

# Leading Issues in Economic Development

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SEVENTH EDITION

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# CONTENTS

LIST OF EXHIBITS	xv
PREFACE	xvii
USING THIS BOOK	xix
<b>I. INTRODUCTION</b>	<b>1</b>
<i>Overview</i>	1
I.A. MEASURING DEVELOPMENT	5
<i>Note I.A.1. The Evolution of Measures of Development</i>	5
<i>Selection I.A.1. Why Are Services Cheaper in the Poor Countries?</i>	13
<i>Comment I.A.1. The Productivity and Factor Proportions Explanations Again</i>	17
<i>Selection I.A.2. Burden of Poverty</i>	18
<i>Comment I.A.2. Capabilities and Entitlements</i>	30
I.B. ECONOMIC PERFORMANCE OF LESS DEVELOPED COUNTRIES:	
THE RECENT PAST	35
<i>Selection I.B.1. The East Asian Miracle</i>	36
<i>Selection I.B.2. East Asian Crisis: An Overview</i>	42
<i>Selection I.B.3. Completing China's Move to the Market</i>	48
<i>Selection I.B.4. Latin American Economic Development: 1950–1980</i>	52
<i>Selection I.B.5. The Launching of the Reforms</i>	58
<i>Selection I.B.6. Indian Economic Reforms: Background, Rationale, Achievements, and Future Prospects</i>	61
<i>Note I.B.1. The Triumph of Laissez-Faire?</i>	64
<i>Selection I.B.7. Explaining Africa's Development Experiences</i>	65
I.C. THE DISCIPLINE OF DEVELOPMENT ECONOMICS	69
<i>Note I.C.1. Evolution of Development Economics</i>	69
<i>Comment I.C.1. Classical Growth Theory</i>	72
<i>Comment I.C.2. Development Economics as a Special Subject</i>	73
<i>Note I.C.2. New Endogenous Growth Theory</i>	75

<b>II. HISTORICAL PERSPECTIVE</b>	<b>77</b>
<i>Overview: The Division of the World</i>	77
<i>Selection II.1. The Spread of Economic Growth to the Third World: 1850–1980</i>	80
<i>Comment II.1. State-owned Enterprises and Privatization</i>	96
<i>Selection II.2. The Division of the World and the Factoral Terms of Trade</i>	97
<i>Note II.1. Why Not Export First?</i>	102
<i>Note II.2. The Lewis Model of the World Economy</i>	104
<i>Selection II.3. Agricultural Productivity, Comparative Advantage, and Economic Growth</i>	107
<i>Comment II.2. Income Elasticity of Demand for Food in the Matsuyama Model</i>	110
<i>Selection II.4. Income Distribution, Market Size, and Industrialization</i>	111
<i>Comment II.3. Minimum Market Size in the Murphy–Shleifer–Vishny Model</i>	113
<i>Selection II.5. Divergence, Big Time</i>	114
<b>III. SAVINGS AND INVESTMENT</b>	<b>119</b>
<i>Overview: Savings—The Engine of Growth?</i>	119
<i>Note III.1. The AK Model</i>	123
<i>Selection III.1. Is Fixed Investment the Key to Economic Growth?</i>	126
<i>Selection III.2. Interest Rates in the Organized Money Markets of Underdeveloped Countries and Interest Rates Outside the Organized Money Markets of Underdeveloped Countries</i>	129
<i>Selection III.3. Financial Liberalization in Retrospect: Interest Rate Policies in LDCs</i>	133
<i>Comment III.1. Financial Liberalization</i>	136
<i>Selection III.4. Financial Development and Economic Growth in Underdeveloped Countries</i>	138
<i>Selection III.5. Financial Development and Economic Growth: Views and Agenda</i>	141
<i>Selection III.6. Good Policy or Good Luck? Country Growth Performance and Temporary Shocks</i>	147
<i>Comment III.2. Policies Versus Shocks: A Closer Look</i>	153
<b>IV. INTERNATIONAL TRADE AND TECHNOLOGY TRANSFER</b>	<b>155</b>
<i>Overview</i>	155
<b>IV.A. TRADE</b>	<b>159</b>
<i>Selection IV.A.1. Natural Resource Abundance and Economic Growth</i>	161
<i>Note IV.A.1. Import-substituting Industrialization and the Infant-Industry Argument</i>	168
<i>Selection IV.A.2. Typology in Development Theory: Retrospective and Prospects</i>	170
<i>Selection IV.A.3. An Exposition and Exploration of Krueger’s Trade Model</i>	175
<i>Comment IV.A.1. Moving Up the Ladder and Changes in Relative Costs of Factors of Production</i>	178

<i>Selection IV.A.4. The Process of Industrial Development and Alternative Development Strategies</i>	180
<i>Selection IV.A.5. Exchange Control, Liberalization, and Economic Development</i>	187
<i>Selection IV.A.6. Trade Policy Reform</i>	191
<i>Comment IV.A.2. Stabilization-cum-Liberalization Programs</i>	193
<i>Selection IV.A.7. Getting Interventions Right: How South Korea and Taiwan Grew Rich</i>	195
<i>Note IV.A.2. Tradeability of Intermediate Goods, Linkages, and Bottlenecks</i>	202
<b>IV.B. FOREIGN CONTACT AND TECHNOLOGY TRANSFER</b>	<b>204</b>
<i>Note IV.B.1. Learning in International Production Networks</i>	204
<i>Selection IV.B.1. Technology Gaps Between Industrial and Developing Countries: Are There Dividends for Latecomers?</i>	206
<i>Selection IV.B.2. The Benefits of FDI</i>	209
<i>Note IV.B.2. Trade as Enemy, Handmaiden, and Engine of Growth</i>	211
<b>V. HUMAN RESOURCES</b>	<b>213</b>
<i>Overview</i>	213
<b>V.A. EDUCATION</b>	<b>216</b>
<i>Note V.A.1. Three Views of the Contribution of Education to Economic Growth</i>	216
<i>Selection V.A.1. The Role of Human Capital in Economic Development: Evidence from Aggregate Cross-Country Data.</i>	218
<i>Selection V.A.2. Economic Impact of Education</i>	223
<i>Comment V.A.1. Ability Differences, Spillovers, and the Returns to Education</i>	226
<i>Comment V.A.2. Education and Development</i>	227
<i>Selection V.A.3. Interpreting Recent Research on Schooling in Developing Countries</i>	229
<i>Selection V.A.4. Schooling Quality in a Cross Section of Countries</i>	234
<i>Selection V.A.5. Creating Human Capital</i>	237
<b>V.B. POPULATION</b>	<b>241</b>
<i>Note V.B.1. The Size of the World's Population and the Size of the Average Family</i>	241
<i>Selection V.B.1. Economic Approaches to Population Growth</i>	242
<b>V.C. HEALTH AND NUTRITION</b>	<b>249</b>
<i>Selection V.C.1. Health and Nutrition</i>	254
<i>Selection V.C.2. Investing in Health</i>	257
<b>V.D. GENDER AND DEVELOPMENT</b>	<b>263</b>
<i>Selection V.D.1. Women's Education in Developing Countries: An Overview</i>	263

<i>Selection V.D.2. Women in the Labor Force</i>	271
<i>Selection V.D.3. Women, Poverty, and Development in the Third World</i>	275
<i>Selection V.D.4. Women in Developing Countries</i>	280
<i>Selection V.D.5. Missing Women</i>	283
<i>Selection V.D.6. Grameen Bank: Performance and Sustainability</i>	285
<i>Comment V.D.1. The Grameen Bank and "Empowerment" of Women</i>	287
<i>Comment V.D.2. Gender-Aware Analysis</i>	288
<b>VI. MIGRATION AND THE URBAN INFORMAL SECTOR</b>	<b>289</b>
<i>Overview: The Evolving View of Urban Underemployment, the Informal Sector, and Their Connection with Rural-Urban Migration</i>	289
<i>Selection VI.1. Urban Growth in Developing Countries: A Demographic Reappraisal</i>	293
<i>Selection VI.2. Economic Development with Unlimited Supplies of Labor</i>	297
<i>Selection VI.3. A Model of Labor Migration and Urban Unemployment in Less Developed Countries</i>	300
<i>Note VI.1. The Lewis Versus the Harris–Todaro View of Underemployment in Less Developed Countries</i>	302
<i>Selection VI.4. Wage Spillover and Unemployment in a Wage-gap Economy: The Jamaican Case</i>	307
<i>Note VI.2. Econometric Studies of Migration</i>	312
<i>Selection VI.5. The Informal Sector</i>	313
<i>Selection VI.6. A Reassessment of Kenya's Rural and Urban Informal Sector</i>	316
<i>Selection VI.7. Labour Market Modelling and the Urban Informal Sector: Theory and Evidence</i>	318
<i>Selection VI.8. The Role of the Informal Sector in the Migration Process: A Test of Probabilistic Migration Models and Labour Market Segmentation for India</i>	323
<b>VII. AGRICULTURE</b>	<b>329</b>
<i>Overview</i>	329
<b>VII.A. THE IMPORTANCE OF AGRICULTURE FOR ECONOMIC DEVELOPMENT</b>	<b>332</b>
<i>Selection VII.A.1. Development Strategy in a Limping World Economy</i>	332
<i>Note VII.A.1. Food, Hunger, Famine</i>	335
<b>VII.B. DESIGNING AN AGRICULTURAL STRATEGY</b>	<b>336</b>
<i>Selection VII.B.1. Some Theoretical Aspects of Agricultural Policies</i>	336
<i>Selection VII.B.2. Criteria for the Design of Agricultural Development Strategies</i>	340
<i>Comment VII.B.1. The Green Revolution</i>	345

