

Theory of Big Push: Case Studies in Development Economics

Presented By

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INTRODUCTION

Welcome to our presentation on the Big Push theory in development economics. As post-graduate programme students, you are the future leaders in this field and understanding this theory is crucial for your success.

The Big Push theory proposes that coordinated investment in infrastructure and other key components can jump-start economic development and lead to sustained growth. This theory has been applied in various contexts and has shown promising results. In this presentation, we will explore the history, key components, implications, critiques, and case studies of the Big Push theory, as well as the role of government, private sector, and international organizations in promoting economic development using this framework.

What is the Big Push Theory

- The Big Push theory is a concept in development economics that proposes a coordinated effort to promote economic growth. The idea is that a large investment in infrastructure, education, and other key areas can create a positive feedback loop, leading to sustained economic development.
- This theory was first introduced by Paul Rosenstein-Rodan in the 1940s and has since been expanded upon by other economists. It is often used to explain the success of post-World War II reconstruction efforts, such as the Marshall Plan. The Big Push theory emphasizes the importance of coordination between different

Historical context of Big Push Theory



- The Big Push theory was first introduced in the 1940s by economists Paul Rosenstein-Rodan, Albert Hirschman, and Gunnar Myrdal. The theory suggests that a coordinated effort to invest in infrastructure and industry can jumpstart economic development in underdeveloped regions.
- Over time, the theory has evolved to include a focus on human capital development and coordination between public and private sectors. Case studies have shown the success of the Big Push approach in countries such as South Korea, which experienced rapid economic growth in the 1960s and 1970s through government-led investment in infrastructure and industry.

KEY COMPONENTS OF BIG PUSH THEORY

- The Big Push theory proposes that economic development can be jumpstarted through a coordinated effort to increase investment in infrastructure and other key sectors. The theory emphasizes the importance of coordination between different actors, such as government agencies, private firms, and international organizations, in order to achieve this goal.
- One of the key components of the Big Push theory is investment. This includes both public and private investment in areas such as education, healthcare, and infrastructure. By increasing investment in these areas, the theory suggests that economies can become more productive and competitive, leading to sustained economic growth. Another important component is infrastructure, which includes things like roads, bridges, and power grids. Without adequate infrastructure, it can be difficult for businesses to operate efficiently and for goods and services to be transported across regions. Finally, coordination is critical to the success of the Big Push theory. This involves bringing together different stakeholders to work towards a common goal, sharing information and resources, and aligning

IMPLICATION OF BIG PUSH THEORY



- The Big Push theory has significant implications for economic development policies. One of the key implications is the need for coordinated investment in infrastructure and other key sectors. This requires a strong role for government in guiding and coordinating investment decisions. Case studies from countries such as South Korea and Taiwan have shown that this approach can be highly effective in promoting economic growth.
- Another implication of the Big Push theory is the importance of addressing market failures that prevent private sector investment in key sectors. This may require government intervention to provide incentives for private investment, or to directly invest in these sectors themselves. Case studies from India's Green Revolution have shown that government intervention can be highly effective in addressing market failures and promoting economic

Critiques of the Big Push theory

- ❑ One of the main critiques of the Big Push theory is that it assumes a homogenous society where everyone is working towards the same goal. However, in reality, there are often conflicting interests and power dynamics at play that can hinder coordination and investment. Additionally, critics argue that the theory overlooks the importance of human capital and individual entrepreneurship in driving economic growth.
- ❑ Despite these critiques, proponents of the Big Push theory argue that it provides a useful framework for understanding the role of public investment in promoting economic development. By addressing market failures and coordinating investment in key sectors, governments can help

The role of post graduate programme student in economic development

- Post-graduate programme students have a crucial role to play in promoting economic development. By applying the Big Push theory, they can help identify and implement strategies that promote investment, infrastructure development, and coordination among stakeholders. For example, students can work with local communities to develop sustainable infrastructure projects, such as renewable energy systems or water treatment facilities. They can also collaborate with government agencies and international organizations to design and implement policies that support economic growth.
- In addition to these practical applications, post-graduate programme students can also contribute to the academic discourse on economic development. By conducting research and publishing their findings, they can help advance the understanding of the Big Push theory and its implications for policy-making. They can also engage in critical analysis of

Case study : The Marshall plan

- The Marshall Plan, officially known as the European Recovery Program, was a massive economic aid package provided by the United States to Western Europe after World War II. The plan was based on the Big Push theory, which emphasized the need for large-scale investment in infrastructure and coordination among various stakeholders to promote economic development.
- The key components of the Marshall Plan included funding for infrastructure projects such as highways, railways, and ports; support for agriculture and industry; and technical assistance to help countries modernize their economies. These components worked together to create a virtuous cycle of growth, where increased productivity led to higher incomes which in turn fueled further investment and growth.

Case study: The Green Revolution

- The Green Revolution, which started in the 1940s and continued through the 1960s, was a major agricultural transformation that led to increased productivity in developing countries. This revolution was based on the Big Push theory, which emphasized investment in agriculture, infrastructure, and coordination among various stakeholders.
- The key components of the Green Revolution included the development of high-yield crop varieties, the use of fertilizers and pesticides, and the expansion of irrigation systems. These components worked together to increase crop yields and improve food security in developing countries. However, there were also some negative consequences, such as environmental degradation and social inequality.

The role of government in promoting economic development

- The role of government in promoting economic development is crucial, and the Big Push theory provides a framework for understanding how governments can guide their policies. The theory emphasizes the importance of investment in infrastructure and coordination among different sectors of the economy to promote growth.
- Governments can use the Big Push theory to identify areas where investment is needed, such as transportation, energy, and communication infrastructure. By investing in these areas, governments can create the conditions for private sector growth and job creation. In addition, coordination among different sectors of the economy is necessary to ensure that investment is targeted in

The role of international organizations in promoting economic development

- International organizations such as the World Bank and the IMF play a crucial role in promoting economic development through the Big Push theory. By providing financial support and technical assistance to developing countries, these organizations help to coordinate investment and infrastructure projects that can stimulate economic growth.
- For example, the World Bank's International Development Association (IDA) provides low-interest loans and grants to countries with limited financial resources, while the IMF works to promote macroeconomic stability and financial sector development. Both organizations use the principles of the Big Push theory to guide their policies and programs, emphasizing the importance of coordinated investment and infrastructure development for sustainable economic growth.

Conclusion



- In conclusion, the Big Push theory provides a framework for understanding how investment, infrastructure, and coordination can work together to promote economic development. By examining case studies such as the Marshall Plan, the Asian Tigers, and the Green Revolution, we can see how these components have been successfully applied in practice.
- Furthermore, it is important for post-graduate programme students to understand the relevance of the Big Push theory to their future careers. Whether working in government, the private sector, or international organizations, knowledge of this theory can guide policies and investments that promote sustainable economic growth.



Thank you