
CONTENTS

	PREFACE	xv
1	Introduction	1
	REASONS FOR STUDYING DEVELOPMENT ECONOMICS	2
	ARE THERE PRINCIPLES OF DEVELOPMENT ECONOMICS?	5
	IS ECONOMIC DEVELOPMENT DESIRABLE?	6
	IS DEVELOPMENT POSSIBLE?	8
	MAGNITUDE AND LOCUS OF WORLD POVERTY	9
	POVERTY AS AN EQUILIBRIUM CONDITION	10
	ROLE OF ECONOMIC ANALYSIS	11
	QUESTIONS AND ACTIVITIES	12
	FURTHER READING	12
	Appendix: Basic Facts about Poor Countries	13
	POPULATION SIZE	13
	TOTAL OUTPUT	14
	PER CAPITA INCOME	14
	STRUCTURE OF PRODUCTION	15
	HUNGER, HEALTH, AND EDUCATION	16
	GROWTH RATES	17
	CONCLUSIONS	17
PART 1	THEORY AND MEASUREMENT IN ECONOMIC DEVELOPMENT	
2	Theories of Economic Growth	21
	GROWTH AND DEVELOPMENT: A CONTRAST IN TERMS	21
	ELEMENTARY CONSIDERATIONS	23
	THE RICARDIAN GROWTH MODEL	24
	DEMAND, SUPPLY, AND GROWTH	27
	THE HARROD-DOMAR MODEL	28
	CLASS STRUCTURE, INCOME, AND SAVINGS	32

	THE NEOCLASSICAL GROWTH MODEL	34
	HETEROGENEOUS CAPITAL GOODS	39
	FIXITY AND FLEXIBILITY IN THE COMPOSITION OF CAPITAL STOCK	40
	THE KALDOR MODEL	41
	OPTIMAL ECONOMIC GROWTH	42
	GROWTH MODELS AND EMPIRICAL VERIFICATION	43
	MORE COMPLEX MODELS	45
	CONCLUSION: WHY STUDY GROWTH MODELS?	46
	QUESTIONS AND ACTIVITIES	46
	FURTHER READING	47
3	Theories of Economic Development	48
	NEOCLASSICAL THEORIES OF ECONOMIC DEVELOPMENT	49
	STRUCTURALIST DISEQUILIBRIUM THEORIES OF ECONOMIC DEVELOPMENT	52
	RADICAL AND MARXIST THEORIES OF ECONOMIC DEVELOPMENT	54
	SUMMARY	59
	QUESTIONS AND ACTIVITIES	60
	FURTHER READING	60
4	Structural Change in Economic Development	62
	INTRODUCTION	62
	ECONOMIC DUALISM	63
	OTHER SEQUENCES	67
	STAGES OF DEVELOPMENT	67
	ENGEL'S LAW AND THE STRUCTURAL CHANGE OF DEMAND	72
	STRUCTURE OF THE LABOR FORCE	74
	COMPOSITION OF FINAL OUTPUT	80
	OTHER STRUCTURAL CHANGES	82
	ECONOMICS OF THE INPUT-OUTPUT METHOD	84
	STRUCTURE AND BALANCE	88
	BARRIERS TO STRUCTURAL CHANGE	90
	SUMMARY	91
	QUESTIONS AND ACTIVITIES	92
	FURTHER READING	92
5	Sociocultural Approaches to Economic Development	94
	DEVELOPMENT AND ECONOMIC DEVELOPMENT	94
	ECONOMIC DEVELOPMENT AS A PROBLEM OF MARKETS	95
	SOCIAL AND CULTURAL INFLUENCES ON ECONOMIC DEVELOPMENT	97
	THE INDIVIDUAL AND SOCIAL ENVIRONMENT	100
	FAMILY STRUCTURE	102

