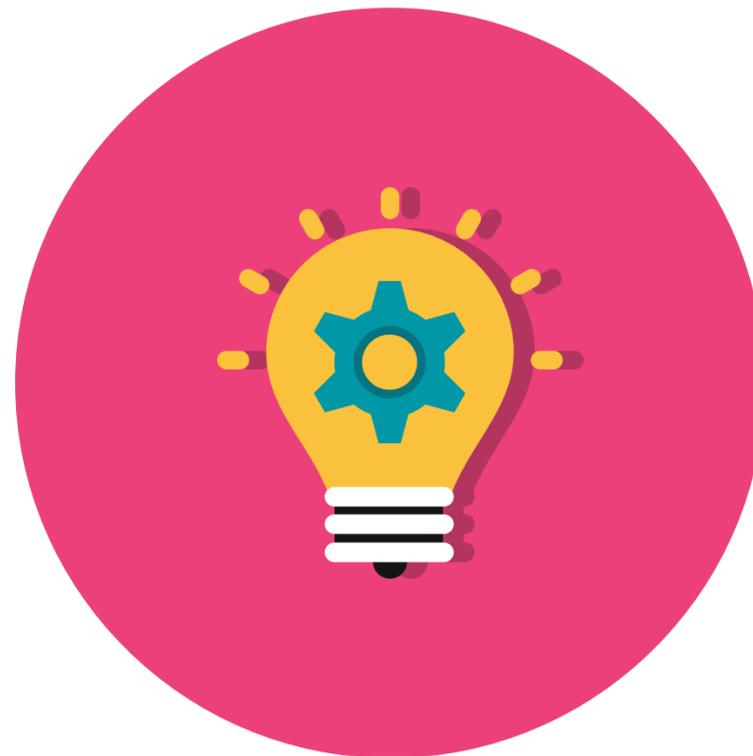


Economic Growth and/or Economic Development Strategies

4.10



Trade Liberalisation



Trade Liberalisation

Trade Liberalisation – When countries remove all trade barriers such as tariffs, subsidies, quotas, or administrative barriers.

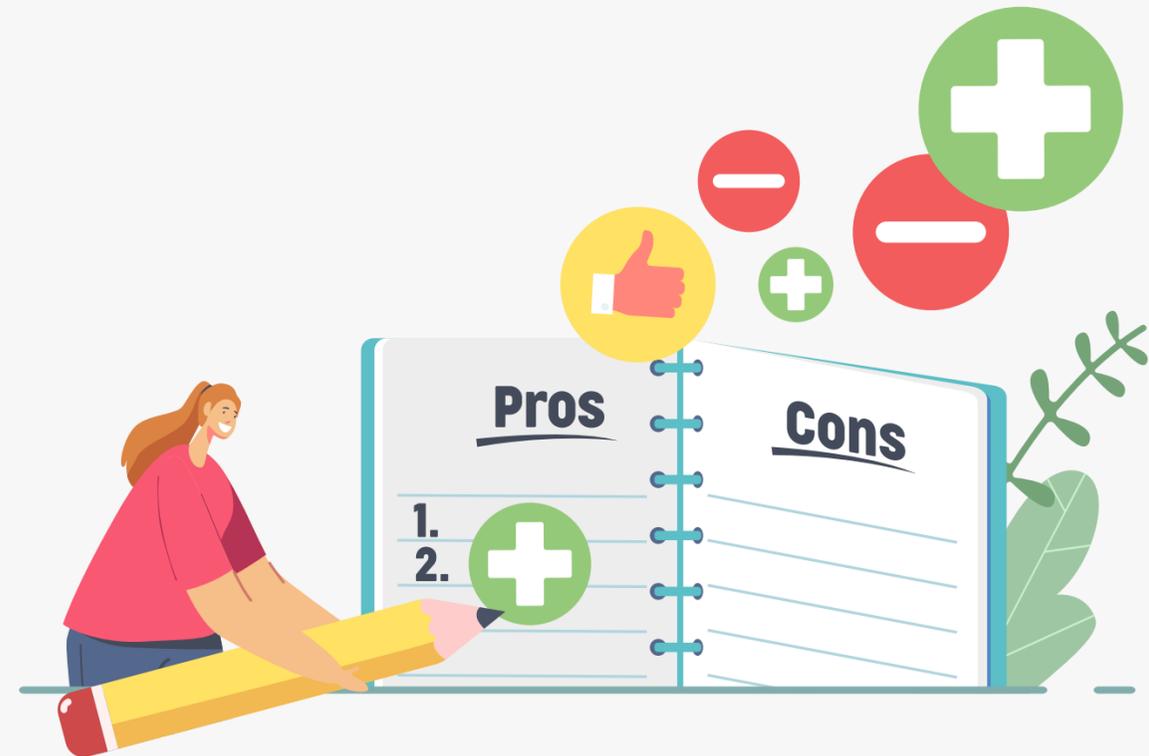
Trade is one of the most important factors in an economies ability to grow and develop.



