



SCHOOL OF SOCIAL STUDIES

DEPARTMENT OF ECONOMICS AND DEVELOPMENT STUDIES

Course Code: BUCU 003

Course Name: Development Studies

CHAPTER 1: AN OVERVIEW OF THE CONCEPTS OF DEVELOPMENT

Learning Objectives

- a) *Define development and its impact to socio- economic growth*
- b) *Distinguishing between underdevelopment and less developed countries*
- c) *To establish the most acceptable definition of development*
- d) *Discuss the different Obstacles to development.*

A. Underdevelopment

This means a situation where resources are not used to their full socio-economic potential, with the result that local or regional development is slower in most cases than it should be. Furthermore, it results from the complex interplay of internal and external factors that allow less developed countries only a lop-sided development progression. Underdeveloped nations are characterized by a wide disparity between their rich and poor populations, and an unhealthy balance of trade. Symptoms of underdevelopment include lack of access to job opportunities, health care, drinkable water, food, education and housing some of the world poorest

B. Less Developed

This means the countries designated by the UN as 'less developed' on the basis of health care, literacy, and per capita income. Most of them are in Africa, few in Asia and Pacific, and one (Haiti) in the Caribbean. They are generally characterized by subsistence agriculture and varying degrees of lack of competitive industries and exploitable natural resources. Many of them suffer from droughts, floods, hurricanes, and pests, have little prospect of any significant improvement in economic prospects in the foreseeable future, and are likely to remain heavily dependent on external aid for many years.

C. Development

i. Growth Versus development

The term 'development' has been used as in: development studies, problems of development, developing countries, less developed countries, development cooperation, underdevelopment, development aid, development strategies, and development policy. So what do we mean by 'development'?

The term 'development' is the notion that some countries and regions of the world are extremely poor, whereas other countries, representing a relatively small fraction of the world population, are very prosperous. The discussion of development is always tied up with basic questions like: why are poor countries poor and rich countries rich? Why do poor countries lag behind rich countries in the development of their standards of living? How can poor countries become more prosperous? How can poor countries catch up with the rich countries? In this sense an important dimension of the concept of 'development' refers to economic growth or more precisely growth of national income per capita.

It is however clear that economic development is more than economic growth alone. Economic development refers to growth accompanied by qualitative changes in the structure of production and employment, generally referred to as structural change. Three additional

requirements for the use of the term development, namely that there should be a decrease in poverty and malnutrition, that income inequality should decline, and that the employment situation should improve

A country can grow rapidly, but still do badly in terms of literacy, health, life expectancy and nutrition. Economic growth does not necessarily make people more happy or satisfied. This led to the emergence of so-called 'social indicators' that includes:

- Life expectancy,
- Literacy, levels of education,
- Infant mortality,
- Availability of telephones,
- Hospital beds,
- Licensed doctors,
- Availability of calories.

Social scientists have stated that development should not be viewed in terms of economics only. One should also pay attention to:

- Changes in family structures,
- Attitudes and mentalities,
- Cultural changes,
- Demographic developments,
- Political changes and nation building,
- Transformation of rural societies
- Processes of urbanization.

ii. *Development as freedom*

Amartya Sen has argued for an even broader concept of development focusing on the concept of freedom. He sees development as an integrated process of expansion of substantive freedoms. Economic growth, technological advance and political change are all to be judged in the light of their contributions to the expansion of human freedoms. Among the most important of these freedoms are:

- Freedom from famine and malnutrition,
- Freedom from poverty,
- Access to health care
- Freedom from premature mortality.

Sen argues somewhat optimistically that all freedoms are strongly interconnected and reinforce each other. He also tends to underemphasize clashes between freedoms of different groups of people and the value choices that still need to be made. There is no objective definition of development and there may be basic differences of opinion about the goals of development, even including that of the very goal of freedom, which may not be the ultimate goal from a variety of religious perspectives.

Nevertheless, his use of the concept of freedom as a normative yardstick for development is insightful. In his perspective economic growth remains important, but not as a goal in itself. It is important in its potential contribution to a wide range of freedoms.

Achieving human development is thus linked to the view of freeing people from obstacles that affect their ability to develop their own lives and communities. Development, therefore, is empowerment: it is about local people taking control of their own lives, expressing their own demands and finding their own solutions to their problems.

iii. *UNDP definition of Development*

The most acceptable definition of the term development is the one from the United Nations Development Programme (UNDP) that uses a more detailed definition- according to them development is '*to lead long and healthy lives, to be knowledgeable, to have access to the resources needed for a decent standard of living and to be able to participate in the life of the community.*

D. Obstacles to development

i) Economic Obstacles

- Underdeveloped Financial Systems
Many LDC's financial systems are fragmented, lack transparency and are dependant on external sources of capital. These factors make it difficult for the government to regulate the monetary supply or control of foreign exchange reserves.
- Lack of Economic freedom
Economic freedom is the absence of government coercion on production, distribution or consumption of goods and services. When the government interferes with the market for other reasons other than the protection of person and property, it undermines economic freedom. E.g. ERC on Oil
- Macro-Economic Stability
This means a situation where key economic relationships are not in balance. e.g when domestic demand is higher than output or the government spends more time than it earns in revenues. This leads to high inflation, growing trade and budget deficits etc
- Infrastructure
Poor infrastructure is a key contributor to the perpetuation of poverty and economy underdevelopment.
Infrastructural facilities include roads, sanitation, as well as transmission and communication of knowledge and information.
- Dependence of Primary products
Low and fluctuating prices of primary products produced and exported by LDC's drastically affect economic development.
- Unequal terms of Trade
- Dependence on External Funding. LDCs domestic savings do not provide the necessary capital for economic development, they have to borrow from DCs commercial banks as a result many have Large external debts.

ii) Political Obstacles

- Underdeveloped Institutions. This leads to unstable economic and political policies that creates obstacles to economic growth and fosters corruption.
- Political Patronage. This makes government to be often dominated by narrow interest groups more concerned with their own welfare rather than society at large. This has devastating effects on development.

iii) Social Obstacles

- Population Growth. In many LDCs the population is growing faster than the ability of the society to provide education and skills necessary to improve growth.
- A rapidly growing population lowers per capita income.
- Lack of Access to Education. A poorly educated workforce limits increases in productivity and competitiveness thus slowing development. The two factors that limit educational excess are poverty and a rapidly growing population.

iv. Ecological Obstacles:

- Environmental Devastation. The cost of destroying the natural resources base was not included in GDP figures in traditional economic growth model. However, lately attention has been directed to the links between environmental issues and development.

Damage to water resources, land and forests has been known to slow growth and development through, increases in Health related costs and reduction of agricultural productivity. In other words, the destruction of environmental resources lessens developmental potential.

Review Questions

- a) Describe the causes of underdevelopment in African countries*
- b) Discuss the characteristics of less developed countries*
- c) Define development and its effect to economic growth*
- d) Distinguishing between underdevelopment and less developed countries*
- e) Discuss the social indicators of development and how they relate to economic growth.*
- f) Describe the most important freedoms affecting development*
- g) Explain the major categories of the obstacles of development*

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CHAPTER 2: THEORIES OF DEVELOPMENT AND UNDERDEVELOPMENT

Learning objectives

By the end of this chapter the learner should be able to:

- a) *Discuss the Modernisation Theory and its elements and criticism*
- b) *Explain the Underdevelopment /Dependency Theory and its implication on development*
- c) *Outline an over view of the classical theory of the economic growth and development*
- d) *Explain the features of classical theory and their relevance to development*
- e) *Explain the Rostow's five-stage linear development theory*
- f) *Discuss the relevance of Rostow model to development*

A. Introduction

The growth of post colonial Nations after 1945 spurred the development of specific strategies to assist newly independent countries to transform themselves into modern societies; these strategies were invariably underpinned by a set of ideas about

- i. The nature of development
- ii. How this development could be achieved
- iii. The kind of impediment these countries could face as they developed

B. Modernisation Theory

Modernisation theory is the most influential of the theories of development. It incorporates of different varieties of different theories and borrows heavily from the ideas of the 19th century socialist Max Weber and Emile Durkheim.

Modernisation theory attempts to identify the social variables which contribute to social progress and development of societies.

Modernisation theory not only stresses the process of change but also the responses to that change. It also looks at the internal dynamics while referring to social and cultural structures and the adaptation of new technologies.

Modernisation theories start from premise that third world countries societies are traditional in contrast with modernity of developed countries society. It continues to urge that it is their traditional characteristics that hold these poor countries back.

Proponents of modernisation theory also urge that modern societies are dynamic, entrepreneurial and successful as opposed to traditional societies that are:- fatalistic, backward looking and low achieving. The argument of modernisation theory is that these traditional societies could be transformed if they:

- Passed through development stages towards prosperity that replicates the paths taken by the developed countries.
- Are supported by the developed countries through provision of AID, Capital, Policy, Advice and diffusing Technology.

i. **Elements of Modernisation Theory**

- **Functionalism:** - this was first postulated by a French sociologist Emile Durkheim. It stresses the interdependence of the institution of a society and their interaction in maintain cultural and social unity. here division of labour describes how social order is maintained in the society and how primitive social order is maintained in the society and how primitive society might make the transition to more economically and advance industrial society
- **Social evolution:-** Durkheim further developed the idea of social evolution which indicates how societies and culture develop over times much like a living organism like organism living society progress through stages generally starting at a simplistic level in to a more complex level.
- **The state theory:-** this implies in order for modernization to grow and for society to become more developed the state must be tamed and power to availability seize private property curtailed from the taming of the state, a capitalist economy can better arise resulting in increased productivity the internal modernization of society
- **Globalization:-** this defines as the integration of economic political and social culture and is related to the spreading of modernization across borders some argues that globalization implies the creation of a world culture based essentially on the western culture. the forces that drives globalisation constitute a development approach
- **Technology:-** this is a major source of social change since modernization deals with social change from agrarian society to industrial once technology is a major component of modernization technology and broad makes it possible for a more innovated society and broad social change cell phones for example have changed lives millions through the world.

ii) **Criticism of modernization theories**

They often ignored historical realities

They ignored the effect of slave trade colonialism and exploitation

They ignored the influence of power and vested interest

They have been criticized to be deeply ethnocentric

They are criticized to be value laden and universal

C. **Underdevelopment /Dependency Theories**

i) **Introduction**

Dependency theories is a body of social science theories based on the notion that resources flow from a periphery of poor and underdeveloped state to a core of wealthy state enriching the rich countries at the expense of poor countries

The theories argue that poor states are impoverished and rich once enriched by the way countries are integrated into the world system.

Dependency theories arose as a reaction to modernization theories.

Dependency theories rejected the arguments of the modernization theories arguing that underdevelopment countries are not merely primitive version of development nations but unique features and structure of their own

Dependency theories argued against free market and that poor countries needed to reduce their connectedness with the world market so that they can pursue a path more in keeping with their own needs less distractive by external pressures eg how North Korea has done.

Dependency theory states that the poverty of the countries in the periphery is not because they are not integrated into the world system or not fully integrated as argued by modernization theorists but because of how they are integrated into the system.

Dependency theories originated with two papers published in 1949 one by Hans Singer and the other by **Raul Prebisch**. In the papers the authors observed that the terms of trade for LDCs relative to DCs had deteriorated over time. Many dependency theorists advocate to the reduction of economic disparities in the world system.

ii. Dependency theory starts from the premise that:-

- LDCs provide natural resources, cheap labour, a destination for obsolete technology and markets for DCs without which the latter could have the standards of living they enjoy.
- Wealthy nations perpetuate a state of dependence whose influence may be multi-faceted through economics, media control, politics, banking among others
- DCs actively counter attempts by LDCs to resist their influences by means of economic sanction and by the use of military force.

iii) Implication of dependency theories

As a result of influence by dependency theories, ideas, some protectionist and unionist practices by LDCs have been adopted at one time or another, some of which include:

- Promotion of domestic industry and manufactured goods by imposing subsidies to protect domestic industries; poor countries can be enabled to sell their own products.
- Import limitation by limiting the importation of luxury goods that can be produced in the country can reduce its loss of capital and resources
- Forbidding foreign investment; some governments took steps to keep foreign companies and individuals from owning or operating property that draws on the resources of the country
- Some governments have forcibly taken over foreign-owned companies on behalf of the state in order to keep profit within the country.

D. Classical Theory

i. An overview of the classical theory of economic growth and development

The classical theory of economic growth and development is a combination of the ideas of Adam Smith, David Ricardo and John Smith on the process of growth in capitalist economies

- Technological progress
- Population growth

In their view, technological progress continues for sometime and finally slows down and the falling rates of profits further prevent capital accumulation at the stage that the economy slams in to stagnation

ii. Features of classical theory

Production this can be written as;

$Y = F [K, N, L, T]$ where K =Capital, N =labour L =labour force T =level of technology.

Production depends on capital labour, land and level of technology. However technological progress is contained by capital accumulation

Classical economics hold that the process of technological progress is capital absorbing and therefore capital accumulation is a pre-requisite for a steady advance of technology.

They also held that productive activities are guided by the profit motive.

Profit; According to classical economists the level of profit is determined by the supply of the labour force the population growth and technological progress.

The wage; the size of labour force is constrained by the wage fund .it is the amount of money available to pay the wage bill that determines the population growth

- **Population growth;** An increase in profit brings an increase in investment ,this permits capitalists to take advantage of the steady flow of empowered technical and this raises the wage fund. This in turn leads to accelerated population growth which in turn causes decreasing returns to labour on the land thereby raising labour cost and reducing profit.

They also argued that when population is relatively small returns on land will be high however as the population grows it encounters rapidly diminishing returns

- **The stationery states**

Technological progress takes place at a steady rate provided enough capital is forthcoming to exploit the opportunities

This is an advanced economy diminishing returns to land and the consequent rise in labour cost will outrun effective technological progress.

Profit falls then investment drops technological progress is returned the wage bill ceases to grow and so population also ceases to grow and this is referred to as a stationary state.

