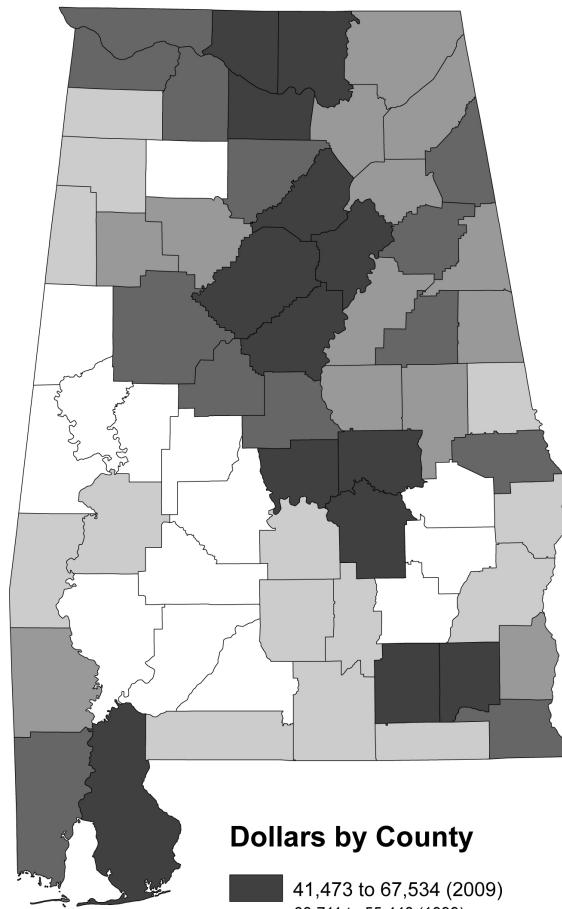


# CONTRASTS IN NIGERIA

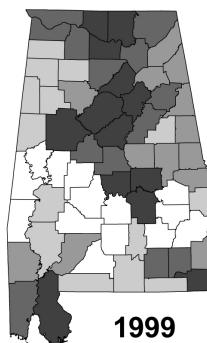


Development:  
Not just a  
problem for  
developing  
economies

## Median Household Income, 2009



Produced by: Cartographic Research Lab  
Source: US Department of Commerce, 1999  
and Bureau of the Census, 2009



# “MODERNIZATION THEORY”

- The Theory
  - The ideas of “modernity” and “progress”
  - Development = industrialization = mass consumption
- Walter Rostow and his “Stages of Development”
  1. Traditional Society
  2. Transitional Stage
  3. Take Off
  4. Drive to Maturity
  5. High Mass Consumption



A “narrative” of development

Mass consumption society (Beijing shopping center)



# MODERNIZATION THEORY: FLAWED, BUT...

- Western-centric (or developed world-centric)
- Simplistic
- Prescriptions based on history / presumption of universality
- Presumption of consistent progress
- Nonetheless:
  - Strong consensus attached to modernization theory
  - A “powerful” story, seemingly legitimated through economic might of developed world



# DEVELOPMENT: EMPHASIS ON FREE TRADE AND THE MARKET

- Review: Washington Consensus
- Goal and product of development: facilitation of trade
  - Identify areas of **comparative advantage** and develop and promote these areas
- Intergovernmental Organizations (IGOs)
  - World Trade Organization (WTO)
  - International Monetary Fund (IMF)
- Key Term: “conditionality”
  - Both for distribution of aid and for expectations for sustained economic growth and development



# CHALLENGES FOR DEVELOPMENT

- “Legacies of Colonialism”
- “Dual economies”
  - Inequitable distribution of wealth and resources
  - Poverty
  - Low productivity
- Demographics
- Climate and geography
- Insufficient Capital (physical and financial)
- Lack of Human Services
- Corruption, Cronyism (management of natural resources and governmental institutions)



# ADDITIONAL CHALLENGES

- **SUBSIDIES**



- Cotton in Decatur, Alabama

2005, 2008, and 2009 WTO Rulings: US cotton subsidies illegal.

