I. WHAT IS DEVELOPMENT?
F-2010

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I. What Are Causes/Solutions to Food, Population, Poverty Problems?

- Experts/public disagree
  - Can we feed future populations/are famines inevitable?
  - Are there too many people in the world?
  - Is global warming a real problem—more/stronger hurricanes?

- Why do experts/public disagree (Is anyone “objective”)?
  - Rely on/influenced by different
    - Facts (Obama is a Moslem?)
    - Standards of proof” (rigor)
    - Experiences (e.g., Allende—Chile coup, study abroad)
    - Values (e.g., religion => social justice)

- Source of your opinions?

- How do we know what’s the “Truth”?
  - Critically assess “facts”/misinformation ([Factchecker.com](http://Factchecker.com))
  - Be open to new ideas/answers
II. Globalization

A. What is Globalization?
- A shrinking world—for me, Kenya Massai, Indonesia anklong
- Sense of boundaries dissolving, a woven world
- For you?

Definition: **Mega trend**, increasing economic interdependence, blending of cultures
(e.g., McDonalds in India, Sesame Street in S. Africa, Hooters in China)

- **Economic Aspects**
  - Trade integration (>imports/exports)—tariff reductions
  - Increased capital mobility (foreign investment)—new rules
  - Rapid technological change & diffusion—science/communications
  - Rise in global consumerism—rising incomes, increased demand—especially in China/India
  - Service jobs > agricultural jobs, first time in 1996

Some Examples
- **US imports**
  - Food (>50% imported: Mexico & C.America, Chile, Brazil)
  - Cut flowers/roses: Colombia
  - Clothing: C. America., Asia, Africa
  - Toys: 80% from China
  - Mfg goods: Japan, Europe, LDCs (increasing)

- **US Exports** (future market growth will be in LDCs!—why?)
  - Agriculture (corn, soybeans, wheat): worldwide
  - Frozen chickens: Philippines
  - High-tech goods: worldwide

- **Jobs (Outsourcing)**
  - Textiles: US to LDCs
  - Services/back-office IT jobs: US to India, others countries—examples?) Medical tourism!!!, but now IT, India > US
  - Hi-tech jobs: US to China & India (increasing threat!)
  - But not just from US to LDCs (China: umbrellas in India)
o Capital
  ✓ Direct investment (e.g., Honda/China in US, US worldwide)
  ✓ Franchises (e.g., McDonalds→115 countries; Pollo Campero)
  ✓ Joint ventures (e.g., Home Depot, Wal-Mart)
  ✓ Multinational corporations (“corporate states”)

o Monetary/regional integration (Euro/EU, E. Africa, CAFTA), tightly linked monetary policies
  ✓ Attract capital
  ✓ More competitive via a larger market

o Other?

What is the driving forces for economic integration?

- Cultural integration (culture is constantly changing, an interchange)
  Some Examples
  o Music—About Africa, in English, from where? YouTube
    ✓ LDC to US? (world music, Paul Simeon-Graceland)
    ✓ US to the world? (Java; CD: Inul Daratista)
    ▪ Pop, Country, Rap

- TV
  ✓ MTV seen in >80 countries?
  ✓ CNN seen worldwide (Ghana—2000 election)
  ✓ Satellite dishes (has impacted politics in the Middle East)
  ✓ Sesame Street (>19 countries with their “own” version)
  ✓ Al Jazeera, Middle Eastern “reality” TV (but no sex, no swearing, no kissing)
  ✓ Brazil—Novelas/soaps popular worldwide--Russia, Morocco

o Other?

Media not only provides more access to information, but also new values?
✓ .
✓ .
✓ .
✓ .
✓ .
✓ .
B. Worldwide, globalizations has created a “Revolution of Rising Expectations”
   - Meaning?
     - People around the world expect a better life in the future
     - Consequences of failure?

   - What do people in LDCs want for themselves, esp. their kids?

   - Reasons for rising expectations?
     - Rapid worldwide shift from agrarian to industrialized societies
     - “Demonstration effect” (Dallas/Philippines, rich Americans)
       - See what people in rich countries have

C. But Is Globalization (economic & cultural integration) Really New?
   - Previous waves of globalization & their impacts
     - Explorers/missionaries (1500s)
       - Impacts?
         - Crops—acorns to corn, beans, soybean, wheat, rice
         - Religion—convert to Islam/Christianity—missionaries started schools/hospitals in Africa, Asia, LAC

     - European immigrants to US (early 1900s)—Me=Sweden (You?)
       - Impacts?

     - WWI, WWII, Vietnam
       - Impacts?

