Contents

Detailed Contents	viii
List of Figures	xv
List of Tables	xvii
Introduction	2 1
1. A Theoretical Framework for Economic Development	9
2. A Comparative Perspective on Developing Economies	31
3. Population Growth and the Constraint of Natural Resources	63
4. Breaking the Natural Resource Constraint	92
5. Capital Accumulation in Economic Development	122
6. Patterns and Sources of Technological Progress	161
7. Income Distribution, Poverty, and Environmental Problems	191
8. Market and State	242
9. The Role of Community in Economic Development	310
10. Tradition and Modernization: A Concluding Remark	349
Appendices	362
Bibliography	383
Index of Names	415
Index of Subjects	421

Detailed Contents

List of Figures	xv
List of Tables	xvii
Introduction	
Scope of development economics Organization of the book	2 5
1. A Theoretical Framework for Economic Development	9
1.1 Development of the Social System	9
1.1.1 A model of dialectic social development	9
1.1.2 A historical example	12
1.1.3 Marx and new institutionalism	14
1.2 The Theory of Induced Innovation*	16
1.2.1 Induced technological innovation	16
1.2.2 Induced institutional innovation	20 21
1.2.3 Logic of political market 1.2.4 Historical path dependency	21
1.3 Developing Economies in the Light of the Theoretical	Lo, Tradition
Framework	27
2. A Comparative Perspective on Developing Economies	31
2.1 Economic Growth and Structural Change	32
2.1.1 Per capita GDP and its growth	32
2.1.2 Changes in industrial structure	37
2.2 Sructure of Capital Accumulation	42
2.2.1 Capital formation and savings in economic growth	43
2.2.2 External debt and inflation	45
2.3 Accumulation of Human Capital	49
2.3.1 Measurement of human capital	50
2.3.2 Human capital investment and economic growth	51
2.4 Population, Natural Resources, and Foods	54
2.4.1 Population pressure on natural resources	54
2.4.2 Population growth vs. food supply	56

* General readers not interested in technical detail may wish to skip sections marked with an asterisk (*)

3.	Pop	oulation Growth and the Constraint of Natural Resources	63
	3.1	Population Growth in Economic Development	63
		3.1.1 Historical changes in world population	64
		3.1.2 Demographic transition	67
		3.1.3 The case of India	70
	3.2	Economic Theories of Population Growth	73
		3.2.1 The Malthus model	73
		3.2.2 The household utility maximization model*	74
	3.3	Theories of Resource Constraint on Economic Growth	78
		3.3.1 From Malthus to the Club of Rome	78
		3.3.2 The Ricardo model*	80
		3.3.3 The dual economy model*	85
4.	Bre	aking the Natural Resource Constraint	92
	4.1	Potential of Science-Based Agriculture	92
	4.2	A Perspective on the Green Revolution	96
		4.2.1 Development and diffusion of modern varieties	97
		4.2.2 Conditions of technology transfer	99
		4.2.3 External and internal land augmentation	104
	4.3	Barriers to Induced Innovation	107
		4.3.1 Problems in Africa	109
		4.3.2 Whither the Green Revolution?	111
	4.4	Development via Natural Resource Slack	115
		4.4.1 Colonialism and the vent-for-surplus theory	116
		4.4.2 The staple theory	117
		4.4.3 The Dutch disease	119
5.	Cap	oital Accumulation in Economic Development	122
	5.1	From Adam Smith to Marx	123
		5.1.1 Capital in Adam Smith	123
		5.1.2 Ricardo revisited	125
		5.1.3 The Marx model of capitalist development*	126
		5.1.4 The Marx model and the efficiency wage theory*	131
	5.2	Development Theories and Policies after World War II	133
		5.2.1 The theory of balanced growth	134
		5.2.2 Application of the Harrod-Domar model*	135
		5.2.3 The model of low-equilibrium trap*	136
		5.2.4 Development theories and policy choice	138

