TUL 560-7 Development Economics. Notes on Slides

1. 1. Development Economics Viv Grigg
2. [2.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-2-638.jpg?cb=1554850438)Its Focus? • Development economics focuses on how nations can evolve out of poverty. It tends to have both financial and social goals as outcomes, much more than classical economics.
3. [3.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-3-638.jpg?cb=1554850438)Developing Ideal Societies – and the Future Ideal Dimension of Integration Band Tribal Peasant Urban/Moder n Postmodern Megacity Economic Production Mobile Slash and Burn Settled Agriculture Manufacturing + Agriculture High Tech + Manufacturing + Agriculture Leadership & Decisionmakin g Familial Clans and Chiefs Feudal Lord and Peasant Councils, elections Big Man, diverse Technology Stone age Bronze, iron utensils Farming utensils, blacksmith City systems, auto, manufactured goods Electronic, biological, internet Religion Spirit worship Spirit, totemic Folk Religion within Larger traditions Multiple traditions, disjoint, secularising Multi- dimensioned Cross overs, secular Cultures Extended Family Multiple tribes Singlular culture Clustered multicultures Networked !0,000 year progressions Reign of God Eternal Energy Justice around King, delegated Intergalactic Worship of King Multicultural
4. [4.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-4-638.jpg?cb=1554850438)Development to what? Alternative Visions of the Future Cultural Dimension Marx & Engels Global Socialism Democratic Capitalism Kingdom of God Economics Proletariat control means of production Gradual expansion of governmental control of production Capitalists control means of production Cooperative ownership of means of production Leadership Marx: Proletariat Engels in reality: Dictatorship In reality: Bureaucracy of the proletariat Rulership by Capitalists in partnership with elected. Works best in a democratic state Just King, delegated authority to servant leaders Religion Anti-Christian, anti-religious Secular Christian base/ increasing secularization Christ as Centre
5. [5.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-5-638.jpg?cb=1554850438)Theories of development economics Mercantilism: 17th, 18th Century: a nation's prosperity depends on its supply of capital from maximized exports and minimized imports. hence significant protective tariffs and subsidies are employed. This was largely dependent on importation of Bullion from colonies (von Hornick, Colbert).
6. [6.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-6-638.jpg?cb=1554850438)THEORIES OF DEVELOPMENT ECONOMICS (Nation- Building) 9 Neoclassical theory 4 Linear- stages-of- growth model (Rostow) 5 Structural- change theory 2 Civilizing Nations Economic nationalism 1 Mercantilism 3 Post-WWII theories . 6 International dependency theory . SolutionSynthesis Deconstructive Analysis Every Era/ Decade produces new theories How do you contrast these with theological paradigms of the same periods ( see Grigg, Transformative Revival, ch 2.) Each discipline develops its set of theories 8 Marginality7 Dualism
7. [7.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-7-638.jpg?cb=1554850438)15th-1920 1944-1985 1970’s-90’s Late 1980’s14-18th C Mercantilism National Development Linear Takeoff Neoliberalism Civilizing Empires Dualism Marginality Global Capitalism 1989 on TIMELINES PHOTOS
8. [8.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-8-638.jpg?cb=1554850438)LINEAR STAGES THEORY The Harrod-Domar Growth Model • the rate of growth of GDP ( Y/Y) is determined jointly by the net national savings ratio, s, and the national capital-output ratio, c. \* To grow, economies must save and invest \* Other components: labor force growth & technological progress • Sample: • Countries able to save 15% to 20% would develop faster • PROBLEM: relatively low level of new capital formation in most poor countries ANSWER: through either foreign aid or private foreign investment (justified Marshall plan for developing world)
9. [9.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-9-638.jpg?cb=1554850438)LINEAR STAGES THEORY PROBLEMS: • Mechanisms of development embodied in the theory DOES NOT ALWAYS WORK • WHY? More savings and investment are not sufficient • Worked for Europe because of necessary structural, institutional, and attitudinal conditions
10. [10.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-10-638.jpg?cb=1554850438)Linear Takeoff theory • W.W. Rostow was an American economist who presented 'Stages of Growth' model of development. According to Rostow, the process whereby all the developed industrial nations of the world transformed themselves from backwardness to prosperity can be described in terms of a series of stages. These stages of economic growth are: – (1) Traditional society, – (2) Pre-conditions to take-off, – (3) Take-off, – (4) Drive to maturity, – (5) High mass consumption. Read an analysis of Rostows's Theory here: http://economicsconcepts.com/linear\_stages\_theory\_and\_rostow%27s\_stag es\_of\_economic\_growth.htm
11. [11.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-11-638.jpg?cb=1554850438)The Opposite View: Dependency Theory • Views developing countries as being economically and politically dependent on more powerful, developed countries which have an interest in maintaining their dominant position • International dependency theory, neocolonial dependence theory, has its origins in Marxism and views the failure of many developing nations to undergo successful development as being the result of the historical development of the international capitalist system.
