CHANGING ECONOMIC WORLD

WORLD DEVELOPMENT MAP

- HICs (High-Income Countries)
- NEEs (Newly Emerging Economies)
- LICs (Low-Income Countries)

MEDC / LEDC

DEVELOPMENT INDICATORS
→ ways we calculate/compare DEVELOPMENT.

GROSS NATIONAL INCOME (GNI) Per Head
→ total value of goods & services produced + income from other countries divided by population

BIRTH RATE → number of babies born per 1000 people per year.

DEATH RATE → number of deaths per 1000 people per year.

INFANT MORTALITY → number of babies who die before 1st birthday per 1000 live births

LIFE EXPECTANCY → average age expected to live to.

PEOPLE PER DOCTOR → number of people per doctor.

LITERACY RATE → % of adults who can read & write

ACCESS TO SAFE WATER → % people with clean, safe water

HUMAN DEVELOPMENT INDEX (HDI)
→ a number between 0 and 1 calculated by combining income, education & life expectancy e.g. In 2014:
  ① Norway = 0.944
  ⑱⑦ Niger = 0.337
  ⑭ UK = 0.907
→ Composite factors such as HDI are far more useful

PROBLEMS WITH INDICATORS
→ National Income Data is an average so some people may have lots while others starve.
→ Some people work very hard but work as farmers growing their own crops, so no record of efforts.
Missing or inaccurate data due to corruption of different ways of calculating data.

DEMOGRAPHIC TRANSITION MODEL

- Most LICs are stage 2.
- **STAGE 2**: BIRTH RATE stays high DEATH RATE high due to improved healthcare and cures for diseases.
- **STAGE 4**: BIRTH & DEATH RATES are low so population stabilises
- **STAGE 5**: BIRTH RATE drops below DEATH RATE so population declines
- Most HICs are stage 4 or 5.
- **STAGE 1**: BIRTH RATE is high as farmers need workers. DEATH RATE high due to poor healthcare
- **STAGE 3**: DEATH RATE low BIRTH RATE drops due to access to contraception & education for women.
- Most NEEs are stage 3.

(Graph: Births/Deaths per 1000 ppl per year; BIRTH RATE; DEATH RATE; NATURAL INCREASE; stages 1 2 3 4 5; Time)

* wide base = high birth rate
* low life expectancy

Male / Female % of population

* people starting to live longer & fewer children dying
* large ageing population as birth rate drops very low.

BRANDT Line → old way to divide the world into More & Less Economically Developed Countries (MEDCs/LEDCs) → outdated for many reasons:
* China now world's largest economy.
* Brazil (South America) richer than Bulgaria (Europe).

CAUSES (of UNEVEN DEVELOPMENT)

PHYSICAL

POOR FARMING → poor soils / soil erosion etc.

CLIMATE could be too hot or too cold to grow enough crops

LACK OF RAW MATERIALS → some countries have abundant reserves of e.g. oil to make money

NATURAL HAZARDS → many floods or earthquakes mean a country struggles to develop, e.g. Bangladesh.

HISTORICAL

COLONIALISATION exploited many countries (mainly in Africa), which has slowed their development.

ECONOMIC

CONFLICT → money is spent of civil wars at the expense of e.g. healthcare

POOR TRADE LINKS can restrict ability to make money

PRIMARY INDUSTRY (farming) doesn't make much money

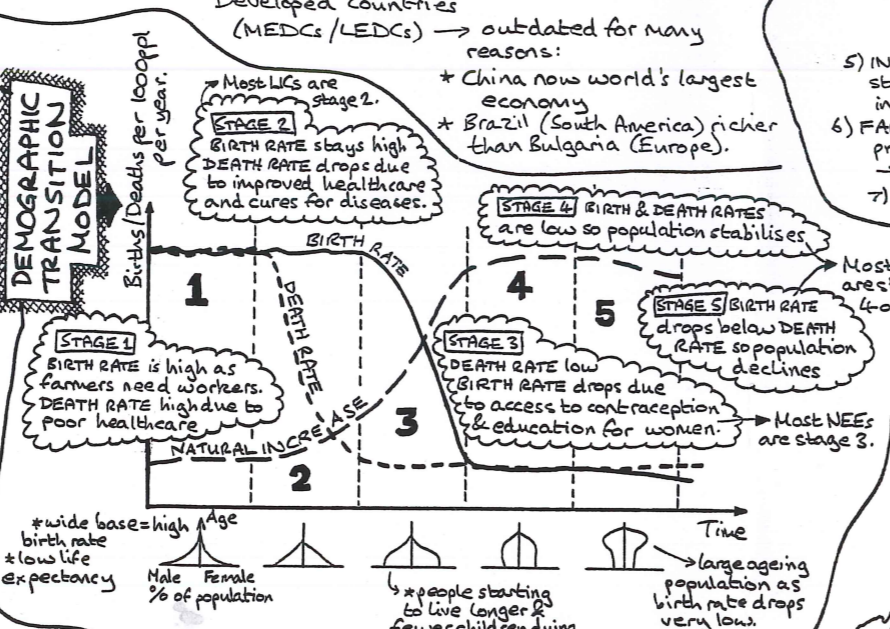DEBT to richer countries can cripple poorer economies