     - Recent immigrants (Hispanics, Africans, Asians, E. Europeans)
       - Impacts?
So what's new?
- Rate of change
- Countries affected

D. What has Made Rapid Globalization Possible—cumulative impact?
- Knowledge—science & technology (more/cheaper)

Examples?
- 
- 
- 
- 

- New global rules & regulation, esp. since 1990 (What/How?)

Examples?
- Trade liberalization reduced barrier to trade/tariff
- Opening of financial markets allowed foreign capital flows
- Privatization of state enterprises

- Increased global wealth

Why/How?
- 
- 

New Institutions/organizations, esp. since WW II (What/How?)
- UN System (e.g., WHO, FAO, UNICEF, HCR)?
- World Bank/International Monetary Fund (foreign aid)?
- World Trade Organization?
- International Agricultural Research System?
- Other?
E. Is Globalization Good/Bad?

o Positive aspects?
  Examples?
  ✓
  ✓
  ✓
  ✓
  ✓
  ✓

o Negative aspects?
  Examples?
  ✓
  ✓
  ✓
  ✓
  ✓
  ✓ (IndoForex).

o So, Is globalization good or bad?

o Some key concerns/global challenges that must be addressed
  ✓ Who has benefited most?
    ▪ Developed vs developing?
    ▪ Within countries?
  ✓ What new global rules are needed--fair vs free trade?
    ▪ Stronger financial regulations?
    ▪ Stronger labor, environmental regulations?
    ▪ Fairer trade rules that give LDC access to DC’s markets?
  ✓ How can governments help people adjust to changes?

F. Competing in a Global Economy

o What skills will You, as future leaders, need to be competitive in the global economy?
  Examples?
  ✓
  ✓
  ✓

o What does the US Need to do (lessons from China?)?
  ✓
  ✓
  ✓
III. Why Should We Be Concerned About Development in the Poor Countries?

A. "Global Dilemma"
   - Increasing demand, shrinking resources
   - Greatest problem—looking beyond immediate concerns to future needs (being a “world citizen”)

B. "Driving Forces"—Population & Technology
   - Pre-1800s—low population, low technology => only local impacts
   - Today—high population, high technology => global impacts
   - Future (2050)—population will 2x, world economy will grow 5-10x
   - Evidence of increasing pressure on the global environment
     - "Global Commons"—air, water, oceans/fisheries— are threatened
     - Solutions require global cooperation
   - Growing concern—global sustainability is at risk
     - We must not endanger the prosperity of future generations

C. What Global Challenges Threaten Our Prosperity/World Peace in An Interdependent World?
   Where/Spillover impacts?
   - Terrorism (not Islam)
   - Refugees/illegal immigration
   - Famine/hunger due to poverty/disasters
   - Conflicts/political instability
   - Economic instability/interlinked financial markets
   - Global warming/environmental degradation, resource shortages
   - Epidemics/health crises
   - Global crime
   - Other?

Does US have a self-interest to help address these challenges?
Root Cause of Global Challenges?
- Poverty—increasingly recognized as the key issue
  - Tony Blair (UK) “We can’t have a world with a few rich, many poor”
  - Chirac (Fr.): “G-8 must prepare joint responses to shared challenges”
  - Lula da Silva (Brazil): “Time has come to make fundamental structural reforms”
- Why are developing countries poor/many facing politically conflict?
  - Internal causes?
  - External causes?
- Reducing poverty/achieving sustainable development will require new approaches, greater commitment, new creative solutions (e.g., “smart products” like green energy) => focus of EEP 260

IV. What Is Development?
A. Images: Africa, Asia, Latin America? (Maps)
  - Brainstorm?
  - Sources of images?
  - True for all in region?
  - Video: “Voices of the Poor”
B. Terms Describing Groups of Nations
  - Third world (what’s the first, second world?)
    - Defined: Countries other than W. Europe, US, Canada, Japan, Australia
  - Developed/industrialized vs. developing countries (LDCs)
    - How would you characterize these groups of nations?
      - Developed (G-8—the North)?
      - Developed + “Emerging” LDCs (G-20—new grouping)
      - Developing (LDCs—the South)?
C. How great are the differences?  
- WB Data
  - Developed (DCs) vs developing counties (LDCs)?
  
- Among developing (new term, “emerging”) countries? (Income Map)
  
- Within developing & developed countries? (MegaMall)
  - Def. Large share of income earned by Top 10%
    - US-31%, India-34%, Brazil-48%, S.Africa-46% vs. Sweden-20%
  
- Material World: What do people have? (Family Photos)
  - Contrast?
  - Is only difference a lack of material goods?
    - Many people in LDCs lack access to what else?
  
- Are people in rich countries the happiest?
  - Overall “life satisfaction” vs. “moment-to-moment enjoyment”
  - Key to happiness = non-economic (family/community)
  - “$1 per day in Malawi—“It’s a good live, but…?”

