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Sustainable Development and International Development Cooperation
No. 7

Part 2: Development and Environment in Developing Countries

1. Dual Society and Two Sector Development Model

1.1. Two Sectors Development model: Lewis Model, Traditional sector and Modern sector

・Main Characteristics of Developing Economy: Labor surplus and lack of capital

・Traditional Sector: Work at Marginal Productivity = 0 ： Hidden Unemployment
Institutional Wage ： 0S1＝L3q”/0L3, Labor (L2L3) transfer to Modern Sector
→ 0S2: Increase of Wage

・Modern Sector: 0W＞0S, Expansion of Production in Modern Sector → Increase of Employment

・Traditional sector and Modern sector
Turning Point: N4、w4 ： Technical Innovation in Modern Sector (Capital Intensive)
Modernization of Traditional Sector
Wage; w = Marginal Productivity (MP) of Agricultural Sector
γ ＝ w/MP

1.2. Limitations of Two Sectors Development Model

Labor Intensive or Capital Intensive

(Supplement) Resource Based Development Approach, Staple Model

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

・Resource Curse:
the paradox that countries and regions with an abundance of natural resources, specifically point-source non-renewable resources like minerals and fuels, tend to have less economic growth and worse development outcomes than countries with fewer natural resources.

・Dutch Disease:
Dutch disease is an economic phenomenon in which the revenues from natural resource exports damage a nation's productive economic sectors by causing an increase of the real exchange rate and wage increase.

2. Development Strategy: Import Substitution and Export Oriented

2.1. Import Substitution Industrialization

Import Substituting Industrialization: Effort to replace major consumer imports by promoting the emergence and expansion of domestic industries (textile, shoes, and household applicants etc.).

Policy Instruments; Protective Tariffs, Import quotas system (import permission), high exchange rate control → Protected Industries, High cost, Low international competitiveness

African Socialism; Tanzania from 1960s to 1980s, Kenyanization in Kenya up to 1980s

Indian Socialism: India until 1980s

2.2. Export Oriented Industrialization

Export Oriented Industrialization: Liberalization and deregulation, Promotion of export industries (FDI), diffusion of advanced technology to local industries

Policy Instruments: export promotion, industrial policy, investment incentives

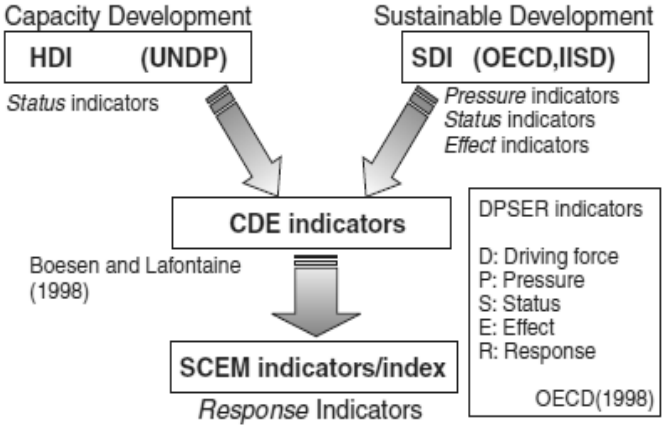
EPZ; Export Processing Zone, FTZ; Free Trade Zone

Taiwan in 1965, then South Korea, Singapore, Malaysia, Thailand

2.3. New Approaches for Sustainable Development

Basic Human Needs Approach → Human Development, Social Development and Sustainable Development → MDGs and PRSP

Figure 8 Development of Indicators / Index for SCEM



3. References

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

4. Schedule of Course Work

1. Introduction 9/27

Part 1: History, Concept, and Theory of Sustainable Development (SD)

2. History and concept of SD 10/6

3. Theory of SD: Carrying Capacity and MSY 10/13

4. Measuring and Indicators of SD 10/20

5. * Students make a short report and presentation about your definition and measuring of SD 10/27

Part 2: Development and Environment in Developing Countries

6. Development issues: Poverty Trap and Big push 11/10

7. Economy and society of developing countries: Dual society and two sector development model 11/17

8. Development strategy: import substitution and export oriented 11/24

9. Development strategy and environment 12/1

10. * Students make a short report and presentation about development issues in selected countries. 12/8

Part 3: Theory and Practice of International Cooperation

11. History and theory of international development cooperation 12/15

12. PRSP, MDGs, and Paris Declaration 12/22

13. Assessing Aid and environment 1/12

14. * Students make a short report and presentation about aid and development in selected cases. 1/19

Part 4: Toward a Sustainable Global Society (governance)

15. Sustainable global society, global governance and concluding remarks 1/26

Table 1 Development Approaches after 2000

Organization	Plan	Summary
United Nations	Millennium Development Goals (MDGs) (September 2000)	Adopted at UN Millennium Summit. Eight goals and eighteen targets to be achieved by 2015. 1. Eradicate extreme poverty and hunger 2. Achieve universal primary education 3. Promote gender equality and empower women 4. Reduce child mortality 5. Improve maternal health 6. Combat HIV/AIDS, malaria, and other diseases 7. Ensure environmental sustainability Target 9: Integrate the principles of sustainable development into country policies and programmes, and reverse loss of environmental resources Target 10: Reduce by half the proportion of people without sustainable access to safe drinking water Target 11: Achieve significant improvement in lives of at least 100 million slum dwellers by 2020 8. Develop a global partnership for development
The World Bank	Poverty Reduction Strategy Paper (PRSP) - Since September 1999. 72 countries done as of July 2002.	Prepared by developing countries based on the five core principles. 1. Country-driven 2. Results-oriented 3. Comprehensive 4. Partnership-oriented 5. Based on a long-term perspective
OECD	Capacity 2015 (August 2002)	Launched from Capacity 21. Community capacity development emphasized. 1. Capacity development for communities 2. Strategies for sustainable development 3. Capacity development for multilateral environment agreements 4. Capacity development for the small island developing states 5. Strategic capacity development facility
Japan	Koizumi Initiative at WSSD (September 2002)	Human resource development for sustainable development emphasized. - "The Decade of Education for Sustainable Development" - Assistance more than 250 billion yen over the next five years for education - Environment-related human resources development for 5,000 persons in the next five years