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Development models: a review of literature analysis

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ABSTRACT

The concept of development, with its multiple economic, social and environmental facets, has been at the heart of global concerns for centuries. As human societies have changed, our understanding of development and the models that underpin it have followed a complex and dynamic path. This paper adopts the library research method of literature review. The Web of Science and Scopus databases are used to search for and examine studies on the subject of development. In the same vein, this work describes the theoretical evolution of economic and social development models over time, from the beginnings of economic thought to sustainable development.

Introduction

The history of humanity has been marked by structural change and economic reinvention throughout different periods, each of which has generated reflections and theories on the question of how societies develop. Economists and researchers in the field have debated this question by determining the sources of development as well as its conditions for success, giving rise to theoretical models that have attempted to answer the following fundamental question: how do societies develop economically and socially?

From the birth of economic thought with Adam Smith and his ideas on the role of the invisible hand of the market, through the industrial revolution that turned the world upside down in the 19th century, to 20th-century development theories such as modernization, dependency and evolutionism, our understanding of development.

Today, as we contemplate the challenges of globalization, rapid technological innovation and climate change, it is more essential than ever to re-examine the history of development models. This will enable us not only to understand how we got to where we are, but also to move towards sustainable, inclusive and resilient approaches to development.

This article aims to trace this evolution of development models through history, exploring the theories, paradigms and political evolutions that have shaped our vision of development. We will examine how these models have influenced national and international policies, while highlighting the challenges and opportunities that lie ahead.

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I. Research methodology

The aim of this study is to analyze and synthesize current knowledge on the evolution of development models. We will seek to understand how these models have evolved over time, the factors that have contributed to these evolutions, and the consequences on economies and societies. To do this, we followed these steps (Fig. 1):

- Identifying key terms:

Identify key terms related to your topic, such as "development models", "development", "economic development", "economic growth".

- Initial Bibliographical Research:

This phase is carried out by a preliminary search of academic databases such as Google Scholar, JSTOR, PubMed, Web of sciences, Cairn info, and specialized economics databases. Using identified key terms to locate relevant journal articles and books.

- Use Related Keywords:

Broaden your search by using keywords associated with your subject. For example, "development theories", "growth models", "regional economic development", etc. This allows us to discover sources that may not use the precise key terms.

- Source filtering and selection:

Review article abstracts and titles for relevance. Select sources that specifically address the evolution of economic development models on a national or international scale.

- Inclusion of Reference Works:

Look for major reference works on the subject. Frequently cited works are excellent sources for in-depth insight into the evolution of development models.

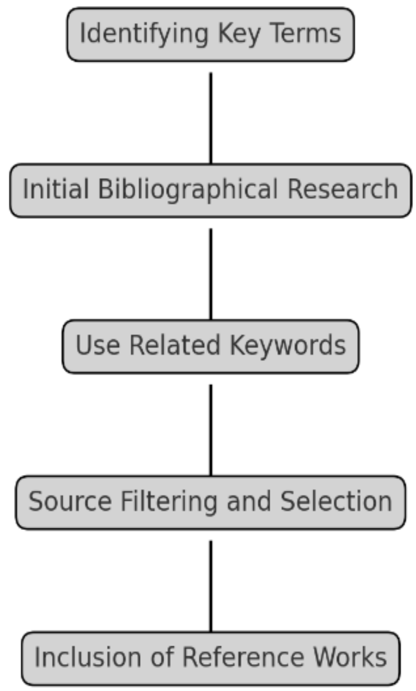

Fig. 1. Steps in conducting a review of literature (produced by the author)

II. Literature review

1. Conceptualization: historical overview and definition

Since the post-war period, marked by the end of the Second World War in 1945, the concept of development has played an important role in Western countries. The concept of development came to occupy an important place in Western countries. Particularly after U.S. President Harry Truman's speech in January 1949, the world was divided into two blocs of developed and underdeveloped regions. In 1952, the word "underdeveloped" was replaced by "Third World", a term coined by Alfred Sauvy to replace "underdeveloped". replaced by " in development "[1].

The concept of development refers to the quantitative and qualitative improvement of an economy, the functioning of which requires specific qualitative aspects. In economic literature, development has been defined in different ways, depending on theoretical perspectives and research objectives. In the 1950s, "development" initially referred to the purely economic concept of "growth", but in 1961 the concept of "development" was modified. According to F. Perroux defined development as "the combination of mental and social changes in a population that enable it to increase its overall real product cumulatively and sustainably" (Perroux, 1966). This implies two observations. Firstly, growth can be achieved without development (highly unequal distribution of wealth, capture of the fruits of growth by an elite to the detriment of the rest of the population). Nevertheless, there is a strong interdependence between growth and development (development is a source of growth and requires initial accumulation).

2. The classical development model: catch-up theories

2.1. Rostow's model: the stages of growth

Economic development is a process made up of a succession of stages, which all countries must follow to a greater or lesser extent, based on the experience of Northern countries. Only the moment of take-off differs [2].

Every society goes through five phases: tradition, transition, take-off, maturity and intensive consumption. The problem raised by development lies in the third phase [3].

In other words, development is focused on and defined by three driving forces: urbanization, industrialization and the market economy. These three driving forces are at the root of the development of Northern societies from the 19th century onwards (1830-1975). Thus, the take-off phase occurs thanks to a sharp increase in the rate of investment, triggering a self-sustaining growth dynamic. (Rostow), and the development of the Third World should therefore proceed apace, as it can benefit from the experience of the developed world.