However the classical concept of the stationery state is a historical of mature economy stagnation results of capital accumulation the end results of capitalist development is stagnation.

iii. The relevance of classical theories to under-developed countries

- 1The classical theories of growth are limited in scope and specific approach. They were developed in England at the time of industrial revolution and system policy measures particularly suited to the problems of that particular period.
- Most LDCS today experience the classical symptoms of economics stagnating ie population growth higher labour land ration and low wages.
- The Lewis model of dualism an off shot of classical theory.

iv. A critical appraisal of classical theories

Following are criticism of classical theories'

- It is a state model that looks like a growth model which is not
- It does not emphasise the role of entrepreneurs who really bring about innovation that lead to capital formation
- It is based on unrealistic assimilation of perfect conception however free and fair competition is never found any where
- it ignores the role of the state in dais complex society state intervention is inevitable
- It ignores the significant role played by the middle class i.e. the capitalist the labour class
- It neglects the significant role played by technological advancement.
- A stationary state is not a likely reality either for DCS or LDCS

E. Linear Theory (Rostow's five-stage linear development theory)

a) Introduction

Walter Rostow [1960] concept of economic growth is the one referred to as the liner development theory. Rostow outlines his concept in his book; the stages of economic growth 'he argues that within a society sequence economic steps of mobilization can be identified. These steps are liner and towards an evoulational higher development Rostow identifies five growth stages.

i. The traditional society

At this stage the economic system is stationary. It is dominated by agriculture with traditional cultivation forms. Productions by man hour work in lower people have metaphysical way of thinking.

ii. The pre-condition for take off

During this stage the rate of investment are getting higher and they initiate a dynamic development. Europe this kind of economic development resulted to the industrial revolution. Agriculture also grows and the work force opf the primary sector becomes irrelevant.

iii. Take off

This stage is characterized by the dynamic economic growth. The main characteristic of this economic growth is self sustained growth we requires no extra inputs

A few leading industries can support development eg in England the textile industries supported development

iv. The drive to maturity

This is characterized by continual investment economic and technical progress dominate this stage new form of industries eg electrical chemical and mechanical engineering industrial emerging Europe this happened in 1990s.

v. The age of high mass consumption

This is the final step of Rostow model of development there most part of society lives in prosperity .person living in this society are offered both abundance and multiplicity of choices according to Rostow the north belong to its category today

b) Relevance of Rostow model to development

Rostow model of development has a large influence on development strategies eg industrialization agricultural modelization etc. This model has influenced decisive model an measures of development work. Countries like India have used high tech means to modernize the counties

c) Limitations of Rostow model of development

- Rostow treated modernity as equivalent to the model western capitalistic society
- The approach treated modality as equivalent to the model of western capitalistic society
- This approach has a unilateral interpretation of traditional society as non-modern because of their lower form of development factor of underdevelopment
- The approach favours a top down approach over a bottom up approach thus rendering indigenous means to development as irrelevant or users
- This approach implies that only international development institution can handle the problems of under development

Review Questions

- a) *Delineate the points of divergence and convergence between modernisation theories and dependence theories of development*
- b) *Discuss the factors that need to be taken into consideration if a general theory of development is to be taken into consideration.*
- c) *Discuss the Modernisation Theory and its elements and criticisms*
- d) *Discuss the critical appraisal of classical theories*
- e) *Explain the five-stages of Rostow's linear development theory*
- f) *Explain the limitations of linear model of development*

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CHAPTER 3: AFRICAN DEVELOPMENT ISSUES

Learning objectives

By the end of this chapter the learner should be able to:

- a) *Discuss African underdevelopment*
- b) *Distinguish between the historical and contemporary times in development paradigms*
- c) *Discuss historical roots of African Underdevelopment*
- d) *Discuss the Contemporary Causes of Africa's Underdevelopment*

A. Historical roots of African Underdevelopment

Different researches on the 'causes of African under development emphasize varieties of factors as the root causes of African underdevelopment among these the most important ones can be grouped into the following categories;

i. Hostile Natural Environment

Most of the African landmass lies within the tropical climate; this made the vast areas of the interior continent home to malaria and tsetse fly which afflict humans and animals respectively. This has led some research the causes of African underdevelopment to test the hypothesis of malaria as the dominant cause of the underdevelopment in the continent. A significant number of recent studies tend to support the malaria view both at the macro as well as micro level. It is an established fact that low mortality as a result of better health' contributes to economic growth.

In addition to malaria the animal disease carrying tsetse fly, which is found all over-the continent and can incapacitate draught animals, may itself explain the traditional low use of ploughs and other animal-drawn implements and hence the lower productivity of the

ii. Archaic Production Technology

For centuries the African continent depended on archaic methods of agricultural production. Even the use of ploughs and other animal drawn implements, were limited. The agricultural revolution and the use of iron tools came to sub-Saharan Africa later than to other parts of the world

An important reason for the continent's technological underdevelopment is the geographical obstacle to communicate both internally and with the rest of the world. The Sahara has been a barrier in the north, and the Atlantic coast had no contact with the rest of the world until the first Europeans arrived around 1500. Influence from the Arab world and India came mainly via the Nile Valley and the East African coast, and had little spill over effect further inland. With the exception of the Niger and the Nile, the continent's rivers with their large waterfalls have not provided a navigable route to the interior, in contrast to the rivers of Europe and Asia. The problems of today's land-locked states illustrate the great importance of communication for economic and cultural development.

iii. Demographic Factors

Africa's demographic history has been characterized by low density of population and continuous migration and settlement of new areas. The continent with a mass land mass of over 30 million km² has inhabitants less than that of India present. Migration has continued right up to the present day, and there is still more migration on this continent including migration between urban and rural areas than anywhere else in the world. This continued migration may be due to a hostile geographical environment that debilitates the livelihoods of the population.

However, at present the demographic picture of the continent is totally different. Rapidly growing population with limited demographic windows of opportunity has caused further strain on the development efforts and "environmental sustainability in the continent. Rapid deforestation following population explosion has further aggravated the environmental problems. The rapid deforestation is fueling desertification with its negative impacts on agricultural production in many parts of sub Saharan Africa. Consequently, Africa is more food insecure today than the era of wooden agricultural implements.

iv. The Slave Trade

The slave trade theory is one of the dominant views on the historic root causes of the African underdevelopment. According to this view; Africa's engagement in slave trade caused massive depopulation of the continent over two centuries. Furthermore, the African countries with the biggest slave exports are by and large the countries with the lowest incomes now (based on per capita gross domestic product in 2000).

It has been shown that slave trade prevented state development encouraged ethnic fractionalization and weakened legal institutions and through these channels it affected economic development. The export of an estimated 12 million people across the Atlantic, and possibly a similar number to the Arab world in the course of a full millennium may have been a factor in Africa's lower population growth compared with that of other continents. v) The Colonial Extraction System Colonialism in Africa took different form compared to Asia. Unlike in Asia, hostile tropical environment prevented colonizers from settling in Africa as a result of which they erected extractive institutions in these colonies. These colonial institutions have persisted over time and they continue to influence the economic performance of the colonies even long after independence.

Research shows that colonial extraction when severe enough can cause a society to move from a high to low production level equilibrium. Due to the stability of low level equilibrium, a society can remain trapped in this equilibrium even after the period of colonial extraction is over. However many African as well non-African scholars do not agree on the link between colonial extraction and the current underdevelopment in Africa. Ethiopia was never colonized but it is one of the least development countries in the continent while many Asian countries which have achieved development miracle since 1960s have been former European colonies.

However, there is one crucial link between colonialism and underdevelopment in Africa. This is the creation of a political map that is economically irrational and dysfunctional. Colonialism created artificial and non viable, nation, states that lacked legitimacy. This is the root cause of continued ethnic conflicts and civil wars that ravage the continent since the day of decolonization. Thus unless Africa does away with the current artificial colonial

boundaries through more regional integration similar to the European model but not through hasty united States of Africa'l rhetoric, the continent will never achieve sustainable development.

v. Postcolonial Political Instability

The post colonial Africa has been characterized by lack of political stability. Post independence African politics was dominated by authoritarian regimes and kleptocracies. These rent seeking dictators often intentionally sow seeds of ethnic conflicts by deliberate political exclusion and marginalization of various ethnic groups that resides within the country even after two decades of democratic reforms in the continent, today about 50% of authoritarian states in the world are "found in "Africa. About 24 out of 54 states in Africa are authoritarian regimes. Only Mauritius qualifies as a full democracy in the continent out of about 30 full democracies in the world while 6 more countries in the continent are flawed democracies.

B. Contemporary Causes of Africa's Underdevelopment

i. Introduction

Many researchers and academics have explored the question “Why is Africa still under developed?” The slave trade, poorly drawn colonial borders, unfavorable natural environment and lingering effects of colonialism are the most common factors suggested to be the primary causes of Africa's underdevelopment.

ii. Post-colonial causes of Africa's underdevelopment

A series of unfinished transitions due to lack of leadership and failure to let go of the past are some of the causes of destructive, violent patterns that have negatively impacted Africa's development. These unfinished transitions are discussed here-under:

- Income levels in Africa are lower than not only in Europe and North America but also in Asia and Latin America.
- Desertification in Africa is on the increase leading to periodic famine that continues to claim large numbers of victims.
- Dependence on the export of non-industrial goods and on foreign corporations persists in many of the African countries.
- Infectious diseases which have long plagued the continent have not been eradicated, while the new scourge of AIDS grows, threatening above all the young people who should be Africa's hope for the future.
- Africa has seen both urbanization and widespread improvements in education, and educated Africans are as visible internationally as are educated people from other parts of the world. However, this success has not filtered down to the majority of the population.
- The potential embodied in the young section of the population has been squandered as a result of government inaction, armed conflict, and diseases.

- High unemployment leads to high levels of immigration, including amongst well-qualified people, most of it to Europe and America. Even when they arrive there, however, African migrants most often do work for which they are massively overqualified, but which nevertheless pays better than would a professional job in Africa. This holds back Africa's development.
- Despite moves towards unity and co-operation between African states, problems caused by the fact that borders imposed by the colonial powers often took no account of language or culture persists.

Review Questions

- Colonisation has been named to be one of the root causes of African underdevelopment yet Ethiopia and Liberia are relatively less developed than most of the colonised countries. Discuss?*
- Firestorms, harsh winters, hurricanes, earthquakes and other natural disasters are more prevalent in North America than in Africa yet harsh natural environment is argued to be one of the root causes of African underdevelopment. Explain?*
- Discuss historical roots of African Underdevelopment*
- Critically evaluate the Contemporary causes of Africa's Underdevelopment*

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CHAPTER 4: ETHICS AND CULTURAL VALUES IN DEVELOPMENT

Learning objectives

By the end of this chapter the learner should be able to:

- a) Define the term culture in relation to development*
- b) Discuss the conceptual issues of culture in development*
- c) Explain how Values and Attitudes of a society affect development*
- d) Discuss the impact of culture on African underdevelopment*
- e) Describe the role of culture in the social l economic development of Africa*

A. Conceptual issues of culture

Culture has often been narrowly defined restricting it to musical singing and dancing and thus made irrelevant to the widest development debate there are four definitions

- i. A developed state of mind as in a person of culture i.e. cultured person
- ii. The process of this state of mind as in cultural interest cultural activities etc
- iii. The main of these process as in culture as the arts and human intellectual works
- iv. A whole way of life a signifying system through which a social orders is communicated reproduced experienced and exploited

Most contemporary usage of the word culture relates to definitions 3and 4. A move embracing definition of the culture presents it as ;embracing all material and non-material expression of a people as well as the process with which the expression are communicated.

It has to do with all the social ethical intellectual scientific artist and technological expression and process of a people.

B. How culture impacts development

- i. Why this some do continues do very well while other fail to develop even when all the economics factors seem to be in place?
- ii. How can we explain the reputed failure of Africa nations even when aid is given in great supply to develop these economies?
- iii. Some scholars have explained these inequities found between the DCS and LDCS through addressing some conditions that must be met for an economy to development
- iv. Why do some ethic groups do so well in business as opposed to others who does very poorly?

Army Chua raises this question in her book world five, in this book we learn that ethics chine's in the Philippines accounting for less than 2% of the population control 60% of the nation's private economy which includes

- i. The county four major airlines
- ii. Almost all country banks
- iii. Almost all the country hotels and shopping malls

Army Chua point out in her book that no matter where we look the world we will find examples of what she calls dominant minorities' ethnic groups that have demonstrated a remarkable ability to succeed in business wherever they may live.

The Lebanese have become the entrepreneurs in Sierra Leone and others also come to dominate the economies of East African countries.

C. Why some cultural groups seem to do better than others

Gregory Clark argues that it was no accident that the industrial revolution occurred in Great Britain and some other nations.

Gregory argues that the industrial revolution would not have occurred had it not been for the changes and values that were happening for centuries before Britain. It is argued that its value to come up with stable political, legal and economic institutions which are touted as the preconditions for economic growth.

The traits that were characterised of Britain during the industrial revolution include:

- i. Sense of competitiveness
- ii. Strong work ethics
- iii. Decrease in crime and violence
- iv. High population growth among the well to do
- v. Society that was increasing literacy and patient

These traits usually associated with the middle class gave Britain an edge in development according to Gregory. In contrast, Gregory argues that when India was introduced to the technology of industrial revolution later in the 19th century the results were far different.

D. Values and Attitudes

Luigi Guiso, Paola Sapienza and *Zingales* wrote a paper entitled 'Does culture affect economic outcome'.

This paper offers suggestions as to which values matter for economic development to take place which include:

- i. Since of trust as people come to believe in something beyond their own expected family, this leads to the development of civic institutions which in turn leads to people investing in social capital
- ii. Social attitudes and values have the decisive say on what economies will fail. It is attitude that leads to hard work, honesty, tolerance etc.
- iii. Economic growth and per capita gross domestic product (GDP) were seen to be higher in those regions throughout Europe that exhibited a set of four values:
 - a) Trust
 - b) Belief in the importance of individual effort
 - c) Generalized morality
 - d) Autonomy

E. Culture and African Underdevelopment

The Europeans at a conference in Berlin in 1884 divided up Africa amongst themselves they imposed the western culture on the Africa in terms of language education technology modernization

This seriously threatened the traditional Africa culture and values Africa were taught to despise themselves which is itself definite to development

Colonisation favoured the formation of a cultural elite assimilating colonial culture. Thus there was a serious rift between the African elite and the popular masses

For the African countries which won their independence culture had been and will remain a weapon armed struggle for liberation was a cultural act

F. The role of culture in the social economic development of Africa

- i. Safeguarded and experienced by the people culture is motivating element is social economic development as well as a factor in the transformation of the environment
- ii. Culture constitutes the swept means for Africa to overcome their technological handicap and the most effective force in African victorious resistance against imperialist blackmail
- iii. Culture can be used to as a tool to free Africa from illiteracy, promote education of the masses and develop a scientific technologies development.
- iv. Africa can also develop through return to its original modes of perception its techniques its media of communication by bringing them up date so as to return them in to powerful means of dominating nature and harmonizing the development of Africa society
- v. Africa youth can be made to understand the Africa cultures profound values so as they become better armed to resist certain demoralizing western cultural manifestation as well as also becoming integrated into the rest of the society.
- vi. The popular aspect of African culture should promote the productive activities as well as the methods of appropriating the means of production (land, natural resources, industry etc) and the distribution of goods and services.
- vii. Culture provides a profound identity of the people and in Africa it can Africans to participate actively in the building of a universal civilization itself a recipe of development.