Trade Liberalisation

Strenghts

- Economic integration in developing countries leads to greater access to a variety of goods at theoretically lower prices and greater quality.
- Increases in exports
- Access to larger markets
- Improved international cooperation
- Efficient resource allocation
- WTO involvement and support



Trade Liberalisation

Limitations

- Infant industries may be phased out or unable to compete
- Potential increase in domestic unemployment
- More reliant on foreign imports
- Potential exposure to dumping
- Loss of tariff revenue for the government
- More difficult to protect population safety



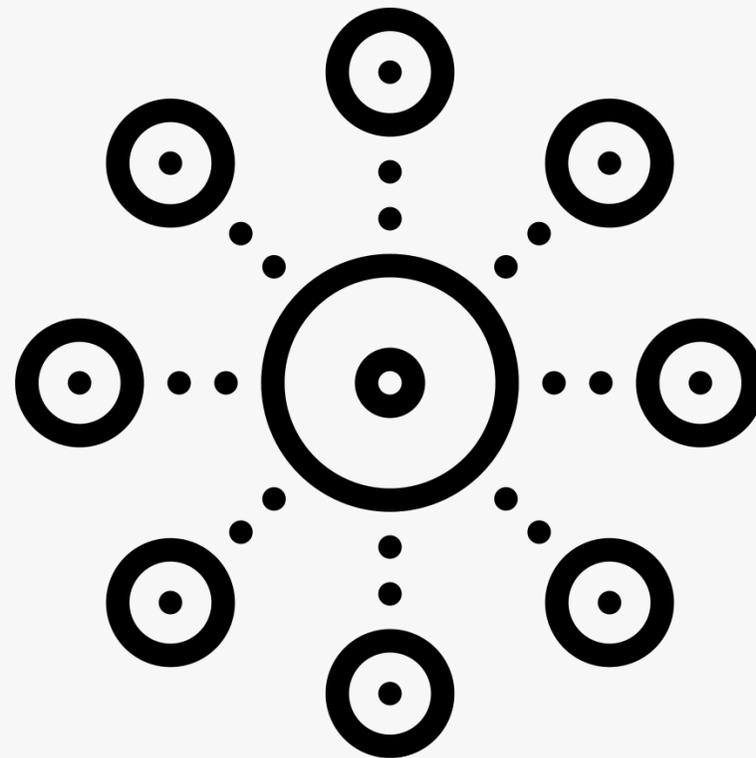
Diversification



Diversification

Most developing countries lack the variety of production and exports.

Diversification allows developing countries to be protected from economic shocks to specific sectors, reduce exchange rate fluctuations, and promote the growth of sectors outside of the primary sector.



