

Paper 2: Changing Economic World

| What is <u>development</u>? | |
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| <u>Development</u> is an improvement in living standards through better use of resources. | |
| Economic | This is progress in economic growth through levels of industrialisation and use of technology. |
| Social | This is an improvement in people's standard of living. For example, clean water and electricity. |
| Environmental | This involves advances in the management and protection of the environment. |
| Variations in the level of development | |
| LICs | Poorest countries in the world. GNI per capita is low and most citizens have a low standard of living. |
| NEEs | These countries are getting richer as their economy is progressing from the primary industry to the secondary industry. Greater exports leads to better wages. |
| HICs | These countries are wealthy with a high GNI per capita and standards of living. These countries can spend money on services. |
| <u>Measuring development - Development indicators</u> | |
| Human Development Index (HDI) | A set of criteria to measure development. This includes: life expectancy literacy income The closer to '1' a country is, the better. Eg/ UK is 0.952 and Haiti is 0.498 |
| <u>Employment structure</u> | The proportion of the population working in <ul style="list-style-type: none"> • Primary – mining, farming, fishing, forestry • Secondary - making things in factories • Tertiary - selling, teaching, cleaning, doctors, mechanics • Quaternary industries – developing new products or making them better eg/ technology, medicines |
| Gross Domestic Product per capita | This is the total value of goods and services produced in a country per person, per year. |
| Physical factors affecting uneven development | |
| Natural resources | Fuel sources such as oil. Minerals and metals for fuel. Availability for timber. Access to safe water. |
| Natural hazards | Risk of tectonic hazards. Benefits from volcanic material and floodwater. Frequent hazards undermines redevelopment |
| Climate | Reliability of rainfall to benefit farming. Extreme climates limit industry and affects health. Climate can attract tourists. |
| Location / terrain | Landlocked countries may find trade difficulties. Mountainous terrain makes farming difficult. Scenery attracts tourists. |

Human factors affecting uneven development

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| Aid | <p>Aid can help some countries develop key projects for infrastructure faster. Aid can improve services such as schools, hospitals and roads. Too much reliance on aid might stop other trade links becoming established.</p> <p>Global soap WaterAid</p> |
| Trade | <p>Countries that export more than they import have a trade surplus. This can improve the national economy. Having good trade relationships. Trading goods and services is more profitable than raw materials.</p> |
| Education | <p>Education creates a skilled workforce meaning more goods and services are produced. Educated people earn more money, meaning they also pay more taxes. This money can help develop the country in the future.</p> |
| Health | <p>Lack of clean water and poor healthcare means a large number of people suffer from diseases. People who are ill cannot work so there is little contribution to the economy. More money on healthcare means less spent on development.</p> |
| Politics | <p>Corruption in local and national governments. The stability of the government can effect the country's ability to trade. Ability of the country to invest into services and infrastructure.</p> |
| History | <p>Colonialism has helped Europe develop, but slowed down development in many other countries. Countries that went through industrialisation a while ago, have now develop further.</p> |

Consequences of uneven development

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| Wealth | <p>People in more developed countries have higher incomes than less developed countries.</p> |
| Health | <p>Better healthcare means that people in more developed countries live longer than those in less developed countries.</p> |
| Migration | <p>If nearby countries have higher levels of development or are secure, people will move to seek better opportunities and standard of living.</p> |

The Demographic Transition Model

The demographic transition model (DTM) shows population change over time. It studies how birth rate and death rate affect the total population of a country.

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| | STAGE 1 | STAGE 2 | STAGE 3 | STAGE 4 | STAGE 5 |
| | <p>High DR High BR Low Steady</p> | <p>Declining DR High BBR Growing</p> | <p>DR evening BR falling Growing</p> | <p>DR steady BR steady High</p> | <p>DR steady BR declining Falling</p> |

Reducing the Global Development Gap

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| Microfinance Loans | This involves people in LICs receiving small loans from traditional banks. + Loans enable people to begin their own businesses - It's not clear they can reduce poverty at a large scale. |
| Foreign-direct investment | This is when one country buys property or infrastructure in another country. + Leads to better access to finance, technology & expertise. - Investment can come with strings attached that countries will need to comply with. |
| Aid | This is given by one country to another as money or resources. + Improve literacy rates, building dams, improving agriculture. - Can be wasted by corrupt governments or they can become too reliant on aid. |
| Debt Relief | This is when a country's debt is cancelled or interest rates are lowered. + Means more money can be spent on development. - Locals might not always get a say. Some aid can be tied under condition from donor country. |
| Fair trade | This is a movement where farmers get a fair price for the goods produced. + Paid fairly so they can develop schools & health centres. - Only a tiny proportion of the extra money reaches producers. |
| Technology | Includes tools, machines and affordable equipment that improve quality of life. + Renewable energy is less expensive and polluting. - Requires initial investment and skills in operating technology |

Case Study: Using tourism to Reduce the Development Gap in [Kenya](#)

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| Location and Background | Kenya is a LIC in the east of Africa. Kenya an attractive place for visitors to explore the calm blue seas, the exciting safaris and fascinating culture |
| Tourist economy | -In 2015, 2.12 million visited. -Tourism contributes 10 % of GDP In 2016 tourism brought in \$6.5 b compared to 850 million in 2010 - Global recession 2008 caused a decline in tourism. Now tourism is beginning to recover. |
| Multiplier effect | -Jobs from tourism have meant more money has been spent in shops and other businesses. -Government has invested in infrastructure to support tourism. |