12. [12.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-12-638.jpg?cb=1554850438)Economic Dualism • The coexistence of modern and traditional sectors within an economy, especially as found in less-developed countries. • It is the international-structuralist model which highlighted the concept of dual societies. This means that there exist rich nations and poor nations at world level; and a few rich accompanied with a majority of poor people in the developing countries. Thus, dualism is a concept which represents the existence and persistence of increasing divergences between rich and poor both at world level and at country levels.
13. [13.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-13-638.jpg?cb=1554850438)Economic Dualism International Dualism: • There are four components of international dualism: • (i) There exist greater differences in between different countries and geographical regions regarding per capita incomes. • (ii) These differences are not temporary and short termed, rather they are chronic. As the standard of living enjoyed by an average Pakistani and that of an American is different for centuries, not for decades. • (iii) These differences go on increasing, rather decreasing. As the growth rates of GNP and that of GNP per capita have really been widened between developed countries and under-developed countries. • (iv) The inter-relationships between rich and poor countries in international economy are of such a nature that they have promoted the growth of the rich countries at the cost of poor countries.
14. [14.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-14-638.jpg?cb=1554850438)Factors in Economic Dualism The following factors have been found responsible for international dualism: • (i) The DCs have a power to control and manipulate world resources and commodity markets to their advantage. • (ii) The foreign investment activities by MNCs. • (iii) The privileged access of rich nations to scarce raw material. • (iv) The export of unsuitable and inappropriate science and technology. • (v) The transfer of out-dated and irrelevant systems of education to societies where education is considered as a key component in the process of development. • (vi) Dumping policies pursued by the rich countries which discourage industrialization efforts of UDCs. • (vii) The harmful international trade theories and policies which have confined the UDCs to export just primary products. • (viii) The harmful aid policies pursued by donors which help in perpetuating the international dualistic economic structures. • (ix) The creation of elites in poor countries who are influenced by the external ideas. • (x) The transfer of unsuitable methods of university training for unrealistic and often irrelevant international professional standards, for instance the externally conceived degree requirements for doctors, engineers, technicians and economists. • (xi) The international brain-drain which has encouraged the international mobility to
15. [15.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-15-638.jpg?cb=1554850438)Economic Dualism • (x) The transfer of unsuitable methods of university training for unrealistic and often irrelevant international professional standards, for instance the externally conceived degree requirements for doctors, engineers, technicians and economists. • (xi) The international brain-drain which has encouraged the international mobility to the rich nations because of handsome salaries etc. • (xii) The demoralizing 'Demonstration Effect' of luxury consumption on the part of wealthy people both at home and abroad, as propagated in through foreign movies and magazine advertisements. No doubt, most of the problems arising out of international poverty are due to international capitalistic system, yet the poverty of UDCs can not be entirely attributed to the behavior of rich countries. Thus we conclude international dualism with the remarks given by Hans Singer: "The growth in the rich countries has led to develop the most sophisticated, costly and capital intensive technologies, mortality reducing and diseases control measures etc. All such have led to create population explosion, rising unemployment and inability to develop their own technological capacities".
16. [16.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-16-638.jpg?cb=1554850438)Domestic/Local Dualism Above we told of international dualism where we showed that greater differences exist regarding social and economic aspects between the rich countries and poor countries. The same like situation also exists in case of poor countries at the domestic levels. It is shown by the following arguments: • (i) The standards of living vary greatly between the top 20% and the bottom 40% of the population. The majority of the rich reside in big cities like Lahore, Karachi and Islamabad in Pakistan, while the great cluster of mass poverty are generally found in the rural regions. • Not to talk of disparities in life standard of the rich and the poor of the UDCs, there also exist the pockets of great wealth co-existing with spreading slums. The case of exalted buildings and increasing Katchi Abadies (Muddy Shelters) in Karachi is before us. The phenomenon of inferior and superior not only exists in respect of distribution of wealth, income and power, it is also available in the technological nature of UDCs industrial production. The advanced manufactured large sector using capital intensive technologies co exists with labor intensive, small scale activities catering for limited local needs.
