



# Changing Economic World

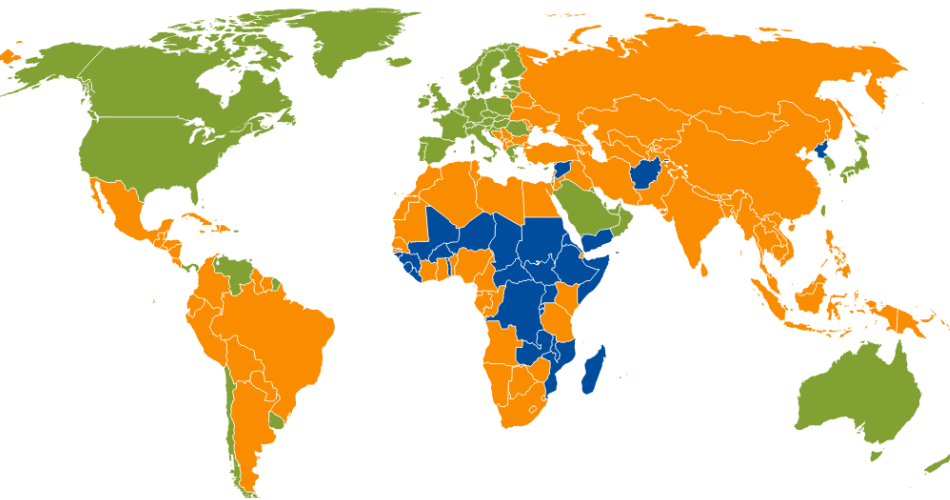
## The Development Gap



### Key Terms

- Development** – The progress of a country as it becomes more advanced.
- Gross National Income** – The total national income divided by population.
- High income country** – A country with a GNI of more than \$13,205.
- Low income country** – A country with a GNI of \$1085 or less.
- Newly emerging economy** – A country with a GNI of between \$1086 and \$13,204.
- Demographic transition model** – a model that shows how population changes as a country develops
- Natural increase** – Population growth when birth rates are higher than death rates.
- Natural decrease** – Population decline when death rates are higher than birth.
- International migration** – Crossing international borders to settle.
- Fair trade** – Producers in LICs are given a better price for the goods they produce.
- Debt relief** – HICs write off some LIC debt or lower interest rates.
- Aid** – Help given from one country to another; or one person to another, or NGO.
- Gross national income** – The total national income divided by population.

### Pattern of world development



Classification of countries using World Bank data.    HIC    NEE    LIC

- Birth rate** – Number of births in a year per 1000 of the total population.
- Death rate** – Number of deaths a year per 1000 of the total population.
- Economic measures of development** – Development measured using finance.
- Human development index** – Measure of development using GDP, life exp and literacy.
- Infant mortality** – Average number of deaths of under ones per 1000 births.
- Life expectancy** – The average number of years a person might be expected to live.
- Literacy rate** – Percentage of people with basic reading and writing skills.
- Social measures of development** – Development measured using non-financial means.
- Investment** – Money from companies or governments into industrial development.
- Trade** – The exchange of goods between countries – imports (buy), exports (sell).
- Intermediate technology** – Simple, easy to use and maintain tech serving locals in LICs.
- Microfinance loans** – Small loans given to people in the LICs to start a small business.
- Multiplier Effect** – Investment leads to increased prosperity. Money generated by an industry is spent on goods and services, increasing demand and economic activity.

H I C	80+ countries, most people enjoy a good standard of living based on relatively high levels of income. Mostly located in NW Europe and North America.
L I C	Close to 30 of the world's poorest countries. Inadequate services and few opportunities for the majority of the population. Mostly located in Africa and the Middle East.
N E E	Countries such as China, Brazil and India, which are experiencing rapid economic development often based on the development of industry where incomes are rising.



## Single Measures

- Only measure one aspect of development, could be economic or social
- Economic measures – GNI, GNI per capita.
- Social measures – Death rate, Infant mortality, Life expectancy, Birth rate, People per doctor ratio, literacy rate.
- General limitations – don't show differences within a country as averages



## Composite Measures - HDI

- Developed by the United Nations and is one of the most commonly used measure of development as it includes both economic and social measures.
- It is a composite measure using GDP data, life expectancy and literacy rate.
- It is calculated on an index.