<i>Comment VII.B.2. Land Reform</i>	346
<i>Selection VII.B.3. The Agricultural Transformation</i>	347
<i>Note VII.B.1. Induced Technical and Institutional Change</i>	350
VII.C. MICROECONOMICS OF THE RURAL SECTOR	352
<i>Selection VII.C.1. The New Development Economics</i>	352
<i>Selection VII.C.2. Contractual Arrangements, Employment, and Wages in Rural Labor Markets: A Critical Review</i>	356
<i>Selection VII.C.3. The New Institutional Economics and Development Theory</i>	359
<i>Selection VII.C.4. Rural Credit Markets and Institutions in Developing Countries: Lessons for Policy Analysis from Practice and Modern Theory</i>	361
<i>Selection VII.C.5. A Survey of Agricultural Household Models: Recent Findings and Policy Implications</i>	364
<i>Comment VII.C.1. Supply Functions and Price Responsiveness</i>	366
VII.D. AGRICULTURAL PRICING POLICY AND URBAN BIAS	368
<i>Note VII.D.1. Agricultural Pricing Policy</i>	368
<i>Selection VII.D.1. Urban Bias</i>	370
<i>Comment VII.D.1. Rural–Urban Terms of Trade</i>	373
<i>Comment VII.D.2. The Rural–Urban Divide</i>	373
<b>VIII. INCOME DISTRIBUTION</b>	<b>375</b>
<i>Overview</i>	375
<i>Note VIII.1. Measurement of Income Inequality</i>	379
VIII.A. THE IMPACT OF DEVELOPMENT ON INCOME DISTRIBUTION	382
<i>Selection VIII.A.1. Economic Growth and Income Inequality</i>	382
<i>Selection VIII.A.2. Inequality, Poverty, and Development</i>	387
<i>Selection VIII.A.3. Growth and Income Distribution</i>	391
<i>Selection VIII.A.4. A Note on the U Hypothesis Relating Income Inequality and Economic Development</i>	394
<i>Selection VIII.A.5. Economic Development, Urban Underemployment, and Income Inequality</i>	395
<i>Comment VIII.A.1. The Informal Sector, Intraurban Inequality, and the Inverted U</i>	399
VIII.B. THE IMPACT OF INCOME DISTRIBUTION ON DEVELOPMENT	401
<i>Selection VIII.B.1. Distributive Politics and Economic Growth</i>	401
<i>Selection VIII.B.2. Income Distribution, Political Instability, and Investment</i>	404

VIII.C. CASE STUDIES	409
<i>Selection VIII.C.1. Economic Growth and Income Distribution in Taiwan, 1953–64</i>	409
<i>Selection VIII.C.2. Brazilian Size Distribution of Income</i>	417
<b>IX. POLITICAL ECONOMY</b>	<b>421</b>
<i>Overview</i>	421
IX.A. THE (PROPER) ROLE OF THE STATE IN LESS DEVELOPED COUNTRIES	426
<i>Selection IX.A.1. Public Policy and the Economics of Development</i>	426
<i>Comment IX.A.1. Development Planning</i>	431
<i>Comment IX.A.2. Governing the Market</i>	432
IX.B. RENT SEEKING AND GOVERNMENT FAILURE	434
<i>Note IX.B.1. What Are Rents?</i>	434
<i>Selection IX.B.1. The Political Economy of the Rent-Seeking Society</i>	437
<i>Comment IX.B.1. Complete Rent Dissipation Through Competitive Rent Seeking in the Harris–Todaro Model</i>	440
<i>Comment IX.B.2. The Relationship Between Rent Seeking and Corruption</i>	440
<i>Selection IX.B.2. Neoclassical Political Economy, the State, and Economic Development</i>	442
<i>Selection IX.B.3. India</i>	446
<i>Selection IX.B.4. Governments and Agricultural Markets in Africa</i>	450
<i>Selection IX.B.5. Africa’s Growth Tragedy: Policies and Ethnic Divisions</i>	456
IX.C. STATE CAPACITY	471
<i>Selection IX.C.1. Institutions and Economic Performance: Cross-Country Tests Using Alternative Institutional Measures</i>	471
<i>Selection IX.C.2. The State as Problem and Solution: Predation, Embedded Autonomy, and Structural Change</i>	476
<i>Selection IX.C.3. Taking Trade Policy Seriously: Export Subsidization as a Case Study in Policy Effectiveness</i>	495
<i>Selection IX.C.4. Bureaucratic Structure and Bureaucratic Performance in Less Developed Countries</i>	508
<b>X. DEVELOPMENT AND THE ENVIRONMENT</b>	<b>517</b>
<i>Overview: Environmental Problems in Less Versus More Developed Countries</i>	517
<i>Selection X.1. Development and the Environment</i>	520
<i>Comment X.1. The “Environmental Kuznets Curve”</i>	529
<i>Selection X.2. North–South Trade and the Global Environment</i>	531

<i>Comment X.2. Empirical Studies of the Impact of International Trade on the Environment in Less Developed Countries</i>	533
<i>Selection X.3. Deforestation and the Rule of Law in a Cross Section of Countries</i>	535
<i>Selection X.4. Determinants of Pollution Abatement in Developing Countries: Evidence from South and Southeast Asia</i>	544
<i>Selection X.5. Sustainable Development: Ecology and Economic Progress</i>	554
<i>Comment X.3. Weak Sustainability, Genuine Savings, and Green National Accounting</i>	559
APPENDIX: HOW TO READ A REGRESSION TABLE	561
INDEX OF SELECTION AUTHORS	567
INDEX	569



# EXHIBITS

<i>Exhibit I.A.1.</i> Basic Indicators	8
<i>Exhibit I.A.2.</i> Exchange-Rate-Deviation Index in Relation to Real GDP per Capita, Thirty-four Countries, 1975.	12
<i>Exhibit I.A.3.</i> The Human Development Index	21
<i>Exhibit I.A.4.</i> Similar Income, Different Human Development, 1993	23
<i>Exhibit I.A.5.</i> Human Development Index Rankings	24
<i>Exhibit I.A.6.</i> Population and Labor Force	31
<i>Exhibit I.B.1.</i> Balance Sheet of Human Development—Developing Countries	35
<i>Exhibit I.B.2.</i> East Asian GDP Growth, 1996–1998	41
<i>Exhibit III.1.</i> Economic and Social Indicators in Fast and Slow Growth Economies	122
<i>Exhibit IV.A.1.</i> Share of Primary Products in Merchandise Exports and Index of Export Concentration	159
<i>Exhibit V.C.1.</i> Health Indicators	249
<i>Exhibit V.C.2.</i> Life Expectancies and Health Expenditures in Selected Countries	262
<i>Exhibit VI.1.</i> Self-employment and Unpaid Family Workers Circa 1990	295
<i>Exhibit VII.D.1.</i> Rural and Urban Poverty in the 1980s	373
<i>Exhibit IX.A.1.</i> Market Failure and State Intervention	431

# PREFACE

The economics of development is one of the most exciting subjects in social science. Why, two centuries after the Industrial Revolution, are poverty and its attendant ills so prevalent in most of the world? And what can be done about it? Nobel Prize–winning economist Robert Lucas wrote of the questions addressed by development economics, “Once one starts to think about them, it is hard to think about anything else” [“On the Mechanics of Economic Development,” *Journal of Monetary Economics* 22 (July 1988), p. 5].

Development economics is also a very frustrating subject. Unlike most areas within economics, there exists no consensus on what the student should know. Two scholars can with equal justification write two completely different textbooks.

The aim of this book is to convey as much of the excitement of development economics and as little of the frustration as possible. To this end we have avoided writing the ordinary type of textbook, instead culling the most insightful readings from the diffuse field of development and bringing them into conceptual order. By using this distinctive approach we allow for a variety of perspectives while keeping in sight the most important overarching themes. The section “Using This Book” (p. xix) describes our strategy of combining excerpted readings (“Selections”) with our own “Overviews,” “Notes,” “Comments,” and “Exhibits.”

After being responsible for the previous six editions of *Leading Issues in Economic Development* over the past 35 years, Professor Meier has now selected Professor Rauch to upgrade and modernize this seventh edition and to perpetuate subsequent editions. This edition is mainly Professor Rauch’s effort. It reflects his desire to strengthen the analytical and quantitative dimensions of development economics and to illuminate contemporary—and future—problems of development policymaking. In all, it provides fresh and serious attention to the interplay between development experience, changing views of economists, and policy.

While this seventh edition maintains the format of previous editions, the inclusion of a new author has brought many changes relative to the sixth edition:

- New chapters on income distribution and on development and the environment have been added while other chapters have been consolidated.
- Most of the Selections and Notes are new.
- The representation in the Selections of articles from leading professional journals has increased.
- The Selections make greater use of statistical analysis, and an Appendix, “How to Read a Regression Table,” has been added to ensure that these Selections are easily accessible to all readers.

We wish to express our appreciation to the authors and publishers who have granted permission to use excerpts from publications for which copyrights exist. Specific acknowledgment is given with each Selection. Some parts of the original versions of the excerpted materials have been omitted out of consideration for relevance and to avoid repetition. In some instances, tables and diagrams have been renumbered and the footnotes have been deleted or renumbered.

We would like to thank a number of extremely busy people who generously took time out to provide advice or to comment on portions of the manuscript: Richard Carson, Graham Elliott, Peter Evans, and Dani Rodrik. We would also like to acknowledge the valuable research assistance of Neville Francis, Timothy Kane, Paula Lindsay, and Donald McCubbin. James Rauch wishes to thank his wife, Doris

Bittar, for making room in her life for this book during its final months of preparation. Kenneth MacLeod has been a very helpful and patient editor. Finally, we are grateful to the entire profession of social scientists whose writings on development provide the foundation for this volume.

# USING THIS BOOK

Instructors and students can use this book more like a main text or more like a supplementary reader. To facilitate the latter approach the contents have been designed to allow individual freedom of choice in deciding what chapters and Selections to read and in what sequence. If the former approach is taken, the organizational and thematic guidance of the chapter Overviews can be followed and the chapters can be read in numerical order.

The chapters include the following materials:

*Overviews:* These are introductory essays that show how the subsequent chapter materials fit together and elucidate one or more overarching themes. They sometimes contain ideas that are not explicitly presented by the other chapter materials.