UNEVEN DEVELOPMENT

WEALTH & HEALTH DISPARITIES
people in HICs are richer & healthier, e.g.
→ UK people earn 40x people in Chad.
→ UK life expectancy 81. Chad = 51
→ Infant mortality is 85 per 1000 live births in Chad. UK it is 4/1000.

THE DEVELOPMENT..... GAP

CONSEQUENCES

INTERNATIONAL MIGRATION
→ clearly such inequality causes people to move, e.g. 130,000 legally move each year from Mexico to USA.
→ thousands try to enter Europe from North Africa every day!

REDUCING THE DEVELOPMENT GAP

1) **INVESTMENT** → Foreign-Direct Investment (FDI) is where countries/companies invest in property & infrastructure of others, e.g. Apple make the iPhone in China, paying $600/month to skilled workers. → Some Chinese companies are now investing in Ethiopia!

2) **INDUSTRIAL DEVELOPMENT** → changing from raw materials to manufactured goods creates a far more stable economy, e.g. has become the "workshop of the world" thanks to industry.

3) **TOURISM** → accounts for 5% of income globally and 1 in 12 jobs. Second or most important industry in 20 of the world's 40 poorest countries.

4) **AID** → money or resources given to aid development, e.g. UK sends £338 million to Pakistan each year to improve education and reduce poverty.

5) **INTERMEDIATE TECHNOLOGY** → use of low technology strategies that are appropriate, e.g. solar cookers in India or low-tech earth dams in Ethiopia.

6) **FAIRTRADE** → fair price paid to producers of primary goods, e.g. cocoa, coffee & tea. → extra dividend paid for community improvements.

7) **DEBT RELIEF** → cancellation or reduction of international debt can be enough, e.g. Zambia had $4 billion debt wiped in 2005, enough to set up a free healthcare system for millions.

8) **MICROFINANCE** → small business loans, typically < $100 from a local group, e.g. the Grameen Bank in Bangladesh, who have lent to 9 million people.

JAMAICAN TOURISM
EXAMPLE OF THE GROWTH OF TOURISM REDUCING THE DEVELOPMENT GAP IN LIC/NEE.

→ popular for warm climate, beaches and reggae culture.
→ slow-growing economy with debt and high unemployment

✓ Jobs → provides 200,000 jobs. Money earnt is then spent locally (multiplier effect).
✓ Investment in infrastructure including a new port at Trelawney on the N. Coast.
✓ Wealthy Jamaicans in Montego Bay and Ocho Rios have done well from tourism.

REDUCING THE GAP
→ By 2014, tourism was 24% of GDP (expected 32% by 2024).
→ $2 billion into economy each year.

ECONOMIC FUTURE

WHAT HAS CAUSED ECONOMIC CHANGE?

DE-INDUSTRIALISATION
→ in 1841, more people worked in factories than services
→ by 2011 only 9% workers were in manufacturing
→ the DECLINE in the UK's INDUSTRIAL BASE
  → coal in Newcastle
  → ships in Glasgow
  → textiles in Leeds

GLOBALISATION
→ as global links improved, many jobs moved overseas as it was cheaper.

GOVERNMENT POLICIES
→ improving infrastructure, e.g. High Speed 2 rail link.
→ encouraging small businesses with loans & support
→ tax breaks for TNCs who locate here, e.g. Sunderland Nissan who now employ 7,000 people.

HOW ARE THINGS CHANGING?

→ moving to a POST-INDUSTRIAL ECONOMY → growth of the service industry (employs 81% of workforce 2011)

INFORMATION TECHNOLOGY → computing employs 1.3 million people.

RESEARCH makes use of our highly educated graduates, e.g. the British Antarctic Survey based at Cambridge University.

SERVICE INDUSTRY e.g. Retail employs 4.4 million people
→ The FINANCE industry is very strong in the UK, based in the City of London → responsible for 10% of our GDP.

SCIENCE & BUSINESS PARKS → groups of companies close together, occupying land on the edges of town, close to transport links and access to universities. e.g. Southampton Science Park OR Cobalt Business Park in Newcastle

improving TRANSPORT INFRASTRUCTURE
→ road capacity being increased e.g. A303 to the SW of England.
→ CROSSRAIL to increase London's rail capacity by 10% by 2018.
→ Liverpool 2 is a new £300 million container port
→ proposed new runway at HEATHROW airport to cope with the 73 million passengers each year. (2014).