Social Enterprise



Social Enterprise

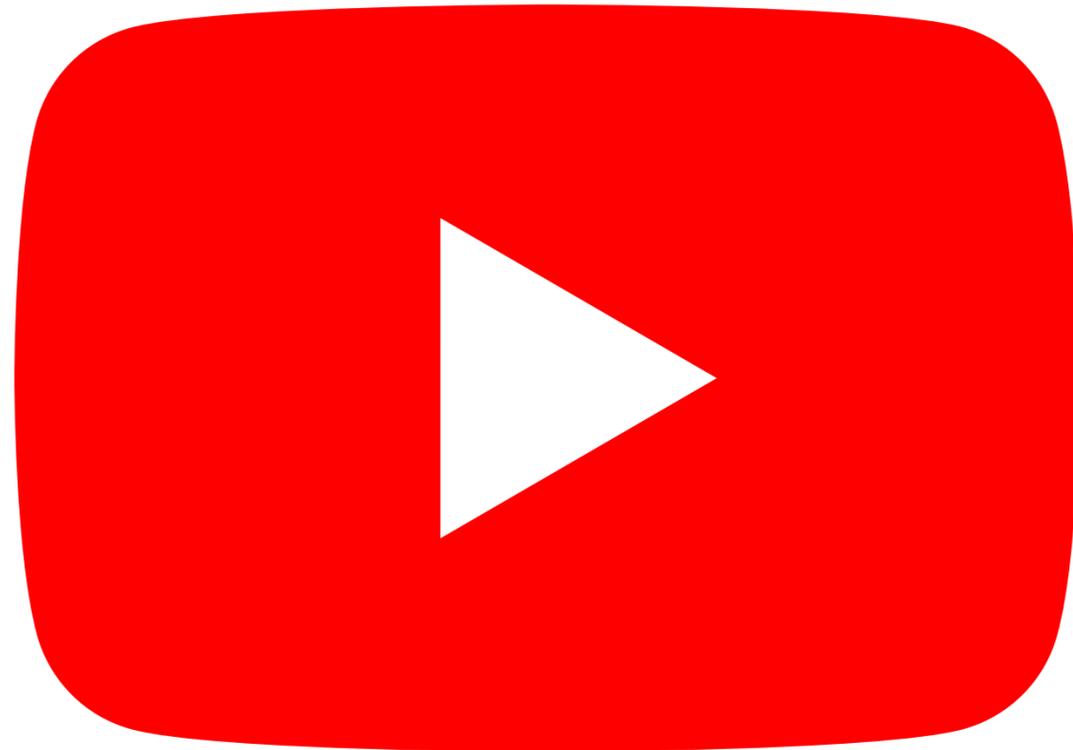
A company whose main objective is to have a social impact rather than to make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives.

Social enterprises earn profit but typically put the profits back into their social objective. They are typically classified as for-profit or not-for-profit organizations.



Social enterprises strive to provide essential goods, services, or resources in areas where local businesses or government intervention has failed.

Social Enterprise Example



The LifeStraw explained: How it filters water and eradicates disease

CNET

Market-Based Policies



Market-Based Policies

There are several policies designed to encourage competition and efficiency.

1. Trade liberalization (already discussed)
2. Privatization
3. Deregulation

Privatization – When government-owned industries are sold to the private owners

- Improves efficiency and promotes competition
- Decrease in government spending and increase in revenue
- Equity issues – preferential selling of cheap government-owned industries lead to wealth inequity

Deregulation – Removing rules and restrictions enforced by the government.

- Removes barriers for start-up business
- Lower costs of production
- Public health and security concerns arise



Interventionist Policies



Redistribution

Redistribution policies are designed to redistribute wealth and income equally in society. These policies are generally effective in countries where income equality is low and social mobility is difficult.



Common redistribution policies include:

- **Progressive Tax Reform**

- Poor countries have a largely informal, untaxed economy with no formal income, so they typically use regressive indirect taxes on goods and services. Progressive taxation allows most of the tax burden to fall on those with high income, allowing for more disposable income in the lower class.

- **Transfer Payments**

- Countries with established tax revenue can implement transfer payments that give funds directly to lower-income families to provide greater income, opportunity, and well-being.

- **Minimum Wage**

- Minimum wage requirements can help protect vulnerable workers from exploitation and increase income equality in society.

Provision of Merit Goods



Provision of Merit Goods

Economic Growth and Development can be improved through government provision of merit goods such as education, healthcare, and infrastructure.



Foreign Direct Investment



Foreign Direct Investment (FDI)

FDI occurs when large multinational corporations (MNC) invest in a country.

Inwards FDI positive effects:

- increases jobs
- increases growth and development
- improves infrastructure
- improves human capital (knowledge transfer)
- increases government business tax revenue

Inward FDI negative effects:

- Loss of control of capital
- Over-reliance on foreign firms
- Environmental Damage
- High barriers for infant industry competitors



Foreign Aid



Foreign Aid

Humanitarian Aid

Aid for countries where people are struggling to fulfill basic needs. Typically this type of aid focuses on food, medical, or natural disasters.