- **KNOW-HOW**

- Advantage of wealthier economies
- Wealth of knowledge
- Educational systems
- Research funds



# HOW PROMOTE DEVELOPMENT?

## The World Bank

- Investment in education and health
- Increase productivity of small farms
- Improve infrastructure
- Develop an industrial policy to promote manufacturing
- Promote democracy and human rights
- Ensure environmental protection

## UN Development Program

- Democratic governance
- Poverty reduction
- Crisis prevention and recovery,
- Energy and environment
- Information and communications technology
- Prevent the spread of diseases



# UN MILLENNIUM DEVELOPMENT GOALS (2000 - 2015)

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria, and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development



# CRITICISMS

## World Bank

- Conditionality for aid
- Accountability and receivers of aid
- Types of projects supported by World Bank
- World Bank administration: dominated by wealthier countries

## UN Development Goals

- Original MDGs:
  - How accurately assess achievements? Or failures?
  - Lack of uniform acceptance of goals by countries
- New “Sustainable Development Goals” (SDGs)
  - Too many; too vague

Common criticism: too much focus on “top down” processes; and are wealthier countries’ ideas of development the best for alleviating poverty?



# SUSTAINABLE DEVELOPMENT

- *Sustainable development* is development that "**meets present needs without compromising the ability of future generations to meet their needs**" (Brundtland Report 1987).
  - Why?
    - Consequences of industrialization and development
      - Pollution of land, water, and air
    - Concerns about finite resources
      - Need for conservation and discovery of renewable sources of energy
  - All factors in “sustainability” and improving and maintaining standard of living



# STRATEGIES FOR SUSTAINABLE DEVELOPMENT

- Guided by the international agreement “Agenda 21,” or the “Rio Declaration on Environment Development” (1992). Goals include
  - economic prosperity in combination with and alongside protection of the world's atmosphere, promotion of sustainable farm production,
  - combating deforestation and desertification, protection of the oceans, maintenance of biodiversity, and protection of water resources



# CHALLENGES OF SUSTAINABILITY

- Meaning of “sustainability” shifts depending on perspective and objectives.
  - “Balanced development”
    - *Basic needs of people, economic growth, the environment, etc.*
    - Example of Brazil and deforestation
  - Corporate definitions of sustainability ([example](#))
    - Marketing or sincere?



# QUESTIONS ABOUT DEVELOPMENT

- “Growth”? How do we measure this? How can we make growth more equitably distributed?
- Sustainability?
- Need for (continuing) rethink about viability of top-down policies and practices?



# FOCUS ON LOCAL NEEDS



## NGOs

- Definition and Roles of NGOs
- Global reach, local focus
- Examples:
  - Heifer International
  - Bill and Melinda Gates Foundation
  - The Water Project
  - Engineers Without Borders

## Participatory (Basic Needs) Development

- Value of local knowledge
- Focus on smaller, self-sustaining projects
- Microfinance



# CRITICISMS OF LOCAL-ORIENTED DEVELOPMENT

- Does not create wider spread economic development
- Not all NGOs are efficient and effective in their aid and development assistance
- Large number of NGOs contribute to aid monies being spread too thin



# HYBRID MODEL OF DEVELOPMENT?

- “M-Pesa”

- Participatory development combined with economic power of global brands?
  - More money flowing = more economic activity
  - Economic empowerment and opportunity (and greater freedom)

- Concerns



# ALTERNATIVE MEASURES OF GROWTH

- Key question: what should the goal of “development” be?
  - Answer dependent on context
  - Answer influenced by ideological assumptions
- Reconsider GDP as measure of development
  - Human Development Index
    - Comparative measure of life expectancy, literacy, education and standards of living for countries worldwide



# SUMMARY AND REMINDERS

## Summary

- Challenges of economic development
- Consideration of reassessing “assumptions” about paths to (and narratives of) economic growth and development
- Alternative ways of measuring growth and development

## Reminders

- Today: NGO assignment due
- Next Tuesday: International Interview Essay
- 10/18: *The Bright Continent*

