

## **Sustainable Development and International Development Cooperation Memo 10**

### **1. Developmentalism**

- Developmentalism in developing countries in 20<sup>th</sup> century.

Development Dictatorship, Development Autocrat, Bureaucratic authoritarianism, Repressive developmentalist regime, Developmental State

President F. Marcos: Philippines 1965-1986

President Suharto: Indonesia (1965) 1968-1998

President Park Chung-hee: S. Korea 1963-1979

Prime Minister Sarit Thanarat, Thailand 1959-1963

- New Developmentalism in 21<sup>st</sup> century?

China (1978-) and Vietnam (Doimoi: 1986-)

World Bank (1993), *East Asian Miracle*: the role of government in development

(1) neo-classical approach, (2) market friendly approach, (3) developmentalist approach

Looking specifically at the World Bank's views on government intervention, this topic can be interpreted in the following way.

The perception of the role of government in development can be divided into three categories: the neoclassical approach, the market-friendly approach, and the developmentalist approach.

Within the neoclassical approach, the book lists four roles for government: (1) maintaining macroeconomic stability, (2) preparing and maintaining a legal system that facilitates domestic and international competitiveness, (3) promoting international trade and eliminating price controls, and (4) facilitating investment in human capital. Meanwhile, the developmentalist approach, particularly that of Japan and Korea which has emphasized policies fostering targeted industries, is rejected by the World Bank. Implementation of such fostering policies requires a first-rate bureaucracy, a condition which the book feels is difficult for most developing countries to meet.

The market-friendly approach requires the government to play a bigger role than that acceptable within the neoclassical view. This approach is mainly based on the principle of competition, and it accepts selective intervention by the government which is directed toward promoting competition. This approach emphasizes three points in particular where government intervention plays a role in correcting market failures. These are: (1) coordination failure, (2) credit rationing, and (3) information-related externalities. In recent years these three have been the topics of much debate within the field of economics, but it should be noted that this approach rejects the developmentalist role of government involvement in fostering industries. Regarding coordination failure and information dissemination, the World Bank has given high marks to the role played by the Japanese deliberation council in coordinating the private and government sectors. Likewise in the area of credit rationing, the Bank has evaluated highly policies that have been carried out through contest-based competition. However the implementation of these also requires a top-notch bureaucracy, and for this reason the Bank takes a negative view about their applicability to other developing countries.

Source: Kuchiki, A. and K. Matsui (1994), Book review "The East Asian Miracle: Economic Growth and Public Policy by the World Bank", J. of Developing Economies 32(3)

## 2. Development and Aid

Washington Consensus

- late of 1990s    World Bank; CDF → PRSP
- 2000        MDGs

2003 Rome High Level Forum on Harmonization

2005 Paris High Level Forum on Aid Effectiveness

### References

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### 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

- 9-11. 10.PRSP and MDGs 12/2, 12/9, 12/16
- 12-13. Paris Declaration, Assessing Aid, Aid and Environment 1/6, 1/13

#### Part 4: Social Capacity Development and Institutional Change

14. Capacity Development and Institutional Change 1/20 (Close) ,1/27 (examination?)
15. Concluding remarks 2/3 (supplement)