Developmental Aid

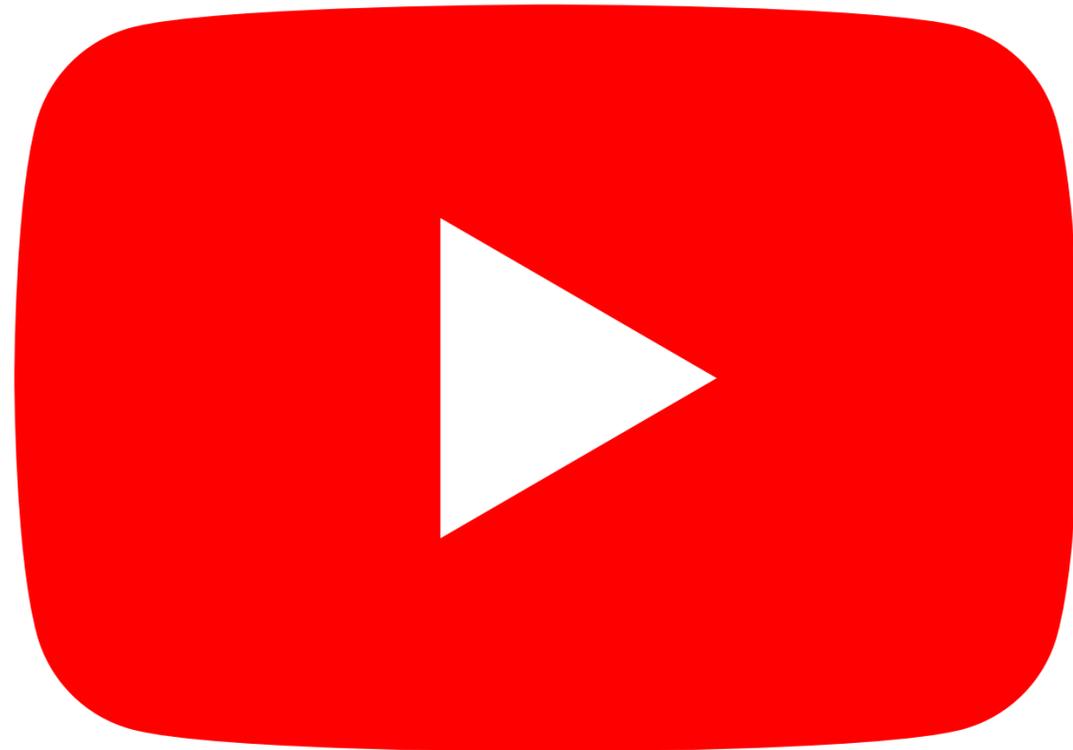
Aid is provided to achieve long-term development.

Types of Developmental Aid

- Grants, loans, project/program aid.
- NGO (Non-Governmental Organization) Aid
- Official Developmental Assistance (ODA)
- Debt Relief