Review Questions

- a) *Define the term development ethics highlighting their sources*
- b) *Define culture and explain its influence on development activities*
- c) *Discuss points of contention on development ethics*
- d) *Explain how Values and Attitudes of a society affect development*
- e) *Explain the implication of institutional model of development on cultural sustainability*

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CHAPTER 5: POVERTY AND DEVELOPMENT

Learning objectives

By the end of this chapter the learner should be able to:

- a) *Define the term Poverty in relation to development*
- b) *Discuss poverty and inequality in population and development*
- c) *Express measure of inequality poverty using Gini coefficient and Lorenz curve*
- d) *Discuss measures of Poverty in relation to development*

A. Definition of Poverty

Is there a single right definition of poverty? The answer is certainly 'no', but current thinking does allow some simplification.

First, there is no philosophical disagreement with the statement that poverty needs to be understood first and foremost as a problem at the individual rather than the household level, though an understanding of an individual's position within the household is essential to consider.

Second, most observers would include income obtained from common property and state provided commodities, particularly social welfare payments, though not always health and education provision.

Third, there is again little dissent from the view that people move in and out of poverty, and that seasonal, cyclical or stochastic shocks are important. For example, the distinction between chronic and transitory food security is mirrored in writing about poverty.

Fourth, relative poverty and relative deprivation are accepted as relevant, at least in theory. In developing countries, most definitions of poverty still rely on calculation of the cost of a basket of basic needs, but distribution data are normally provided.

Beyond these areas of agreement, there are different views on whether assets, including social claims, should be counted in a poverty matrix, on the importance of vulnerability, and "on the relative prioritization of monetary and non-monetary variables. The most radical proponents of a participatory approach would deny the validity of standardized, so-called objective measures of poverty, whether based on income or wealth. Chambers, for example, has argued that these approaches are reductionist.

This can be problematic. Baulch has pointed out that there is an important trade-off between being able to identify the poor using local indicators, and being able to aggregate the results into meaningful, national or international figures: objective measures of poverty present numerous problems in terms of identifying the poor, but succeed in providing the; aggregate statistics policy maker's desire.

Poverty and inequality in population and development

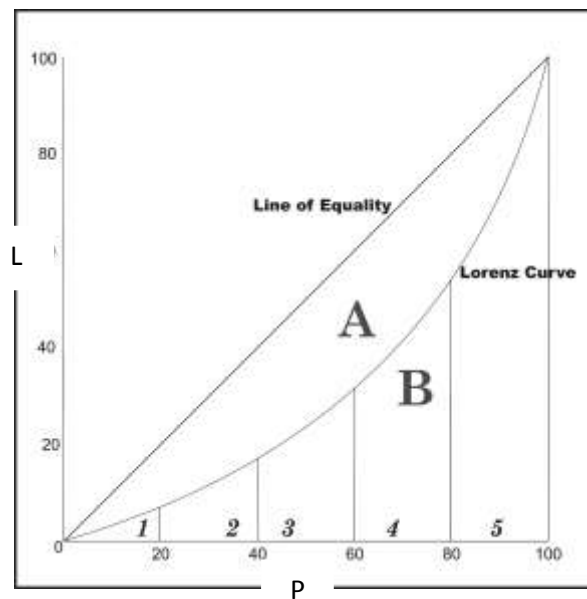
While a considerable! Share of the world population still lives in poverty; world income and wealth are very unequally distributed. Recent research shows the extent of world inequality in the distribution of personal wealth: The 24 richer OECD countries own 83% of world private wealth. The 64 poorest countries with 140% of world population own 2% of world personal wealth. In 2000 the 1% richest adults owned the 40% of overall private wealth the richest 10%, 85%; the poorest 50%, 1%.

The Gini Coefficient and Lorenz curve

One common measure of inequality is the *Gini coefficient*. To calculate the gini coefficient, imagine that all income-receiving units (IRUs)'such as households are ranked by income from the smallest to the largest, and calculate the cumulative, share of income accruing to each category of the populations from poorest to richest, as in the following table of the 1983 U.S. family income distribution.

Income Category	Share of Total Income (%)	p = Cumulative Share of Population (%)	L – Cumulative Share of Income (%) }
Top 20%	42.7	100	100
4 th 20%	24.4	80	57.3
3 rd 20%	17.1	60	32.9
2 nd 20%	11.1	40	15.8
Lower 20%	4.7	20	4.7
Total	100		

The Lorenz curve is the plot of the cumulative income share L against the cumulative population share P as shown in the figure below.



The Gini coefficient (or “Gini index” or “Gini ration”) G is calculated from the Lorenz curve as the ratio $G = \text{Area A} / (\text{Area A} + \text{Area B})$. Note that $(\text{Area A} + \text{Area B})$ is the area of a triangle, given by $100 \times 100 / 2 = 500$.

The Gini coefficient for the 1983 U.S. family income contribution is given by the following calculations.

Calculation of Gini Coefficient

Area A + Area B	$100 \times 100 / 2$	5000
Area 1	$20 \times 4.7 / 2 =$	47
Area 2	$20 \times (4.7 + 15.8) / 2 =$	205
Area 3	$20 \times (15.8 + 32.9) / 2 =$	487
Area 4	$20 \times (32.9 + 57.3) / 2 =$	902
Area 5	$20 \times (57.3 + 100) / 2 =$	1573
Total Area B		3214
Area A	$5000 - 3214 =$	1786
Gini Coefficient	$1786 / 5000$	0.36 or 36%

Thus the Gini coefficient in this example is $1786/5000 = 0.36$ or 36%. In the Lorenz curve the 45 degrees line represents a situation of perfect equality. In general, the closer the Lorenz curve is to the line of perfect equality, the less the inequality and the smaller the Gini coefficient.

The Gini index of inequality of overall world wealth distribution (calculated using current exchange rates) is given as 89. Income is distributed less unequally than wealth, but still in a markedly unequal way. According to most estimates the Gini coefficient of world income distribution is around 65% in the contemporary world. To make a comparison, the Gini index of the distribution of family incomes of Italy is reported as 36, that of the USA 45, that of Sweden 25.

B. Measurement of Poverty

The concept of poverty is plagued by a conceptual complex that can be best as a series of fault lines.

Individual or household measures- Early measurement of poverty (e.g. by *Rewntree*) at the household level, and much still is. Other analysis disaggregates to the individual level, so as to capture intra-household factors and different types and causes of deprivation affecting men, women, children, old people, etc.

Private consumption only or private consumption plus publicly provided goods- Poverty can be defined in terms of private income or consumption (usually consumption rather than income, in order to allow for consumption smoothing over time, e.g. by managing savings), or to include the value of goods and services provided publicly, the social wage

Monetary or monetary plus non-monetary components of poverty- So-called money metric measures are often used, because they are either regarded as sufficient on their own or seen as an adequate proxy for poverty. However, there is a clear fault line between definition of poverty which are restricted to income for consumption) and those which incorporate such factors as autonomy, self-esteem or participation.

In *Maslow's hierarchy* of needs, these were seen as higher needs, which would become more important as basic needs for food, shelter, housing and safety were met. However, many current definitions deliberately blur the distinction between higher and lower needs.

Snapshot or timeline- Many surveys and poverty assessments report the incidence of poverty at a point in time. However, there is a long history of thinking about poverty in terms of life cycle experience (e.g. *Chayanov's* pioneering work in the 1920s on 'the peasant household'), seasonal stress, and shocks (illness, drought, war). In both North and South, there has been increasing attention to understanding movement in and out of poverty, what Jenkins calls 'bottom-end churning'. Panel surveys, which track a fixed group of individual's over time, provide data.

Actual or potential poverty- Some analysts include as poor those who are highly sensitive to shocks, or not resilient. Small-scale pastoralists exposed to the risk of drought are

a common example: current income may be adequate, but vulnerability is high. Planning for these groups means understanding both short-term coping strategies, and also long-term adaptation to livelihood stress.

Stock or flow measures of poverty- The definition of poverty as income focuses on the flow of material goods and services. An alternative is to examine the stock of resources a household controls- This may be measured in terms of physical or monetary assets (land, jewelry, cash), or in terms of social capital (social contacts, networks, reciprocal relationships, community membership).

Sen Armatya analyzed the commodity bundles to which an individual was 'entitled': as Swift has emphasized, entitlements may derive not just from current income, but also "from past" investments, stores or social claims on others (including the State).

Input or output measures- Sen has reminded us that poverty measured as a shortfall in income essentially captures an input to an individual's capability and functioning rather than a direct measure of well-being. Writing about poverty has often assumed, wrongly, an automatic link between income and participation, or functioning, in the life of a community.

Absolute or relative poverty- The World Bank currently uses a figure of SUS1 per day for absolute extreme poverty and \$US2 for poverty. The alternative has been to define poverty as relative deprivation, for example as half mean income, or as exclusion from participation in society. Thus the European Union has decided that the poor shall be taken to mean persons, families and groups of persons whose resources (material, cultural, social) are so limited as to exclude them from the minimum acceptable way of life in the member state in which they live.

Objective or subjective perceptions of poverty- The use of participatory methods has greatly encouraged an epistemology of poverty which relies on local understanding and perceptions. For example, exposure to domestic violence may be seen as important in one community, dependency on traditional structures in another.

There is nothing inherently wrong with setting targets and measuring progress towards them; nor with developing indicators useful for resource allocation. However, different models of poverty imply different indicators.

- i. Money metric models require information on income or consumption;
- ii. Vulnerability models use indicators of wealth and exposure to risk, as well as income;
- iii. Models concerned with capability and functioning present indicators of life expectancy or educational achievement;
- iv. Models of well-being or social exclusion will include measures like the degrees of social support;

It is frequent practice, however, to present a wider set of indicators than is immediately required. For example, World Bank poverty assessments, concentrating on money metric measures, will also provide evidence on health, education physical, isolation, and other so called correlates of poverty. Some

indicators are inherently more quantifiable than others and more decomposable, in the sense that they can be subjected to statistical manipulation. Other measures of poverty are more qualitative and/or more location-specific, and cannot so easily be aggregated.

Review Questions

- a) *Define the term Poverty in relation to development*
- b) *What are the philosophical disagreements in poverty definition*
- c) *Discuss how poverty relates to inequality in population*
- d) *Draw the Lorenz curve and calculate the Gini coefficient of inequality*
- e) *Discuss measures of Poverty in relation to development*
- f) *Explain the poverty indicators in development*

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CHAPTER 6: RURAL–URBAN MIGRATION AND DEVELOPMENT

Learning objectives

By the end of this chapter the learner should be able to:

- a) Define the term urbanization*
- b) Explain the causes of rural-Urban migration in developing countries*
- c) Describe the impact of rural -urban migration on resources*
- d) Show the relationship between environment science and rural urban migration*

A. Introduction

Rural–urban migration is one of the most widespread global demographic trends. As more and more people arrive in the urban centre, there will be insufficient jobs for them and the unemployment rate will increase there will be more workers chasing too few jobs this will lead to straining the resources of the government.

Rural-urban migration brings pressure on urban housing and the environment as migrants arrive from rural areas they live on the streets and makeshift sub-standard accommodation before establishing themselves. The high rate of population growth in the urban centres also lessens the quality of life because it: destroys resources, such as water and forests, needed for sustenance. Rural-urban migration leads to overpopulation of the urban centres thus encouraging and raising the rate of crime in the society. Rural-urban migration also slows down the pace of development of the rural areas.

B. Causes of Rural-Urban migration

The major causes of rural-urban migration are identified as;

- Search for better wages,
- Education,
- Political and social stability,
- Better technologies,
- Employment and business opportunities.

Others are

- Poverty,
- Unemployment,
- Crop failures and famine,
- Inadequate social amenities and facilities in the rural areas such as pipe borne water, electricity, good roads, hospitals, schools, vocational centres.

C. Impact of Rural -urban migration on the resources

The deleterious consequences of rural-urban migration has led to the demand for urban socioeconomic amenities exceeding their supply, the urban areas often become spectacles of multifarious problems such as overcrowding, congestion, inadequate housing, high rates of unemployment and underemployment, crime and other forms of delinquency. The quality of life at both the areas of origin and destination are, therefore, significantly affected. The repercussion of the ongoing analysis is being discussed below;

- a) **Unemployment in the rural areas:** in the developing world, there are limited job opportunities available, so the influx of people from the rural areas to the urban who are mainly unskilled in profession causes them not fit for the available jobs in the urban which are mainly skilled in nature. Thus there will be a rise in the unemployment and the underemployment rate in the urban areas as well as the rural areas. As the migration happens, the labour force in the rural areas is being reduced and this will go a long way to affect the output that can be produced in the long run.
- b) **Low productivity in output and thus low GDP:** As there are more and more people leaving the rural areas which happen to be the fertile grounds of development of any developing country, there become a limited number of labour forces in the rural centres. This goes a long way to reduce the amount of produce that can be produced to feed the whole nation. The fact that most developing nations rely on agriculture and primary production for their development means that a reduction in agricultural and other primary activities means a reduction in the nation output and hence a low gross domestic product or national income. This is the reason why most developing countries with high rate of rural urban migration has huge balance of payment deficit. This is because the nation is not able to grow enough food to feed her citizens so she has to borrow from outside source to cater for her expenditure which is most at times centered on the urban communities.
- c) **Overcrowding and pressure on social amenities:** if a country is advanced in infrastructure and basic social amenities, there is no point to classify it as developing. To this point, it is common to see most developing countries having limited social amenities and infrastructure. This may include schools, roads, places of convenience, pipe borne water among others. As people troop from the rural to the urban, they increase the usage of these limited amenities in the urban areas. This leads to massive and quick deterioration of the amenities and hence an increase in the cost of repairs and maintenance and thus government expenditure. The increase in the population in the urban areas relative to a constant land area leads to overcrowding at a particular area and most especially the urban areas.
- d) **Increase in social vice and the development of slums:** when people move from the rural to the urban areas, they have in mind that they are coming to work and feed their relatives at home. It becomes a new story when their quest for employment becomes an illusion as there is no job to absorb them. To make ends meet, most people who migrate to the rural areas resort to stealing, armed robbery, prostitution, "drug pushing" and as they cannot afford a decent house to buy, they settle in a particular place and build houses made of wood, aluminum slate among others. This community tends to be filthy all the time and not worth staying in. a room can inhabit as much as 10-15 people and it is even rumoured in Ghana that some people run a shift system type in sleeping under the same room; "sleep in the morning, i will work in the night and I will sleep in the evening and you will work at night" - what a drama. Notable areas in Ghana are Nima, Jamestown, and Chorkor, all in the suburb of Accra and Makoko in Nigeria. This point goes a long way in increasing infectious diseases and other related sickness.