*Selections:* These are the core of the book. They present a broad sample of the major contributions by scholars and practitioners on the central issues in economic development. Each Selection has been edited for the sake of brevity and to highlight the points of greatest relevance for the chapter in which it appears.

*Notes:* These serve two purposes. One is to expound important ideas that are extant in the literature but are not presented as clearly or simply as we would like. The other is to present more original material that complements the Selections.

*Comments:* Like the Notes, these serve two purposes. One is to clarify or expand upon the immediately preceding Selection. The other is to suggest additional readings on the subject of the immediately preceding Selection.

*Exhibits:* These are tables and charts that provide empirical illustrations and data on topics under discussion.

Starting with Selection III.1, some Selections include regression tables. Readers without econometric training are urged to refer to the Appendix to get the most insight from these Selections.

# INDEX OF SELECTION AUTHORS

- Ahluwalia, Montek S., 387–90  
Alesina, Alberto, 401–3, 404–8
- Balassa, Bela, 180–86  
Banerjee, Biswajit, 323–27  
Barbier, Edward, 554–59  
Bardhan, Pranab, 359–60, 446–49  
Barro, Robert J., 234–36  
Bates, Robert H., 450–55  
Behrman, Jere R., 254–56  
Benhabib, Jess, 218–22  
Bhagwati, Jagdish N., 13–17, 187–90  
Binswanger, Hans P., 356–58  
Birdsall, Nancy, 242–48  
Blomström, Magnus, 126–28  
Braverman, A., 361–63  
Buvinic, Mayra, 275–79
- Cardoso, Eliana, 52–57  
Chichilnisky, Graciela, 531–33  
Collier, Paul, 280–82
- Deacon, Robert T., 535–43  
Deardorff, Alan V., 175–78  
Deolalikar, Anil B., 254–56
- Easterly, William, 147–53, 456–70  
Edwards, Sebastian, 58–60  
Evans, Peter B., 476–94, 508–15
- Fei, John C. H., 409–16  
Fields, Gary S., 318–22, 391–93  
Fishlow, Albert, 52–57, 417–20
- Guasch, J. L., 361–63
- Hanushek, Eric A., 229–33  
Harrison, Ann, 209–10  
Hettige, Hemamala, 544–53
- Hill, M. Anne, 263–70  
Huq, Mainul, 544–53
- ILO Mission, 313–15  
International Labour Office, 271–74
- Johnston, Bruce F., 340–45
- Keefe, Philip, 471–75  
Khalily, Baqui, 285–87  
Khan, Zahed, 285–87  
Khandker, Shahidur R., 285–87  
King, Elizabeth M., 263–70  
Knack, Stephen, 471–75  
Kremer, Michael, 147–53  
Krueger, Anne, 187–90, 437–40  
Kuo, Shirley W. Y., 409–16  
Kuznets, Simon, 382–86
- Lee, Jong-Wha, 234–36  
Levine, Ross, 141–46, 456–70  
Lewis, W. Arthur, 97–101, 297–99, 332–34  
Lipsey, Robert E., 126–28  
Lipton, Michael, 370–72  
Livingstone, Ian, 316–17  
Lycette, Margaret A., 275–79
- McKinnon, Ronald I., 133–36  
Markandya, Anil, 554–59  
Matsuyama, Kiminori, 107–9  
Murphy, Kevin M., 111–13
- Overseas Development Institute, 65–68
- Pack, Howard, 206–8  
Pargal, Sheoli, 544–53  
Patrick, Hugh T., 138–40  
Pearce, David, 554–59
- Perkins, Dwight, 48–51  
Perotti, Roberto, 404–8  
Preston, Samuel H., 293–94  
Pritchett, Lant, 114–18, 147–53  
Psacharopoulos, George, 223–26
- Ranis, Gustav, 170–74, 409–16  
Rauch, James E., 395–99, 508–15  
Reynolds, Lloyd G., 80–95  
Robinson, Sherman, 394  
Rodrik, Dani, 195–201, 401–3, 495–507  
Rosenzweig, Mark R., 356–58
- Sachs, Jeffrey D., 161–67  
Sen, Amartya, 283–84  
Shleifer, Andrei, 111–13  
Singh, Inderjit, 364–66  
Spiegel, Mark M., 218–22  
Squire, Lyn, 364–66  
Srinivasan, T. N., 61–63, 442–45  
Stern, Nicholas, 426–30  
Stiglitz, Joseph E., 336–39, 352–55  
Strauss, John, 364–66  
Summers, Lawrence, 147–53
- Tidrick, Gene M., 307–11  
Timmer, C. Peter, 347–49  
Todaro, Michael P., 300–301
- Vishny, Robert W., 111–13
- Wai, U Tun, 129–32  
Warner, Andrew M., 161–67  
Wheeler, David, 544–53  
World Bank, 18–20, 36–41, 42–47, 191–92, 237–40, 257–61, 520–29
- Zejan, Mario, 126–28

# INDEX

- Acquired immune deficiency syndrome (AIDS), 257, 260
- Adverse selection effect, 362
- Afghanistan, 88, 91, 263, 536
- Africa, 104. *See also* East Africa; North Africa; South Africa; Sub-Saharan Africa; West Africa; agriculture and, 97, 100, 333; divergence and, 115; economic environment in, 430; economic growth in, 84–85, 86–87, 89, 91, 92, 94; education in, 219, 225; environment and, 526, 528; health in, 258; industrialization and, 98, 99, 451–52; population of, 244; poverty in, 18; rural-urban migration in, 293, 294; state intervention in agricultural markets, 450–55; typology of development in, 170–74; unemployment in, 310; women in, 274, 275, 276, 281
- Agency for Marginal Farmers and Agricultural Labour (MFAL), 447
- Agricultural household models, 331, 364–66
- Agricultural productivity: comparative advantage, economic growth and, 107–9; factoral terms of trade and, 99–101; in Lewis model of world economy, 104–6; soil, water and, 522–23; strategies for increasing, 343
- Agriculture, 329–74. *See also* Rural entries; bimodal strategy, 330, 340–42, 343, 345, 347; design of development strategies for, 340–45; division of world into industry and, 97–99; economic development and, 332–34; economic growth and, 81, 82, 83–84, 342–43; elasticity of demand for goods, 107–8, 109, 110; income distribution and, 332–33, 336, 341–42, 384; interrelated strategy in, 347–48; in Krueger's trade model, 175–78; policies for, 336–39; pricing policy for, 331, 337–38, 366–67, 368–69, 448; state intervention in African, 450–55; in Sub-Saharan Africa, 65; supply elasticity of production, 366–67; in Taiwan, 340, 344, 348, 412–14; transformation of, 347–49; unimodal strategy, 330, 340–43, 345, 347; women and, 271, 272–73, 276, 278–79
- Ahluwalia, Montek, 209
- Air quality, 521–22, 525
- AK model, 120, 121, 123–25, 151, 178
- Algeria, 86, 87
- Alliance for Progress, 54
- Amakudari, 481
- Amazon Basin, 532
- Argentina, 99, 406; agriculture and, 108; economic development in, 52; economic growth in, 86, 92, 94, 473; economic reforms in, 58; industrialization and, 98, 182, 183; poverty in, 55; trade and, 192, 202
- Asia, 2, 104. *See also* East Asia; South Asia; Southeast Asia; agriculture and, 97, 100, 333, 344; economic growth in, 80, 84, 86, 93; education in, 429; environment and, 526; industrialization and, 99; interest rates in, 129, 134; population of, 242; rural-urban migration in, 294; women in, 271, 272–73, 274, 275, 276, 283, 284
- Assassinations, 458, 540
- Association of Southeast Asian Nations (ASEAN), 43
- Australia, 88, 99, 101, 105, 183
- Automobile industry, 202, 500–501
- Autonomy. *See* Embedded autonomy; State autonomy
- Backwash, 98
- Bahrain, 166
- Balanced growth, 69–70
- Bangladesh: economic growth in, 88; family planning programs in, 247; famine in, 335; foreign direct investment and, 210; Grameen Bank of, 215, 285–88; infrastructure of, 429; pollution abatement in, 544–45, 548–51; population in, 244, 245; poverty in, 18; technology transfer and, 204; women in, 271, 283, 284; women's education in, 269
- Bangladesh Chemical Industries Corporation (BCIC), 548
- Banks, 139; central, 46, 142, 502; in East Asia, 36, 37, 44, 45; financial development and, 142; in India, 61; interest rates in, 129, 131, 132
- BAPEDAL, 547
- Barbados, 297
- Basic indicators, 8–11
- BEFIEEX program, 499–500
- Belgium, 107
- Benin, 264
- Big push, 69
- Bimodal agricultural strategy, 330, 340–42, 343, 345, 347
- Biodiversity, 523–24
- Birth rates, 2, 82, 298. *See also* Fertility rates
- Black markets, 162, 424, 458, 459, 460, 461, 463
- Bolivia, 144; education in, 237, 240; export subsidies and, 495, 503, 505; poverty in, 18; women in, 276; women's education in, 264
- Botswana, 65; economic growth in, 147, 152; ethnic diversity in, 463; political system of, 406; trade and, 156; women in, 275; women's education in, 263, 268
- Branco, Castello, 417
- Brazil, 5, 6; deforestation in, 536; economic development in, 52; economic growth in, 54, 83, 84, 86, 91, 92, 93, 94; economic reforms in, 58, 60; education in, 230, 231, 232, 239, 419; environment and, 527, 528, 531; export subsidies and, 495, 499–501; health in, 427; income distribution in, 56, 378, 417–20; industrialization and, 98, 99; poverty in, 36, 55; state intervention in, 488–91, 493, 494; trade and, 189, 192, 202; women in, 273, 276
- Bribery, 438, 461, 509
- Brundtland Report, 555
- Bureaucracy, 471, 472, 477–78, 481, 482–83, 484, 486–89, 490, 491–92, 493–94; internal promotion in, 508–9, 511, 514; meritocratic recruitment in, 424, 478, 482, 486, 488, 508, 509, 510–11, 512, 514; predation and, 479–80; salaries in, 508–9, 511, 514; structure and performance of, 508–15