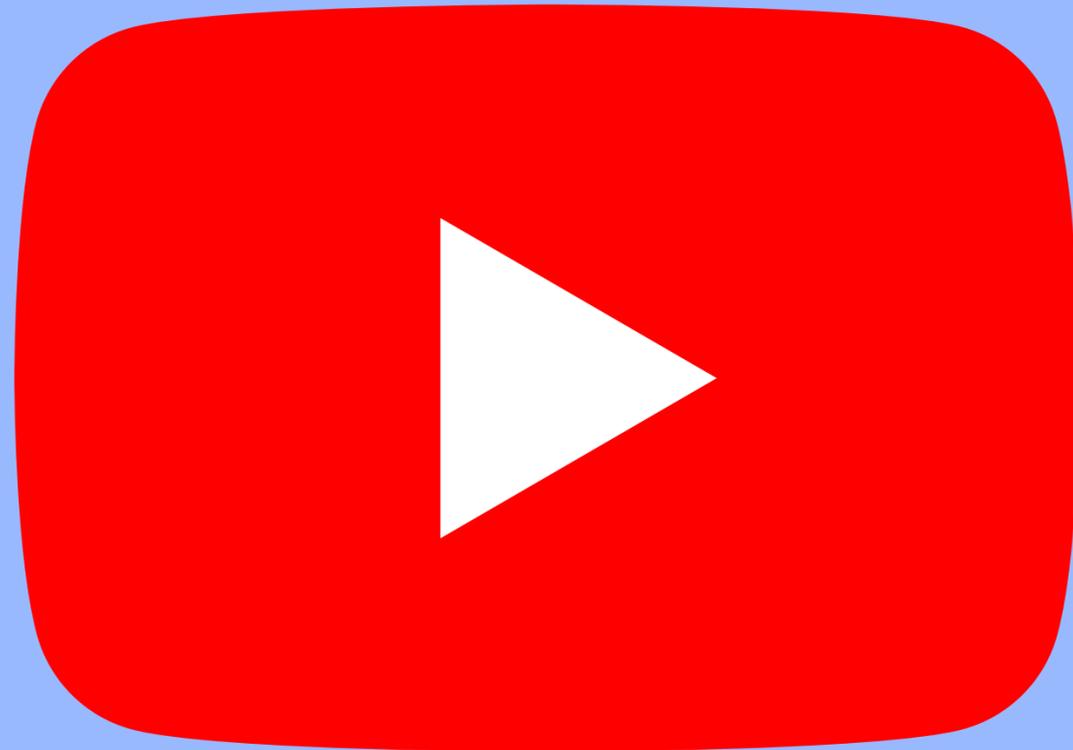


How Foreign Aid Can Hurt Development.



Friendly Fire: How Foreign Aid Hurts Development
| Abhishek Parajuli | TEDxOxford

Should Voluntourism Exist?



Samantha Nutt on the Problems of Volunteer
Tourism | NowThis

Multilateral Development Assistance



Multilateral Development Assistance

This term refers to receiving assistance from organizations countries contribute to. The World Bank and the International Monetary Fund (IMF) are the two most popular examples.

The World Bank

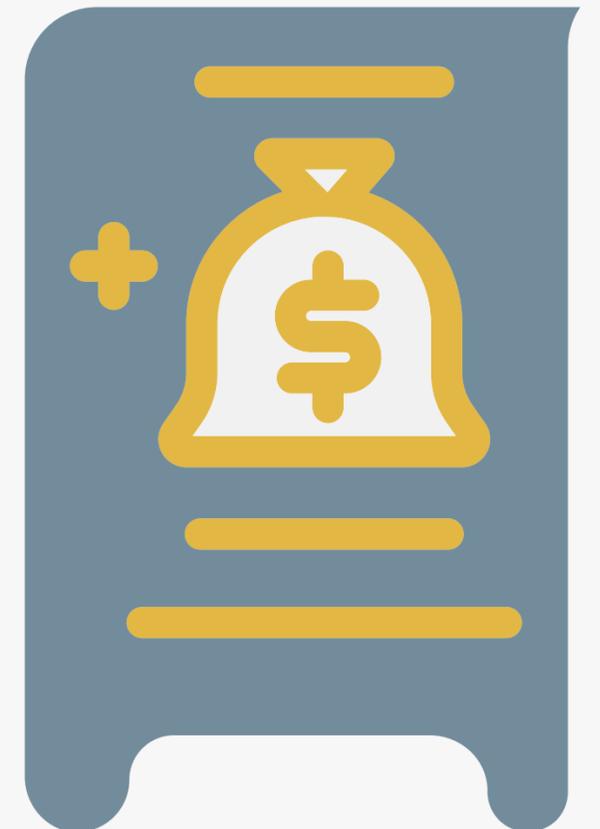
Goal: Reduce Poverty

Functions: provides low-interest loans, policy advice, technical assistance, and financial assistance with a strong focus on long-term factors of production growth.

The International Monetary Fund (IMF)

Goal: Economic Stability

Functions: provides conditional loans, economic surveillance, development policy creation



