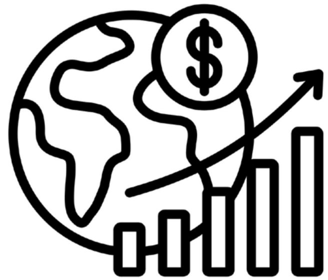
CHANGING ECONOMIC WORLD: DEVELOPMENT GAP



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

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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.