CHANGING ECONOMIC WORLD: DEVELOPMENT GAP

KEY TERMS

HICs: High-income countries – GNI per capita of above $14,005.
NEEs: Newly emerging economies – have seen rapid growth in manufacturing industries.
LICs: Low-income countries – GNI per capita of less than $1,145.

DEVELOPMENT INDICATORS

GNI per capita: The income of the whole country divided by the number of people – shows strength of economy.

Birth and death rates: The number of births/deaths per thousand people per year – both decrease as countries develop.

Infant mortality: The number of children who die under 1 year old per 1000 live births per year – shows quality of healthcare for mothers, access to vaccinations, food and clean water.

Life expectancy: The average number of years a person is expected to live – shows access to healthcare, clean water and nutritious food.

People per doctor: The number of people in a place divided by the number of doctors – shows investment into healthcare and level of education (so people can become qualified doctors).

Literacy rates: The percentage of adults who can read and write – shows how a government values education and whether they can fund it. Sometimes given in male/female to gender inequality.

Access to safe water: The percentage of people who have access to water which is safe to drink – linked to life expectancy and death rate.

HUMAN DEVELOPMENT INDEX (HDI)

Composite measure of development – indicators combined to generate a figure of 0-1 (1 = highest development). Includes:

- **Wealth:** Using Gross National Income (GNI) per capita
- **Health:** Using life expectancy at birth
- **Education:** Using expected years of schooling for children of school entering age, and mean years of schooling for adults aged 25 and over

DEMOGRAPHIC TRANSITION MODEL (DTM)

Show how the population of a place changes over time – includes birth rate, death rate and total population.

Stage 1 – High fluctuating: High birth and death rates, stable population; youthful population – people have a low life expectancy e.g. tribal communities.

Stage 2 – Early expanding: High birth rate, decreasing death rate, rapid natural increase; youthful population – high demand for schools and healthcare for children, e.g. Afghanistan.

Stage 3 – Late expanding: Decreasing birth rate, low death rate, rapid natural increase; youthful population – high demand for schools and healthcare for children, e.g. Kenya.

Stage 4 – Low fluctuating: Low birth rate, low death rate, stable population; ageing population – high demand for adult health and social care, e.g. France

Stage 5 – Natural decrease: Very low birth rate, low death rate, natural decrease; ageing population – shortage of workers, very high demand for care for the elderly e.g. Japan

CHANGING ECONOMIC WORLD: DEVELOPMENT GAP

PHYSICAL REASONS FOR DEVELOPMENT GAP

Landlocked: Countries struggle to trade without access to ports.

Lack of water: Droughts can lead to crop failure, famine and starvation. Also affects trade and productivity (workers are weaker).

Pests and diseases These can destroy crops – affects food supplies and exports. Also affects ability to work and tourism (therefore income).

Extreme weather: Too hot or too cold affects what can be grown, and floods can destroy crops/property.

Terrain: Mountainous areas are remote and inaccessible so hard to develop – limits economic activity.

Natural disasters: Cause huge amounts of damage to houses, businesses and infrastructure – affects the economy and takes a long time to recover from.

HISTORICAL REASONS FOR DEVELOPMENT GAP

Colonialism: Countries were part of empires, which took raw materials and sent them back to Europe. These countries struggled after independence.

ECONOMIC REASONS FOR DEVELOPMENT GAP

Trade: Some countries have a lack of resources to trade, and haven't got enough money to set up industries – end up exporting low value goods.

Fluctuating prices: If prices go up and down all the time countries are not guaranteed a decent income.

Debt: LICs took out loans to fund development projects – have to pay back interest too, so less money to spend on important services, e.g. schools and healthcare

POLITICAL REASONS FOR DEVELOPMENT GAP

Conflict: Money is spent on warfare than important services. Other countries don't want to trade, and tourists do not visit as it's too unsafe.

Corrupt governments: Governments mismanage the economy – often leaders live lavish lifestyles whilst their population lives in poverty.

STRATEGIES TO REDUCE THE DEVELOPMENT GAP

Fair trade: Farmers are guaranteed a minimum price for their produce, and a fair trade premium goes to the community to spend on projects, e.g. clinics and schools.

Aid: Money that comes from other countries or NGOs to spend on developmental projects to improve quality of life, e.g. improving water supply or healthcare.

Debt relief: Countries have their debts written off so they can spend the money on poverty reduction.