Institutional Change

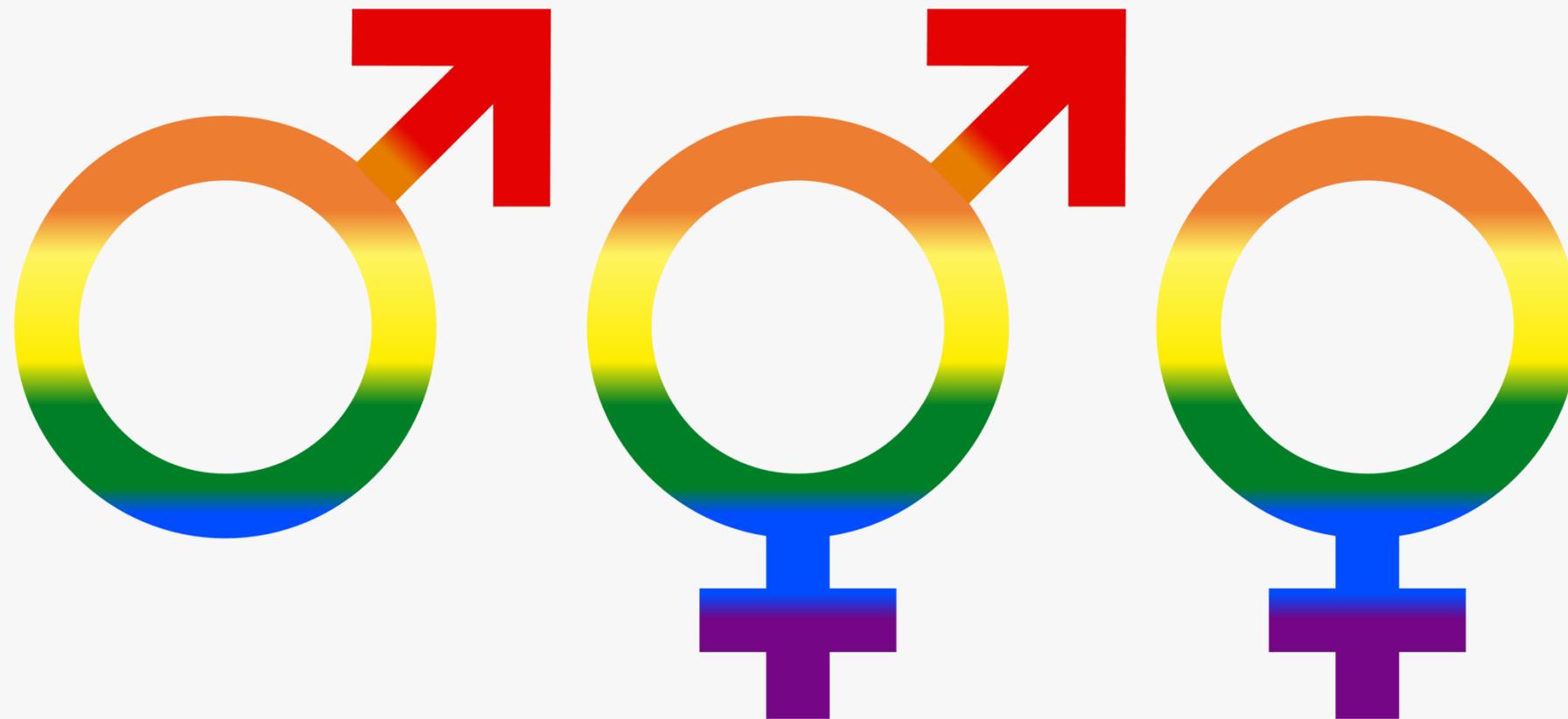


Gender Equality

Gender inequality hinders women's access to education, political empowerment, and economic opportunity.

Some general recommendations to combat these issues are:

- Addressing and eradicating gender stereotypes
- Establish laws prohibiting gender discrimination
- Ensure equal rights under the law
- Promote gender hiring initiatives or quotas.



Corruption

Corruption is a significant barrier to development.

Some actions to reduce corruption in general are:

- Establish an effective justice system and the rule of law
- Reform public administrative roles and auditing process to ensure transparency
- Promote freedom of the press
- Close international loopholes that may fund corrupt leaders
- Promote transparency and the power of communities



Mini Project



Action Plan

READ MORE



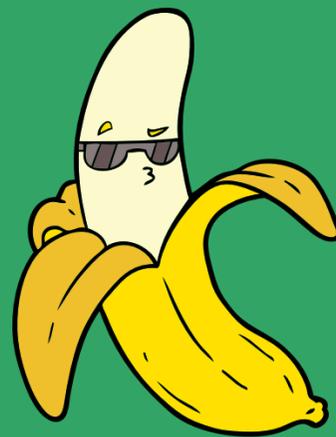
Click the button above and select a developing country to focus on.

Once a country is chosen:

- Research what specific significant barriers are hindering economic development. (cite sources)
- Develop a plan of action with a list of actions that could be done to counter some of these barriers to development.
- Formulate your findings in a document and be ready to share and present. It should look realistic and professional.

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