	5.3	Neoclassical Production Function and Growth Model	139
		5.3.1 Different assumptions of the production function	139
		5.3.2 The Solow-Swan model*	141
	5.4	Growth Accounting Test	145
		5.4.1 The growth-accounting equation	145
		5.4.2 Sources of modern economic growth	148
	5.5	Changes in the Pattern of Economic Growth	151
		5.5.1 A historical extension of growth-accounting	152
		5.5.2 A trap in the Marx-type growth	155
6.	Pat	terns and Sources of Technological Progress	161
	6.1	The Marx vs. the Kuznets Pattern of Economic Growth	161
		6.1.1 Stylization of the two patterns	162
		6.1.2 Trends in the rates of saving, interest, and wages	164
	6.2	Technological Conditions of the Two Growth Patterns	168
		6.2.1 The shift in the industrial technology regime	168
		6.2.2 The shift in the demand structure	169
		6.2.3 Borrowed technology and the Marx-type growth	171
	6.3	Searching for the Sources of Technological Progress	173
		6.3.1 Accounting for TFP growth*	173
		6.3.2 Schooling and economic growth	176
		6.3.3 Increasing returns and the endogenous growth model*	181
		6.3.4 Schumpeter and centrally planned economies	184
		6.3.5 Institutional conditions of borrowing technology	188
7.	Inc	ome Distribution, Poverty, and Environmental Problems	191
	7.1	Inequality and Poverty	191
		7.1.1 Concepts and measurement of income distribution	191
		7.1.2 Concepts and measurement of poverty	195
		7.1.3 Patterns of changes in inequality and poverty	198
	7.2	Causes of Inequality	209
		7.2.1 Changes in factor shares	209
		7.2.2 The dual economic structure	210
		7.2.3 Agriculture-non-agriculture income differential	211
		7.2.4 On the redistribution of incomes and assets	213
	7.3	Economic Stagnation and Poverty	216
		7.3.1 Income distribution effects of the Green Revolution	217
		7.3.2 A comparison of two villages in Indonesia	220

7.4	Environmental Problems in Economic Development	223
	7.4.1 The core of environmental problems	224
	7.4.2 Rural poverty and environmental destruction	226
	7.4.3 Industrialization and environmental pollution	228
	7.4.4 Lowering the peak of the inverted-U-shape curve	232
	7.4.5 Towards global coordination	235
Ma	rket and State	242
8.1	The Economic Functions of the Market and the State	242
	8.1.1 Efficiency of the competitive market	244
	8.1.2 Market failure	245
	8.1.3 Government failure	247
	8.1.4 On the choice of economic system	249
8.2	Around the Infant Industry Protection Argument	250
	8.2.1 Market failure in dynamic economy	251
	8.2.2 Ricardo vs. List	252
	8.2.3 The Listian trap	253
	8.2.4 The import-substitution industrialization policy	254
8.3	The Rise and Fall of Developmentalist Models	257
	8.3.1 The limit of information and the role of ideology	258
	8.3.2 Defeat of the old developmental market economies	259
	8.3.3 Collapse of the centrally planned economies	263
	8.3.4 Trap of populism	265
8.4	Success and Failure of the New Developmental	
	Market Economies	268
	8.4.1 The system of new developmental market economies	268
	8.4.2 The source of success	270
	8.4.3 Beyond achieving the catch-up goal	277
8.5	Resurgence of Market Liberalism and its Consequences	280
	8.5.1 The structural adjustment policy of the IMF and	
	the World Bank	280
	8.5.2 Recurrent crises in Latin America	282
	8.5.3 Financial crisis in East Asia	288
8.6	From the Washington Consensus to the	
	Post-Washington Consensus	295
	8.6.1 Criticisms of the Washington Consensus	295
	8.6.2 Poverty reduction as an immediate objective	298
	8.6.3 The post-Washington Consensus prospect	303

310
311
312
313
316
317
317
321
324
15.11
328
329
331
332
335
338
339
340
~ ~ ~ ~
341 343
J+J
246
346
349
349
351
355
362
502
202
362 363
202
367
368
370
372
374

Appendix C: Theories on the Choice of Land Tenure System

378

383

415

421

Bibliography

Index of Names Index of Subjects