

Sustainable Development and International Development Cooperation

Memo 5

Part 2: SD and Development Policy in Developing Countries

1. Poverty Trap and big push

Economic Growth / Development in developing countries

- Economic growth and population growth

$$G(\text{GDP}/\text{Pop}) = G(\text{GDP}) - G(\text{Pop})$$

- Poverty Trap

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

- 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

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

Schedule

Part 1: Concept and theory of sustainable development

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2. Concept of SD 10/07
3. Theory and policy of SD: Criteria and Indicators of SD 10/14
4. SD and Global Sustainability 10/28

Part 2: SD and Development Policy in Developing Countries

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- 10. Paris Declaration 12/9
- 11. Assessing Aid 12/16
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Part 4: Social Capacity Development and Institutional Change

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