	CLASS STRUCTURE	103
	RACIAL AND ETHNIC DIVERSITY	104
	RELIGION	105
	RACIAL-URBAN DIFFERENCES	107
	SIZE OF THE SOCIAL UNIT	108
	INSTITUTIONS AND CULTURE	111
	TRADITIONALISM, STABILITY, AND DEVELOPMENT	112
	THE IMPLAUSIBILITY OF ONE-WAY CAUSATION	113
	SUMMARY	113
	QUESTIONS AND ACTIVITIES	114
	FURTHER READING	114
6	Measurement and Development	115
	TERMINOLOGY, SEMANTICS, AND DEVELOPMENT	115
	EMPIRICISM AS A SCIENTIFIC IMPERATIVE	117
	THE MEASUREMENT OF ECONOMIC DEVELOPMENT	117
	MEASURING NATIONAL INCOME	125
	INTERNATIONAL COMPARISONS	127
	SOCIAL INDICATORS	132
	INCOME INEQUALITY	135
	MEASURING ECONOMIC INEQUALITY	138
	ARE THE RICH GETTING RICHER?	143
	SUMMARY	143
	QUESTIONS AND ACTIVITIES	144
	FURTHER READING	144
PART 2	INGREDIENTS OF DEVELOPMENT	
7	Land and Other Natural Resources	149
	INTRODUCTION	149
	LAND AND FOOD	150
	LAND AND INDUSTRIAL RAW MATERIALS	153
	LAND AND TRANSPORT COSTS	158
	LAND AND RESPONSES TO INCENTIVE SYSTEMS	160
	LAND AND CAPITAL	162
	LAND AND TECHNOLOGY	164
	SUMMARY	164
	QUESTIONS AND ACTIVITIES	165
	FURTHER READING	165
8	Physical Capital	166
	THE CAPITAL/OUTPUT RATIO	171
	OTHER INVESTMENT CRITERIA	175

	INVESTMENT EFFECTIVENESS	176
	SOURCES OF CAPITAL	178
	CHANNELS OF INVESTMENT	183
	ABSORPTIVE CAPACITY	184
	CAPITAL: THE KEY TO DEVELOPMENT?	186
	SUMMARY	186
	QUESTIONS AND ACTIVITIES	187
	FURTHER READING	187
9	Labor and Human Capital	188
	INTRODUCTION	188
	HOMOGENEOUS LABOR?	188
	LABOR FORCE AND INDUSTRIALIZATION	192
	HUMAN CAPITAL FORMATION	193
	CALCULATING HUMAN RESOURCE REQUIREMENTS	195
	THE BRAIN DRAIN	196
	LABOR UNIONS AND DEVELOPMENT	198
	SUMMARY	200
	QUESTIONS AND ACTIVITIES	200
	FURTHER READING	201
10	Employment and Income Distribution	202
	MEASUREMENT OF EMPLOYMENT AND UNEMPLOYMENT	205
	UNDEREMPLOYMENT AND DISGUISED UNEMPLOYMENT AS SURPLUS LABOR	208
	ARE EMPLOYMENT CONDITIONS WORSENING IN POOR COUNTRIES?	210
	CONFLICTS BETWEEN GROWTH IN EMPLOYMENT AND GROWTH IN OUTPUT	211
	CREATING PRODUCTIVE JOBS; EMPLOYMENT ABSORPTION	214
	INCOME REDISTRIBUTION AND ASSET REDISTRIBUTION	217
	SUMMARY	218
	QUESTIONS AND ACTIVITIES	218
	FURTHER READING	219
11	Technological Change	221
	1 TECHNICAL EFFICIENCY	222
	2 FACTOR INTENSITY	224
	3 ELASTICITY OF FACTOR SUBSTITUTION	227
	4 SCALE OF PRODUCTION	230
	5 NEW PRODUCTS	231
	6 SOCIAL RELATIONS OF PRODUCTION	233
	7 SPEED OF CHANGE	233
	INTERMEDIATE TECHNOLOGY; APPROPRIATE TECHNOLOGY	236

