Week 3
Module 3: Theories on Economic Development

A. VENN DIAGRAM ACTIVITY

Directions: Compare and contrast the following theories of economic development using a Venn Diagram. Write the similarities in the overlapping section and the differences in the outer sections.

Compare: Harrod-Domar Growth Model and **Neoclassical Growth Theory**

Guide Points:
Harrod-Domar Growth Model
- Focuses on savings and investments
- Capital formation drives growth
- Emphasizes infrastructure and industrial investment

Similarities
- Both explain economic growth
- Both value investments and productivity
- Both aim to improve national output

Neoclassical Growth Theory
- Focuses on labor, capital, and technology
- Technology is the main driver of long-term growth
- Emphasizes innovation and efficiency

B. IDENTIFICATION QUIZ

Identify the term being described.
1. Theory that explains development through five stages of growth.
2. Economist who introduced the Stages of Economic Growth Theory.
3. Earliest stage where society depends mainly on agriculture.
4. Stage characterized by rapid industrialization and expansion of industries.
5. Stage marked by high living standards and mass consumption.
6. Theory that emphasizes savings and investment as drivers of growth.
7. Economists who developed the Harrod-Domar Model.
8. Theory that explains movement from agricultural to industrial sectors.
9. Economist who proposed the Dual Sector Model.
10. Migration of workers from provinces to cities.
11. Growth theory emphasizing labor, capital, and technology.
12. Economists associated with the Neoclassical Growth Theory.
13. Symbol representing technology in the Neoclassical equation.
14. Economic activity commonly associated with modernization in the Philippines.
15. Major challenge caused by rapid urban migration.

Answer Key:

1. **Stages of Economic Growth Theory** (or **Rostow's Stages of Economic Growth**)
2. **Walt Whitman Rostow**
3. **Traditional Society**
4. **Drive to Maturity**
5. **Age of High Mass Consumption**
6. **Harrod-Domar Growth Model**
7. **Roy Harrod and Evsey Domar**
8. **Dual Sector Model** (or **Lewis Dual Sector Model**)
9. **W. Arthur Lewis**
10. **Urbanization** (or **Rural-to-Urban Migration**)
11. **Neoclassical Growth Theory** (or **Solow Growth Model**)
12. **Robert Solow and Trevor Swan**
13. **A** (Technology factor in the production function)
14. **Business Process Outsourcing (BPO) Industry**
15. **Urban Congestion** (acceptable answers: **overpopulation**, **housing shortages**, **traffic congestion**, or **strain on public services**)