- Burkina Faso, 263, 276, 526  
 Burma, 86, 89, 93, 99  
 Burundi, 115  
 Busia, Kofi, 453, 462–63  
 Business Environmental Risk Intelligence (BERI), 471, 472, 508, 514  
 Business International (BI), 508  
 Buyer-driven chains, 204–5
- Cameroon, 276  
 Canada, 88, 99, 101, 183, 417  
 Capital accumulation, 72, 73, 178–79  
 Capital availability, 42–43  
 Capital formation, 126–28  
 Carbon taxes, 527  
 Caribbean, 19, 59, 263, 266, 271, 275, 459  
 Catch-up effects, 218, 220, 221, 459–60  
 Central banks, 46, 142, 502  
 Central Europe, 98, 99, 181, 182  
 Ceylon, 86, 98, 99  
 Chad, 115  
 Chaebols, 45, 197, 483–84  
 Chiang Kai Shek, 484  
 Child mortality, 19, 82, 257, 260  
 Children: balance sheet of human development, 35; poverty and, 18; women's earnings and nutrition in, 277  
 Chile, 99, 183–84; economic development in, 52; economic growth in, 86, 89, 91, 92; economic reforms in, 58; environment and, 528; health in, 429; poverty in, 55; technology and, 207; trade and, 156, 192; women in, 276, 277  
 China, 3, 99, 105, 409. *See also* Hong Kong; Taiwan; divergence and, 115; economic crisis in, 42; economic growth in, 36, 38–39, 80, 81, 83–84, 85, 88, 89, 90, 91, 92, 93; environment and, 523, 524, 527; famine in, 335; health in, 427–29; industrialization and, 98; move to the market, 48–51; poverty in, 19; rural-urban migration in, 293, 294; women in, 271, 283–84; women's education in, 263  
 China Productivity Center, 207  
 China Steel, 485  
 Chinese Petroleum Corporation (CPC), 198  
 Chlorofluorocarbons (CFCs), 521  
 Chrysler, 182  
 Classical economics: development economics and, 69; growth theory and, 72–73; income inequality and, 387  
 Closed economies, 77–78, 98, 107, 108  
 Cocoa Marketing Board, 455
- Coefficient of our ignorance, 225  
 Collective choice analysis, 443  
 Colombia: economic development in, 52; economic growth in, 91, 93, 94; industrialization and, 99, 112; trade and, 202; women's education in, 263  
 Colonialism, 170  
 Colosio, Luis Donaldo, 58  
 Commodity markets, 450–51  
 Commonwealth of Independent States (CIS), 48  
 Communist Party (China), 48  
 Community Development Programmes, 446–47  
 Comparative advantage, 107–9  
 Competitiveness hypothesis, 355  
 Concertina approach to tariffs, 192  
 Constrained Pareto efficiency, 354, 360  
 Contracts: enforceability of, 472; government repudiation of, 471; in rural sector, 330, 356–58  
 Coordination: failure of, 195–98; investment policies for, 198–200  
 Copper, 183–84  
 Corruption, 440–41, 471, 508, 512, 514  
 Costa Rica, 319–21, 473, 532  
 Cost sharing, 352–53, 354  
 Cote d'Ivoire. *See* Ivory Coast  
 Council for Mutual Economic Assistance (CMEA), 48  
 Council on Economic Planning and Development (CEPD), 484  
 Crash Scheme for Rural Employment (CSRE), 448  
 Credit: in agricultural market, 338, 340; in East Asia, 43–44; in rural sector, 361–63, 447; women and, 280–81, 285–86  
 Cross-country studies: of deforestation, 535–43; of economic growth, 458–60; of economic growth and financial development, 141–45; of education and economic development, 218–22; of education quality, 234–36; of income inequality, 387–90  
 Cuba, 90, 91  
 CUF, 549  
 Cultural Revolution, 50, 115
- Deadweight losses, 422, 435, 443  
 Death rates. *See* Mortality rates  
 Decollectivization, 49–50  
 Default risk, 244–45, 539  
 Deforestation, 518, 523, 531–32, 535–43; income and, 538–39; population and, 536–38, 541–42  
 Demand-following supply response, 138–40  
 Democracies, 402, 404  
 Deng Xiaoping, 48  
 Denmark, 527
- DENR, 545, 546  
 Departamento Administrativo de Servicio Publico (DASP), 489  
 Deterioration phase of income inequality, 389  
 Developmental states, 480–88  
 Development economics, 69–76; evolution of, 69–74; in rural sector, 352–55  
 Development measures, 5–34; burden of poverty in, 18–35; evolution of, 5–7; price of services as, 13–17  
 Development theory, 359–60  
 Dictatorships, 402, 404  
 Direct taxes, 368, 386, 418  
 Disability-adjusted life year (DALY), 257, 259  
 Disguised unemployment, 297, 317  
 Divergence, 114–18  
 Division of labor: classical growth theory on, 72; by gender, 272–73  
 Domestic investment, 36  
 Domestic resource cost (DRC) ratio, 182  
 Dominican Republic, 52, 263  
 Dutch disease model, 161, 164, 165, 173
- Earnings. *See* Wages/earnings  
 East Africa, 92, 275–76  
 East Asia: economic crisis in, 42–47; economic growth in, 36–41, 147, 152; education in, 36, 234–35, 236, 237–39; family planning programs in, 36, 246; income distribution in, 407; market governance in, 432; poverty in, 19; state intervention in, 480, 482, 486–87, 494; Sub-Saharan Africa compared with, 456, 460, 466, 467; typology of development, 170–74; women's education in, 263, 266  
 Eastern Europe, 2; China compared with, 48; environment and, 526; import substitution and, 181; industrialization and, 182  
 Econometric studies of migration, 312  
 Economic booms, 85–88  
 Economic Commission for Latin America, 52–53  
 Economic development: agriculture and, 332–34; education and, 218–22, 227–28; environment and, 520–29; impact of income distribution on, 377, 401–8; impact on income distribution, 375–77, 382–400; income inequality and, 387–90, 394, 395–99; in Latin America: 1950–1980, 52–57; in neoclassical economics, 442–45; planning for, 431–32; policy role in, 426–33; in Sub-Saharan

- Africa, 65–68; typology of, 170–74; underemployment and, 395–99; unlimited labor supply and, 297–99
- Economic environment, 429–30
- Economic growth: agricultural productivity, comparative advantage and, 107–9; agriculture and, 81, 82, 83–84, 342–43; cross-country studies of, 141–45, 458–60; in East Asia, 36–41, 147, 152; education and, 216–17; environment and, 524–26; extensive, 80–85; financial development and, 138–40, 141–46; fixed investment and, 126–28; functional approach to, 40–41; income distribution and, 391–93, 401–3, 409–16; income inequality and, 382–86; industrialization and, 81, 82, 183–84; institutional indicators and, 471–75; intensive, 80, 88–95; in Latin America, 52–54, 80, 84, 86, 89, 90, 93, 94; natural resources and, 156, 161–67; policies versus shocks in, 147–53; in Sub-Saharan Africa, 80, 456–70; in Third World countries: 1850–1980, 80–96; trade and, 81, 82, 84, 85–86, 87, 89, 90, 149–51, 187–90; turning point in, 85–88
- Economic indicators, 56
- Economic Planning Board (EPB), 483
- Economic reforms: in India, 61–63; in Latin America, 58–60
- Ecuador, 18, 532
- Education, 214, 216–40. *See also* Women's education; access to, 230–32; balance sheet of, 35; bureaucracy and, 512–14; creating human capital with, 237–39; dropout rates and, 235–36, 240; in East Asia, 36, 234–35, 236, 237–39; economic development and, 218–22, 227–28; economic impact of, 223–28; effect of facilities, 229, 232; grade repetition and, 232, 235–36, 240; income distribution and, 419; in India, 447–48; policies on, 429; population and, 242–44; poverty and, 19; pupil-teacher ratio and, 229, 234, 235–36; quality of, 230–32, 234–36; quality of children and, 243–44; research on, 229–33; returns to investment in, 223–27; social impact of, 225–26; in Sub-Saharan Africa, 65, 68, 237, 238, 429; teacher education and, 229; teacher experience and, 229; teacher salaries and, 229, 234, 235, 236; test scores and, 236; textbooks in, 229, 231; total expenditure per pupil and, 229, 234, 236
- Egypt, 7; bureaucracy in, 514; divergence and, 115; economic growth in, 84, 85, 88, 89, 92, 93, 94; education in, 230, 231, 232; poverty in, 18; trade and, 189; women in, 283
- Elasticity of demand, 107–8, 109, 110
- Electronic Research and Service Organization (ERSO), 199
- El Salvador, 52
- Embedded autonomy, 478, 480, 481–82, 484, 485–86, 487, 490, 491, 493, 494
- Employment. *See also* Labor force; Underemployment; Unemployment: in India, 448; in rural sector, 356–58
- Enclosure, 532
- Endogenous growth theory, 4, 75–76, 120, 121, 218; two-sector model of, 107–9
- Endogenous politicians, 443
- Endowment ratio, 15–16
- Engel's law, 78, 109
- England, 97, 138, 244–45. *See also* Great Britain/United Kingdom; environment and, 531, 532; industrialization and, 111
- Environment, 517–59; balance sheet of, 35; economic development and, 520–29; Kuznets curve for, 517, 529–30; sustainable development and, 519, 554–59; trade and, 518, 531–34
- Environmental Protection Agency (EPA), 529, 547, 548
- Ethiopia, 88, 115, 335
- Ethnic diversity, 423–24, 456–58, 460–66; bureaucracy and, 514; concepts and country examples, 460–63; measuring, 463
- Europe, 88. *See also* Central Europe; Eastern Europe; Southern Europe; Western Europe; agriculture and, 99–100; divergence and, 114; education in, 225; environment and, 528; trade and, 202; women in, 283
- Exchange-rate deviation index, 6, 12
- Exchange rates, 43–44, 45, 46, 54
- Exploitation hypothesis, 354–55, 361
- Export crops, 450–51
- Export processing zones (EPZs), 50, 165, 210
- Export promotion: direct, 192; import substitution versus, 187–88
- Exports, 180, 184–85; China and, 48, 50, 51; East Asia and, 36, 37, 46, 47; economic growth and, 87–88, 90, 93–94; fictitious, 503, 504; as first trade move, 102–3; foreign direct investment and, 210; India and, 61, 62; industrialization and, 183–84; Korea and, 105; Latin America and, 53; natural resources and, 162; primary products in, 155–56, 159–60; Sub-Saharan Africa and, 65, 68; Taiwan and, 105
- Export subsidies, 424, 495–507; failures in, 502–3; intermediate cases, 503–6; successes in, 496–501
- Export substitution: primary, 171, 173; secondary, 171–72, 173
- Expropriation risk, 471, 472, 473–74
- Extensive growth, 80–85
- Externalities, 259, 336
- Extinction, 523–24
- Factorial terms of trade, 99–101
- Factor prices, 175, 176, 178
- Factor proportions explanations, 17
- Factors of production, 178–79
- Family distribution of income (FID), 409, 415–16
- Family income, 244
- Family planning programs, 36, 242, 246–47, 345, 348
- Family size, 241
- Famine, 335
- Fertility rates, 242, 243, 244, 283. *See also* Birth rates; economic growth and, 82, 83; education and, 226; family planning programs and, 246–47; infant mortality and, 245–46; nutrition and, 255
- Fertilizer plants, 544, 548–49
- Fictitious exports, 503, 504
- Financial development, 138–40, 141–46
- Financial liberalization, 133–37
- Five-Year Plan, 431
- Fixed investment, 126–28
- Fixed-rate tenancy, 357, 358
- Food and Agriculture Organization (FAO), 535
- Food crops, 451
- Food prices, 254–55
- Food supply, 82–84, 88–89, 91
- Foreign direct investment (FDI), 90, 102, 157–58; benefits of, 209–10; China and, 50–51; East Asia and, 39, 44; Latin America and, 53, 58; technology transfer and, 209–10
- Formal sector, 313, 317, 319; mobility from informal sector to, 323–26; relation between informal sector and, 314–15, 321
- Four Tigers, 3, 36. *See also* Hong Kong; Korea; Singapore; Taiwan
- France, 90, 97, 138, 283
- Franc Zone, 65