- e) **Slowdown of development in the rural areas:** as the youth who are the agent of change in the rural areas move to the urban areas, they leave behind the aged and the too young who cannot effect any meaningful change or development in the rural areas. This leaves most rural areas in the developing countries almost the same in social setting over decades and jubilees. The aged think of what they will feed on till they die thus are not ready to cause any development, the little ones on the other hand look forward to be helped. Therefore those in whose hands lie the catalyst of change move to the urban centres in such of greener pastures. The feeble ones left at the rural areas cannot work to bring massive change which comparatively could be done by the energetic ones.

The key to solving this problem of excessive rural urban migration in restoring a proper balance between rural economic and social opportunities are;

- i. **Provision of basic social amenities:** The governments in the developing countries should implement policies that will enhance the provision of basic social amenities like electricity, portable water, recreational centres, schools, good roads among others in the rural areas. The government of Ghana's initiatives concerning the rural electrification project is a typical example concerning this point. As these amenities are provided, they enhance healthy living and opportunity to know what is going on in the world. The recreational centres would be a source of entertainment and relaxation for the dear hardworking farmers and their relatives. To walk for miles on a third class road which neither human nor vehicle can access during a heavy rain just to attend a basic school and do the same thing when coming back is more or less a hectic and a propeller of rural urban drift. People in the rural areas should be provided with schools at least from the crèche to the senior high school level. This will limit their movement to the urban areas in search for formal education. Concerning the road, most produce have to lie idle in the farm which sometimes get rotten, therefore providing good roads will ensure fast and effective conveyance of produce from the farm to the market and thus a high value for their produce which in the long run improve their living standard.

In Summary, the provision of these basic social amenities will enhance active enrolment in the classroom, fast movement to the market, enhanced living condition among others.

- ii. **Improvement in the quality of education:** in an attempt to reduce congestion in urban school as well as some fortunate rural areas, there should be a policy that will lead to the improvement in the quality of education in the rural areas. This should not just be the number of school built but also the quality of teachers, the resources in the school like library, playing field, serene environment and even better structure of the school as far as building is concerned. Well trained teachers must be posted into the rural areas and adequately motivated; teachers bungalows; rural teachers allowances, teachers that will teach what they have to teach and inculcate in their student the passion to believe in themselves. The school should be of the same standard as the ones in the urban centres; a building and not just a structure. The resources available should be made ease to the student so that they can increase their innermost endowments. There have to be changes in the curriculum, teaching learning materials and the teaching strategy, a total revamping of the educational sector and changes in the attitude and the mindset of every member of the community: the learners, the

educated, parents and society at large. This policy will affect the learned and later impact on the farmers and the rural community at large.

- iii. **Creation of credit and loan scheme:** especially, farmers and women in the rural areas should be provided with credit facilities and loan opportunities. The fact that "rural" is poor means that these loans should not bear high interest rate. Government should made available loans and credit schemes to the "rural" to expand his farm, business and buy new crops. Again subsidies should be given on fertilizers and basic farm inputs. The government can purchase farm inputs and sell it to the farmers or rural folks at a subsidised rate on credit to be paid in installment, rural banking services and rural microfinance institution in the rural areas to improve their savings and enhance their endowment and introduce them to the financial sector. The agricultural extension officers should increase their outreach programmes to educate the nation builder in the rural areas new farming methods. Women should be given credits to start or expand their business. All these should be done in a carefully studied manner so that those who really need it would be given. The main idea of this policy is to equip the rural folk to be more vibrant and productive in their field of work and prevent them from moving to the urban centres to have access to the financial institution. Therefore there is a point in granting these loans to people who will effectively use the money to improve their jobs so that when the loans are being taken, there will be a possibility of repayment.
- iv. **Entrepreneurship;** Another possible and vibrant policy that can curb rural urban migration and it adverse effect on unemployment and underemployment in developing countries is the training and coaching of new and potential entrepreneurs in the rural. Funds and material should be made available to trainees and those that are ready to initiate their skills as a startup capital for their various jobs. This will be a source or motivation to establish themselves in the rural area and thus no incentive to move. Again, the youths should be trained and educated to be innovative and their skills should be sharpened to effect positively on their jobs. To this, the "rural" can come out of her shell to produce and thus be well equipped to face the challenges in the rural areas that would compel them to move. Available resources should be utilized in every possible way as this can go a long way to even reduce unemployment and underemployment. This policy should be geared towards the youth because about 80 percent of the migrants to the urban centres are youth.

Judging from the above, it can be seen that excessive rural-urban migration is primarily caused by improper balance of economic and social opportunities such as the availability of social amenities like good roads, hospitals, schools, opportunity for advancement, proper health care between the rural and urban areas. This has led to the eruption of many problems on both the urban as well as the rural areas. Especially unemployment and underemployment in the urban areas, other problems are increase in social vices in the urban areas, overcrowding in the urban areas and even slowdown of development of the rural area. The governments of developing countries have to implement policies that will ensure the balancing of both social and economic opportunities available to the urban dweller and his counterpart in the rural area such as provision of basic social amenities, improvement in the quality of education, creation of credit and loan scheme, industrial modernization, technological sophistication and entrepreneurship policies. If these economic and social

opportunities are shared equally between the rural and the urban areas, which will lead to proper balance between the two, it will help to curb the problem of urban unemployment and underdevelopment caused by rural-urban migration problems.

D. Environment Science and Technology and rural urban migration

The abandonment of traditional production systems in the rural areas is an important result of rural–urban migration with consequences for ecosystem recovery. As a consequence, food production is much more costly in rural areas and, with the exception of a few niche crops, cannot compete with modern agricultural prices. This stimulates land abandonment in the mountains.

It can be argued that modern agriculture includes hidden environmental costs due to the use of fossil fuels, fertilizers, and pesticides. While this is true, there is no doubt that fossil fuels, pesticides, and fertilizers will continue to be the basis of global food production, at least for the coming decades. Hence the goal should not be to find alternatives that are incongruent with the global economy, but to make these technologies work in the most efficient way (including their environmental costs).

By moving to urban areas, where the population consumes agricultural products from more efficient systems, migrants help to conserve land for nature and preserve natural ecosystems in the rural. In addition to a reduction in agricultural activities, rural–urban migration will lead to a reduction in grazing, hunting, and firewood collection in rural areas, which should also promote natural ecosystem recovery.

Review Questions

- a) *Define the term urbanization*
- b) *Explain the causes of rural-Urban migration in developing countries*
- c) *Describe the impact of rural -urban migration on the resources*
- d) *What is the impact of rural urban migration on environment science and technology*
- e) *A major course of urbanization is running from poverty to seek a better life. However, many leave unutilized resources and move to congested slums with limited resources. Explain?*
- f) *Discuss the challenges faced by the urban poor and the approaches adopted by some governments to address those challenges?*

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Chapter 7: GENDER AND DEVELOPMENT

Learning objectives

By the end of this chapter the learner should be able to:

- a) *Define the term Gender and its different concepts*
- b) *Describe the concept of gender mainstreaming in development*
- c) *Explain the rationale for mainstreaming gender*
- d) *Discuss the affirmative action and its rationale in development*

A. Concepts of Gender

Culture- The distinctive patterns of ideas, 'beliefs, and norms which characterize the way of life and relations of a society or group within a society

Gender Analysis- The systematic gathering and examination of information on gender differences and social relations in order to identify understand and redress inequities based on gender

Gender Discrimination- The systematic, unfavourable treatment of individuals on the basis of their gender, which denies them rights, opportunities or resources

Gender Division of Labor- The socially .determined ideas ^and practices which define what roles and activities are deemed appropriate for women and men

Gender Equality and Equity- Gender equality denotes women having the same opportunities in life as men, including the ability to participate in the public sphere. Gender equity denotes the equivalence in life outcomes for women and men, recognizing their different needs and interests, and requiring a redistribution of power-and resources

Gender Needs- Shared and prioritized needs identified by women that arise from their common experiences as a gender

Gender Planning: The technical and political processes and procedures necessary to implement gender-sensitive policy

Gender Relations- Hierarchical relations of power between women and men that tend to disadvantage women

Gender Training- A facilitated process of developing awareness and capacity on gender issues, to bring about personal or organizational change for gender equality

Gender Violence- Any act or threat by men or male-dominated institutions, which inflicts physical, sexual, or psychological harm on a woman or girl because of their gender

Infra-household Resource Distribution- The dynamics of how different resources that are generated within or which come into the household are accessed and controlled by its member

National Machineries for Women- Agencies with a mandate for the advancement of women established within and by governments for integrating gender concerns in development policy and planning

Patriarchy- Systemic societal structures that institutionalize male physical, social and economic power over women

Sex and Gender- Sex refers to the biological characteristics that categorize someone as either female or male; whereas gender refers to the socially determined ideas and practices of what it is to be female or male

Social Justice- Fairness and equity as a right for all in the outcomes of development through processes of social transformation

WID/GAD- The WID (or Women in Development) approach calls for greater attention to women in development policy and practice, and emphasizes the need to integrate them into the development process. In contrast, the GAD (or Gender and Development) approach focuses on the socially constructed basis of differences between men and women and emphasizes, the need to challenge existing gender roles and relations

Women's Empowerment- A 'bottom-up' process of transforming gender power relations, through individuals or groups developing awareness of women's subordination and building their capacity to challenge it

Women's Human Rights- The recognition that women's rights are human rights and that women experience injustices solely because of their gender

B. Gender Mainstreaming in Development

Gender mainstreaming is an organizational strategy to bring a gender perspective to all aspects of an institution's policy and activities, through building gender capacity and accountability. The 1970s strategies of integrating women in to development by establishing separate women's units or programmers within state and development institution had made slow progress by the mid- 1980s (See National Machineries for women) in light of this, the need was identified for broader institutional change if pervasive male advantage was to be challenged.

Adding women specific activities at the margin was no longer seen as sufficient. Most major development organization and many governments have now embraced, gender mainstreaming as a strategy for moving towards gender equality. With a mainstreaming strategy, gender concerns are seen as important to all aspect of development; for all sectors and areas of activity, and a fundamental part of the planning Process.

Responsibility for the implementation of gender policy is diffuse across the organizational structure, rather than concentrated in a small central unit. Such a process of mainstreaming has to take one of two forms. The agenda setting approach to mainstreaming seeks to transform the development agenda itself whilst prioritizing gender concern the more politically acceptable integration approach bring women's and gender concerns into all of

the existing policies and programmers, focusing on adapting institutional procedures to achieve this. In both cases, political as well as technical skills are essential to mainstreaming strategy.

Any approach to mainstreaming requires sufficient resources, as well as high-level Commitment and authority. A combined strategy can be particularly powerful. This involves the synergy of a catalytic central gender unit with a cross-sect oral policy oversight and monitoring role, combined with a web of gender specialists across the institution. The building of alliances both within the institution and with outside constituencies, such as women's

Organizations, is crucial for success. Mainstreaming tools include gender training, introducing Incentive structures which reward efforts on gender, and the development of gender-specific operational tool such as checklist and guidelines.

C. Rationale for mainstreaming gender

- i. Recognition that development policies impact female and male differently hence the need to ensure that the needs of both are taken on board during policy development, implementation, monitoring and evaluation
- ii. The need of collective process of articulating a shared vision of sustainable human development and translating it into reality (through policy, programmes and budgets)hence the need for the effective participation of both women and men.
- iii. Recognition need for a combined strategy to address women empowerment issues including selected focus of channelling assistance to women, as a target group, to a more mainstreaming approach of promoting gender equality as a development goal.
- iv. It is a commitment to ensure concerns and experiences of both women and men are integral to the design, implementation, monitoring and evaluation of all legislation policies and programmes.
- v. It concerns the staffing, procedures, programmes and culture of development Organizations
- vi. Recognizes gender equality as critical to the achievement of other development goals including poverty reduction.

D. The affirmative Action and Development

Affirmative action began as corrective for past government and social injustices against demographic groups that have been subjected to prejudice such groups are characterized most commonly by race, sex or gender, or ethnicity. Affirmative action seeks to increase the representation of these demographic groups in schools, in work place, and in society in general.

A certain group or gender may be less proportionately represented in an area, often employment or education, due predominantly, in the view of proponents, to past or ongoing discrimination against members of the group.

Rationale for Affirmative action

The theory is that a simple adoption of meritocratic principles along the lines of race-blindness or gender-blindness would not suffice to change the situation for several reasons;

- i. Discrimination practices of the past preclude the acquisition of 'merit' by limiting access to educational opportunities and job experiences.
- ii. Ostensible measures of 'merit' might well be biased toward the same groups who were already empowered

Regardless of overt principles, people already in positions of power will be likely to hire people they already knew, and/or people from similar backgrounds. In such a circumstance, proponents believe government action giving members of the group preferential treatment is necessary in order to achieve a proportionate distribution. From its outset, affirmative action was seen as a transitional strategy, with the intent that over some period of time- variously estimated from a generation to a century- the effects of past discrimination would be sufficiently countered that such a strategy would no longer be necessary; the power elite would reflect the demographics of society at large.

Affirmative action in Kenya has mainly been on gender and earlier on for marginalized areas. Affirmative action in South Africa is designed to correct the systemic effects of discrimination created by Apartheid. Though affirmative action in the U.S. is primarily associated with racial issues, the American civil rights movement originally gave as its purpose the correction of a history of oppression against all working-class and low-income people, and women have figured as prominently as ethnic minorities among its beneficiaries.

Review Questions

- a) *Define the term Gender and its different concepts*
- b) *Describe the concept of gender mainstreaming in development*
- c) *Justify the rationale of mainstreaming gender in development policies*
- d) *Discuss the affirmative action and its rationale in development*
- e) *Explain the concept of affirmative action and provide specific examples from Kenya, south Africa and USA*

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CHAPTER 8: DEVELOPMENT STRATEGIES

Learning objectives

By the end of this chapter the learner should be able to:

- a) *Discuss the impact of industries in the economic development*
- b) *Describe the role of cooperatives in development*
- c) *Explain how education affects development*
- d) *Discuss population control as strategy in development*
- e) *Enumerate the Millennium Development Goals*
- f) *Discuss the Kenya Vision 2030*

A. Industries and Development

In its broadest sense, industry is any work that is undertaken for economic gain and that promotes employment. The word may be applied to a wide range of activities, from farming to manufacturing to tourism. It encompasses production at any scale, from the local—sometimes known as cottage industry—to the multinational or transnational.

In a more restricted sense, industry refers to the production of goods, especially when that production is accomplished with machines. It is this limited definition of industry that is embodied by the notion of industrialization: the transition to an economy based on the large-scale, machine assisted production of goods by a concentrated, usually urban, population of workers. Manufacturing, which literally means "making by hand", has come to describe mechanical production in factories, mills, and other industrial plants.

