

STRUCTURAL TRANSFORMATION

- 1) Decrease share of agriculture in GDP & employment
- 2) Rural to Urban migration (stimulate urbanize)
- 3) Increase modern industry & service economy
- 4) Increase health standard

I W. Arthur Lewis (1954)
 "Lewis Dual Sector Model"
 Traditional agriculture → **overemployment** → Industry

- rise of modern industry
 - other sector must have high wage to pull people from agriculture sector



I Diffusion Model of Agriculture
 Development
 - Assume that farmers are irrational & need industrial countries support

FAILURE!



II Raul Prebisch & Hans Singer (1949)
 "Secular-decline hypothesis"
 - terms of trade against countries that export primary product & import manufactures



III Albert Hirschman (1958)
 "Concept of Linkage"
 - investment in industry would lead to more rapid & broadly based economic growth than investment in agriculture

II "Efficient but Poor"
 Schmitz (1964)
 Key to agricultural development
 1) gain more productive factors of production
 2) gain new skills to exploit



III Investment in agricultural research & human capital
 - establish IRRI & CIMMYT

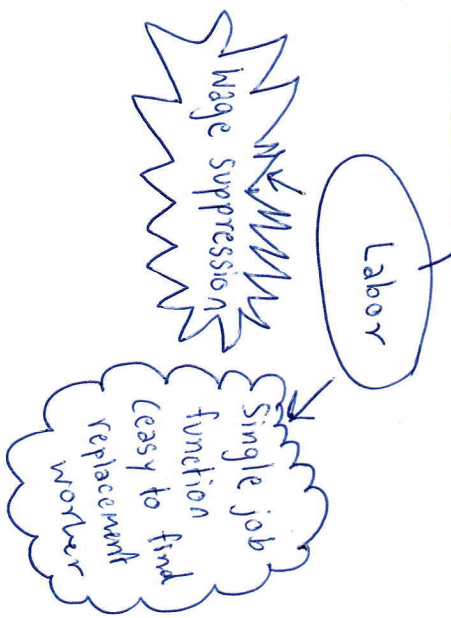
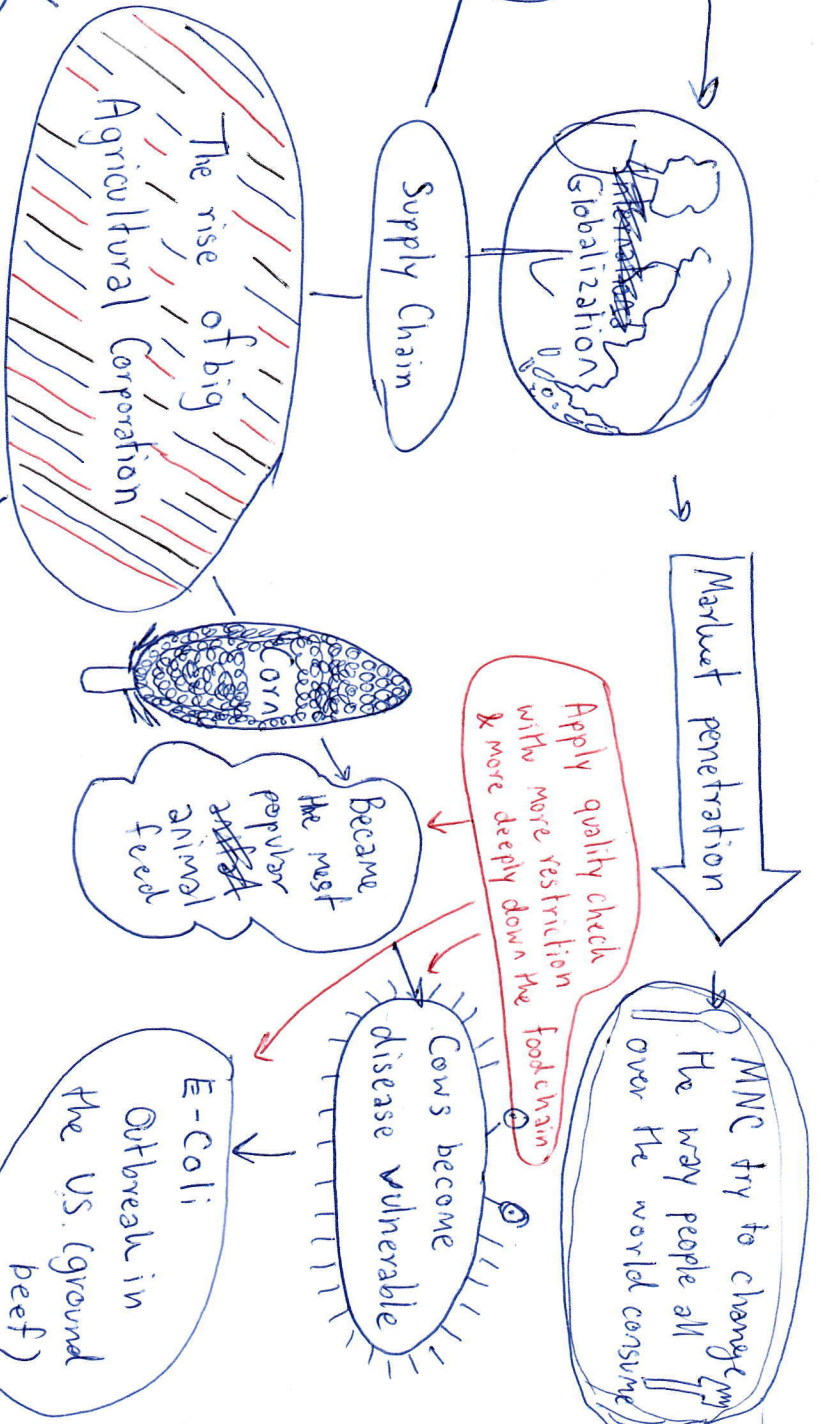
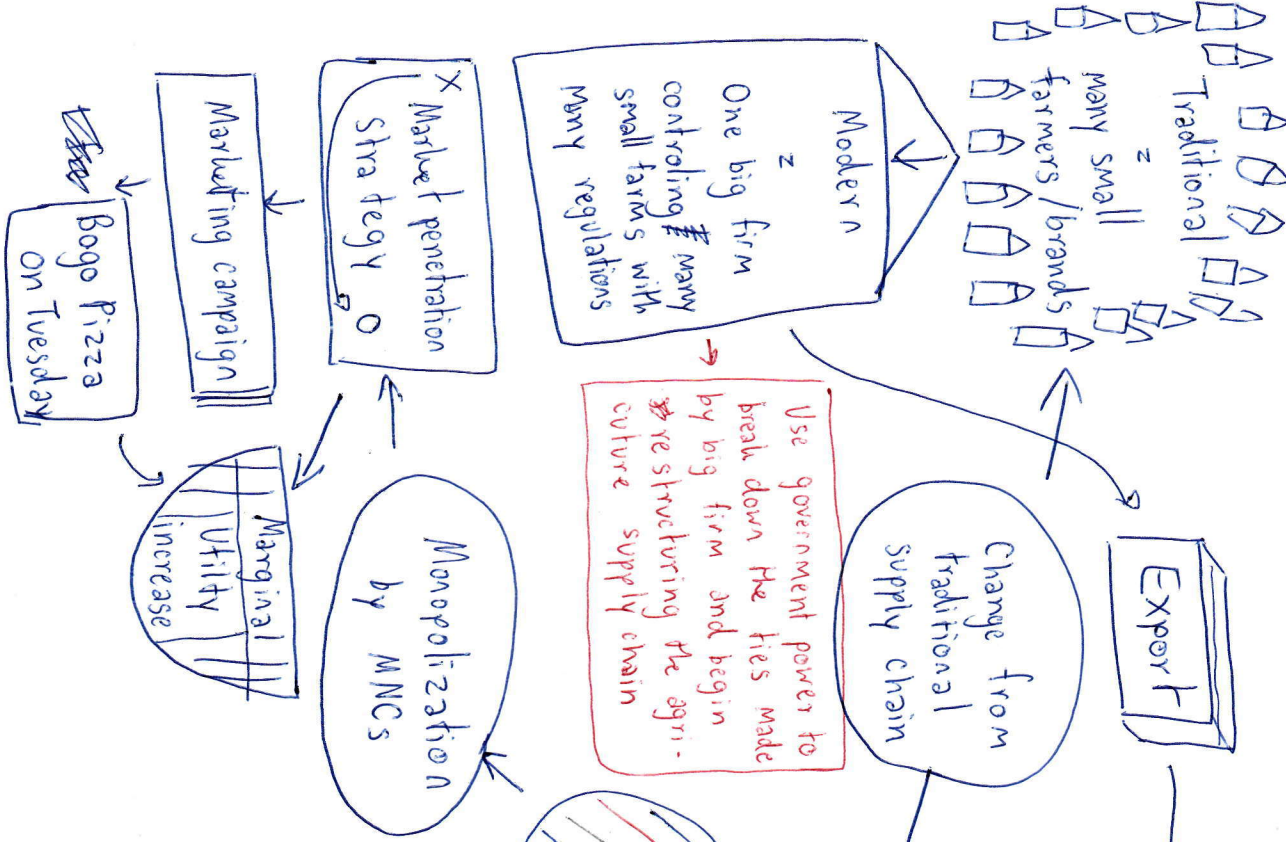
III Green Revolution → ♂ > ♀ ability of world to produce food
 "High-payoff input model"
Advantage
 1) reduce real price = Benefit poor people
 2) More gains
Disadvantage
 1) lower grain price = reduce farmer income
 2) eviction from land

