I. Models of Development

A. International Trade (Rostow's Development Model)

1. Five Stages

a. Traditional Society

- mostly subsistent agricultural based.
- high investment in "non-productive" activities like military and religion

b. Pre-conditions for take-off: Initial Investment

- limited few invest in tech. and infrastructure
- Invest in new technology and infrastructure- transportation, water supply, dams

c. Take-Off: Initial Success

- Limited # of industries become successful and competitive globally. Generally, textiles and food production.
- Remainder of economy is still traditional.

d. Drive to Maturity: Technology Diffuses

- Technology expands to many other businesses=> rapid growth.
- Labor becomes more skilled and educated.

e. Age of Mass Production: Shift to Consumer Good Production

- Economy shifts from heavy industry in steel, energy to consumer goods. (cars, fridges).
- all countries in Stage 1-5
- MDCs higher stages; LDCs lower stages

2. Examples - The Four Dragons

•Following Japan's example
•S. Korea, Singapore, Hong Kong, and Taiwan
•Have focused on inexpensive clothing, toys, and electronics
•Moving to other higher tech

3. Problems

•Difficult when resources are absent
•Markets (buyers) not endless; competition high
•Based on continual growth; not necessarily sustainable
•Goods and services often reproduced; wasted when competition loses

- Theory based on Western Europe and Anglo American experience.
- Uneven Resource distribution- not all countries have a wealth of natural resources.
- Market stagnation – world markets are slowing particularly in more developed countries because populationis increasing slowly. Requires LDC's to capture market share from other companies. (not easy to do)
- Increased dependany on MDC's can lead to dramatic changes both positive and negatively for people in LDC.

B. Self-Sufficiency Model

1. How It Operates

•Promote growth in all sectors, not just competitive ones
•Encourage production for domestic sale
•Growth should be slow
•Restrict competetive imports

- Reducing poverty is more important than encouraging a few people from getting rich.

  •High taxes
  •Restrict total numbers of imports and sometimes exports.
  •Regulate importers (licenses, rules, etc)

2. Example - India

•Followed above guidelines
•Large bureaucracy to administer rules
•Actually moved away from this recently

3. Problems

•Innefficient; small markets must be subsidized (computers)
•Unwieldy bureaucracy; often abused

III – Neoliberailism – opening up of country for direct international investment.

- Neoliberalism is a contemporary political movement advocating economic liberalizations, free trade and open markets. Neoliberalism supports the privatization of nationalized industries, deregulation, and enhancing the role of the private sector in modern society. It is commonly informed by neoclassical or Austrian economics. The central pillars of neoliberalism are the market and the individual. The central neoliberal goal is to 'roll back the frontiers of the state', in the belief that unregulated market capitalism will deliver efficiency, growth and widespread prosperity for all. In this view the 'dead hand' of the state saps initiative and discourages enterprise; government, however well-intentioned, invariably has a damaging effect upon human affairs. This is reflected in the liberal New Right's concern with the politics of ownership and its preference for private enterprise over nationalisation. Such ideas are associated with Margaret Thatcher and Ronald Reagan.
- Many countries have moved into this policy: India, US, much of Europe, Vietnam. Usually what happens is the opening of some mature markets that can compete on an international scale.

IV. Financing Development

•World Bank, International Monetary Fund
•Infrastructure projects funded (dams, power plants, etc)
•Economic growth promoted
•Supposed to make money to repay loans-many countries have difficulty repaying loans.

•Further loans refused if default happens; or restrictions placed on society

- Transnational Corporations invest in countries economy
- see debt map – lots in Africa!!

- **IV. Sustainable Development**
  - Sustainable development (SD) is a pattern of economic growth in which resource use aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for generations to come (sometimes taught as ELF-Environment. Sustainable development ties together concern for the carrying capacity of natural systems with the social challenges faced by humanity. As early as the 1970s, "sustainability" was employed to describe an economy "in equilibrium with basic ecological support systems."[4] Ecologists have pointed to The Limits to Growth,[5] and presented the alternative of a "steady state economy"[6] in order to address environmental concerns.