However, this model has been widely criticized for its excessive simplicity and linear approach to economic development, which fails to take into account the complex realities of developing economies [4]. According to Rodrik, Rostow's model can create excessive dependence on external factors, notably foreign investment, which can make economies vulnerable to external shocks [5]. Milanovic argues that Rostow's model does not take sufficient account of economic inequalities, which can persist or worsen during the development process [6]. And for Stiglitz et all, the model has a limit in terms of growth measurement, notably the model relies heavily on quantitative measures of economic growth, which can neglect qualitative dimensions of development [7]. Finally, the model does not take into account the environmental dimension, which can have negative repercussions on natural resources and climate change [8].

2.2. Lewis's dualistic model

Lewis proposes a dualistic vision of development: underdeveloped economies are dual economies, i.e., there is a juxtaposition of a traditional sector and a modern sector. In fact, these two sectors operate in two very different ways: in the traditional sector, needs are social; in the modern sector, needs are economic. In the modern sector, on the other hand, the accumulation of goods and commodities is an end in itself. According to this model, the modern capitalist sector will absorb the traditional sector through a transfer of labor between the traditional and modern sectors.

However, this model has been criticized by theorists. One of the model's main limitations lies in underemployment, notably the idea of a labor surplus in the agricultural sector, which does not always take into account the persistent underemployment in developing economies [9].

Lewis's model assumes that wages rise as the agricultural labor surplus shrinks. However, in many developing economies, wages remain low, limiting poverty reduction [10]. Furthermore, the model does not take sufficient account of economic inequalities, which may persist or worsen during the development process [6]. Stiglitz argues that the Lewis model is dependent on international markets, particularly in developing economies, which can make them vulnerable to fluctuations in commodity prices [11].

3. The Keynesian approach of development

The Keynesian approach, initiated by John Maynard Keynes, is based on managing aggregate demand to stimulate economic growth. Initially designed for developed economies, this approach has been extended to developing economies. This analysis is based on two principles: effective demand and state intervention. The former represents aggregate demand, in particular consumer demand and investment, which play a central role in stimulating growth. State intervention, on the other hand, plays a role in stimulating economic activity through fiscal and monetary policy, including stimulus measures.

Like other theoretical approaches, Keynesian analysis also has its limitations. Keynesian theory is based on the assumption of well-functioning goods and factor markets: companies can respond rapidly to an increase in demand by employing staff and increasing production. Due to the inelasticity of supply, this is not always the case in underdeveloped countries. Increased production is hampered not by a lack of demand, but by structural and institutional constraints on production. Secondly, urban employment is a specific example of the inadequacy of Keynesian theory: if a policy of stimulating demand aims to create jobs in the modern sector, this will lead to an influx of labor from the rural sector [12].

4. The neoclassical model

This model is inspired by Ricardo's principle of comparative advantage (David Ricardo (1772- 1823). This neo-liberal model proposes that each country should specialize in the area in which it is most competitive. International trade becomes the main factor of growth: underdeveloped countries must capitalize on their comparative advantages to become part of the global economy and thus develop, while respecting market forces (the free functioning of the market) and individual initiative, increasing foreign direct investment and preserving political and social stability [13].

The neoclassical analysis put into practice by the Breton Woods institutions: the IMF, the World Bank and the GATT (which became the WTO in 1995). The advantages of underdeveloped countries lie in the export of raw materials and agricultural commodities. They also have a comparative advantage in the production of mass-produced goods (labor-intensive). This was the basis for the International Labour Organization's map. (According to this organization, Africa should specialize in the export of raw materials, and Asia in the production of mass-produced manufactured goods).

5. Modern development theories

The human development approach is largely the result of pressing criticism of the mainstream approach to development in the 1980s, which assumed a close link between national economic growth and the expansion of individual human choices.

The endogenous growth approach was initiated by P. Romer [14], justifying the rest of the growth that was not justified by R. Solow in exogenous growth theory. Romer explains that growth also results from technical progress and the quality of human capital (skills and qualifications of individuals). For Lucas, the endogenous approach places great importance on human capital as a key driver of economic growth. Investment in education, training and research fosters innovation and technological progress.

The 1980s saw a growing awareness of the threats to the environment. This gave rise to the theory of sustainable development. This theory has become a central pillar of modern economic thinking. This theoretical perspective is based on the interaction between the economic, environmental and social dimensions. In economic terms, sustainable development is based on the need to create a prosperous and balanced economy, making efficient use of resources while ensuring economic stability [7]. Environmental sustainability is crucial. This means managing natural resources, reducing carbon footprints and preserving biodiversity [8]. Social inclusion, equity and justice are essential components of sustainable development. It is crucial to reduce inequalities and ensure that development benefits all [15].

Conclusion

Throughout this literature review on development models, we note that approaches to economic development have evolved considerably over time. Older models, such as Rostow, Lewis, the Keynesian approach, and the neoclassical model, which focused primarily on economic growth, have been broadened and enriched by more contemporary perspectives. These include two emerging trends: the importance of innovation and sustainability.

Innovation, increasingly recognized as a key driver of growth, has received growing attention. Economists such as Paul Romer [14] have highlighted the central role of innovation in economic development, emphasizing how economies that encourage research, development and adoption of new technologies experience a competitive advantage. Technology, particularly green technology, also plays a vital role in achieving sustainable development, helping to reduce carbon footprints and preserve the environment. Sustainability, which encompasses not only environmental sustainability but also social and economic sustainability, has become a fundamental objective. Research studies such as the "Dasgupta Review" [8] and the "Stern Review" [16] emphasize the importance of sustainability for the long-term well-being of societies. Climate change and biodiversity loss are major challenges facing the world's economies, and bold measures are needed to meet them.

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