- Free-rider problem, 168, 442, 443, 445
- Freighters, 97
- Full income, 365
- Functional approach to economic growth, 40–41
- Gabon, 166
- Gakubatsu, 481
- Gandhi, Indira, 62
- Gandhi, Rajiv, 62
- Gender. *See* Women
- Gender-aware analysis, 288
- General Agreement on Tariffs and Trade (GATT), 192, 500
- General Motors, 182
- Genuine savings, 559
- Germany, 2, 97; environment and, 532; income distribution in, 375–76, 382–83, 386; interest rates in, 124
- Ghana: divergence and, 115; economic growth in, 86, 87, 94; environment and, 533–34; ethnic diversity in, 462–63; health in, 257; import substitution and, 180; industrialization and, 99; state intervention in agricultural markets, 453, 454, 455; trade and, 189; women in, 273
- Gini coefficient, 376, 380, 392, 395, 401–2, 416, 417
- Gini indices, 56, 57
- Global warming, 521
- Gold Coast, 298
- Goldenberg (firm), 502–3
- Government. *See* Policies; State intervention
- Government failure, 336, 348, 422–24
- Grameen Bank, 215, 285–88
- Granger-causes growth, 120, 126
- Great Bengal Famine, 335
- Great Britain/United Kingdom, 90, 97, 98, 100, 101, 105, 107, 168, 170. *See also* England; divergence and, 115; environment and, 531; import substitution and, 184; income distribution in, 375–76, 382–83, 384, 386, 419; industrialization and, 180; Jamaican emigration to, 307; women in, 283, 298
- Great Depression, 52, 87, 170
- Greece, 191
- Greenhouse warming, 517, 524
- Green national accounting, 559
- Green Revolution, 109, 272–73, 330, 333, 340, 345–46, 430
- Gross domestic product (GDP): absorption in form of services and commodities, 14; agriculture and, 368; in AK model, 123, 125; bureaucracy and, 508; calculating a lower bound for, 114–16; of China, 48, 49; of East Asia, 36; economic growth and, 84–95, 142–45; education and, 234, 235; environment and, 523; exchange-rate deviation in relation to, 6, 12; fixed investment and, 126; of India, 61, 62, 63; interest rates and, 134–36; investment and, 406, 407; of Latin America, 52, 53; natural resources and, 161, 162, 163–65
- Gross national product (GNP), 2; as development measure, 5–7; in East Asia, 37; economic growth and, 92, 93, 94; education and, 237, 239; health care and, 258; inverted-U hypothesis and, 387, 389; women's education and, 263
- Growth accounting, 219–22
- Grupo Ejecutivo para Industria Automovilistica (GEIA), 490–91
- Guatemala, 18, 58
- Gulf War, 62
- Haiti, 58, 307, 310, 529, 536
- Handicrafts, 81, 84, 89
- Harris-Todaro model, 423; rent seeking in, 440; of underemployment, 291, 302–6, 396, 399
- Headcount index, 19
- Health, 214–15, 249–62, 344, 348; balance sheet of, 35; education and, 226; indicators of, 249–53; investing in, 257–62; policies on, 260, 427–29; population and, 242–43; problems in system, 257–59
- Health insurance, 258, 259
- High-income economies: basic indicators in, 11; development measures in, 5; Gini coefficient in, 392; health indicators in, 252–53; population and labor force in, 34; self-employment and unpaid family workers in, 295–96
- High-performing East Asian Economies (HPAEs), 3, 36–41, 237–39. *See also* Hong Kong; Indonesia; Korea; Malaysia; Singapore; Taiwan; Thailand
- Historical perspective, 77–118; on division of the world, 97–99; on factorial terms of trade, 99–101; on spread of economic growth, 80–96
- Honduras, 55, 276, 473
- Hong Kong, 3, 51, 460, 466; economic crisis in, 43; economic development in, 52; economic environment in, 430; economic growth in, 36, 39, 94, 147; education in, 237; family planning programs in, 246; import substitution and, 184; industrialization and, 180; natural resources and, 164; trade and, 184; women's education in, 270
- Hot Oil Act, 532
- Household model, 243, 244
- Household production, 80–81
- Human capital: creating, 237–39; economic development and, 218–22; knowledge acquisition, investment and, 207–8
- Human development: balance sheet of, 35; income and, 23
- Human Development Index (HDI), 2, 7, 21–22, 24–29, 119, 123
- Human resources, 213–88. *See also* Education; Health; Nutrition; Population; Women
- Hungary, 182–83, 184, 185, 529
- Hunger, 335
- Hyundai, 196–98
- Ibadan, 81–82
- Illiteracy, 7, 68, 240. *See also* Literacy
- Imperfect information, 336, 353, 355, 357–58, 359–60, 361
- Import licenses, 62, 188, 189–90, 434–36, 437–39, 440–41
- Import quotas, 188, 191, 338, 423, 434–36
- Imports, 54, 89, 90, 157
- Import-substituting industrialization, 156, 168–69
- Import substitution, 92–93, 170, 185, 189, 499; export promotion versus, 187–88; first stage of, 180–81; India and, 61, 181; Latin America and, 52, 53, 54, 181, 185; primary, 171, 173; secondary, 171–72, 173; second stage of, 181–83, 184, 186, 202; Sub-Saharan Africa and, 67
- INBIO, 532
- Income: balance sheet of, 35; deforestation and, 538–39; education and, 221–22; environment and, 524–26; family, 244; family distribution of, 409, 415–16; full, 365; human development and, 23; in India, 61, 448–49; per capita. *See* Per capita income; secular levels of, 382, 383, 384, 386; subsistence, 115
- Income distribution, 375–420. *See also* Income inequality; agriculture and, 332–33, 336, 341–42, 384; in Brazil, 417–20; economic development impact on, 375–77, 382–400; economic growth and, 391–93, 401–3, 409–16; impact on economic development, 377, 401–8; industrialization and, 111–13, 384, 385, 386, 414–16; in Latin America, 54–57, 403, 407; market size and, 111–13;

