



Developments of the Lewis Theory of Development

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Abstract: Several aims were taken into account when writing this article. First of all, it was my intention to reveal and highlight the personality and the achievements of the Nobel Prize Laureates in Economics, awarded by the Royal Bank of Sweden (Sveriges Riksbank). And, one of these important economists, is Sir William Arthur Lewis (1915-1991), iconic representant of the Winward Isles (West Caribbean Islands) and, thus, we make the transition to a second aim, that one of the 70th anniversary of the publication of Lewis' theory of resistance, *The Theory of Economic Growth*.

The third aim, factually that aim which re-unite the other two, is to present St. Lucia's becoming, as a model of passing from mono-culture agriculture to a developing economy, with outstanding services on top.

Finally, we try and succeed, in a manner, to look to the Lewis theory from another: angle, that one of extension the development on agricultural domains (vegetables, livestock..), in a niche mode, fact which ensure the development of the respective zone/region and, by consequence, the development of the entire economy in discussion.

We presented examples, from many others, of this passage from a subsistence agriculture and an underdeveloped economy, nowadays supported by the new digital technologies, to the next stage of industrialized and diversified economies, that the stage of developing economies.

In sum, it is a permanent movement towards development, good living standards, benefit/profit for all.

Keywords: Sir W. A. Lewis, Alma mater, Dual Model Growth Theory, Development Extensions, Win-Win Games.

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1. Understanding the geographic and social roots

St. Lucia Island is a model of the transition from the banana-monoculture to a diversified economy, in fact a model of so-called economic game type *Win-Win*. What happened in this respect? It was a decline in the general demand of bananas, the prices dropped down, the specific market no longer accepts increased/additional quantities of bananas.

And, in this point, Sir Arthur Lewis intervened with his theory of developing. It has been produced a shift in the economic practice in St. Lucia, also due to the changing in trade and consumers' preferences and service areas, such as tourism and finance emerged and developed.

St. Lucia is a state island in the Caribbean Sea, that is an exotic land. It is the second largest island of the Winward Islands Group in the Lesser Antilles, in the neighborhood of Martinique, a

French Departement d'Outre-Mer (DOM). The island has a surface of 617 km² and inhabitants estimated for 2025 at 174,800 people (www.britannica.com).

Let us point out the aspects that interest us in this approach and the first aspect is historical, St. Lucia was under control by periods of France and United Kingdom and now is a member of the Commonwealth, with fully independence status since 1979.

An extraordinary coincidence is that the St. Lucia's year of independence is the same year in which the son/scientific human product of the island, Sir William Arthur Lewis was awarded Nobel Prize in Economics.

Population is interesting us and is currently formed in the vast majority by black people and a small part of mulattoes and white people.

The economy is the piece of resistance and, historical speaking, the *sugarcane* was formerly chief crop, but the

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production downfall when the fields were converted to another monoculture, *banana cultivation*.

These historic, geographic, economic conditions and realities were the melted creozot for the existence and development of the complex personality of Sir Willam Arthur Lewis, an iconic representant of the Third World and contributor to the general *Theory of Growth*, and a thinker to be followed in other domains or niches.

Thus, the Lewis' *Theory of Growth* considers the passing from an agricultural monoculture to a manufacturing industry and diversified services.

So, the manufacturing sector, with the support of a *free zone* established in the south of the island, provide electronic goods, cardboard cartons, clothing, tobacco products and so on.

At the same time, and this is the point to be revealed, we assist to the development of financial services, tourism (a simple example is that in 1987 a complex for cruise ships was open near Castries-the capital of St. Lucia) (www.britannica.com/j).

The scientific activity of Sir William Arthur Lewis was quite ahead of his time, 1950s, and original theory of Dual Sector Growth was revolutionary in the post-war decade, having as base of inspiration his natal land of St. Lucia. Lewis created a true blueprint that forecasts the later development (www.etonomics.com/ 2024).

We are interested in Sir William Arthur Lewis' Alma mater, the period of becoming the important professor and professor in Economics. Thus, after quitting the homeland, he arrived in UK where attended the London School of Economics after winning a government scholarship. He graduated in 1937 and received a Ph.D. in economics there in 1940. He was a lecturer at the school from 1938 to 1947, *professor of economics at the University of Manchester from 1947 to 1958*, principal of University College of the West Indies in 1959–62, and professor at Princeton University from 1963 to 1983 (www.britannica.com/).

We have underlined the period spent at the University of Manchester, because there, his important ideas and theories emerged. Thus, we have to mention *The Principles of Economic Planning in 1949 and, of course, the book analyzed within this paper through its important theory, The Theory of Economic Growth in 1955*.

The causal relationships in our analysis is: Saint Lucia, monoculture and underdeveloped country--→ University of Manchester, the developed capitalism--→ The Dual Sector Model of Development (in fact).

