

The
ECONOMICS
of **DEVELOPING**
COUNTRIES

Nafziger



THE ECONOMICS OF DEVELOPING COUNTRIES

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PREFACE

The economic growth of the less developed countries (LDCs) of Asia, Africa, and Latin America slowed down in the mid- to late 1970s and early 1980s. Growth was slower for the poorest countries of sub-Saharan Africa and South and Southeast Asia than for other LDCs. Absolute poverty even increased in a few of these countries during this period.

This book explains patterns of LDC economic development and income distribution. The current development emphasis is a synthesis of the preoccupation with growth of the 1950s and 1960s, and the 1970s' concern with poverty and income inequality. Fortunately, recent income distribution studies, as well as continuing economic growth data, enable economists to paint a clearer picture of LDCs than was possible earlier. Yet this textbook also helps the reader evaluate and interpret LDC economic information, much of which is still of poor quality.

Discussing domestic and international economic policies is an important part of this book. Many LDCs lack not only the monetary and fiscal tools to do macroeconomic fine tuning, but also the capability for the ambitious comprehensive planning that economists often assume. Economic policy prescriptions must be consistent with the limitations of LDC money markets, taxing capacity, administrative skills, and planning control.

Since the early 1970s, third-world countries have been demanding a new international economic order. Although most textbook authors treat this topic as a separate development issue, I integrate it with the discussions of debt, aid, external lending and investment, technology transfer, and international trade in chapters on the international economics of development.

Many post-1970 development textbooks, citing the wide varieties of LDC problems and experiences, have attached little importance to theory. This book's

attention to theory, including a separate chapter on general development theories, links hypothesis, empirical evidence, and theory reformulation.

A glance backward at textbooks of the 1960s and 1970s will indicate how much the young discipline of development economics has changed. New versions tend to embody large pendulum swings on growth vs. distribution, self-sufficiency vs. interdependence, industry vs. agriculture, theory vs. policy, and so forth. I have discussed principles and issues that I hope will withstand the ebb and flow of world business activity, the next oil price shift, a major debt rescheduling, and the latest international conference.

The introductory Chapter 1 discusses the book's scope, orientation, and organization in more detail.

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