Microfinance loans: Small loans given to people to improve their lives, e.g. to start businesses or make home improvements.

Appropriate technology: Projects that use cheap and simple technology that is easy to set and maintain by the local community (also called **intermediate technology**).

TNC investment: Creates jobs and leads to a multiplier effect in the local area – increased spending and profits, further job creation, more future investment.

Tourism: Creates jobs directly and indirectly, e.g. hotel staff, tour guides, airport staff, etc – also leads to multiplier effect.

CHANGING ECONOMIC WORLD: NEE COUNTRY STUDY (NIGERIA)

INTRODUCTION:

Location: In West Africa – bordered by Niger, Chad, Cameroon and Benin. It has an Atlantic coastline in the south. The capital city is Abuja.
Population: 218.5 million (est. 411m by 2050).
Life expectancy: 56 years.
GNI per capita: $2,160 ($5,700 PPP).
Culture: Nollywood is the 2nd biggest film industry in the world.

CONTEXT:

1960: Gained independence from Britain, resulting in a period of conflict and civil war. Lack of stability led to corruption and affected development.
1999: Stable government (democracy) – but lots of problems, including a weak economy, lack of services and poor infrastructure.
Now: Many countries are starting to invest in Nigeria, e.g. China – huge construction projects.

ETHNICITY & FAITH

Ethnic groups: Yoruba (21% of the population), Hausa and the Fulani (29%), and Igbo (18%).
Religion: Christianity, Islam, and traditional African religions are practised widely.
Tensions between Muslim and Christian groups. (in the north) and the Yoruba and Hausa.

NORTH-SOUTH DIVIDE:

The north is the Sahel, which is drier. The south is better for farming, and has good port links for transport.
Boko Harem (extremist group) operate in the north – puts of trade and tourists.

CHANGING INDUSTRY

Farming has declined, manufacturing and services, e.g. finance and retail, have increased (TNC investment).
Discovery of oil has fuelled economic growth and huge investment into industry.
MINT country (with Mexico, Indonesia and Turkey – rapid economic growth.

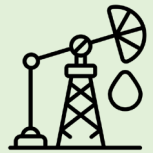
ENVIRONMENTAL IMPACTS OF INDUSTRY

fast/unregulated economic growth has caused environmental issues...
Deforestation: 70-80% of forests lost for farming (cash crops), logging and development of infrastructure and Industry.

Desertification (in the north):
From HEP dams – reduces water flow downstream.

Contamination of water/soil/air:
From oil spills and burning gas (e.g. Niger Delta).

TNCS IN NIGERIA



E.g. Shell Oil (Anglo-Dutch TNC) – huge investment in extracting oil in the Niger Delta.

Benefits of Shell Oil in the Niger Delta:

- Pay taxes and increase export revenue
- Employ 65,000 Nigerians directly and another 250,000 indirectly
- Create a multiplier effect by giving contracts to Nigerian companies

Disadvantages of Shell Oil in the Niger Delta:

- Oil spills cause pollution of water and soil, causing problems for farming and fishing
- Gas flares pollute the air
- Security issues related to oil theft and disruption of supplies by military groups

AID IN NIGERIA

Nigeria receives 4% of aid sent to Africa, but corruption means aid isn't always effective.

WaterAid: Working to improve access to sanitation and reduce disease risk (only 30% have access to a 'decent' toilet).

Nets for Life: Mosquito nets to reduce malaria deaths.

CHANGING ECONOMIC WORLD: UK ECONOMIC FUTURES

RURAL POPULATION INCREASE: SOUTH CAMBRIDGESHIRE (EAST OF ENGLAND)

Population: 162,000 (2021 census – up from 140,000 in 2011; estimated to increase to 182,00 in 2031.
Increase due to: Counter-urbanisation, good transport links (commuting to London), well-paid job opportunities.
Social impacts: More house building, noise, traffic, congestion; loss of 'village feel'; demand on services.
Economic impacts: House price increase – forces young people out, new customers for local businesses, BUT some places become dormitory villages (empty during the day – affects business).

RURAL DEPOPULATION: OUTER HEBRIDES (ISLAND GROUP OFF WEST SCOTLAND)

Population: 27,000 (was 46,000 in 1901) – most on Isle of Lewis.
Decrease due to: Limited opportunities so younger people move away to seek better-paid jobs.
Social impacts: Ageing population with few people to care for elderly – lack of adult social care; essential services close due to lack of support, e.g. bus services.
Economic impacts: Businesses close due to lack of customers; lack of investment due to poor infrastructure; decline in fishing and farming.