For all his contributions in Economics, Lewis' brilliance earned him Nobel Prize in Economics for 1979, for analyses of economic processes in developing countries (www.britannica.com/money and www.salcc.edu.lc/lewis-portal).

2. Methodology

We used data about St. Lucia and its becoming amongst the independant states of the world. Then, the interest was to present the life, alma mater and scientific achievemts of Sir William Arthur Lewis, with focus on his *Dual Sector Model Growth*

Theory, which intrerested us in this paper, and whose publication marks its 70th anniversary this year.

The next phase was to reveal the further developments of this model. That is several examples, even niche examples, of developing adjacent activities in the rural zones of the developing countries, which come to strenghten the agriculture sector and other activities and, after this strenghtening action, it follows the development of the entire respective ecoomy. In fact, we are looking for a pattern regarding this passing from agricultural (mono, or low developed) status to the way of industrial and diversified status of today.

In fact, we want to put the accent on the complexity of economic activities, including social and cultural ones. Finally, we emphasis that in this case it is, truely, the development issue, rather than growth.

3. The Extensions of today for Lewis Theory

The Lewis Model, also known as the dual sector model, explains economic development as a transition from a traditional agricultural sector with surplus labor to a modern industrial sector. This model, developed by Arthur Lewis, outlines how labor surplus in agriculture is absorbed by the more productive industrial sector, leading to economic growth.

The Lewis Model is a groundbreaking framework in *development economics* that fundamentally altered our understanding of how the model offers a dual-sector theory that provides insight into the process of structural transformation in developing countries.

So, all started during the activity, as "Stanley Jevons Professor" at the University of Manchester, with the emblematic book of 1955, "*The Theory of Economic Growth*".

Few words about a fresh analysis at the time or preparation for Nobel Prize Award in Economics (Leeson, 1979) indicated that, despite some opinions regarding this theory, it was necessary to pump funds and to support agriculture after the migration of a large part of population, or only the surplus of it.

We deal with a presentation less formalized, with no such mathematical apparatus. Lewis himself formulated his model not so precisely or mathematically, searching to capture the defining, and sensitive elements of the development process.

The Model comprises the two main and classic economic sectors:

- a. The agriculture with all its branches, characterized by low productivity, a domain producing for subsistence, with archaic tools and an abundant workfoce;
- b. The industrial domain, using the labor surplus from agriculture, providing new production methods and tools, getting productivity and, finally, getting profit, the reason to be for each and every entity.

It is needed to precise something: the so-called "*Lewis turning point*", that is the moment/the point in which the labor surplus from agriculture is no longer absorbed by the other economic branches (the picture may be assimilated with the supply of migrants from rural zones which is dry up). This situation leads ti the rise of wages, increased consumption, in a word to an

inflationary situation, which put pressure on the economy as a whole (see www.tutor2u.net/).

Also, a clarification and, at the same time, an example of this Lewis composed term in practice, is the fact that China has reached the Lewis turning point after 2000 (Zhiang Xiaobo et al., 2011). The results of study show a clear rising trend of real wages rate since 2003. The acceleration of these wages even in slack seasons indicates that the era of surplus labor is over. This finding has important policy implications for China's future development model.

As we already presented, this year we celebrate 70 years since the publication of Sir William Arthur Lewis' Theory.

Also, surveying the literature in the domain, we found out an aspect not considered unimportant: in the original and well-known work of Lewis, it's about *the Theory of Growth*, but in other presentations, it's about *the Theory of Development* (www.economics.com/2024/10/08/).

Both theory names, in fact, refer to a structural change within developing economies which leads to rapid periods of economic growth.

The keys of understanding Lewis' theory are based on the following assertions (Lee, 2025):

1. *The term of Dual Model Economy*, with agriculture as an ancient economic branch to nourish the people and the manufacture, transformed in modern industry, with higher productivity and higher profit;
2. *Surplus Labor*, the evident situation in agriculture and the necessary and logic movements to more productive and profitable branches;
3. *Wage Dynamics, but Labor Inequalities*, due to the different backgrounds of the agriculture workers moved the new sectors. It includes also scholar trainings, abilities performed..

Starting from this specific theory and analyzing several cases of niches' developments in developing countries and even underdeveloped ones, we can affirm that we are in the presence of *an Extension of Lewis' Theory*, that is ***the continuing development of the specific agricultural or rural domains/aspects and, after that, the impact on the entire economy of that country.***

For example, we found out aspects regarding quite each and every aspect of the economic and social activities analyzed within rural communities or developing areas of some developing countries. From aspects regarding *Human Capital*, the motivation of teachers, the use of *Hertzberg Motivational Theory*, to economic aspects of agri-cultures, of farming, including livestock breeding.

Kikoti & Rwiza (2025), Adinda & Ikhsan (2023), Kuku et al (2025), Massawe et al. (2025), Adinda & Hamdani (2023) are only few recent papers studied in order to get a clear and complete idea/image of the rural niche development, within developing countries, situation/reality which contributes to the general development of the region and of the respective country (especially from Asia and Africa). The last source presented the importance of the horticultural products in great demand, as it is the Cayenne Pepper.