Less developed ← → More developed  
0 1



## Limitations



### GNI

Average figures distort wealth inequality.



### Death rate

High in LICs due to poverty & in HICs as population ages.



### Life expectancy

Can be skewed by high infant mortality.



### Birth rate

Birth control policies can distort the data.



### Infant mortality

Not all infant deaths recorded in LICs.



### HDI

Doesn't take into consideration inequality within a country



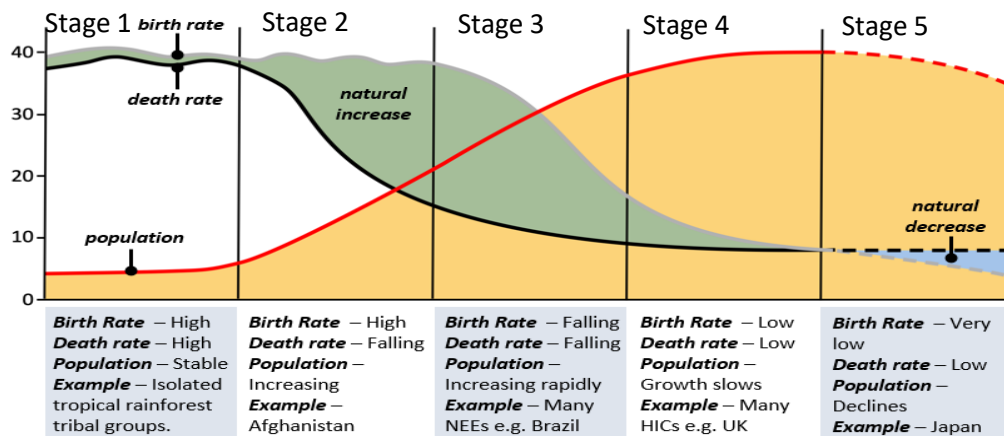
## Examples

Country	GNI	Birth rate	Death Rate	Infant mortality	Life Expectancy	Literacy rate	HDI
UK	45380	10	10	4	81	99%	0.93
Nigeria	2100	37	11	72	55	62%	0.54
Brazil	7720	13	7	13	76	93%	0.77
Mali	870	41	9	59	60	31%	0.43

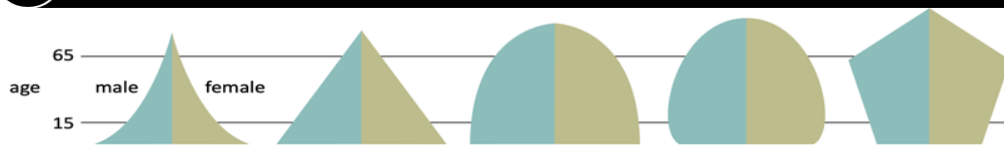


## The DTM

The Demographic Transition Model attempts to show how population changes as a country develops. It does not take into account migration.



## Population Pyramids and the Demographic Transition Model





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# Causes of Uneven Development<sup>quiz</sup>



There are significant variations in levels of development across the world. This is the development gap.



## Physical Causes of Uneven Development



### Weather and climate

Extreme conditions such as heavy rainfall, droughts, extreme temperatures and tropical storms make economic development difficult.



### Landlocked countries

Countries without a coastline lack the benefits of sea trade which has led to the economic growth of most developed nations.



### Relief

Mountainous regions, such as Nepal, are often remote and have poor infrastructure which makes development very challenging.



### Water shortages

Water is essential for life and development. Where there are shortages of water agricultural and industrial development is very challenging.



## Economic Causes



### Poverty

Development is slowed by a lack of money in a household, community or country. Improvements to living conditions, sanitation, education and infrastructure is prevented.



### Trade

LICs often export low-value raw materials or are single export countries. HICs are more likely to export higher value processed goods. This trading imbalance has made HICs richer.



## Historical Causes

### Colonisation

Many LICs were colonised by European powers. This hindered the development of several LICs today. The former colonies were stripped of resources and were given no support when the colonial powers left. This resulted in periods of government instability and often civil war.