Development Problems

- Tourists do not always spend much money outside their resorts.
- Jobs are often badly paid
- The profits from hotels go back to HIC HQs eg / Hilton
- Many people in Kenya still live in poor quality housing and lack basic services such as healthcare.

| Case Study: Economic Development in Nigeria | |
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| Location | Nigeria is a NEE in West Africa. Nigeria is just north of the Equator and experiences a range of environments. |
| Importance | Nigeria is the most populous and economically powerful country in Africa. Economic growth has been based on oil exports. |
| <u>Influences upon Nigeria's development</u> | |
| Political | Suffered instability with a civil war between 1967-1970. From 1999, the country became stable with free and fair elections. Stability has encouraged global investment from China and USA. |
| Social | Nigeria is a multi-cultural, multi-faith society. Although mostly a strength, diversity has caused regional conflicts from groups such as the Boko Haram terrorists. |
| Cultural | Nigeria's diversity has created rich and varied artistic culture. The country has a rich music, literacy and film industry (i.e. Nollywood). A successful national football side |
| Industrial Structures | Once mainly based on agriculture, 50% of its economy is now manufacturing and services. A thriving manufacturing industry is increasing foreign investment and employment opportunities. |
| The role of TNCs | TNCs such as Shell have played an important role in its economy. + Investment has increased employment and income. - Profits move to HICs. - Many oil spills have damaged fragile environments. |
| Changing Relationships | Nigeria plays a leading role with the African Union and UN. Growing links with China with huge investment in infrastructure. Main import includes petrol from the EU, cars from Brazil and phones from China. |
| Aid & Debt relief | + Receives \$5billion per year in aid. + Aid groups (ActionAid) have improved health centres, provided anti-mosquito nets and helped to protect people against AIDS/HIV. - Some aid fails to reach the people who need it due to corruption. |
| Environmental Impacts | The 2008/09 oil spills devastated swamps and its ecosystems. Industry has caused toxic chemicals to be discharged in open sewers - risking human health. 80% of forest have been cut down. This also increases CO ² emissions. |
| Effects of Economic Development | |
| Life expectancy has increased from 46 to 53 years. 64% have access to safe water. Typical schooling years has increased from 7 to 9. | |

Case Study: Economic Change in the UK

UK in the Wider World

The UK has one of the largest economies in the world.
The UK has huge political, economic and cultural influences.
The UK is highly regarded for its fairness and tolerance.
The UK has global transport links i.e. Heathrow and the Eurostar.

Causes of Economic Change

De-industrialisation and the decline of the UK's industrial base.
Globalisation has meant many industries have moved overseas, where labour costs are lower.
Government investing in supporting vital businesses.

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| Towards Post-Industrial | The quaternary industry has increased, whilst secondary has decreased. Numbers in primary and tertiary industry has stayed the steady. Big increase in professional and technical jobs. |
| Developments of Science Parks | Science Parks are places of tertiary and quaternary businesses <ul style="list-style-type: none">• Access to transport routes.• Highly educated workers.• Staff benefit from attractive working conditions. Attracts clusters of related high-tech businesses |
| CS: UK Car Industry | Every year the UK makes 1.5 million cars. These factories are owned by large TNCs. i.e. Nissan who produce electric and hybrid cars. <ul style="list-style-type: none">• 7% of energy used there factories is from wind energy.• New cars are more energy efficient and lighter. |

Change to rural landscape

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| Social | Rising house prices have caused tensions in villages. Villages are unpopulated during the day causing loss of identity. Resentment towards poor migrant communities. |
| Economic | Lack of affordable housing for local first time buyers. Sales of farmland has increased rural unemployment. Influx of poor migrants puts pressures on local services. |

UK North/South Divide

Where is the North South Divide?

Wages are lower in the North.
- Health is better in the South.
- Education is worse in the North.
+ The government Northern Powerhouse project to resolve regional differences.
+ More devolving of powers to disadvantaged regions.

Changing Economic World Case study: [UK Transport Improvements](#)

The UK is a HIC with a good transport network; but traffic congestion can slow development. It is important to improve networks to ensure continued economic growth.

- **Roads:** capacity is being increased by upgrading to Smart Motorways with extra lanes. Eg. The M1.
- **Railways:** Crossrail is linking west to east London from Reading to Stratford. This will increase the number of passengers the Tube can carry by 10%
- **Airports:** A new runway will be built at Heathrow as it is becoming too busy for all the air traffic. Business travel revenue is now worth over £27 Billion in the UK;
- **Ports – Liverpool 1.** This has increased the size and capacity of the port in the North West of England so it can handle more trade

[Quiz](#)

Pros

Improvements can boost the economy and **in some cases** redistribute wealth from the south to north

- will improve our ability to trade with other parts of the world, particularly or possibly post – Brexit and therefore boost our export earnings
- create or safeguard jobs in construction and engineering, including in areas currently suffering from recession and from cuts in public spending
- promoting alternatives to car dependence and enabling more people to get to work outside of places they live
- Encourage business travel for face to face meetings improving our economic relations with other places and bringing in more business
- an opportunity to address the imbalances in the economy and shift transport investment to cities in the North and Midlands
- Some money that the government spends will go straight back to them in tax

Cons

However, there are disadvantages too ..

- Improvements can be very expensive
- Improvements do not always encourage redistribution of wealth from south to north eg, the Crossrail
- Can cause more pollution when constructing which will cost money to mitigate
- Construction jobs are often temporary