B. Co-operatives and Development

Cooperatives are voluntary organizations that are democratically controlled by members. Cooperatives are also patronized and controlled by their owners and hence the term "*owner user*" and '*owner controller*'. The concept of cooperatives has sometimes been misunderstood to the extent that cooperatives have been associated with socialism, communism as a result some governments have not allowed cooperatives to function properly.

Financial intermediation: Availability of financial services helps farmers in a number of ways. Farmers can be able to get in puts in time through the available credit services. Secondly when farmers products are bulked in the stores while awaiting better markets, farmers can borrow from their own SACCOs to cater for their pressing needs as they wait for marketing of their products.

Social services provision: These include among others health, housing, utilities e.g. rain water harvesting, solar power scheme, and transport-bodaboda.

Human resources development: All round training is always provided to membership, staff and leaders of any genuine and well performing cooperative organization.

Social Impact of Co-operatives

By putting cooperative principles and values and ethos in practice, they promote solidarity, tolerance and accountability; while as schools of democracy, they

promote the rights of each individual-women and men. Cooperatives are socially conscious responding to the needs of their members whether it is to provide literacy or technical training. Through partnership building they are able to tackle social issues like HIV/AIDS pandemic, environmental conservation among other things.

Through their varied activities, cooperatives are in many, countries significant social and economic actors in national economies, thus making not only personal development a reality but, contributing to the well being of the entire humanity at the national level.

C. Population Control and Development

Effective control of population growth is essential for the development. Human population control is the practice of artificially altering the rate of growth of a human population. historically, human population control has been implemented by limiting the population's birth rate, usually by government mandate, and has been undertaken as a response to factors including high or increasing levels of poverty, environmental concerns, religious reasons, and overpopulation. While population control can involve measures that improve people's lives by giving them greater control of their reproduction, some programs have exposed them to exploitation

The population of developing nations is growing out of control. There needs to be a strong plan put into effect to slow the growth of these nations, without hurting their economic growth or political stability. The most effective way to do this would be to offer family planning and contraceptive devices, other than abortion, while modernizing their industry and educating their workers.

The human population has stayed fairly low for the majority of the time that human beings have inhabited the Earth. Birth and death rates cancelled each other out until, mainly because people did not have a constant or reliable food source, so people died young. In order to maintain a balance, they had to have lots of children to insure that a few would be able to become adults and have children themselves.

This is the first of three demographic stages that societies move through as they develop. The world population stayed in the first stage until about 500 A.D. in Europe and up to about 50 years ago in Africa. The second stage of development occurs when societies still have high birth rates, but the death rate lessens greatly because of improved health care, living conditions, and a more stable food source.

This causes the population to grow rapidly. For most nations, this happened with the start of the industrial revolution. From that point on, the world's population has grown alarmingly fast. "Whereas it had taken man kind more than a million years to reach a population of one billion; the second billion required only 120 years; the third billion, 32 years; and the fourth billion, 15 years". It will not slow any time soon unless something is done.

The third and final stage of development occurs when the birth rate falls off, people have higher income, and education becomes more widespread. When these changes happen, it reduces people's desire to have a lot of children, because people realize it is cheaper to have fewer children and they also realize that the children they do have will most likely make it to adulthood. It also gives them the ability to control production of children. This is the stage most of North America, Europe, and Japan have reached within the last 40 to 60 years. These

areas will continue to grow, but very slowly. Eventually they will establish equilibrium, similar to the one in stage one, except it will be low birth and low death rates.

D. Education and development

Education contributes significantly to the establishment of the socio-economic prerequisites for democracy: economic development, improved health and societal wellbeing. Thus, investment in education can tremendously influence democracy and the development of civil society. The link between education and improved human development indicators has been proved widely by a number of studies. It also increases access to social and economic opportunity, participation in political processes and promotes democratic practices of multiculturalism and pluralism — all essential ingredients in promoting human development.

According to the World Bank, between 60 and 90 per cent of the growth achieved in Japan and other East Asian industrialised countries is explained by human capital rather than financial means or natural resources. An overall higher level of primary education was found to be the single most important factor accounting for the differences in growth rates between East Asia and sub-Saharan Africa. Studies also show that farmers and labourers with better education adjust more rapidly to technological and societal changes and are ultimately more likely to increase their productivity at the individual, communal and national levels.

Economists worldwide agree that as the amount of schooling increases (especially when the workforce achieves basic education) the political power of the working class is increased. This in turn is an essential means of realising full human potential through the expansion of choices, freedom and space. Within communities, education is a source of empowering individuals with the self-awareness and confidence needed for meaningful engagement in critical discussions. Education can be a launching pad to make people aware of their rights and what they can do to defend these rights.

Contributions of the private sector in education are an important part of the service-provision landscape. Government policy acknowledges this and seeks to reach out to the private sector to form responsible public-private partnerships with the goal of increasing service provision. This goal needs to be broadened by envisioning education as a major vehicle to ensure the quality of human capital. Without education, achieving sustainable human development will remain an illusion.

E. Millennium Development Goals (MDGs)

The Millennium Development Goals (MDGs) are eight international development goals that were officially established following the Millennium Summit of the United Nations in 2000, following the adoption of the United Nations Millennium Declaration. All 193 United Nations member states and at least 23 international organizations have agreed to achieve these goals by the year 2015. The goals are:

- i. Eradicating extreme poverty and hunger,
- ii. Achieving universal primary education,
- iii. Promoting gender equality and empowering women,
- iv. Reducing child mortality rates,
- v. Improving maternal health,
- vi. Combating HIV/AIDS, malaria, and other diseases,

- vii. Ensuring environmental sustainability, and
- viii. Developing a global partnership for development.

F. Vision 2030

Kenya Vision 2030 is the country's development programme covering the period 2008 to 2030. It was launched on 10 June 2008 by President Mwai Kibaki. Its objective is to help transform Kenya into a "newly industrializing, middle-income country providing a high quality of life to all its citizens by 2030 in a clean and secure environment." Developed through "an all-inclusive and participatory stakeholder consultative process, involving Kenyans from all parts of the country," the Vision is based around three "pillars": Economic, Social, and Political. The Vision's adoption comes after the country's GDP growth, from 0.6% in 2002 to 6.1% in 2006, under Kibaki's Economic Recovery Strategy for Wealth and Employment Creation (ERS).

The Kenya Vision 2030 is to be implemented in successive five-year medium-term plans, with the first such plan covering the period 2008–2012 (with the next covering the period 2012–2017, and so until 2030). Under the Vision, Kenya expects to meet its Millennium Development Goals (MDGs) by the deadline in 2015, with some of them already met.

The Vision 2030 development process was launched by President Mwai Kibaki on 30 October 2006 when he instructed the National Vision Steering Committee to produce a medium-term plan with full details on the development programmes that would be implemented in the first five years after the ERS expires on 31 December 2007. A consultative approach was undertaken through workshops with stakeholders from all levels of the public service, the private sector, civil society, the media and NGOs while in rural areas, provincial consultative forums were also held throughout the country.

The objective of all these consultations was to provide an in-depth understanding of the country's development problems and the necessary strategies to achieve the 2030 goals. Experts used the input from the above stakeholders and their own economic analysis to identify sectors with the most promising potential in driving Kenya's economic growth up to 2030. This approach involved an assessment of two critical components:

- The potential of the different sectors to make a wide economic impact
- The feasibility of unlocking that potential for the benefits of economic growth, employment and poverty – reduction

A similar process and methodology was followed in identifying projects and priorities in the social and political pillars. Detailed analysis was carried out under a consultative process in order to come up with strategies capable of resolving the social and political problems that Kenyans face today. To arrive at workable solutions, the team of experts learned as much as they could from countries that have achieved rapid growth and also improved the lives of their people greatly in a span of 20–30 years, with particular reference to the South East Asian newly industrialising countries. The standards achieved by those countries are ones Kenya should aim for, bearing in mind her own history and culture. The team made extensive use of information available from the government, Kenya's private sector, civil society and universities.

Review Questions

- a) *Define the term Development Strategies*
- b) *Discuss how industries growth impact the development of any given country*
- c) *Describe the role played by cooperatives in development*
- d) *Explain how education growth accelerates development*
- e) *Discuss population control as strategy in development*
- f) *Enumerate the Millennium Development Goals*
- g) *Discuss the Kenya Vision 2030*

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CHAPTER 9: LEGAL ASPECTS IN DEVELOPMENT

Learning objectives

By the end of this chapter the learner should be able to:

- a) Discuss the role of Politics in development*
- b) Explain how Law and Justice affects development*
- c) Describe Equity and equality in terms of development*

A. Politics Law and Justice

In a world that is increasingly interconnected and risky, the quest for opportunity by individuals and organizations shines a new spotlight on the potentially transformative role that effective law can play in accelerating and sustaining growth, as well as in ensuring that growth can be both inclusive of underserved populations and equitable across society.

Countries around the world continue to struggle with an economic downturn that threatens contagion from Europe across borders. Countries with developing economies across Africa, Latin American and the Caribbean, the Middle East, East Asia and South Asia grapple with how to jump-start or sustain growth, knowing that they face unmet demand for jobs for an increasing population. New ways to examine the impact of law on national economic development explore how changes in private laws, in a variety of forms across many different countries, can bring together ideas and capital to create *opportunities* for accelerated and sustained growth.

B. Equity and equality

Social and political changes, prompted by a range of financial crises, food shocks, health crises and natural disasters around the world make clear the potential impact of people's consistent demand for access, reach and quality of opportunity and services. Increasing connectivity and use of social media feed a growing demand for open, accountable and equitable governance. As experience from several Arab countries demonstrates, legal systems that do not address *exclusion* and *inequity* and that do not provide access to effective judicial institutions can create intense pressure for change. The need for strong judicial and legal institutions and access to the same link the three dimensions of LJD Week 2012. New ways to assess the impact of insufficient access to effective *justice* on people's lives examine why despite recent changes, poverty, exclusion and inequity persist in all regions.

Collectively across disciplines, the World Bank Group and the larger development community is tackling these challenges. The World Development Report 2013 looks at jobs as the hinge connecting *productivity*, *living standards* and *social cohesion*. The World Bank's Social Protection and Labor Strategy examines the challenges of *resilience*, *equity* and *opportunity*. The Financial and Private Sector Development Network investigates the interplay of *stability*, *jobs and competitiveness*, and *inclusion*.

Advancing this debate, LJD Week 2012 shifts the focus to law, legal frameworks and judicial and legal institutions. Law, legal frameworks and judicial and legal institutions can create *opportunity* by providing the space to build human capital and assets, create jobs, and free individuals and organizations to make productive investments based on a greater sense of stability. They can also promote *inclusion* by advancing access to jobs, and expanding the reach and quality of services, including access to justice, for underserved populations, and *equity* by supporting equality of opportunity and promoting open and accountable governance and effective judicial and legal institutions.

Recognizing that equity, and particularly the receipt of *justice*, is a good that in and of itself has a real impact on how people live, equity also provides the transversal theme, linking together events throughout LJD Week 2012.

The impact of law and justice on the development agenda is also the rationale for the Global Forum on Law, Justice and Development (GFLJD). The GFLJD is a permanent forum that provides an innovative and dynamic framework for the exchange of knowledge, connecting developing countries, think-tanks, regional and international organizations, international financial institutions, governments, judiciaries, the private sector and civil society organizations with relevant research and practice. It will comprise a coherent, sustained program of collaborative research and special pilot projects to accelerate legal knowledge co-generation, dissemination and use, including building human capacity. It will promote a multidisciplinary approach, combining economic, legal, and technical aspects of targeted issues.

Review Questions

- a) What potentially transformative role can effective law play in accelerating and sustaining development?*
- b) Legal systems that do not address exclusion and inequity and that do not provide access to effective judicial institutions can create intense pressure for change. Explain?*
- c) What is the impact of insufficient access to effective justice on both social and economic growth?*
- d) Distinguish between Equity and equality in terms of development*

References

- i. Todaro, Michael (2008); *Economics for Development*; Dorling Kindersley (India) Pvt Ltd
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- iv. Subrata Ghatak (2003). *Introduction to Development Economics* USA and Canada: Routledge

CHAPTER 10: APPROACHES OF DEVELOPMENT

Learning objectives

By the end of this chapter the learner should be able to:

- a) Discuss participation as an approach to development*
- b) Describe the strategies that Promote Participation in development*
- c) Discuss Sustainability as an approach to development.*
- d) Discuss the concept of human social development as an approach to development.*

A. Participatory Development

Participatory based approaches to development incorporates, strategies to promote participation which includes: project formulation, group formation, financial arrangements, training, monitoring and evaluation.

B. Strategies to Promote Participation

i. Constraints

The main constraint of genuine participation is the political will to promote this in a country or project area. This basic problem can be overcome by means of various strategies at international, national and lower levels.

ii. Sensitizing Governments

Politicians, top decision-makers and planners, etc. need to be convinced of the necessity to incorporate participation in rural development policies, plans and programmes.

iii. Promoting policy dialogues

Promoting dialogue between key officials, planners and decision-makers of national and international development agencies at country level is important.

iv. Promoting the planning and implementation of participation in larger-scale projects

In a project cycle various institutions are involved such as one or more government agencies, international development, funding and/or donor organizations, NGOs, etc.

v. Systematic sensitization

This is the sensitization of the traditional, administrative and other influential leaders at project area and higher levels. Practice shows that the support of village leaders is crucial for a participatory project. Many villages, especially in Africa, still form very traditional communities which have a closely knit social system of clans, lineages and extended families.

vi. Increasing support

The increasing support of donors and development agencies and banks for participatory projects

C. Participatory Training

i. Objectives and Characteristics

The main training objectives are;

- to improve the economic and social conditions of the poor;
- to assist the beneficiaries to become active and productive group members and leaders;
- to encourage group promoters and other supporting staff to adjust their standard training to meet the needs of the rural poor; and
- to stimulate all project participants
- to develop adequate training contents, methods and also materials.

The essential training characteristics

- Participatory; every trainer is a trainee and viceversa;
- On-going: the training is conceived as a continuous process and is designed and carried out within the context of any project action to improve the production, income and social conditions of the beneficiaries;
- pragmatic and problem solving: the training is based on solving immediate and recognized problems;
- in-service, on-the-job, on-site training, learning by doing;
- self-learning: individually but also group-or team-wise;
- reality exposure: both trainers and trainees are to be exposed to the realities of the rural people and their living areas; and
- Dialogue and cooperation on equal terms; no we-they dichotomy between staff and beneficiaries.

Conventional training has a top-down approach, is entirely pre-planned and uses mainly the classroom (teacher-pupils) method. Instead participatory training is based on the felt needs of the trainees, recognizes that the poor can also be resource persons, stresses learning from each other, facilitates building of team work and links knowledge much more directly with action and problem-solving.