	SUMMARY	238
	QUESTIONS AND ACTIVITIES	238
	FURTHER READING	239
12	Scale	240
	ECONOMIES OF SCALE	240
	THE SIZE OF THE MARKET	245
	GROWTH OF MARKETS	246
	THE CHANGE IN CHARACTER OF MARKETS	249
	MARKETS AND MONEY	250
	IMPACT OF MARKET GROWTH ON ENTREPRENEURS, LABOR, AND CAPITAL FORMATION	251
	BLOCKS TO DEVELOPMENT IN MARKET ECONOMIES	253
	PHYSICAL DISTRIBUTION AND DEVELOPMENT	254
	SUMMARY	255
	QUESTIONS AND ACTIVITIES	255
	FURTHER READING	255
13	Organization	256
	ENTREPRENEURS AND MANAGERS	257
	THE NATURE OF ORGANIZATION	258
	PRIVATE BUSINESS ENTERPRISE	261
	BANKS	264
	CENTRAL GOVERNMENT	265
	STATE CORPORATIONS	267
	OTHER PARTICIPATORY-INTEREST GROUPS	271
	ARMED FORCES	272
	CORRUPTION	274
	SUMMARY	275
	QUESTIONS AND ACTIVITIES	276
	FURTHER READING	276
PART 3	DOMESTIC PROBLEMS AND POLICIES	
14	Economic Policy and the Market System	281
	INTRODUCTION	281
	ROLE OF GOVERNMENT IN THE MIXED ECONOMY	282
	PERFECT COMPETITION, EFFICIENT ALLOCATION, AND GOVERNMENT POLICY	283
	BENEFIT-COST ANALYSIS	285
	SUMMARY	295
	QUESTIONS AND ACTIVITIES	296
	FURTHER READING	296

15	Planning for Development	298
	HISTORICAL BACKGROUND	299
	PROJECTION, PLAN, AND FORECAST	301
	ECONOMIC PLANNING FOR ECONOMIC GOALS	302
	PLANNING MODELS	304
	POLITICAL PROBLEMS IN PLANNING	310
	PLANNING AND INDIVIDUAL DECISIONS	312
	SHORTCOMINGS OF PLANNING	313
	PLAN-AS-PRODUCT; PLAN-AS-PROCESS	317
	SUMMARY	318
	QUESTIONS AND ACTIVITIES	318
	FURTHER READING	318
16	Choosing Sectoral Priorities	320
	LINKAGES, ELASTICITIES, AND LEADING SECTORS	321
	BALANCE BETWEEN AGRICULTURE AND INDUSTRY	323
	SECTORAL BALANCE IN HISTORY	327
	FUNCTIONS OF AGRICULTURE IN DEVELOPMENT	328
	THE FARM FIRM AND AGRICULTURAL POLICIES	329
	LAND TENURE AND LAND REFORM	332
	GREEN REVOLUTION; TECHNOLOGICAL CHANGE ON THE FARM	335
	SUMMARY	337
	QUESTIONS AND ACTIVITIES	338
	FURTHER READING	338
17	Monetary and Fiscal Policies	340
	MONETARY CONTROL MECHANISMS	343
	FINANCIAL INTERMEDIARIES	344
	INFLATION AS A GROWTH-PROMOTING STRATEGY	346
	DRAWBACKS OF INFLATION	346
	MONETARY VERSUS STRUCTURAL INFLATION	348
	THE POLITICAL ECONOMICS OF INFLATION	352
	THE LIMITS OF INTERNATIONAL INDEPENDENT MONETARY POLICY	353
	GENERAL ISSUES IN FISCAL POLICY	354
	SUMMARY	359
	QUESTIONS AND ACTIVITIES	359
	FURTHER READING	360
18	Rapid Population Growth	362
	THE DEMOGRAPHIC TRANSITION	363
	CHANGES IN AGE DISTRIBUTION	368
	THE MICROECONOMICS OF FERTILITY	370