NORTH-SOUTH DIVIDE

North heavily affected by deindustrialisation - the south has a fast-growing service sector. South tends to have higher wages, house prices, life expectancy and government spending.
Strategies to reduce regional inequality:

- Northern Powerhouse
- Transport infrastructure projects
- Enterprise Zones/Local Enterprise Partnerships

UK IN THE WIDER WORLD

- Left EU in Jan 2020 (trading bloc)
- Part of Commonwealth
- Part of NATO, G8, and UN Security Council
- Linked by trade, culture, transport, electronic communication

INFRASTRUCTURE IMPROVEMENTS

Road: 2014 road investment strategy (£15 billion) to improve capacity and condition of roads, e.g. smart motorways and more traffic lanes.
Rail: Projects include High Speed 2* (HS2) and London's Crossrail**
Ports: Liverpool 2 deep container port (£400 million) to double container capacity, creating 5,000 jobs and reducing road freight.
Airports: Proposed third runway at Heathrow (£20 billion) – Europe's biggest and busiest airport – could boost UK economy by £200 billion!

HIGH SPEED S (HS2) *

Cost = £88 billion (originally costed at £56 billion)
Planned to connect London to Birmingham, Manchester and Leeds (but northern routes cancelled) – decrease journey time and increase capacity – leading to investment (to address regional inequality), BUT… huge impact on wildlife and environment, 1,740 homes will be demolished and costs are spiralling.

CROSSRAIL **

Cost = $16.5 billion – 32km of twin bore tunnels under central London linking west to east by new Elizabeth line. Will reduce journey times, ease congestion, extra 1.5 million people living within 45 minutes commute of central London. BUT opened 4 years late!

CHANGING ECONOMIC WORLD: UK ECONOMIC FUTURES

KEY TERMS

Employment structure: % of workforce in each of the following economic sectors…

Primary sector: Working with natural resources, e.g. farming, fishing, mining, forestry.

Secondary sector: Making, building or processing raw materials into finished products, usually in factories.

Tertiary sector: Providing a service, e.g. education, healthcare, retail, finance.

Quaternary sector: Hi-tech research and development.

UK CHANGING ECONOMY

Middle ages: Most worked in farming.

Industrial revolution: Growth of manufacturing

1970s onwards: Decline of manufacturing, growth of services.

Now: Post-industrial economy – tertiary/quaternary focus (80% of UK workers)

SHIFT FROM TRADITIONAL INDUSTRIAL BASE

Deindustrialisation: Closure of coal mines, steel works, etc, in northern England and South Wales – led to unemployment and poverty.

Globalisation: Competition from LICs/NEEs (low labour costs, fewer regulations); and new hi-tech machinery (fewer workers needed).

Government policy: Post WWII many industries became state-run, e.g. British Rail, National Coal Board (nationalisation); Privatisation happened in 1980s – industries that had been subsided to keep running closed, leading to job losses, e.g. closure of coal mines.

ENVIRONMENT IMPACTS OF INDUSTRY

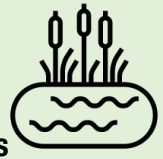
Primary sector: Dust/noise from mining and quarrying, piles of waste materials, heavy traffic on roads.

Secondary sector: Pollution released into air and water from factories – also visual impact.

Tertiary sector: Retail leads to lots of wastage, air travel through tourism and international business.

Management:

- Stricter targets for water quality and air pollution
- Fine companies harshly for environmental damage
- Restore old quarries into lakes and wildlife habitats
- Filters on industrial chimneys to remove key pollutants



SCIENCE AND BUSINESS PARKS

Situated on the edge of urban areas close to transport links.

Science park: A site for a group of research and IT based firms, usually linked to a university, so that they can share facilities and employ highly qualified graduates, e.g. Cambridge Science Park.

Business park: Area of land used by different businesses, usually in purpose-built buildings – these parks have plenty of space as land is cheap, so can have large buildings and car parks, e.g. Cobalt Park, Newcastle.

SUSTAINABLE MODERN INDUSTRY EXAMPLE: TORR QUARRY, SOMERSET

- 75% of material transported by rail (not heavy lorries)
- Noise levels, vibrations, dust and water quality – all monitored
- Extended by deepening rather than widening
- When operations finish it will be restored – wildlife lake, planting of native grasses, shrubs and trees, add characteristic limestone