The innovative training approaches include:

- stimulation of farmer-to-farmer and group to group training to attain self-reliance;
- the trainees are not passive recipients and objects, but subjects of training;
- Training in specific technical fields is not exclusively given to group leaders (whose workload often hinders proper dissemination of the know-how obtained) but also and preferably to group members selected by one or more groups.

This will enhance shared leadership, inter-group cooperation, self-reliance and farmers becoming informal grassroots extensionists. Moreover, an accounting system of payment for services rendered could be developed by the beneficiaries themselves in order to decrease over-dependence on outside aid, while the delivery system could gradually obtain adequate cost recovery.

D. Sustainable development

The concept of “sustainable development” was popularised as a normative goal by the World Commission on Environment and Development³ in their 1987 report to the General Assembly of the United Nations *Our Common Future* (World Commission on Environment and Development, 1987). There sustainable development was defined as a development that “meets the needs of the present without compromising the ability of future generations to meet their own needs”. This definition suggests the need to balance two concerns, one having to do with present, or intra-generational needs and the other having to do with future, or inter-generational needs.

While less than precise, the *Brundtland* definition agrees with the intuition that, since the term sustainable means “can be continued” or “lasting”, sustainable development is development that can be continued into the indefinite future. Since “sustainability” in itself has no intrinsic value (some states of development may be sustainable but hardly worth sustaining), the challenge of the concept is perhaps not so much in the word “sustainable” but in “development”.

Thus, to understand sustainable development with any precision, it is important first to define what is meant by development. This, in turn, leads quickly to the need to define human wellbeing. Defining the concepts of development and human well-being is necessary but not sufficient for agreeing upon a definition of sustainable development. Agreement on the latter proved problematic for the Working Group – just as in the world at large. While all members were willing to accept the

Brundtland definition as a starting point, opinion was divided as to its interpretation. One part of the Working Group wanted to emphasise the inter-generational dimension, while the other argued for equal emphasis on both intra- and inter-generational issues.

E. Human social development

In traditional view, the well-being of a society was measured by its economic development. However, policy enlightenment has led us to realise in recent decades that economic wealth and social progress are interdependent and should develop hand in hand to achieve human and social welfare in a globalising world. Also, mobility is an integral part of the modern world. Properly managed, economic migration can be beneficial to people of both Europe and other parts of the world. For these reasons, a whole array of human and social measures has been added to the economic ones.

One crucial factor in this domain is the degree of social inclusion enjoyed by different strata of society. The socio-economic marginalisation of certain groups is particularly acute in many developing countries. EuropeAid supports national and local development strategies and interventions aimed at enabling the most vulnerable population groups to emerge from poverty, deprivation and insecurity while attempting to reduce inequalities within population.

There are many factors that affect social inclusion. One of the most significant is employment. Employment is an important aspect of sustainable and equitable growth because labour is the main asset of the poor. Europe Aid promotes ‘decent work’ with all its aspects.

But focusing on employment alone as an objective is not enough, since there will always be some vulnerable groups who will suffer from unemployment or underemployment. The European model is based on economic competitiveness mixed with social solidarity for vulnerable groups. Such welfare protection is also a tenet of the EU’s development policy.

Migration has become a key political issue in Europe. Fears about unregulated and illegal immigration are issues that have featured highly in public debate, but there is plenty of evidence to show that carefully managed migration can be a positive socio-economic factor. Find out how the EU, through its external aid programmes, is cooperating with partner countries towards a comprehensive approach to migration and is supporting them in their efforts to properly manage migration flows.

Review Questions

- a) *What is the rationale of participation as an approach to development?*
- b) *Describe the principles of training as a strategy to promote participation in development*
- c) *Describe the following national sustainability development strategies*
 - i. *Comprehensive Multi-dimensional strategy*
 - ii. *Cross-Sectional SD strategies relating to specific dimensions of SD*
- d) *What are the guiding principles of sustainable development strategies?*
- e) *Discuss the impact of human social development approach to social and economic growth of a society.*

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- i. Todaro, Michael (2008); *Economics for Development*; Dorling Kindersley (India) Pvt Ltd
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CHAPTER 11: TRADE AND DEVELOPMENT

Learning objectives

By the end of this chapter the learner should be able to:

- a) *Define the term Trade and explain the meaning of Trade Liberalization*
- b) *Explain the benefits of trade liberalization*
- c) *Define the term Foreign Direct Investment (FDI) and explains its forms*
- d) *Describe the types and methods of Foreign Direct Investment*
- e) *Define the terms Free Trade and Protectionism*
- f) *Discuss the features of free trade and their impact on development.*
- g) *Explain the protectionists Policies.*

A. Trade and Liberalization

i. Introduction

Integration into the world economy has proven a powerful means for countries to promote economic growth, development, and poverty reduction. Over the past 20 years, the growth of world trade has averaged 6 percent per year, twice as fast as world output. Since 1947, when the General Agreement on Tariffs and Trade (GATT) was created, the world trading system has benefited from eight rounds of multilateral trade liberalization, as well as from unilateral and regional liberalization.

Integration into the world economy has proven a powerful means for countries to promote economic growth, development, and poverty reduction. Over the past 20 years, the growth of world trade has averaged 6 percent per year, twice as fast as world output. Since 1947, when the General Agreement on Tariffs and Trade (GATT) was created, the world trading system has benefited from eight rounds of multilateral trade liberalization, as well as from unilateral and regional liberalization.

ii. The Benefits of Trade Liberalization

Policies that make an economy open to trade and investment with the rest of the world are needed for sustained economic growth. The evidence on this is clear. No country in recent decades has achieved economic success, in terms of substantial increases in living standards for its people, without being open to the rest of the world. Some of the benefits of trade liberalization include:

- Opening up their economies to the global economy has been essential in enabling many developing countries to develop competitive advantages in the manufacture of certain products.
- There is considerable evidence that more outward-oriented countries tend consistently to grow faster than ones that are inward-looking.
- Countries that have opened their economies in recent years, including India, Vietnam, and Uganda, have experienced faster growth and more poverty reduction.
- On average, those developing countries that lowered tariffs sharply in the 1980s grew more quickly in the 1990s than those that did not.
- Freeing trade frequently benefits the poor especially. The increased growth that results from freer trade itself tends to increase the incomes of the poor in roughly the same proportion as those of the population as a whole.

- Overall, inequality among countries has been on the decline since 1990, reflecting more rapid economic growth in developing countries, in part the result of trade liberalization.

iii. Conclusion

The failure to start a new round of multilateral trade negotiations at the WTO conference in Seattle in 1999 was a setback for the international trading system. Such broad-based multilateral negotiations are particularly important because they provide an opportunity for countries to gain visible benefits for their exporters from market opening by others. This prospect provides an added incentive for countries to open their own markets, and to overcome opposition from the entrenched interests benefiting from protection. In this way, the packages of trade liberalization measures that result for these negotiations are assured of benefiting all of the participating countries.

A new round of negotiations would raise global growth prospects and strengthen the international trading system. The IMF considers a successful trade round to be an important step toward meeting the goal of making globalization work for the benefit of all.

B. Foreign Direct Investment (FDI)

i) Definition

This means a direct investment into production or business in a country by a company in another country, either by buying a company in the target country or by expanding operations of an existing business in that country. Foreign direct investment is in contrast to portfolio investment which is a passive investment in the securities of another country such as stocks and bonds.

ii) Forms of (FDI)

Foreign direct investment has many forms. Broadly, foreign direct investment includes

- mergers and acquisitions,
- building new facilities,
- reinvesting profits earned from overseas operations and intracompany loans

iii) Types of (FDI)

- Horizontal FDI arises when a firm duplicates its home country-based activities at the same value chain stage in a host country through FDI.
- Vertical FDI takes place when a firm through FDI moves upstream or downstream in different value chains i.e., when firms perform value-adding activities stage by stage in a vertical fashion in a host country.

iv) **Methods of (FDI)**

The foreign direct investor may acquire voting power of an enterprise in an economy through any of the following methods:

- By incorporating a wholly owned subsidiary or company anywhere
- By acquiring shares in an associated enterprise
- Through a merger or an acquisition of an unrelated enterprise
- Participating in an equity joint venture with another investor or enterprise

Integration into the world economy has proven a powerful means for countries to promote economic growth, development, and poverty reduction. Over the past 20 years, the growth of world trade has averaged 6 percent per year, twice as fast as world output. Since 1947, when the General Agreement on Tariffs and Trade (GATT) was created, the world trading system has benefited from eight rounds of multilateral trade liberalization, as well as from unilateral and regional liberalization.

II. The Benefits of Trade Liberalization

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Overall, inequality among countries has been on the decline since 1990, reflecting more rapid economic growth in developing countries, in part the result of trade liberalization.

III Conclusion

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- By acquiring shares in an associated enterprise
- Through a merger or an acquisition of an unrelated enterprise
- Participating in an equity joint venture with another investor or enterprise

C. Free Trade Versus Protectionism

Free trade is the removal or reduction of restrictions or barriers on the free exchange of goods between nations. This includes the removal or reduction of both tariff (duties and surcharges) and non-tariff obstacles (like licensing rules, quotas and other requirements). The easing or eradication of these restrictions is often referred to as promoting "free trade."

Protectionism is the economic policy of restraining trade between states through methods such as tariffs on imported goods, restrictive quotas, and a variety of other government regulations designed to allow (according to proponents) "fair competition" between imports and goods and service produced domestically.

Features of Free Trade

Free trade implies the following features:

- Trade of goods without taxes (including tariffs) or other trade barriers (e.g., quotas on imports or subsidies for producers)
- Trade in services without taxes or other trade barriers
- The absence of "trade-distorting" policies (such as taxes, subsidies, regulations, or laws) that give some firms, households, or factors of production an advantage over others
- Free access to markets
- Free access to market information
- Inability of firms to distort markets through government imposed monopoly or oligopoly power.

Protectionists Policies

A variety of policies have been used to achieve protectionist goals. These include:

Tariffs: Typically, tariffs (or taxes) are imposed on imported goods. Tariff rates usually vary according to the type of goods imported. Import tariffs will increase the cost to importers, and increase the price of imported goods in the local markets, thus lowering the quantity of goods imported, to favour local producers. Tariffs may also be imposed on exports, and in an economy with floating exchange rates, export tariffs have similar effects as import tariffs. However, since export tariffs are often perceived as 'hurting' local industries, while import tariffs are perceived as 'helping' local industries, export tariffs are seldom implemented.

Import quotas: To reduce the quantity and therefore increase the market price of imported goods. The economic effects of an import quota is similar to that of a tariff, except that the tax revenue gain from a tariff will instead be distributed to those who receive import licenses. Economists often suggest that import licenses be auctioned to the highest bidder, or that import quotas be replaced by an equivalent tariff.

Administrative barriers: Countries are sometimes accused of using their various administrative rules (e.g. regarding food safety, environmental standards, electrical safety, etc.) as a way to introduce barriers to imports.

Anti-dumping legislation Supporters of anti-dumping laws argue that they prevent "dumping" of cheaper foreign goods that would cause local firms to close down. However, in practice, anti-dumping laws are usually used to impose trade tariffs on foreign exporters.

Direct subsidies: Government subsidies (in the form of lump-sum payments or cheap loans) are sometimes given to local firms that cannot compete well against imports. These subsidies are purported to "protect" local jobs, and to help local firms adjust to the world markets.

Export subsidies: Export subsidies are often used by governments to increase exports. Export subsidies have the opposite effect of export tariffs because exporters get payment, which is a percentage or proportion of the value of exported. Export subsidies increase the amount of trade, and in a country with floating exchange rates, have effects similar to import subsidies.

Exchange rate manipulation: A government may intervene in the foreign exchange market to lower the value of its currency by selling its currency in the foreign exchange market. Doing so will raise the cost of imports and lower the cost of exports, leading to an improvement in its trade balance. However, such a policy is only effective in the short run, as it will most likely lead to inflation in the country, which will in turn raise the cost of exports, and reduce the relative price of imports.

International patent systems: There is an argument for viewing national patent systems as a cloak for protectionist trade policies at a national level. Two strands of this argument exist: one when patents held by one country form part of a system of exploitable relative advantage in trade negotiations against another and a second where adhering to a worldwide system of patents confers "good citizenship" status despite 'de facto protectionism'. *Peter Drahos* explains that "States realized that patent systems could be used to cloak protectionist strategies. There were also reputational advantages for states to be seen to be sticking to intellectual property systems. One could attend the various revisions of the Paris and Berne conventions, participate in the cosmopolitan moral dialogue about the need to protect the fruits of authorial labor and inventive genius...knowing all the while that one's domestic intellectual property system was a handy protectionist weapon."

Employment-based immigration restrictions, such as labor labor certification requirements or numerical caps on work visas.

Political campaigns advocating domestic consumption (e.g. the "Buy American" campaign in the United States, which could be seen as an extra-legal promotion of protectionism.)

Review Questions

- a) *Define the term Trade and explain the meaning of trade liberalization*
- b) *What is the importance of broad-based multilateral negotiations in trade liberalisation?*
- c) *Define the term Foreign Direct Investment (FDI) and explains its forms*
- d) *The IMF considers a successful trade round to be an important step toward meeting the goal of making globalization work for the benefit of all. Explain?*
- e) *Distinguish between the terms Free Trade and Protectionism.*
- f) *Discuss the features of free trade*
- g) *Explain the Policies that favour protectionism*

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CHAPTER 12: FOREIGN AID AND DEVELOPMENT

Learning objectives

By the end of this chapter the learner should be able to:

- a) Define the term foreign aid.*
- b) Describe the Role of foreign aid in Development*
- c) Discuss the effect of Foreign aid on Development*
- d) Explain the limitations of Foreign aid*

A. Introduction

Foreign aid is a voluntary transfer of resources from one country to another. Humanitarianism and altruism are at least partly an objective for the giving of aid. It may have other functions as well: it may be given as a signal of diplomatic approval, or to strengthen a military ally, to reward a government for behaviour desired by the donor, to extend the donor's cultural influence, to provide infrastructure needed by the donor for resource extraction from the recipient country, or to gain other kinds of commercial access.

Development aid is aid given by developed countries to support development in general which can be economic development or social development in developing countries. It is distinguished from humanitarian aid as being aimed at alleviating poverty in the long term, rather than alleviating suffering in the short term.

Official Development Assistance (ODA), is a commonly used measure of developmental aid. Development aid is given by governments through individual countries' international aid agencies and through multilateral institutions such as the World Bank, and by individuals through development charities.

Aid from various sources can reach recipients through bilateral or multilateral delivery systems. Bilateral refers to government to government transfers. Multilateral institutions, such as the World Bank or UNICEF, pool aid from one or more sources and disperse it among many recipients.

