Development: Causes of the Wealth and Poverty of Nations
Development and Poverty

1. Causes of and Constraints on Economic Development
2. Lack of Economic Development
3. Factors Contributing to Inequality
4. Development Models
Development and Poverty

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Lack of Economic Development

- Less material wealth
- Less equitable distribution
- Lack of domestic investment
Lack of Economic Development

Map 10.1: Income Around the World
Lack of Economic Development

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Factors Contributing to Inequality

• Geography and history
• Government policies
• International factors
Factors Contributing to Inequality

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The “Resource Curse”
Factors Contributing to Inequality

- Geography and history
- Government policies
- International factors
Factors Contributing to Inequality

Government policies
• Infrastructure
• Rule of law
Factors Contributing to Inequality

Government policies

- Zambia and Botswana
- Burma (Myanmar) and Thailand
Factors Contributing to Inequality

- Geography and history
- Government policies
- International factors
Factors Contributing to Inequality

International factors

Terms of Trade
Factors Contributing to Inequality

International factors: Who makes the rules?

Figure 10.1: Voting Power in the International Monetary Fund, 2011
Development and Poverty

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Development Models

Import-substituting industrialization (ISI)

Latin America and India
Development Models
Development Models

Import-substituting industrialization (ISI)

Winners and losers
Development Models

Export-oriented industrialization (EOI)

Korea, Taiwan, Singapore, and Hong Kong
Development Models
Development Models

Export-oriented industrialization (EOI)

Winners and losers
Development Models

The Washington Consensus

Much of Latin America, 1980s–2000s
Development Models

The Washington Consensus

Winners and losers
Development Models

A new model?

State capitalism

China, Russia