- political instability, investment and, 404–8; politics of, 401–3; population and, 244; in Taiwan, 378, 403, 409–16
- Income inequality, 394. *See also* Income distribution; economic growth and, 382–86; measurement of, 379–81; poverty and, 387–90; trends in, 382–84, 385–86; urban underemployment and, 395–99
- Income taxes, 124, 125, 386
- India, 3, 105, 168, 446–49; agriculture and, 101, 414; asset redistribution policies in, 446; credit for rural sector in, 447; divergence and, 115; economic environment in, 431; economic growth in, 83, 84, 85, 88, 89, 90, 91, 92, 93, 94; economic reforms in, 61–63; education in, 447–48; environment and, 524; export subsidies and, 505–6; family planning programs in, 246, 247; Five-Year Plan in, 431; foreign direct investment and, 209; health in, 429; hunger in, 335; import licenses and, 62, 437; import substitution and, 61, 181; industrialization and, 61, 63, 98, 99; informal sector in, 323–27; pollution abatement in, 544, 545, 549–51; population of, 242–43; poverty in, 18, 36, 61; public investment in, 446–47; rent seeking in, 438–39, 444; rural investment in, 448; rural-urban migration in, 293; state intervention in, 491–93, 494; trade and, 61, 188, 191; women in, 272, 273, 275, 283, 284; women's education in, 269–70
- Indian Administrative Service (IAS), 491–92
- Indian Civil Service (ICS), 491
- Indirect taxes, 368, 449
- Indonesia, 3; deforestation in, 536; divergence and, 115; economic crisis in, 42, 44, 47; economic environment in, 430; economic growth in, 36, 83, 88, 91, 92; education in, 237, 240; environment and, 526, 529; health in, 257, 429; pollution abatement in, 544, 545, 547–48, 549–51; poverty in, 18; rural-urban migration in, 293; women in, 273, 276
- Indoor pollution, 517, 522
- Induced technical innovation, 350–51
- Industrial and Commercial Development Corporation, 315
- Industrial Development Bureau (IDB), 484, 485, 491
- Industrialization. *See also* Manufacturing: Africa and, 98, 99, 451–52; agricultural productivity and, 107–9; alternative development strategies for, 180–86; division of world into agriculture and, 97–99; economic growth and, 81, 82, 183–84; import-substituting, 156, 168–69; income distribution and, 111–13, 384, 385, 386, 414–16; India and, 61, 63, 98, 99; market size and, 111–13; Taiwan and, 111, 414–16; women and, 273–74
- Industrialized Products Tax (IPT), 500
- Industrial Revolution, 97–99, 107, 180
- Infanticide, 283
- Infant-industry argument, 156, 168–69, 182, 186
- Infant mortality, 7, 115–16; in Chile, 429; in China, 427; female, 284; in India, 61; in Latin America, 56; population and, 245–46
- Inflation, 63
- Informal sector, 290, 291, 313–15; characteristics of, 314–15; diversity within, 319–20; easy-entry, 291, 318, 319, 320–21; income inequality in, 395–98, 399–400; labor market modeling and, 318–22; main features of, 318–19; mobility to formal sector, 323–26; probabalistic migration model and, 292; reassessment of, 316–17; relation between formal sector and, 314–15, 321; role in migration process, 292, 323–27; rural, 314–15, 316–17; upper-tier, 291, 319, 320–21
- Information costs, 355, 359, 361
- Infrastructure, 426, 427, 429; of India, 446, 447; institutional, 411–12; quality of, 472; rural, 332; of Sub-Saharan Africa, 460; of Taiwan, 411–12
- Institutional indicators, 471–75
- Insurance: agricultural, 336; health, 258, 259; social, 258
- Intensive growth, 80, 88–95
- Interest rates: in East Asia, 47; financial liberalization and, 133–37; in Latin America, 54; in organized money markets, 129–32
- Interlinkage, 352, 353, 354, 355, 361–62
- Intermediate goods, 202–3
- International commodity arbitrage, 5
- International Comparison Project (ICP), 6, 13, 114
- International Country Risk Guide (ICRG), 471, 472, 508, 514
- International Panel on Climate Change (IPCC), 524
- International production networks, 204–5
- International trade and development school, 443
- Interrelated strategy in agriculture, 347–48
- Inverted-U hypothesis, 375–77, 391, 394; explained, 387–90; intraurban inequality and, 395–98, 399–400
- Investment, 119–22; in AK model. *See* AK model; domestic, 36; East Asia and, 44–46; fixed, 126–28; foreign direct. *See* Foreign direct investment; in health, 257–62; income distribution, political instability and, 404–8; India and, 446–47, 448; institutional indicators of, 471, 473–75; knowledge acquisition, human capital and, 207–8; policies to subsidize and coordinate, 198–200; public, 199–200, 446–47; in rural sector, 332, 448
- Investment licenses, 438–39
- Inward-oriented industrial development, 181–86
- Iran, 88, 89
- Iraq, 88, 89
- Ishikawa curve, 83
- Israel, 2, 191
- Italy, 138, 473
- Ivory Coast: bureaucracy in, 514; deforestation in, 536; economic growth in, 86, 87, 94; environment and, 533; import substitution and, 180; poverty in, 18; women's education in, 268
- Jamaica: informal sector in, 318; unemployment in, 291, 307–11
- Japan, 2, 3, 102, 139, 170, 405, 480–82, 484, 485, 486, 487; agriculture and, 340, 342, 344, 348, 414; divergence and, 114; economic crisis in, 45, 46, 47; economic growth in, 36, 41, 86, 89; education in, 225; environment and, 531, 532; income distribution in, 403, 417; industrialization and, 98; interest rates in, 124, 133; takeover of Korea, 87; trade and, 202
- Japan Developmental Bank, 480
- Japanese model, 480–82
- Java, 18, 98, 268, 523, 524
- Joint Commission on Rural Reconstruction (JCRR), 412, 414
- Kenya: economic growth in, 86, 87; education in, 230, 239; environment and, 526; ethnic diversity in, 462, 463; export

- subsidies and, 495, 505; health in, 429; informal sector in, 313–15, 316–17, 318; labor migration and unemployment in, 300–301; poverty in, 18; state intervention in agricultural markets, 451; typology of development in, 170–74; women in, 275, 276, 277, 282
- Kenyatta administration, 462
- Korea, 3, 102, 466, 480; economic crisis in, 42, 44, 45, 47; economic development in, 52; economic environment in, 430; economic growth in, 36, 39, 41, 87, 89, 91, 93, 94; education in, 225, 237; export subsidies and, 495, 496–99, 502–3; family planning programs in, 246; foreign direct investment and, 210; income distribution in, 403; interest rates in, 124; natural resources and, 164, 166; state intervention in, 157, 195–201, 482–84, 485, 487; technology and, 204, 206–8; trade and, 184, 185, 188, 192; women's education in, 268
- Korup National Park, 532
- Kravis-Heston-Summers productivity explanation, 13–15
- Krueger's trade model, 175–78, 179
- Kuomintang (KMT), 484–85, 486
- Kuwait, 166
- Kuznets, Simon, 375–76, 387, 391, 395
- Kuznets environmental curve, 517, 529–30
- Labor force, 195–96. *See also* Employment; education and, 216–17, 219, 220; modeling of informal sector and, 318–22; segmentation in, 323–27; unlimited supply in, 297–99; women in, 243, 269–70, 271–74, 297–98, 307
- Laissez-faire, 64
- Land ownership, 401–3
- Land reform, 330, 332, 344–45, 346, 403, 409–12, 446
- Land use model, 539
- Latin America, 1, 3, 4, 104; agriculture and, 97, 100; economic and social indicators in, 56; economic development: 1950–1980, 52–57; economic growth in, 52–54, 80, 84, 86, 89, 90, 93, 94; economic reforms in, 58–60; education in, 219, 222, 238, 429; environment and, 526, 533; health in, 258; import substitution and, 52, 53, 54, 181, 185; income distribution in, 54–57, 403, 407; income inequality in, 390, 397; industrialization and, 98, 99, 182; interest rates in, 129, 134, 137; poverty in, 19; rural-urban migration in, 293, 294; Sub-Saharan Africa compared with, 456, 458, 459, 464; trade and, 53, 202; typology of development, 170–74; women in, 271, 272, 275, 276, 277; women's education in, 263, 266
- Law for Dealing with Illicit Wealth, 497
- Law of Large Numbers, 396
- Law of one price, 5
- Lead, 521–22
- Learning-by-doing, 75, 78, 161, 168, 211, 343
- Lerner diagrammatic technique, 13
- Lesotho, 529
- Lewis model of underemployment, 291, 302–6
- Lewis model of world economy, 104–6
- Libya, 263
- Life expectancy, 7; in China, 427; divergence and, 115; health expenditures and, 262; in India, 61; in Latin America, 56; poverty and, 18, 19; in Sub-Saharan Africa, 456; of women, 283, 284
- Literacy, 56, 218, 263, 277, 284. *See also* Illiteracy
- Living standards, protection of, 429
- Lobbying, 444
- Local Manufacturers (Export Compensation) Act, 502
- Log variance, 376, 394, 398, 399
- Lorenz curve, 379–80
- Low- and middle-income economies: basic indicators in, 11; health indicators in, 252; population and labor force in, 34
- Lower-middle-income economies: basic indicators in, 9–10; health indicators in, 250–51; income inequality in, 397; self-employment and unpaid family workers in, 295; women's education in, 265, 267
- Low-income economies: basic indicators in, 8–9; development measures in, 5; Gini coefficient in, 392; health indicators in, 249–50; health systems in, 258; income inequality in, 389; population and labor force in, 31–32; self-employment and unpaid family workers in, 295; women's earnings in, 276–77; women's education in, 263–64, 265, 267
- Lucky-Goldstar, 196–98
- Ludhiana, 318
- Macroeconomics: in Caribbean, 59; in East Asia, 43–44; education and, 225; health and, 254, 255; in informal sector, 316; in Latin America, 52, 59, 60
- Madagascar, 529
- Mahalanobis Committee on Distribution of Income and Levels of Living, 61
- Maharashtra, 429
- Mahaweli scheme, 528
- Malawi, 267–68, 273, 282
- Malaya, 86
- Malaysia, 3; economic crisis in, 42, 44, 47; economic growth in, 36, 39, 40, 89, 91, 94; informal sector in, 319–21; natural resources and, 165; population in, 245; women in, 271, 273, 275; women's education in, 268–69
- Malthus, Thomas, 73
- Manmade Fibers Association, 485
- Manufacturing. *See also* Industrialization: agriculture and, 333–34; economic growth and, 89–90, 92–93; in Krueger's trade model, 175–78
- Mao Zedong, 48, 50
- Market failure, 426; agriculture and, 336, 348, 356; environment and, 524; import-substituting industrialization and, 168–69; state intervention and, 431
- Market policy approach to agriculture, 348
- Markets, 432–33; agricultural, 336; China's move to, 48–51; commodity, 450–51; health care, 259–60; population and, 244–45; size of, 111–13
- Marshallian inefficiency, 357
- Marxist theory, 298, 442, 445, 477
- Maternal mortality, 257, 283
- Mauritania, 273
- Mauritius, 65, 165, 529
- McKenzie-Chipman diversification cone, 15
- Merck and Company, 532
- Mexico: bureaucracy in, 482; economic environment in, 430; economic growth in, 86, 89, 91, 92, 93, 94; economic reforms in, 58; environment and, 533; foreign direct investment and, 157–58, 210; political system of, 404; poverty in, 18, 55; trade and, 202; typology of development, 170–74; women in, 273
- Microeconomics: education and, 223–25; health and, 254; in Latin America, 52; in rural sector, 330, 352–67
- Middle class, 377, 407
- Middle East, 2; economic growth in, 80; environment and, 524; natural resources and, 165; poverty in, 19; women in, 272; women's education in, 264, 266