WHAT ARE THE IMPACTS OF THESE CHANGES?

IMPACTS OF INDUSTRY on the ENVIRONMENT → can be quite polluting and can damage habitats through mineral extraction, BUT....

CAR MANUFACTURING
EXAMPLE OF AN ENVIRONMENTALLY SUSTAINABLE MODERN INDUSTRIAL DEVELOPMENT.
→ traditionally a high-energy, wasteful industry
* electric & hybrid cars are becoming more popular, e.g. Nissan LEAF.
→ CO₂ emissions dropped on average from 40.3 kg in 1999 to 3.5 kg in 2013.
* Waste to landfill per car dropped from
* Nissan Sunderland generates 7% of its energy from wind turbines.
* cheaper car tax!

RURAL LANDSCAPES

1) AREA OF POPULATION GROWTH → KIDLINGTON, OXFORDSHIRE
SOCIAL: * variety of services inc. library and weekly market
ECONOMIC: * lack of affordable housing due to high demand.

2) AREA OF POPULATION DECLINE → OUTER HEBRIDES
SOCIAL: * young people move out. * fewer children so schools close.
ECONOMIC: * fishing industry has declined → fewer boats.

WHERE DOES THIS LEAVE THE UK?

TRADE with the UK is globalour exports total £250 billion each year.

NORTH / SOUTH DIVIDE → divide between relatively wealthy south and poorer north.
STRATEGIES TO RESOLVE DIFFERENCES:
1) DEVOLUTION → power given to local councils or separate governments in Scotland, Wales & N. Ireland to choose how to spend money.
2) ENTERPRISE ZONES → encourage businesses with reduced taxes, relaxed planning regulations and superfast broadband.

UK LINKS with the WIDER WORLD

CULTURE → e.g. T.V. Shaun the Sheep is shown in 170 countries

ELECTRONIC COMMUNICATION → high-powered submarine cables connect us to the US and rest of the world.

TRANSPORT → connected to France by rail and the world via Heathrow

The EU (European Union) → 28 countries work together with fewer restrictions on trade and movement. The Commonwealth is 53 countries working to improve well-being.

NIGERIA
CASE STUDY OF AN LIC/NEE

→ produces 2.7% of world's oil
→ rapidly expanding economy recently upgraded from LIC to NEE
→ one of the MINT economies of Mexico, Indonesia, Nigeria & Turkey as emerging economic giants.

LOCATION & CONTEXT IN THE WORLD
→ 2014 overtook South Africa as largest economy in Africa
→ 2015 $481 billion GDP
→ largest population in Africa by a long way → 184 million (Ethiopia 2nd on 90 million)
→ many footballers and national team have won African Cup of Nations 3 times
→ range of environments from rainforest in south to savannah.
→ much has been replaced with agriculture
  → cocoa & palm oil in South
  → peanuts in North.

Very youthful population but relatively well educated → huge workforce!
Stable democracy despite extremist Boko Haram in the North.

Boko Haram want a separate state under Sharia Law.

Since 1999 when employment was mostly primary agriculture, secondary and tertiary sectors have expanded to now be very balanced economy.

3 major ethnic tribes, but 2 in the South both Christian and mix more due to rural-urban migration
3rd tribe in the North are Muslim

Nollywood film industry is 2nd largest in world after India.

IMPACTS OF DEVELOPMENT

ENVIRONMENTAL
→ squatter settlements
→ poor waste management
→ air pollution from cars & factories
→ 70-80% forests have been cleared.
→ industrial pollution into water.

inequality between north & south, urban & rural.

QUALITY OF LIFE
HDI: 2005 - 0.466 2013 - 0.504
Life Exp 1980 - 45.6 2013 - 52.5
→ people get better jobs so can buy better food, medicines etc.

CHANGING INDUSTRIAL STRUCTURE
→ oil is biggest export (14% of GDP & 98% of export earnings)
→ manufacturing has grown, including cars and petrochemicals from the oil industry.

AID
$5 billion in aid in 2013.
→ mostly for DEVELOPMENT e.g. mosquito nets and immunisations → huge change to health.
→ debts to HICs were cancelled in 2005 as part of UN Millennium Development Goals

now a major player in African politics and the UN.
huge investment from China into infrastructure.

TNCs e.g. Shell for oil & Unilever making detergents.

✗ DISADVANTAGES
✗ profits leave country
✗ poor working conditions and poor pay for some.
✗ could leave at any moment if get better offer.
✗ some damage to environment and exploitation of natural resources.

✓ ADVANTAGES
✓ investment in local infrastructure
✓ new technology
✓ employment & new skills learnt
✓ higher wages
✓ global links
✓ multiplier effects.
→ global links through globalised companies.