17. [17.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-17-638.jpg?cb=1554850438)Dualism (cont). • (ii) The coexistences of a few rich accompanied by mass poverty, and the craze to use capital intensive technologies by a few producers accompanied by labor intensive technologies by majority of the producers go on increasing, rather disappearing. • (iii) The gap between the rich and the poor, and between modern and traditional methods of production shows signs of growing even wider, not only within individual UDCs, but also among the 3rd world countries as a group. Countries like South Korea, Singapore, Taiwan and Malaysia etc. have experienced higher growth rates of per capita. While Pakistan India, Bangladesh and Ghana etc., have shown a little growth in per capita income. Again, the gap between the rich and the poor within the dualistic economies is also widening. • (iv) In case of UDCs one does not find any relationship between the rising wealth of modern enclaves and improvement in the living standards of traditional society. In other words, in case of dual societies one does not find the existence of "Spread Effects". It means that the growth of the superior is keeping inferior more weaker and inferior.
18. [18.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-18-638.jpg?cb=1554850438)Neoclassical theory (Neo-liberalism) • First gaining prominence with the rise of several conservative governments in the developed world during the 1980s, neoclassical theories represent a radical shift away from International Dependence Theories. Neoclassical theories argue that governments should not intervene in the economy; in other words, these theories are claiming that an unobstructed free market is the best means of inducing rapid and successful development. • Competitive free markets unrestrained by excessive government regulation are seen as being able to naturally ensure that the allocation of resources occurs with the greatest efficiency possible and the economic growth is raised and stabilized. • The market-friendly approach, unlike the other two, is a more recent development and is often associated with the World Bank. This approach still advocates free markets but recognizes that there are many imperfections in the markets of many developing nations and thus argues that some government intervention is an effective means of fixing such imperfections
19. [19.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-19-638.jpg?cb=1554850438)The Sustainability Debate • Largely beginning with Schumacher’s Small is Beautiful, a realization that the earth’s resources are finite. Define the issues in the debate. • Define the concept of triple bottom line – Profit and loss – ?? – ?? • Sustainability for grassroots organizations – Survival – Indigenous funding generation – The local church is the sustainable movement for most NGO’s that feed of its resource generation.
20. [20.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-20-638.jpg?cb=1554850438)Kingdom Economics and Sustainability – Our aim is not economic development – Our aim is not transforming poverty – Our aim is not participatory community development. • These are subsidiary goals of expanding movements of the Kingdom of God. – We develop communities of the Kingdom within communities (usually churches) – We develop movements of these communities (usually denominations) – At every step these bring about transformation of lives, families communities in small sustainable ways
21. [21.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-21-638.jpg?cb=1554850438)Kingdom Goals of Development Development is bringing the Kingdom of God in its fullness. But what is the Kingdom. 1. Catholicism understands the coming of the Kingdom as the rule of the official church 2. Anabaptist/Pentecostal streams understand it as the enclave of the faithful against society 3. Presbyterian (WCC, liberal theology) believe it as the reign of God over society. They most closely approximate a view that the Kingdom = UN Development goals 4. Evangelical Theology consensus rejects the State view of churches, and lies with an uneasy oscillation between #2 and #3. Kingdom is opposed to the Kingdoms of this World (UN), but seeks to function as salt and light within them. 5. The Kingdom comes through proclamation of the word, the power of the Spirit, the formation of movements of churches, churches engaging society.
22. [22.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-22-638.jpg?cb=1554850438)Shalom as the Goal of Development • Popularized in 70’s by WCC. – Can be expanded to envision the good society – Nice idea that all affirm – what can be nicer than world “peace” – Well accepted by Development Agencies as it does not have any requirement for proclamation – Is not central to Jesus’ understanding of preaching the Kingdom in conflict with societal culture and power structures, and the NT view of the future. – Beyerhaus, Mission, which way?, Humanization or Redemption, clearly demonstrated this discrepency
23. [23.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-23-638.jpg?cb=1554850438)Prophecy and Development • Since the fulfilment of prophecy, with the return of the Jews to Israel in 1948, there has been common consensus on progressions toward the last days – These do not include the world getting to be a more righteous place, but moving towards judgment – A reading of Revelations 17-18 indicate increasing oppression by military regimes – Babylon as a symbol of a global integrated world culture – full of immorality, trade, riches, blood of martyrs
24. [24.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-24-638.jpg?cb=1554850438)Engagement of Society by Churches • Organizational or Individual? • Movements – Of religious movements of congregations, all engaging in some way • Often that engagement requires subsidiary organizations – Of social movements sparked by Christian engagement in issues – Christian NGO’s • Diaconal but not subject to apostolic authority
25. [25.](https://image.slidesharecdn.com/developmenteconomics-190318203504/95/tul-5607-development-economics-25-638.jpg?cb=1554850438)References • Vandana Desai and Robert Potter. (2008). The Companion to Development Studies, 2nd edn. Hodder Education. • Rostow, W.W. (1991).The Stages of Economic Growth: A Non-Communist Manifesto (3rd ed.). Cambridge: Cambridge University Press.