- Middle-income economies: basic indicators in, 9–11; development measures in, 5; health indicators in, 250–52; health systems in, 258–59; income inequality in, 389–90; population and labor force in, 32–34; self-employment and unpaid family workers in, 295; women's education in, 263–64
- Migration. *See* Rural-urban migration
- Mill, John Stuart, 73
- Minerals, 79, 86, 164, 165, 241
- Minimum wage, 448
- Ministry of International Trade and Industry (MITI), 480–81, 487, 491
- Ministry of Trade and Industry (MTI), 483, 485
- Mobutu Sese Seko, Joseph, 479, 480
- Moi, Arap, 453, 462
- Monopolies and Restrictive Trade Practices (MRTP) Act, 62
- Morocco, 87; bureaucracy in, 514; environment and, 533; foreign direct investment and, 157, 209–10; poverty in, 18
- Mortality rates, 2, 82–83, 298; child, 19, 82, 257, 260; infant. *See* Infant mortality; maternal, 257, 283
- Mozambique, 65, 88, 115
- Multinational enterprises (MNEs), 209–10
- Murphy-Shleifer-Vishnv model, 113
- Myrdal, Gunnar, 496
- National Development Bank (BNDE), 489
- Nationalization potential, 472
- National Renewal Fund, 62
- National Resources Commission (NRC), 484
- Natural capital stock, 519, 554, 555–58, 559
- Natural habitats, 523–24
- Natural resources, 156, 161–67, 173
- Neoclassical economics, 152, 423, 477; development economics and, 70, 71, 73; East Asian economic growth and, 39; income inequality and, 387; state, economic development and, 442–45
- Neoutilitarian economics, 476, 477
- Nepal, 88, 91, 95, 263, 264, 268, 275, 526
- Netherlands, 107, 115
- New institutional economics, 359–60
- New Zealand, 99, 101, 509–10, 526
- NGFF, 549
- Nicaragua, 52, 230
- Nigeria, 65, 450, 460; bureaucracy in, 514; economic growth in, 86, 87; environment and, 529; ethnic diversity in, 464; women in, 273
- Nkrumah, Kwame, 462
- Nongovernmental organizations (NGOs), 258, 259
- North Africa, 1; economic growth in, 80; poverty in, 19; women in, 272, 275, 283, 284; women's education in, 264, 266
- North America, 97, 98, 225, 283
- Nutrition, 214–15, 254–56, 344, 348; balance sheet of, 35; famine and hunger, 335; policies on, 427–29; women's earnings and, 277
- Off-shore companies, 44, 45
- Oil and petroleum, 7, 50, 54, 165, 185, 532
- Old-age security, 244–45
- Open economies, 108
- Organization for Economic Cooperation and Development (OECD), 54, 87, 94, 406, 485; agriculture and, 347; economic growth in, 147; environment and, 527, 548; income distribution in, 401
- Organized money markets, 129–32
- Outward-oriented industrial development, 184–86
- Ozal, Turgut, 503, 504
- Ozone layer depletion, 521
- Pakistan: economic growth in, 85, 88, 91, 92, 93; education in, 237; family planning programs in, 246; women in, 283
- Panama, 273
- Park Chung Hee, 197, 482–83, 484, 497, 498, 499
- Paternalism, 426
- Penn World Tables, 114, 115, 116, 117
- Per capita income, 3. *See also* Gross domestic product (GDP); Gross national product (GNP); in AK model, 123–25; as development measure, 5–7; divergence and, 114–18
- Peru: economic growth in, 89, 91; economic reforms in, 58; health in, 258–59; poverty in, 18; women in, 276, 278
- Petite bourgeoisie, 423, 449
- Petrobas, 491
- Philippines, 3; agriculture and, 414; deforestation in, 536; economic crisis in, 44; economic growth in, 39, 86, 90, 91, 92, 93; environment and, 523; family planning programs in, 247; industrialization and, 98; pollution abatement in, 545, 546–47; trade reform in, 192; women in, 273; women's education in, 263, 268
- Physical Quality of Life Index (PQLI), 7
- Plantations, 86, 100, 180, 271
- Pluralist theory, 453–54
- Poland, 527, 529
- Policies. *See also* State intervention: agricultural, 336–39; East Asian economic growth and, 36–37, 39–40; economic development and, 426–33; economic growth and shocks, 147–53; environmental, 526–28; health care, 260, 427–29; human capital formation, 237–39; investment, 198–200; pollution abatement, 551–52; in Sub-Saharan Africa, 460–66
- Policy coherence, 496
- Political stability/instability: deforestation and, 539–41; income distribution, investment and, 404–8; institutional indicators of, 472, 473, 474–75; in Sub-Saharan Africa, 458, 464–66
- Pollution abatement, 544–53
- Polonoreste projects, 528
- Population, 2, 214, 241–48; agriculture and, 332, 333; deforestation and, 536–38, 541–42; of East Asia, 36; economic approaches to, 242–48; economic growth and, 82–84, 88–89, 91; environment and, 521; labor force and, 31–34; size of, 241
- POSCO, 200
- Poverty: balance sheet of, 35; burden of, 18–35; capabilities and entitlements in, 30; decline in, 36; environment and, 521; extent of, 19–20; health and, 259; income inequality, economic development and, 387–90; in India, 18, 36, 61; in Latin America, 54–57; women and, 18, 215, 275–79
- Poverty gap, 19
- Poverty line, 6, 18, 19, 54–55, 115
- Prebisch, Raul, 52
- Predation, 476, 479–80, 481, 487, 491
- Price controls, 451
- Price distortions, 36–37, 526
- Prices: agricultural, 331, 337–38, 366–67, 368–69, 448; factor, 175, 176, 178; food, 254–55; in India, 448–449; service, 13–17
- Primary export substitution (PES), 171, 173
- Primary import substitution (PIS), 171, 173
- Primary products, 155–56
- Primary school education, 234, 237–39, 240, 263–64, 265, 266
- Primary sector surplus, 180
- Principle-agent approach, 508, 509
- Privatization, 96
- Probabilistic migration model, 292, 323–27

- Producer-driven chains, 204  
 Productivity. *See also* Agricultural productivity: factor proportions explanations, 17; growth accounting with human capital stocks in, 220–22; Kravis-Heston-Summers explanation for, 13–15  
 Profit effect, 366  
 Programa de Integracao Nacional (PIN), 418  
 Programa de Integracao Social, 418  
 PROKASIH, 545  
 Property rights, 442, 444, 518, 526, 527, 532, 535, 539–41  
 Prussia, 383  
 Public choice school, 443  
 Public goods, 259, 336  
 Public sector: economic growth and, 90, 91–92; investment and, 199–200, 446–47  
 Puerto Rico, 307, 310  
 Pulp and paper plants, 544, 549–51  
 Punjab, 523  
 Putting-out system, 84, 85, 271  
  
 Quantitative restrictions, 157, 188–90, 191  
  
 Railroads, 85–86, 90, 97, 98  
 Rao-Manmohan Singh, 62–63  
 Rationality hypothesis, 354, 355  
 RCA, 199  
 Regression analysis, 458–60, 463–64  
 Regression tables, reading, 561–66  
 Rent control, 448–49  
 Rent seeking, 422–24, 427, 444, 476; competitive, 437–39; corruption and, 440–41; defined, 434–36; in Harris-Todaro model, 440; political economy of, 437–40; quantitative importance of, 438–39  
 Rhee Syngman, 482, 484, 485, 497, 499  
 Ricardo, David, 73, 298  
 Risk, 337–38, 478  
 Risk aversion, 352, 357, 358  
 RKF assumptions, 395–96  
 Rule of law, 471, 535–43  
 Rural sector. *See also* Agriculture: contractual arrangements in, 330, 356–58; credit in, 361–63, 447; informal, 314–15, 316–17; investment in, 332, 448; microeconomics of, 330, 352–67; new development economics and, 352–55; new institutional economics and development theory in, 359–60; recent tenancy models in, 356–58; reform in, 49–50; strategies for welfare improvement in, 343–45  
 Rural-urban divide, 373–74  
 Rural-urban migration, 289–327; demographic reappraisal of urban growth and, 293–94; econometric studies of, 312; informal sector role in, 292, 323–27; model of urban unemployment and, 300–301; unlimited labor supply and, 297–99  
 Russia, 139  
  