	IDEOLOGY, RELIGION, MILITARY POWER, AND FERTILITY CONTROL	374
	POPULATION DENSITY	377
	INTERNATIONAL MIGRATION	378
	POSITIVE ECONOMIC EFFECTS FROM POPULATION GROWTH	380
	POLICY ANALYSIS OF FAMILY PLANNING	382
	DEVELOPMENT OR FERTILITY DECLINE?	383
	SUMMARY	384
	QUESTIONS AND ACTIVITIES	384
	FURTHER READING	385
19	Urbanization and Urban Economic Development	388
	INTRODUCTION	388
	DEMOGRAPHIC ASPECTS OF URBANIZATION	391
	THE ECONOMICS OF URBAN MIGRATION	394
	CONTINUING URBAN MIGRATION	396
	URBAN BIAS	399
	ECONOMIC RESULTS OF URBANIZATION	400
	URBANIZATION AND UNEMPLOYMENT	401
	URBANIZATION POLICIES	402
	SUMMARY	405
	QUESTIONS AND ACTIVITIES	405
	FURTHER READING	406
PART 4	INTERNATIONAL PROBLEMS AND POLICIES	
20	Import Substitution and Export Promotion	411
	THE CASE FOR COMPARATIVE ADVANTAGE	412
	THE OPPOSITION TO COMPARATIVE ADVANTAGE	413
	IMPORT SUBSTITUTION AS A DEVELOPMENT STRATEGY	422
	EXPORT-LED DEVELOPMENT	428
	ECONOMIC BALANCE AND INTERNATIONAL TRADE	431
	WHICH MODEL?	432
	DEVALUATION AND INTERNATIONAL COMMERCIAL POLICY	434
	SUMMARY	438
	QUESTIONS AND ACTIVITIES	439
	FURTHER READING	439
21	Foreign Aid and Foreign Debt	441
	CONCESSIONAL ELEMENTS	445
	TIED AID	446
	FOOD AID	447

	PROJECT AID AND FUNGIBILITY	449
	THE DEBT SERVICE PROBLEM	450
	SHARING THE AID BURDEN	454
	METHODS TO INCREASE THE SIZE OF INTERNATIONAL TRANSFERS	456
	AUTOMATIC TRANSFERS	458
	EVALUATING FOREIGN AID	459
	SUMMARY	460
	QUESTIONS AND ACTIVITIES	460
	FURTHER READING	461
22	Foreign Investment and International Firms	463
	DIRECT INVESTMENT AND INTERNATIONAL PAYMENTS	465
	VALUE-ADDED CRITERION	466
	NATIONAL CONTROL OF INTERNATIONAL FIRMS	467
	TRANSFER OF TECHNOLOGY IN INTERNATIONAL FIRMS	470
	LABOR AND FOREIGN INVESTMENT	471
	ECONOMICS OF EXPROPRIATION	473
	THE FUTURE OF PRIVATELY OWNED PRODUCTIVE ASSETS	475
	SUMMARY	477
	QUESTIONS AND ACTIVITIES	477
	FURTHER READING	477
23	Collective Action by Poor Countries	479
	REGIONAL TRADE BLOCS	480
	INTERNATIONAL COMMODITY CARTELS	483
	OTHER PROPOSALS FOR COLLECTIVE INTERNATIONAL ACTION	488
	A NEW INTERNATIONAL ECONOMIC ORDER	490
	SUMMARY	491
	QUESTIONS AND ACTIVITIES	491
	FURTHER READING	492
PART 5	CONCLUSIONS	
24	Some Conclusions	497
	LESSONS FROM EXPERIENCE	497
	STRATEGIC FACTORS IN ECONOMIC DEVELOPMENT	498
	LIMITS TO GROWTH	500
	BASIC POLICY FOR ECONOMIC DEVELOPMENT	504
	QUESTIONS AND ACTIVITIES	505
	FURTHER READING	505

GLOSSARY	506
BIBLIOGRAPHIC NOTE ON PERIODICAL SOURCES	523
BIBLIOGRAPHY OF SURVEYS OF THE LITERATURE IN ECONOMIC DEVELOPMENT	526
INDEXES	529
Name Index	
Subject Index	