ODA refers to aid from national governments for humanitarian purposes and for promoting economic development and welfare in low and middle income countries. ODA can be bilateral or multilateral. This aid is given as either grants, where no repayment is required, or concessional loans, where interest rates are lower than market rates. Loan repayments to multilateral institutions are pooled and redistributed as new loans. Additionally, debt relief, partial or total cancellation of loan repayments, is often added to total aid numbers even though it is not an actual transfer of funds. It is compiled by the Development Assistance Committee of the Organisation for Economic Co-operation and Development. The United Nations, the World Bank, and many scholars use the DAC's ODA figure as their main aid figure because it is easily available and reasonably consistently calculated over time and between countries. The DAC puts foreign aid into three categories:

- Official Development Assistance (ODA): Development aid provided to developing countries with the clear aim of economic development.
- Official Aid (OD): Development aid provided to developed countries and international organizations
- Other Official Flows (OOF): Aid which does not fall into the other two categories, either because it is not aimed at development, or it consists of more than 75% loan (rather than grant).
- Aid is often pledged at one point in time, but disbursements (financial transfers) might not arrive until later.

B. Role of foreign aid in Development aid

- Project aid: Aid is given for a specific purpose e.g. building materials for a new school.
- Programme aid: Aid is given for a specific sector e.g. funding of the education sector of a country.
- Budget support: A form of Programme Aid that is directly channelled into the financial system of the recipient country.
- Sector-wide Approaches (SWAPs): A combination of Project aid and Programme aid/Budget Support e.g. support for the education sector in a country will include both funding of education projects (like school buildings) and provide funds to maintain them (like school books).
- Technical assistance: Educated personnel, such as doctors are moved into developing countries to assist with a program of development. Can be both programme and project aid.
- Food aid: Food is given to countries in urgent need of food supplies, especially if they have just experienced a natural disaster. Food aid can be provided by importing food from the donor, buying food locally, or providing cash.
- International research, such as research that went into the green revolution and many vaccines.

C. The effect of Foreign aid on Development

Statistical studies have produced widely differing assessments of the correlation between aid and economic growth, and no firm consensus has emerged to suggest that

- Foreign aid generally does boost growth. Some studies find a positive correlation, but others find either no correlation or a negative correlation. The experience of African countries both at the national and at the regional levels it is no exaggeration to suggest that, on balance, foreign assistance, especially foreign capitalism, has been somewhat deleterious to African development.
- Foreign aid has added around one percentage point to the annual growth rate of the bottom billion poor people. Aid can make progress towards reducing poverty worldwide or at least help prevent cumulative decline.
- The Challenge of Global Health" points out that the current aid and resources are being targeted at very specific, high profile diseases, rather than at general public health. Aid is "stovepiped" towards narrow, short term goals relating to particular programs or diseases such as increasing the amount of people receiving anti-retroviral treatment, and increasing distribution of bed nets. These are band aid solutions to larger problems, as it takes healthcare systems and infrastructure to create significant change.
- Donors lack the understanding that effort should be focused on broader measures that affect general well being of the population, and substantial change will take generations to achieve. Aid often does not provide maximum benefit to the recipient, and reflects the interests of the donor.
- Aid is given to the Least Developed Countries who have good governments and strategic plans for the aid, it is thought that it is more effective.
- NGO's receive funding from private sources or the government, and then implement plans to end their specific issues.

- Possibilities are also emerging as some developing countries are experiencing rapid economic growth; they are able to provide their own expertise gained from their recent transition.
- Limitations of Foreign aid

D. Limitations of Foreign aid

- The economist William Easterly and others have argued that aid can often distort incentives in poor countries in various harmful ways.
- Aid can also involve inflows of money to poor countries that have some similarities to inflows of money from natural resources that provoke the resource curse.
- Foreign aid causes harm to the recipient nations, specifically because aid is distributed by local politicians, finances the creation of corrupt government. For example, food aid delivered to poor countries in the form of a shipment may be diverted by corrupt politicians to their own tribes, or sold on the black market at prices that undercut local food producers.
- Aid is offset by other economic programs such as agricultural subsidies. It is the extraordinary distortion of global trade, where the West spends hundreds of billions a year on protecting its agriculture with a network of subsidies and tariffs that costs developing countries about a fortune in potential lost agricultural exports.
- Major international aid organizations like IMF and World Bank have formed an aid cartel and give conditionalities to the poor countries before giving them aid.

Review Questions

- a) *Describe the categories of foreign aid.*
- b) *Donor aid may be given to reward a government for behaviour desired by the donor. Explain?*
- c) *Distinguish between bilateral or multilateral delivery systems of foreign aid.*
- d) *What is the correlation between Foreign aid and economic growth?*
- e) *How does foreign aid affect the relationship between countries?*

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CHAPTER 13: STRUCTURAL ADJUSTMENT PROGRAMS (SAPS)

Learning objectives

By the end of this chapter the learner should be able to:

- a) Describe the term international institutions*
- b) Discuss the impact of preconditions set by international institutions on developing countries*
- c) Describe the stabilization policies adapted by developing countries*

a) Introduction

Many developing nations are in debt and poverty partly due to the policies of international institutions such as the International Monetary Fund (IMF) and the World Bank. The programs of these two Bretton-wood's institutions have been heavily criticized for many years for resulting in poverty. In addition, for developing countries, there has been an increased dependency on the richer nations. This is despite the IMF and World Bank's claim that they will reduce poverty.

b) Structural Adjustments and Policies

Following an ideology known as neoliberalism, and spearheaded by these and other institutions, Structural Adjustment Policies (SAPs) have been imposed to ensure debt repayment and economic restructuring. But the way it has happened has required poor countries to reduce spending on things like health, education and development, while debt repayment and other economic policies have been made the priority.

The IMF and World Bank provide financial assistance to countries seeking it, but apply a neoliberal economic ideology or agenda as a precondition to receiving the money. These preconditions include:

- Prescribing cutbacks, "liberalization" of the economy and resource extraction/export oriented open markets as part of their structural adjustments.
- The role of the state is minimized.
- Privatization is encouraged as well as reduced protection of domestic industries.
- Other adjustment policies also include currency devaluation, increased interest rates, "flexibility" of the labor market, and the elimination of subsidies such as food subsidies.
- To be attractive to foreign investors various regulations and standards are reduced or removed.

The impact of these preconditions on poorer countries can be devastating. Factors such as the following lead to further misery for the developing nations and keep them dependent on developed nations:

- Poor countries must export more in order to raise enough money to pay off their debts in a timely manner.
- Because there are so many nations being asked or forced into the global market place—before they are economically and socially stable and ready—and told to concentrate on similar cash crops and commodities as others, the situation resembles a large-scale price war.

- The resources from the poorer regions become even cheaper, which favors consumers in the West.

Governments then need to increase exports just to keep their currencies stable (which may not be sustainable, either) and earn foreign exchange with which to help pay off debts. Governments of the poor countries are therefore made to:

- Spend less
- Reduce consumption
- Remove or decrease financial regulations

When the governments of the poor countries does this, over time:

- The value of labour decreases
- Capital flows become more volatile
- A spiralling race to the bottom then begins, which generates
- Social unrest, which in turn leads to IMF riots and protests around the world

The nations are then told to peg their currencies to the dollar. But keeping the exchange rate stable is costly due to measures such as increased interest rates. Investors obviously concerned about their assets and interests can then pull out very easily if things get tough.

In the worst cases, capital flight can lead to economic collapse, such as we saw in the Asian/global financial crises of 1997/98/99, or in Mexico, Brazil, and many other places. During and after a crisis, the mainstream media and free trade economists lay the blame on emerging markets and their governments' restrictive or inefficient policies, crony capitalism, etc., which is a cruel irony.

c) Stabilization Policies in Developing Countries

Stabilization policies address the impact of the structural adjustment programs on the rate of inflation balance of payments, inflation, and economic growth. It focuses on the design of stabilization measures to correct excessive balance of payments deficits and moderate the rate of inflation balance of payments, and economic growth of the poor countries. Policymakers come up with a number of ways. For example:

- During inflation policymakers can take steps to reduce demand.
- During economic downturns, policy makers can take steps to encourage increasing spending or substituting government spending for diminished private spending.

Such government actions are called demand management or stabilization policies. Usually as a result of government policies or private practices that impede efficient and fair production of goods and services—that is, supply fixing such problems can require changes to the fabric of the economy, called structural policies. Structural policies can zero in on a number of areas which includes:

Price controls: Prices in free markets reflect the underlying cost of production. However, governments in some countries set the prices for certain goods and services—such as electricity, gas, and communication services—below production costs, particularly when the goods or services are produced by government-owned companies. These price controls lead

to losses that the government must make up—which can cause budget and stabilization problems

Management of public finances: Better training and higher salaries for tax collectors could reduce corruption and help retain competent staff. Better management of public expenditures could result in more productive use of public funds.

Public sector enterprises: Public enterprises that compete with private firms often operate at a loss because of political influence or higher operating costs (as a result of unneeded workers, for example), and the government must make up the losses. Countries with large state-owned enterprises could sell them to private individuals or firms with an appropriate safety net to protect the laid-off staff.

Financial sector: Underdeveloped or poorly regulated financial systems in some developing countries could hamper economic growth and make it more difficult to conduct stabilization policies. Banking crises can interrupt the flow of funds to borrowers, discourage saving, and lead to higher government deficits if the state guarantees deposits or recapitalizes banks. Policymakers can fix underdeveloped financial systems through the introduction of secondary markets, the development of stock markets, and the privatization of government-owned banks. To mitigate crises, policymakers must shore up the financial system through effective regulation and supervision.

Social safety nets: Governments often have programs designed to safeguard a minimum standard of living for the poor and other vulnerable groups. But in many developing countries some costly programs—like fuel and food subsidies—are poorly targeted and benefit the rich more than the poor. Governments can change social safety nets to target the needy and achieve considerable savings. To focus on the needy, governments could give low-income households vouchers for basic food items or distribute food only in areas where the poor live. The government could also replace food and fuel subsidies with cash transfers. Pension programs can be changed so that benefits are aligned with projected revenues by raising the retirement age or fully funding pension systems.

Labour market: Unemployment is prevalent in many countries for a variety of reasons and usually rises when the economy is not doing well. But sometimes the cause of unemployment is deeper than the effects of the business cycle. For example excessive social security contributions or a relatively high minimum wage may so boost the cost of hiring that demand for labour shrinks and unemployment rises. Demand for labour may also fall if workers lack the necessary skills because of inadequate training or education. Reforming education and improving on-the-job training programs can help restore demand for labour.

Public institutions: The performance of public institutions can significantly affect a country's economic environment. For example, low government salaries, say in tax administration, can encourage corruption. Also, inefficient legal systems and shortages of courts and judges make it hard for businesses to resolve disputes, which increases costs for businesses and deters investment, especially foreign direct investment—hurting economic growth. Governance and institutions can be improved by simplifying business regulations and licensing, enhancing the country's legal system, streamlining the system of tax administration, and raising salaries for government staff in charge of providing vital services while limiting employment in the public sector to business needs.

Review Questions

- a) *Describe the role played by international institutions citing examples*
- b) *Describe how the policies of the international institutions have plunged the developing countries into poverty?*
- c) *Describe the preconditions given by the international institutions to countries seeking financial assistance.*
- d) *Capital flight by the developed countries can lead to economic collapse of developing countries. Explain?*
- e) *Describe the stabilization policies that address the impact of the structural adjustment programs on the rate of inflation, balance of payments and economic growth of developing countries?*

Reference:

- i. Susan George, *A Fate Worse Than Debt*, (New York: Grove Weidenfeld, 1990), pp. 143, 187,
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CHAPTER 14: REGIONAL INTEGRATION

Learning objectives

By the end of this chapter the learner should be able to:

- a) *Define the term economic integration and discuss why countries pursue it*
- b) *Explain the various degrees of Economic Integration*
- c) *Discuss the obstacles to economic integration*
- d) *Define the term social integration and explain its various dimensions*
- e) *Define the term globalisation and discuss the various global issues*

A. Economic integration

Economic integration is the unification of economic policies between different states through the partial or full abolition of tariff and non-tariff restrictions on trade taking place among them prior to their integration. This is meant in turn to lead to lower prices for distributors and consumers with the goal of increasing the combined economic productivity of the states.

i. Why countries pursue economic integration

There are economic and well as political reasons why nations pursue economic integration.

- The economic rationale for the increase of trade between members states of economic unions that it is meant to lead to higher productivity.
- Comparative advantage refers to the ability of a person or a country to produce a particular good or service at a lower marginal and opportunity cost over another. Comparative advantage was first described by David Ricardo who explained it in his 1817 book *On the Principles of Political Economy and Taxation*.
- Economies of scale refer to the cost advantages that an enterprise obtains due to expansion. There are factors that cause a producer's average cost per unit to fall as the scale of output is increased. Economies of scale are a long run concept and refer to reductions in unit cost as the size of a facility and the usage levels of other inputs increase. Economies of scale are also a justification for economic integration, since some economies of scale may require a larger market than is possible within a particular country.
- Besides these economic reasons, the primary reasons why economic integration has been pursued in practise are largely political. The Zollverein or German Customs Union of 1867 paved the way for German (partial) unification under Prussian leadership in 1871. "Imperial free trade" was (unsuccessfully) proposed in the late 19th century to strengthen the loosening ties within British Empire. The Econopean Economic Community was created to integrate France and Germany's economies to the point that they would find it impossible to go to war with each other.

ii. Degree of Economic Integration

The degree of economic integration can be categorized into seven stages:

- Preferential trading area
- Free trade area, Monetary union

- Customs union, Common market
- Economic union, Customs and monetary union
- Economic and monetary union
- Fiscal union
- Complete economic integration

These differ in the degree of unification of economic policies, with the highest one being the completed economic integration union of the states, which would mostly likely involve political integration as well. A "free trade area" (FTA) is formed when at least two states partially or fully abolish custom tariffs on their inner border. To exclude regional exploitation of zero tariffs within the FTA there is a rule of certificate of origin for the goods originating from the territory of a member state of an FTA.

A "customs union" introduces unified tariffs on the exterior borders of the union (CET, common external tariffs). A "monetary union" introduces a shared currency. A "common market" add to a FTA the free movement of services, capital and labor. An "economic union" combines customs union with a common market.

A "fiscal union" introduces a shared fiscal and budgetary policy. In order to be successful the more advanced integration steps are typically accompanied by unification of economic policies (tax, social welfare benefits, etc.), reductions in the rest of the trade barriers, introduction of supranational bodies, and gradual moves towards the final stage, a "political union".

iii. Obstacles to economic integration

Obstacles standing as barriers for the development of economic integration include: The desire for preservation of the control of tax revenues and licensing by local powers, sometimes requiring decades to pass under the control of supranational bodies. The experience of 1990-2009 has shown radical change in this pattern, as the world has observed the economic success of the European Union. So now no state disputes the benefits of economic integration: the only question is when and how it happens, what exact benefits it may bring to a state, and what kind of negative effects may take place.

