

Sustainable Development and International Development Cooperation Memo 6

Part 2: SD and Development Policy in Developing Countries

1. Poverty and development, Poverty and Environment

See the previous materials: WDI and HDR ⇒ extreme poverty and median poverty

- Research question 1: What is poverty ? What are the causes of poverty?
- Research question 2: relationship between poverty and development?
- Research question 3: relationship between poverty and environment?

Vicious cycle of poverty:

Gunnar Myrdal (1957), *Economic Theory and the Under-developed Regions*

→ Vicious cycle between poverty and environment → destruction of resource → uneven distribution of wealth → disparity and poor

Resource rich case: Resource Curse, Dutch Disease

Some of main characteristics of developing society, labor surplus and lack of capital

- Clifford Geertz, C. (1963), *Agricultural Involution: the Process of Ecological Change in Indonesia*, Univ. of California Press. ⇒ agricultural involution and shared poverty
- Scott, J. C. (1976), *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*, Yale Univ. Press. ⇒ patron-client bonds

Global system or structure of international economy

- Prebisch-Singer Thesis: The terms of trade between primary products and manufactured goods tend to deteriorate over time.

Poverty Trap: Low level equilibrium between poverty and underdevelopment (population growth), vicious circle (cycle)

- Economic growth and population growth: $G(\text{GDP}/\text{Pop}) = G(\text{GDP}) - G(\text{Pop})$

- Big Push, Trickle Down, Modernization

Big Push: Economic strategy to initiate or accelerate economic growth by large scale investments.

Trickle Down: Economic Growth would automatically bring benefit to the mass.

2. Two Sector Development Model

2 Sector Development model: Lewis model, surplus labor, traditional sector and modern sector

3. Development Strategy: Industrialization

• Import Substituting Industrialization: Effort to replace major consumer imports by promoting the emergence and expansion of domestic industries (textile, shoes, and household appliances etc.).
Protective Tariffs, Import quotas system (import permission), high exchange rate control

- Export Oriented Industrialization: export promotion, industrial policy, investment incentives

References

Todaro, M. and S. Smith (2008), *Economic Development*, Longman

Schedule

Part 1: Concept and theory of sustainable development

1. Introduction: SD and Global Sustainability 9/30
2. Concept of SD 10/07
- 3-4. Theory and policy of SD: Criteria and Indicators of SD 10/14, 10/28

Part 2: SD and Development Policy in Developing Countries

5. Present situation of global development and cooperation 11/4
- 6-7. Poverty, Development, and Environment: Poverty Trap, Big push, Dual society and two sector development model 11/11, 11/18
8. Development strategy: import substitution and export oriented 11/25

Part 3: SD and Developed Countries/Developing Countries

9. PRSP and MDGs 12/2
10. Paris Declaration 12/9
11. Assessing Aid 12/16
12. Aid and environment 1/6

Part 4: Social Capacity Development and Institutional Change

13. Capacity for Development 1/13
14. Capacity Assessment and Institutional Change: Examination? 1/20 (Close?) ,1/27
15. Concluding remarks 2/3