## Consequences of uneven development



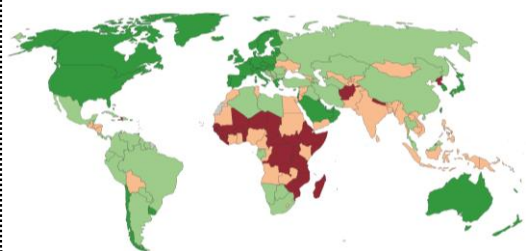
### Disparities in Wealth

There is a significant imbalance between the rich and poor with many people in LICs in poverty.



The highest levels of wealth are experienced by the most developed countries.

- About 35% of total wealth is held in North America.
- Africa's share of global wealth is around 1%
- China and India are two of the fastest growing economies.



### Disparities in Health

Countries with a low level of development tend to experience poor healthcare.



#### LICs

Many people have limited access to doctors, health clinics or hospitals. High infant mortality and low life expectancy. 40% of deaths are in children under 15. In LICs malaria and tuberculosis account for 1/3 of deaths.



#### HICs

Many people have good access to medical services. Life expectancy is longer. 70% of deaths are people aged over 70. 1% of deaths are in children under 15. Chronic diseases such as cancer, heart disease and dementia are the main causes of deaths.



## International Migration

Uneven development leads to unequal flows of people between places.

- Economic migrants move in search of a better life often from LICs to HICs
- Refugees are forced to flee disasters/persecution.
- By mid-2020 280.6m people were living in countries where they were not born.
- Skilled migrants EG: The UK employs computer engineers from India and doctors from Poland.
- 2015 - 14 million people were forced to leave their homes from N.Africa & Syria.
- 2022 – Large migrations from Ukraine to flee conflict.

# Reducing the Development Gap



## Industrial Development

Industrial development brings employment opportunities in construction, manufacturing and service industries. Increased individual wealth leads to improvements in health, education and service provision through the payment of more taxes.



## Intermediate Technology

Intermediate technology is often used to support local development projects. These are projects usually aimed at improving water supplies, health and agriculture. The development gap is reduced through improvements at the local level.



## Fair Trade

Fairtrade involves paying farmers a fair price for their products and investing in local communities. Fair-trade also promotes fair wages for farmers and their workforce.



## Microfinance Loans

Micro-finance loans offer financial support to community groups or individuals to start a small business. If businesses are successful, they will create jobs and increase people's income.



## Tourism case study - Jamaica

- Jamaica is the 4<sup>th</sup> largest island country in the Caribbean.
- Tropical climate with high temperatures all year.
- Famous for beautiful sandy beaches & rich culture
- Popular destination for cruise ships.
- Visitor numbers rose between 1994 and 2019 but dropped in 2020 due to Covid 19.
- Visitor expenditure increased by 300% between 1975 & 2019.



## Positives

- 2018 – made up 30% of economy.
- Tourism employs the 2nd largest number of Jamaicans (approximately 200,000) directly in hotels, transport and attractions and indirectly (multiplier effect) in construction & agriculture EG - Local farmers sell produce to hotels. For example the Sandals group, which comprises 11 resorts in Jamaica only by potatoes from 5 local farmers
- Port facilities, airports & roads have been expanded.
- Many people in key tourist areas, such as Montego Bay, have benefited from an improved quality of life due to tourism.



## Investment

Countries, organisations (e.g. the World Bank) and TNCs invest in LICs to increase profits. Investments lead to improvements in:

- infrastructure (e.g. road networks and airports)
- services (water, sanitation and electricity)
- dams and reservoirs (for hydro-electric power)
- industrial developments



## Debt Relief

In the 1970s and 1980s, many countries borrowed a significant amount of money for large scale development projects.

Some of these countries have fallen into considerable debt repaying loans or high rates of interest. Debt relief involves cancelling money owed, allowing more significant investment in development projects such as road building & health care.



## Aid

Aid in the form of financial assistance offered by countries & organisations. Long term aid supports development projects such as improving sanitation, water supply and education. Short term aid is often given in response to natural disasters.



## Tourism

Tourism brings in valuable foreign currency and brings a range of improvements including to the infrastructure, healthcare and education. Tourism brings employment opportunities in the service sector and raises incomes.



## Negatives

- Tourism is seasonal & unreliable – global recession 2008 and Covid reduced numbers, lost jobs & income.
- Not everyone has benefitted – still pockets of poverty.
- Natural environment (EG Cockpit County TRF) under threat from development.
- Increased pollution – EG waste, air
- Leakage – some money goes back to TNCs who own some hotels