I, II, III
 neglect agricultural sector

VS

III Johnston & Mellor (1961)
 "Importance of agriculture in economic growth"
 1) Increase supply of food for domestic consumption
 2) Release labor for industry employment
 3) Enlarge size of market for industrial output
 4) Increase supply of domestic saving
 5) Earn foreign exchange

How can you do it differently?
 Value Added
 expose to market
 diversify product



- Aphivich Tiyaboonchai 5704640100
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- Nathapel Rong Sirilul 570444115
- Teebat Nuvornisittin 5704442304
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Notes for Ross & Cans

Solving !!

How you can do it differently

Farm Systems

- farm household decision " → model
- behavior of farmer
- Constraints expansion of farm and non-farm production, income and employment

reasons to shift

- 1) response to the critique of belief that economic growth was beneficial for everyone.
- 2) Rapid growth
- 3) Benefit from growth did not trickling down the poor

Jobs in rural area

- low wages but more efficient and productive

Cities VS Rural

- people moves from rural → cities.
- wages ↑, urban unemployment ↑
- * rural incomes → ↓ incentive to move to cities

technology development

↳ importation of technology leads to highly inefficient
↳ guide the design of social

70s - 80s

gap b/w poor and rich wider.

Product Market Reforms

- ↳ against collusion/monopoly of private - merchant in low-income country
- ↳ market inefficient
- ↳ lack of reliable public inf systems
- ↳ public goods and corruption.

Integrated Rural Development

Goals

but failure

- ↑ Agriculture Production
- ↑ Health.
- ↑ Educ
- ↑ welfare

How you can do it differently

- R&D on local. Focus on the problem that people suffers too.
- giving the local a lead. because it will not ~~interfere~~ interference overly.
- FDI with regulation
- Create more chance of job by creating SMEs.
- Use of CA product as ~~the~~ exported
- more technology
- training

supported by

- 1) World bank and ILO
- 2) Government agencies
- 3) NGOs

- trade barriers
- low interest rate on bank loan for people's investment,