B. Social Integration

Social Integration is composed of various dimensions which include the following:-

i. Politics

In general, globalization may ultimately reduce the importance of nation states. Sub-state and supra-state institutions such as the European Union, the WTO, the G8 or the International Criminal Court, replace national functions with international agreement. Increasingly, non-governmental organizations influence public policy across national boundaries, including humanitarian aid and developmental efforts.

ii. Media and public opinion

Residents of developing countries tend to view globalization more favorably. There is a growing feeling in developing countries that globalization was proceeding too rapidly. Only a few countries, including Mexico, the countries of Central America, Indonesia, Brazil and Kenya, where a majority felt that globalization is growing too slowly.

Globalization can enrich their lives, while believing the European Union can help them take advantage of globalization's benefits while shielding them from its negative effects. The main opposition consisted of socialists, environmental groups, and nationalists.

iii. Internet

Both a product of globalization as well as a catalyst, the Internet connects computer users around the world. From 2000 to 2009, the number of Internet users globally rose from 394 million to 1.858 billion. By 2010, 22 percent of the world's population had access to computers with 1 billion Google searches every day, 300 million Internet users reading blogs, and 2 billion videos viewed daily on YouTube. According to research firm IDC the size of total worldwide e-commerce, when global business-to-business and -consumer transactions are added together, will equate to \$16 trillion in 2013. IDate, another research firm, estimates the global market for digital products and services at \$4.4 trillion in 2013. A report by Oxford Economics adds those two together to estimate the total size of the digital economy at \$20.4 trillion, equivalent to roughly 13.8% of global sales.

While much has been written of the economic advantages of Internet-enabled commerce, there is also evidence that some aspects of the internet such as maps and location-aware services may serve to reinforce economic inequality and the digital divide. Electronic commerce may be responsible for consolidation and the decline of mom-and-pop, brick and mortar businesses resulting in increases in income inequality.

An online community is a virtual community that exists online and whose members enable its existence through taking part in membership ritual. Significant socio-technical change may have resulted from the proliferation of such Internet-based social networks.

iv. Population growth

The highest rates of growth global population increases above 1.8% per year were seen briefly during the 1950s, and for a longer period during the 1960s and 1970s. The growth rate peaked at 2.2% in 1963, and had declined to 1.1% by 2011. Total annual births were highest in the late 1980s at about 138 million, and are now expected to remain essentially constant at their 2011 level of 134 million, while deaths number 56 million per year, and are expected to increase to 80 million per year by 2040. Current projections show a continued increase in population (but a steady decline in the population growth rate), with the global population expected to reach between 7.5 and 10.5 billion by 2050.

The head of the International Food Policy Research Institute, stated in 2008 that the gradual change in diet among newly prosperous populations is the most important factor underpinning the rise in global food prices.

It is becoming increasingly difficult to maintain food security in a world beset by a confluence of "peak" phenomena, namely peak oil, peak water, peak phosphorus, peak grain and peak fish. Growing populations, falling energy sources and food shortages will create the "perfect storm" by 2030.

v. Health

Global health is the health of populations in a global context and transcends the perspectives and concerns of individual nations. Health problems that transcend national borders or have a global political and economic impact are often emphasized. It has been defined as 'the area of study, research and practice that places a priority on improving health and achieving equity in health for all people worldwide'. Thus, global health is about worldwide improvement of health, reduction of disparities, and protection against global threats that disregard national borders. The application of these principles to the domain of mental health is called Global Mental Health.

International travel has helped to spread some of the deadliest infectious diseases. Modern modes of transportation allow more people and products to travel around the world at a faster pace, but they also open the airways to the transcontinental movement of infectious disease vectors. One example of this occurring is AIDS/HIV.

vi. Sports

The Ancient Olympic Games were a series of competitions held between representatives of several city-states and kingdoms from Ancient Greece, which featured mainly athletic but also combat and chariot racing events. During the Olympic games all struggles against the participating city-states were postponed until the games were finished. The origin of these Olympics is shrouded in mystery and legend. During the 19th century Olympic Games became a popular event.

Globalization has continually increased international competition in sports. The FIFA World Cup is the world's most widely viewed sporting event; an estimated 715.1 million people watched the final match of the 2006 FIFA World Cup held in Germany.

International sports do influence globalization as well as the political, economical, and other cultural aspects of the countries around the world. Especially with Politics and sports, we can see how sports can affect countries, their identities, and in consequence, the world through globalization. Looking at football, its status as the most popular global sport was not inevitable, consequential of both historical forces and the intrinsic qualities that appeal to both players and watchers of the game. Football or any other kind of sport, therefore, has seeped deeper than we think into our lives, sometimes even bringing out of us the nationalistic character, and/or the good sportsmanship. Both help finding the identities of countries.

C. Global Issues

i. Global natural environment

Environmental challenges such as climate change, cross-boundary water and air pollution and over-fishing of the ocean, require trans-national/global solutions. Since factories in developing countries increased global output and experienced less environmental regulation, globalism substantially increased pollution and impact on water resources.^[209]

ii. Global workforce

The global workforce is the international labor pool of immigrant workers or those employed by multinational companies and connected through a global system of networking and production. As of 2005, the global labor pool of those employed by multinational companies consisted of almost 3 billion workers

The current global workforce is competitive as ever. Some go as far as to describe it as "A war for talent." This competitiveness is due to specialized jobs becoming available world wide due to communications technology.

As workers get more adept at using technology to communicate, they give themselves the options to be employed in an office half way around the world. These newer technologies not only benefit the workers, but companies may now find highly specialized workers that are very skilled with greater ease, as opposed to limiting their search locally.

However, production workers and service workers have been unable to compete directly with much lower-cost workers in developing countries. Low-wage countries gained the low-value-added element of work formerly done in rich countries, while higher-value work remained; for instance, the total number of people employed in manufacturing in the US declined, but value added per worker increased.

iii. International migration

Many countries have some form of guest worker program with policies similar to those found in the U.S. that permit U.S. employers to sponsor non-U.S. citizens as laborers for approximately three years, to be deported afterwards if they have not yet obtained a green card. As of 2009, over 1,000,000 guest workers reside in the U.S.; the largest program, the H-1B visa, has 650,000 workers in the U.S.

The second-largest, the L-1 visa, has 350,000. Many other United States visas exist for guest workers as well, including the H-2A visa, which allows farmers to bring in an unlimited number of agricultural guest workers. The United States ran a Mexican guest-worker program in the period 1942–1964, known as the *Bracero Program*. About 85% of Dubai's population consists of migrant workers, a majority of whom are from India.^[240]

Migration of educated and skilled workers is called brain drain. For example, the U.S. welcomes many nurses to come work in the country. The brain drain from Europe to the United States means that some 400,000 European science and technology graduates now live in the U.S. and most have no intention to return to Europe.

iv. Economic liberalism and free trade

Economic liberals generally argue that higher degrees of political and economic freedom in the form of free trade in the developed world are ends in themselves, producing higher levels of overall material wealth. Globalization is seen as the beneficial spread of liberty and capitalism.

v. Global democracy

Democratic globalization is a movement towards an institutional system of global democracy that would give world citizens a say in political organizations. This would, in their view, bypass nation-states, corporate oligopolies, ideological Non-governmental organizations (NGO), political cults and mafias.

vi. Global civics

Global civics suggests that civics can be understood, in a global sense, as a social contract between world citizens in the age of interdependence and interaction. The disseminators of the concept define it as the notion that we have certain rights and responsibilities towards each other by the mere fact of being human on Earth. World citizen has a variety of similar

meanings, often referring to a person who disapproves of traditional geopolitical divisions derived from national citizenship.

vii. Anti-globalization movement

Anti-globalization, or counter-globalisation, consists of a number of criticisms of globalization but, in general, is critical of the globalization of corporate capitalism. The movement is also commonly referred to as the alter-globalization movement, anti-globalist movement, anti-corporate globalization movement, or movement against neoliberal globalization. It can be explained as encompassing the ideologies present in the following other “movements”, which will be discussed below: opposition to capital market integration, social justice and inequality, anti-consumerism, anti-global governance and environmentalist opposition.

Each of these ideologies can be framed around a specific strand of the anti-globalization movement, but in general the movement gears their efforts towards all of these primary principles. It is considered a rather new and modern day social movement, as the issues it is fighting against are relevant in today’s time.

viii. Global justice and inequality

The global justice movement is the loose collection of individuals and groups often referred to as a "movement of movements" who advocate fair trade rules and perceive current institutions of global economic integration as problems. The movement is often labeled an anti-globalization movement by the mainstream media.

Those involved, however, frequently deny that they are anti-globalization, insisting that they support the globalization of communication and people and oppose only the global expansion of corporate power.

The movement is based in the idea of social justice, desiring the creation of a society or institution based on the principles of equality and solidarity, the values of human rights, and the dignity of every human being. Social inequality within and between nations, including a growing global digital divide, is a focal point of the movement. Many nongovernmental organizations have now arisen to fight these inequalities that many in Latin America, Africa and Asia face.

ix. Gender inequality in the global workforce

Women often participate in the workforce as casual labor. Evidence suggests that while globalization has expanded women’s access to employment, the long-term goal of transforming gender inequalities remains unmet and appears unattainable without regulation of capital and a reorientation and expansion of the state’s role in funding public goods and providing a social safety net.

Review Questions

- a) *Define the term economic integration?*
- b) *What are the functions of Economic Integration in development of the poor countries*
- c) *Discuss the obstacles to economic integration*
- d) *Define the term social integration and explain its various dimensions*
- e) *Define the term globalisation and discuss various dimensions of global issues*

References

- i. Vandana Desai, Robert B Potter (2008). *The Companion to Development Studies*, (2nd Edition). Great Britain: Hodder Education
- ii. Michael Tribe, Frederick Nixon, and Andy Sumne (2010). *Economics and Development Studies*. USA and Canada: Routledge
- iii. Robert J. Berg (1986) *Strategies for African development*: London: University of California press
- iv. Subrata Ghatak (2003). *Introduction to Development Economics* USA and Canada: Routledge
- v. Todaro, Michael (2008); *Economics for Development*; Dorling Kindersley (India) Pvt Ltd
- vi. Sen, Amartya (2000); *Development As Freedom*; New York



UNIVERSITY EXAMINATION 2012/2013
SCHOOL OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS AND DEVELOPMENT STUDIES
BBM / BCOM/ BBIT (EVENING) DATE; APRIL 2013,
UNIT CODE: UCU 002: UNIT TITLE: DEVELOPMENT STUDIES

EXAM TIME: 2 HOURS

INSTRUCTIONS: QUESTION ONE AND ANY OTHER TWO QUESTIONS

QUESTION 1

- a) Using examples, define the following development concepts:
- | | | |
|------|-----------------------------|---------|
| i. | Empowerment | 2 marks |
| ii. | Gross National Income (GNI) | 2 marks |
| iii. | Development | 2 marks |
- b) The United Nations (UN) defines a Less Developed Country as one that exhibits certain indicators. List down these indicators. 4 marks
- c) Poverty can be both absolute and/or relative. Briefly explain these two terms using relevant examples:
- | | | |
|-----|------------------|---------|
| i) | Absolute poverty | 3 marks |
| ii) | Relative poverty | 3 marks |
- d) Differentiate between the following terms as used in gender and development:
- | | | |
|-----|---|---------|
| i) | Gender equality and gender equity | 4 marks |
| ii) | Practical gender needs and strategic gender needs | 4 marks |
- e) Enumerate three methods of categorizing the natural resources used in development. 6 marks

QUESTION 2

- a) Sen Armatya in his book "Development as freedom" defines participatory development as a different kind of liberation as people are allowed to take greater control of their own lives and destiny. Briefly describe some of the benefits of participatory development. 8 marks
- b) Critically evaluate the rationale for gender mainstreaming 12 marks

QUESTION 3

- a) Poverty is the state for the majority of the world's people and nations. Explain the major causes of global poverty 8 marks
- b) Structural Adjustment Programmes (SAPs) were the policy changes suggested by the IMF and the World Bank especially to the LDCs. Highlight the in bold adjustment measures taken by Kenya in the 1990s as part of SAPs. 12 marks
- c)

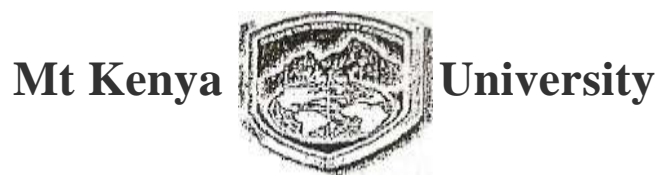
QUESTION 4

Critically evaluate the following theories which are either part of modernization and/or dependency theories;

- a) Big Push Theory 5 marks
- b) Imperialism Theory 5 marks
- c) External Trade Theory 5 marks
- d) Rostow's Model of Development 5 marks

QUESTION 5

- a) Africa's dismal economic performance has puzzled many development analysts. Explore some of the opportunities that there are in Africa's development efforts 8 marks
- b) Different scholars have emphasized a variety of factors as the root causes of underdeveloped in Africa. Enumerate the most important of these causes. 12 marks



DEPARTMENT OF ECONOMICS AND DEVELOPMENT STUDIES

End of Semester Examination – Oct, 2005 (Evening Class)

UCU 002: DEVELOPMENT STUDIES

Time: 2 Hrs

Instructions to Candidates: Answer question 1 (Compulsory) and any other two questions

QUESTION 1

- (a) Discuss the limitations of GDP as a measure of economic health (7mks)
- (b) Describe the merits of participatory development (6mks)
- (c) Discuss-the role played by co-operatives in economic development (6mks)
- (d) Explain the reasons why disputes arise over natural recourses (6mks)
- (e) State the key functions of regional integration (5mks)

QUESTION 2

- (a) Discuss the consequences of industrialization (8mks)
- (b) Discuss the tenets of strategy theories of development (12mks)

QUESTIONS 3

- (a) Describe the main areas of consensus for development ethicists (12mks)
- (b) De-industrialization describes the decline in the contribution made by manufacturing industry to a nation's overall economic prosperity. With appropriate examples explain why this process should rather be referred to re-industrialization (8mks)

QUESTION 4

- (a) Discuss the presumed benefits of genuine progress indicator over gross domestic product as indicators of development (12mks)
- (b) Discuss the criticisms- leveled against modernization as a model of development (8mks)

QUESTIONS 5

- (a) Discuss the consequences of population growth to development in Africa (10mks)
- (b) Explain the concept of gender planning (10mks)