- An Ominous sigh: growing inequality between developing vs. developed countries & within countries
  - World Income: Low, middle, high income countries (Shares)
    - Increasing growth in inequality of assets (1960-1999)
      - Richest 20% vs. poorest 20% of world’s population
      - Richest 200 individuals’ income = income of bottom 40%, 2.4 billion poorest
      - Richest 1% of world’s consumers consumer same as the bottom 50%
      - Bill Gates—net worth > GDP of the 80 poorest countries!
  
- So what—why does this matter to us?
D. How Is Development Measured?

- **Traditional definition** ("economic growth", make the pie larger):
  - Increase in GNP (GNI)/capita (value of goods & services)
  - More is better—driving paradigm

- **Mixed Success**
  - Rapid growth in some countries (esp. China, India, Brazil)
  - Percent of world population living in extreme poverty (<$1.25/day) has declined (WB: 1981: 52%, vs. 2005: 26%—but still 1.4 billion!)
  - Great difference between regions (1981 vs. 2005) (E. Asia—80% to 18%; SS Africa=50% to 50%)

- **But what’s missing in the traditional definition of development?**
  - ✓
  - ✓
  - ✓
  - ✓

E. Today, "development" is considered to be a broader concept than simply economic growth

Sears: Def. "creating the conditions for the realization of human potential"; development deals with how the economic "pie is cut" & improvements in peoples’ daily lives

- **New definition/goals of development includes**
  - ✓ Growth in GNP/capita (necessary, not sufficient)
  - ✓ Improving food security
    - Def. "ability of households to acquire adequate diet all year"
  - ✓ Reducing poverty & inequality
  - ✓ Avoiding disrupting cultural values
  - ✓ Increasing access to education & heath services
  - ✓ Encouraging creativity, enterprises
  - ✓ Increasing political & economic opportunity
  - **Sustainability** - insuring our children’s future

- **Goals of development are Incorporated in Millennium Development Goals—sets specific targets for 2015**
o Broader goals of “development” are captured in the *International Declaration of Human Rights* (1950s)
  ✓ Right to: good job, education, food, civil rights, health services, free expression, etc.
  ✓ Most countries have ratified IDHR, see as long term “goals”

F. What are some broader measures of development?
- World Bank’s social indicators—**much progress** ([WB Indicators](#))
  ✓ Life expectancy, literacy, doctors/1,000, infant mortality, daily calories, etc.

- Indices of Development (rank each country)
  ✓ **U.N. Human Development Index**
    Def: country’s achievements in terms of life expectancy, educational attainment, and adjusted real income
  ✓ **Gender Empowerment Index**

- Why are these indices useful? What are their weaknesses?

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G. The Development Problem—How do societies achieve these goals?
- Political system & government policies reflect society’s goals & strategies to achieve these goals:
  - Historically, countries have followed two types of development strategies:
    ✓ Govt.-directed development
      o USSR, most LDCs after achieving independence from colonial powers
    ✓ Market economy-directed (private sector) development
      o First Western countries, but now a **mega trend** through out the world!
    ✓ Transition from govt.-directed to market economy-directed development has been more **difficult** than expected (e.g., Russian Federation, Eastern Europe, Central Asia)
  - Economists now recognize that “**good governance**” is a **KEY** to successful (e.g., create strong institutions, build infrastructure, provide social services)—private sector can’t do it alone!!
H. Is There a Need for a New Development Model?

Some Criticisms of the Market-driven Development Model

- Buarque “Let’s Stop Forgetting” (Brazil)
  - Western model—which defines material wealth as main goal—has led to wealth concentration, corruption, abandoning social investments, foreign debt, loss of traditional values
  - Government must guarantee everyone access to essentials goods & services--food, health services, public transport, a dwelling, safe water, sanitation

- Lula da Silva (Brazil’s president)
  - Globalization must be altered to make it more friendly to the “global south”
  - LDCs must be allowed to play a greater role in setting trade and other policies that affect LDCs

- Lampman “Limits of the Global Economy”
  - Religious leaders--concerned about globalization’s failure to fulfill economic promises, undermining of cultural values, emphasis on secular/materialistic values, short-term focus (maximize profits now)

- A World of Possibilities (WKAR): growth & efficiency vs resilience?

What Countries Should Participate in Global Decision-making?