Other realities, subjects to researches towards finding solutions for the improvements of those agriculture situations and, by rolling the problem, as a snowball, the impact on the entire economy and people's living standards in the respective countries.

Thus, one such process is sand deposition—a phenomenon that occurs mainly due to riverbank erosion, floods, and sediment transport, which significantly alters the physical and chemical properties of agricultural soils. This problem is particularly severe in floodplain areas, where rivers frequently overflow and deposit layers of sand over fertile farmland, rendering them temporarily or permanently unproductive (Nda, M. Et al., 2023). Such a situation that we find in Bangladesh, a country of rivers running to the Indian Ocean. It's about, primally, of the Ganges-Brahmaputra-Meghna Delta and of Jamuna River.

Farmers in this region face multifaceted challenges, including crop failure, declining soil fertility, reduced income, and long-term uncertainty in land tenure and use. This is the huge obstacle to be overcome. Here, we deal the Lewis' Dual Model of Growth, because starting with this natural calamity, that is the sand deposition in large quantities, the rural economic and social activities are no longer function at the necessary normal levels and, by consequence, in a second phase, the whole economic mechanism of Bangladesh (in this case) does not function as it should.

We are moving not far from Bangladesh, in Indonesia, where communities are facing the irrigation need for improving agricultural development and *regional growth* (our emphasis). Indeed, population in agriculture is about 25 % and irrigation become the pillar in national food strategies (Tirtalystiani, R. et al., 2022). You see it's about the rice, national food and it is needed that farmers, government, local research institutes, water providers to work together on the modernization of irrigation systems, in order to meet the increasing food demands of the growing population (to be understood, not only the population in agriculture, but the entire population, a large part of it working in non-agriculture domains)].

But, a wellcome completion: also in the Indonesian area, the high quality cattle beef livestock is in progress, and beyond this aspect, a very good planning, even collaboration with universities, specialized institutes and support a cattle breed in Deli Serdang Regency as a national sustainable model for livestock development (see Batubara N. R. et al., 2024).

What we observe is that Lewis theoretical framework is overpassed, and we assist to these new ideas of taking into account the *Human Capital*, the competition on a free market. Another stop regarding this aspect is that of the necessary education of youth from rural/agri-cultural zones in order to perform the adequate specific works. The current example focuses on rural economy of Punjabi State in India *which has experienced a major swift of workforce from agriculture to non-agriculture domains* (our emphasize). Of course, the level of earnings depends on the type of activity, the nature of job, but above all (our credo), the education received (see Ghuman et al, 2002).

The dynamics in economy, which face or should we face now, include the new technologies in digitalization and even the use of AI, all towards ensuring the necessary push to and movements for all economic domains.

And, as a final remark for the present analysis, is that we speak about Sir William Arthur Lewis' *Dual Model of Development* and extensions, not only for Growth. What we see is that on Internet the iconic theory of Sir William Arthur Lewis, especially based on what P. F. Leeson said above, we face with a *Theory of Development, not one of Growth*.

Conclusions

The findings of the studied papers/researches emphasize the urgent need for targeted interventions, including improved land management, adaptive farming techniques, and support mechanisms for affected communities to mitigate the adverse effects of the challenges faced by farmers in sedimentation-prone areas and underscores the importance of incorporating local perceptions into policy planning for sustainable agricultural development in river basin regions, mainly, but generally speaking in agriculture as a whole.

Therefore, we support the complex term of *Dual Development Model*, because we face with examples, even there are of niches nature, using methods and policies for the improvements in every respect of the economic and social activities in rural or developing regions, such as new qualities of teaching aspects, of healthcare activities, of attracting new technologies and methods in farms and not only.

The Lewis Model remains a cornerstone of development economics, offering valuable insights into the processes that drive economic transformation. Its emphasis on leveraging surplus labor from the agriculture sector to fuel industrial growth has provided a roadmap for many emerging economies of today.

Thus, in the spirit of what we sustained, *The Model Extensions* are wellcome, in order to strenghtening the idea that we are, factually, in the presence of a **Development Improved Model**, in a manner of Lomonosov-Lavoisier Law of Mass Preservation (even that one was referring to exact sciences, as Chemistry). That is, what is loss, at the first sight in a branch/domain is gain in another domain, in order to ensure the profitability of each domain and the efficiency of using the factors of production, classic and of our era.

What we intended to highlight in these pages, and hope to succeed in a large manner, was the Extensions (we told so) of the initial Lewis' Theory of Growth (in fact a Theory of Development), specific to the economies passing from the stage of underdeveloping or low developing to the stage of stabile and developing/emerging economies.

Peace and Development are, in the current days, exactly the cornerstones of our living.

At this anniversary moment and, in the current economic, politic, social situation, it is needed to think to new approaches and solutions, *even a new theory in this respect*, based on the already findings.

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