 Sanitation, 521  
 Saudi Arabia, 165, 166  
 Savings: in AK model. *See* AK model; in East Asia, 36, 42; as engine of growth, 119–22; financial liberalization and, 133–37; genuine, 559; in India, 63; women and, 280–81  
 Savings clubs, 280  
 Saxony, 383  
 Schultz, Theodore, 300  
 Secondary export substitution (SES), 171–72, 173  
 Secondary import substitution (SIS), 171–72, 173  
 Secondary school education, 237–39, 265, 266  
 Second best solutions, 337  
 Second Indian Plan, 371  
 Secular levels of income, 382, 383, 384, 386  
 Seemingly-unrelated-regression (SUR) technique, 234  
 Self-employment, 295–96, 313, 318, 319, 397  
 Semi-democracies, 404  
 Service prices, 13–17  
 Shaman Pharmaceuticals, 532  
 Sharecropping, 330, 351, 352–55, 356–57, 358, 359  
 Shocks, 147–53  
 Sierra Leone, 254  
 Singapore, 2, 3; economic crisis in, 43; economic development in, 52; economic environment in, 430; economic growth in, 36, 39, 40, 94; education in, 237; environment and, 527; interest rates in, 124, 133; natural resources and, 164; technology and, 207; trade and, 184, 185; women in, 273  
 Sino-Japanese War, 86  
 Small Farmers Development Agency (SFDA), 447  
 Smith, Adam, 69, 72, 75, 98, 494  
 Social indicators, 56  
 Social insurance, 258  
 Soft states, 496  
 Sogo shosha, 102  
 Soil quality, 522–23  
 Somalia, 115, 263  
 Somprasong Land, 46  
 South Africa, 97, 99, 273  
 South America, 345  
 South Asia: economic growth in, 91; health in, 258; import substitution and, 181; industrialization and, 182; pollution abatement in, 544–53; population of, 244; poverty in, 18, 19; women's education in, 263, 266  
 Southeast Asia: economic growth in, 36, 92; pollution abatement in, 544–53; women in, 271  
 Southern Europe, 98, 99  
 Southern Rhodesia. *See* Zimbabwe (Southern Rhodesia)  
 Soviet Union, 2, 181, 526  
 Spanish-American War, 86  
 SPPM, 549  
 Sri Lanka: development measures in, 7; economic growth in, 89, 91, 93; environment and, 528; health in, 254, 427–29; women in, 271, 275, 276  
 State autonomy, 496  
 State intervention, 432–33. *See also* Policies; in African agricultural markets, 450–55; arguments for, 426; in health care, 259–60; in Korea, 157, 195–201, 482–84, 485, 487; market failure and, 431; neoclassical economics and, 442–45; as problem and solution, 476–94; in Taiwan, 157, 195–201, 482, 484–86, 487  
 State-owned enterprises (SOEs), 96, 485, 493, 551  
 Strong states, 496  
 Strong sustainability, 555, 559  
 Structuralist analysis, 70  
 Structural transformation, 478–79, 489–90  
 Sub-Saharan Africa, 2, 3, 4, 422–24; economic development in, 65–68; economic growth in, 80, 456–70; education in, 65, 68, 237, 238, 429; environment and, 523, 527; ethnic diversity in, 423–24, 456–58, 460–66; income distribution in, 407; personal rule effects in, 67; poverty in, 18, 19; women in, 271, 272, 283, 284; women's education in, 263, 266, 269  
 Subsistence income, 115  
 Sudan, 65, 88, 95, 263, 273  
 Suez Canal, 86  
 Sukarno administration, 88  
 Sukhatme-Srinivasan-Seckler-Payne hypothesis, 255  
 Sulfur dioxide, 522  
 Sun Yat Sen, 484  
 Supply elasticity of agricultural production, 366–67  
 Supply-leading phenomenon, 139–40  
 Suspended particulate matter, 521  
 Sustainable development, 519, 554–59

- Sweden, 419, 527  
 Switzerland, 107  
 Synthesis model, 243, 244
- Taiwan, 2, 3, 51, 168, 480;  
 agriculture and, 340, 344, 348,  
 412–14; economic crisis in, 43,  
 45; economic development in,  
 52; economic environment in,  
 430; economic growth in, 36, 39,  
 86, 87, 89, 91, 93, 94, 403,  
 409–16; income distribution in,  
 378, 403, 409–16;  
 industrialization and, 111,  
 414–16; interest rates in, 124,  
 133; state intervention in, 157,  
 195–201, 482, 484–86, 487;  
 technology and, 206–8; trade  
 and, 184, 185, 202; typology of  
 development in, 170–74; women  
 in, 275
- Taiwan Agriculture and Forestry  
 Development Corporation, 415
- Taiwan Cement Corporation, 415
- Taiwan Industrial and Mining  
 Corporation, 415
- Taiwan Pulp and Paper Corporation,  
 415
- Taiwan Sugar Corporation, 410
- Tanganyika, 86, 87
- Tanzania, 18, 115, 280, 451
- Tariff Refund Certificate (CRA), 503
- Tariffs, 435–36, 437; agricultural  
 trade and, 338; concertina  
 approach to, 192;  
 industrialization and, 180, 182;  
 Latin America and, 54;  
 reforming, 191–92; replacing  
 quantitative restrictions, 191
- Taxes, 406, 500; in Africa, 450–51;  
 agricultural, 368; carbon, 527;  
 direct, 368, 386, 418; income,  
 124, 125, 386; in India, 448–49;  
 indirect, 368, 449
- Technology: agriculture and, 332,  
 350–51, 352, 353–54; economic  
 growth and, 152; gaps between  
 countries, 206–8
- Technology transfer, 157–58, 204–12
- Tenancy ladders, 330, 358
- Textiles, 84, 89, 98, 99, 168, 485–86
- Thailand, 3; agriculture and, 342,  
 414; economic crisis in, 42, 43,  
 44, 45, 46, 47; economic growth  
 in, 36, 39, 84, 86, 89, 91, 93, 94;  
 education in, 216, 230, 237;  
 environment and, 526, 529;  
 industrialization and, 98, 99;  
 pollution abatement in, 544, 545,  
 546, 549–51
- 33/50 program, 548
- Todaro paradox, 396
- Trade, 155–212; Africa and, 451–52;  
 agricultural, 332, 337–38; China  
 and, 50–51; classical growth  
 theory on, 72, 73; control of,  
 187–90; division of world in,  
 97–99; economic growth and, 81,  
 82, 84, 85–86, 87, 89, 90,  
 149–51, 187–90; as enemy,  
 handmaiden, and engine of  
 growth, 211–12; environment  
 and, 518, 531–34; factorial terms  
 of, 99–101; India and, 61, 188,  
 191; in intermediate goods,  
 202–3; Krueger's model of,  
 175–78, 179; Latin America and,  
 53, 202; liberalization of,  
 187–90, 192–94; policy reform  
 in, 191–94; rural-urban terms of,  
 373; technology transfer and,  
 157–58, 204–12
- Trade unions, 301, 307, 396
- Transaction costs, 355, 357, 359,  
 360, 361
- Transportation costs, 6, 85–86, 89
- Trickle down process, 389
- Trinidad, 307
- TSPC, 549
- Tunisia, 6
- Turkey, 102; economic growth in,  
 84, 85, 88, 91, 93, 94; export  
 subsidies and, 503–5; rent  
 seeking in, 438–39; trade and,  
 188; women's education in,  
 263
- Two-sector model of endogenous  
 growth, 107–9
- Typology of development, 170–74
- UFF, 549
- Uganda, 86, 87, 95, 99, 115
- Uncertainty, 406
- Underemployment. *See also*  
 Unemployment: economic  
 development, income inequality  
 and, 395–99; Harris-Todaro  
 model of, 291, 302–6, 396, 399;  
 Lewis model of, 291, 302–6
- Unemployment. *See also*  
 Employment; Underemployment:  
 disguised, 297, 317; in East Asia,  
 47; in Jamaica, 291, 307–11;  
 model of labor migration and,  
 300–301
- Unimodal agricultural strategy, 330,  
 340–43, 345, 347
- United Kingdom. *See* Great  
 Britain/United Kingdom
- United States, 88, 90, 97, 100, 101,  
 104, 139, 170; agriculture and,  
 332; divergence and, 116, 117;  
 education in, 229, 230;  
 environment and, 528, 532;  
 financial development in, 145;  
 health systems of, 258; income  
 distribution in, 375–76, 382–83,  
 384, 385, 386, 417, 419;  
 industrialization and, 107, 111;  
 Latin America and, 52, 54;  
 pollution abatement in, 548;  
 technology transfer and, 204;  
 trade and, 183, 184, 202; women  
 in, 283
- Unorganized money markets,  
 129–31
- Unpaid family workers, 295–96,  
 319, 397
- Upper-middle-income economies:  
 basic indicators in, 10–11; health  
 indicators in, 251–52; income  
 inequality in, 397; population  
 and labor force in, 33–34; self-  
 employment and unpaid family  
 workers in, 295; women's  
 education in, 265, 267
- Urban bias, 331, 370–74
- Urban sector, 395–99. *See also*  
 Informal sector; Rural-urban  
 migration
- Urban traditional sector, 291, 300
- Uruguay, 52, 55, 58, 192
- Venezuela: economic development  
 in, 52; economic growth in, 86,  
 87, 89, 91; economic reforms in,  
 58; education in, 237;  
 environment and, 533; foreign  
 direct investment and, 157,  
 209–10; political system of, 406
- Vietnam, 42, 48
- Wage-gap model, 308–9
- Wage-rental ratio, 13, 14–15, 16
- Wages/earnings: in agricultural  
 labor, 341; in informal sector,  
 319, 327; in Jamaica, 307–11; in  
 Krueger's trade model, 175–76,  
 178; minimum, 448; in rural  
 sector, 356–58; rural-urban  
 migration and, 300;  
 underemployment and, 302,  
 304–5; unlimited labor supply  
 and, 297; for women, 243, 266,  
 271, 275–77
- Water quality, 521, 522–23, 524,  
 525, 532, 545–47, 551
- Weak states, 496, 504, 506
- Weak sustainability, 555, 559
- Weber, Max, 477–78, 481, 494,  
 508
- Weberian state hypothesis, 508, 509,  
 510, 511–14
- West Africa, 81–82, 273
- Western Europe, 97, 98, 99, 104;  
 agriculture and, 333; divergence  
 and, 115; economic growth in,  
 81; income distribution in, 417
- Wigs, 184
- Women, 215, 263–88. *See also*  
 Women's education; asymmetric  
 rights and obligations of,  
 281–82; balance sheet of human  
 development, 35; credit and,  
 280–81, 285–86; Grameen Bank  
 and, 215, 285–88; in the labor  
 force, 243, 269–70, 271–74,  
 297–98, 307; missing, 283–84;

- poverty and, 18, 215, 275–79;  
role models for, 281; savings  
and, 280–81
- Women-headed households, 215,  
273, 275
- Women's education, 263–70, 277,  
279, 280; benefits at work and  
home, 269–70; costs, benefits  
and gender differentials, 264–67;  
economic impact of, 225–26;  
financial, opportunity, and  
psychic costs of, 267–69; health  
and, 254, 255; labor force  
participation, wages and, 243
- Wood pulp plants, 544, 548–49
- World Conservation Strategy, 555
- Yunus, Muhammad, 285
- Zaire, 65, 88, 95, 263, 479–80
- Zambia, 87, 275
- Zimbabwe (Southern Rhodesia), 86,  
87, 258

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