- Increasing call for global reforms, esp. by developing countries
  - G-8 vs G-20—Who should be members?
  - World Bank/IMF—Who should makes of the decisions?
  - WTO—Who should sets the agenda?
V. Addressing Global Challenges

- Should the rich countries give priority to addressing global concerns, including widespread poverty?
  - Consider “spillover impacts” of a lack of development
    - It’s in our “enlightened self-interest” to assist LDCs reduce poverty, which breeds terrorism & environmental degradation
  - Rich countries have a “moral obligation” to assist
    - Greatest capacity to assist
    - DCs profess humanitarian values, commitment to freedom & democracy

- Can the US Acting Alone Solve the World’s Problems?
  - Dangers of unilateralism
    - Are US values/virtues unique, universal—criticisms of US?
    - Can we successfully “do it alone”?
    - Combating global financial crisis, global warming require global cooperation

- US’s role as a world leader is declining due to:
  - Rise of “emerging” economies as powerful world players—China, Brazil, India
  - Preoccupation with “war on terrorism” has contribute to neglecting other concerns/regional problems importance to other countries

- US needs to rebuild its position of world leadership based on a strategy that
  - “embraces values of human equality and mutual respect for all people” (World Public opinion)
  - insure that the US remains economically & diplomatically strong (e.g., invest in education, infrastructure, science)

- Key Issue facing the US, other DCs, and LDCs:

  - How can the world best address our global concerns?
  - Do rich & poor countries have the political will needed to successfully address our global challenges?
### ECONOMIC DEVELOPMENT INDICATORS (2007)

<table>
<thead>
<tr>
<th>GROUP/ COUNTRY</th>
<th>ECONOMIC INDICATOR</th>
<th>SOCIAL INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rank</td>
<td>GNI/Capita</td>
</tr>
<tr>
<td><strong>High Income</strong> (Mean=$37,566)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>1</td>
<td>$76,450</td>
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<tr>
<td>Switzerland</td>
<td>2</td>
<td>$59,880</td>
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<tr>
<td>Denmark</td>
<td>3</td>
<td>$54,910</td>
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<tr>
<td>Sweden</td>
<td>4</td>
<td>$46,060</td>
</tr>
<tr>
<td>United States</td>
<td>5</td>
<td>$46,040</td>
</tr>
<tr>
<td>Israel</td>
<td></td>
<td>$21,900</td>
</tr>
</tbody>
</table>

### Middle Income (Lower Middle=$1,887; Upper Middle=$6,987)

<table>
<thead>
<tr>
<th>GROUP/ COUNTRY</th>
<th>ECONOMIC INDICATOR</th>
<th>SOCIAL INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GNI/Capita</td>
<td>Life Expectancy</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>$15,440</td>
<td>71/75</td>
</tr>
<tr>
<td>Argentina</td>
<td>$6,050</td>
<td>71/79</td>
</tr>
<tr>
<td>Mexico</td>
<td>$8,340</td>
<td>72/77</td>
</tr>
<tr>
<td>Poland</td>
<td>$9,840</td>
<td>71/80</td>
</tr>
<tr>
<td>Brazil</td>
<td>$5,910</td>
<td>69/76</td>
</tr>
<tr>
<td>South Africa</td>
<td>$5,760</td>
<td>49/53</td>
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<tr>
<td>Dom Republic</td>
<td>$3,550</td>
<td>69/75</td>
</tr>
<tr>
<td>Thailand</td>
<td>$3,400</td>
<td>66/75</td>
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<tr>
<td>Colombia</td>
<td>$3,250</td>
<td>69/76</td>
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<tr>
<td>Russian Fed.</td>
<td>$7,560</td>
<td>59/73</td>
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<tr>
<td>Guatemala</td>
<td>$2,440</td>
<td>66/74</td>
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<tr>
<td>Philippines</td>
<td>$1,620</td>
<td>66/73</td>
</tr>
<tr>
<td>Honduras</td>
<td>$1,600</td>
<td>66/73</td>
</tr>
<tr>
<td>China (PRC)</td>
<td>$2,360</td>
<td>70/74</td>
</tr>
<tr>
<td>GROUP/ COUNTRY</td>
<td>ECONOMIC INDICATOR</td>
<td>SOCIAL INDICATORS</td>
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<tr>
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<tr>
<td>Low Income</td>
<td>(Low Income Mean=$578)</td>
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<tr>
<td>Indonesia</td>
<td>$1,650</td>
<td>66/70</td>
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<tr>
<td>Zimbabwe</td>
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<td>43/42</td>
</tr>
<tr>
<td>Haiti</td>
<td>$560</td>
<td>59/62</td>
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<tr>
<td>India</td>
<td>$950</td>
<td>63/66</td>
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<tr>
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<td>52/55</td>
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<td>42/43</td>
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<td>Ethiopia</td>
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<td>51/54</td>
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<tr>
<td>Dem. Rep. Congo</td>
<td>$140</td>
<td>45/47</td>
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<tr>
<td>Burundi (lowest)</td>
<td>$110</td>
<td>48/50</td>
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