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Frontier Growth, Catching Up, Falling Behind and Extremely Falling Behind

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The economic growth model a country chooses to implement is very important for its economic development. This is the challenge primarily faced by countries with developing economies which place the process of increasing their level of economic development as one of their main goals in order to advance to the category of countries with developed economies.

There are different models of economic growth: frontier growth, catching up, and falling behind. Frontier growth which is characteristic to countries (for example, the United States) which create qualitatively new products and new production based on new technologies.

The aim of the catching up model is to develop a country in a way when a relatively economically backward country is able to catch up to those at the top. This model is based upon finding the resources for one's own development for which principled improvements in a country's educational system is very important as well as the facilitation of scientific and engineering research. This is necessary in order for highly-skilled personnel to be able to not only use the imported technologies from developed countries and use them successfully but also become actively involved in the process of creating these technologies.

Based upon the catching up model, respective countries develop sectors of the economy where more value added is being created and which facilitates the expansion of exports of the production output of these particular sectors of the economy.

It is also known that catching up, in itself, facilitates a convergence between countries with developed economies and those with economies which are still developing

The falling behind model of economic growth is principally different from the catching up model as it facilitates a divergence of developed and developing countries and not a convergence.

When the share of the production of labor-intensive and resource-based goods holds a dominant position in the national economy of a country, then we have a trend of falling behind.

It is well-known that the de-industrialization of the economy causes the pace of catching up to slow down and, in the worst case scenario, facilitates the transfer of the economy to the falling behind model.

In order to move from the falling behind model to the catching up model, human resources are of vital importance. More specifically, this concerns those specialists who must become the main creators of the process of catching up. As a rule, they must have obtained their education in developed countries where development is based upon cutting-edge technologies. Their role is vital in the creation and development of the national educational and scientific systems when the country will be able to move to the catching up model using its own resources.

From the aforementioned types of economic growth, practically none can be found in many developing countries which is a result of a clearly primitive approach to the economic development which has been mostly oriented only on the growth of the tourism potential.

Unfortunately, chronic poverty and the lack of the development of export potential (when imports regularly exceed exports) is characteristic for many countries with developing economy while foreign aid and money transfers of their citizens living abroad are very important for the population.

The economic growth type which is characteristic to these countries can be assessed as extremely falling behind when, unfortunately, the national innovation system is practically non-existent (at best it is in an extremely embryonic state) and where not only the usage of innovative technologies but also imitation, which is the copying and usage of already existing technologies, is almost impossible.

Taking all of the abovementioned into account, it is necessary for any such type developing country to formulate a strategy which will enable it to move from extremely falling behind to catching up even if that means going through a period of falling behind as an intermediate step.

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