16 The development gap

16.1 Our unequal world

On this spread you will find out about global variations in economic development and quality of life

A *Does this family enjoy a good quality of life?*

What is development?

Development means positive change that makes things better. As a country develops it usually means that people's standard of living and quality of life will improve. Different factors affect a country's level and speed of development.

- *Environmental* factors such as natural hazards, e.g. earthquakes
- *Economic* factors such as **trade** and debt
- *Social* factors such as access to safe water and education
- *Political* factors such as stable government or civil war.

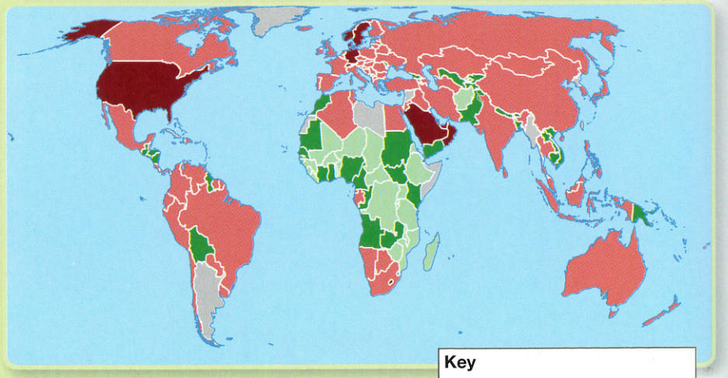
The **development gap** is the difference in standards of living between the world's richest and poorest countries.

Measuring development

Gross National Income (GNI)

Wealth and income can be used to describe a country's level of economic development. A common measures used by the World Bank is **Gross National Income (GNI)**.

GNI is the total value of goods and services produced by a country, plus money earned from, and paid to, other countries. It is expressed as per head (per capita) of the population.



B *Gross National Income per capita in PPP terms, 2013*

The World Bank uses four different levels of income to divide the countries of the world into: high, upper-middle, lower-middle, and low.

The UK, most of Europe, North America and Australia, Argentina and Japan are all HICs (map **B**). Most, but not all, LICs are in Africa.

This *economic* indicator is one way of showing development. Some countries may seem to have a high GNI as they are relatively wealthy and have a small population. But this does not always mean that their citizens enjoy a good quality of life. Equally, some people in LICs are well off and enjoy a high standard of living.

Some countries have begun to experience higher rates of economic development, with a rapid growth of industry. These are known as **Newly-Emerging Economies (NEEs)**, for example, Brazil, Russia, India, China and South Africa (the BRICS countries) and the MINT countries (Malaysia, Indonesia, Nigeria and Turkey).

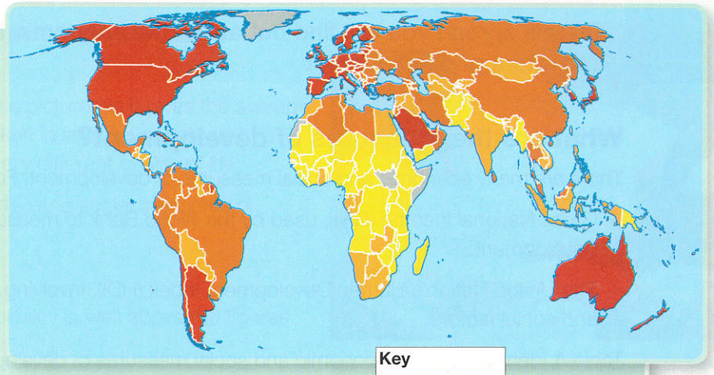
Human Development Index (HDI)

Devised by the United Nations, HDI links wealth to health and education. It aims to show how far people are benefiting from a country's economic growth. It is a *social* measure. Measures used to produce the HDI are:

- **life expectancy** at birth
- number of years of education
- GNI per head.

The HDI is expressed in values 0–1, where 1 is the highest. This enables countries to be ranked. The highest-ranked country in 2014 was Norway (0.944), followed by Australia (0.935) and Switzerland (0.930). In 2014 the UK was 14th (0.930). The lowest-ranked country in 2014 was Niger (188th) with an HDI of 0.348. The lowest ten countries were all in Africa.

Map **C** shows the pattern of development according to the HDI, using four categories of development.



C *World HDI scores, 2014*

How can we measure quality of life?

Economic and social measures use broad statistics to measure standard of living for whole countries. But they cannot give an accurate measure of an individual's quality of life.

A good quality of life will mean different things in different countries. Consider, for example, safety and security, freedom and the right to vote, women's rights and … happiness!

The strange-looking map (map **D**) is called a *topological* map. Instead of using true scale, it has been drawn to show the size of each country in proportion to the number of people living on US$10 a day or less.

D *Topological map showing the number of people living on US$10 a day or less*

ACTIVITIES

1 What factors affect the quality of life of the family in photo **A**?
2 Describe the pattern of high and low income countries (map **B**).
3 **a** Describe the global pattern of HDI (map **C**).
  b What are the advantages of HDI as a measure of development?
4 Comment on the usefulness of map **D** in classifying people's quality of life.

Stretch yourself

Investigate other ways of subdividing the world, for example the PQLI (page 196), world peace or gender equality.

Practice question

To what extent is the HDI the most effective measure of development? *(6 marks)*

Measuring development

On this spread you will find out about the economic and social indicators of development

What are the measures of development?

There are many economic and social measures of development. For example:

- Gross National Income (GNI), used by the World Bank to measure economic development.
- The United Nation's Human Development Index (HDI), involving both economic and social factors.

Table **A** identifies several economic and social measures of development and lists examples from selected countries. You will study Nigeria in Chapter 17.

A *Measures of development for selected countries*

Country	GNI per head (US$)	HDI	Birth rate (per 1000 per year)	Death rate (per 1000 per year)	Infant mortality (per 1000 live births per year)	Number of doctors (per 1000 people)	Literacy rate (%)	% of population with access to safe water
USA	55200	.915	12.49	9.35	5.87	2.5	99.0	99
Japan	42000	.891	7.93	9.51	2.08	2.3	99.0	100
UK	43430	.907	12.17	9.35	4.38	2.8	99.0	100
Brazil	11530	.755	14.46	6.58	18.60	1.9	92.6	98
Turkey	10830	.761	16.33	5.88	18.87	1.70	95.0	100
China	7400	.727	12.49	7.53	12.44	1.90	96.4	95
Nigeria	**2970**	**.514**	**37.64**	**12.90**	**72.70**	**0.40**	**59.6**	**69**
Ivory Coast	1450	.462	28.67	9.55	58.70	.01	43.1	82
Bangladesh	1080	.570	21.14	5.61	44.09	.40	61.5	87
Zimbabwe	840	.509	32.26	10.13	26.11	.10	86.5	77

How useful are the measures of development?

Some of the measures shown in table **A** are more useful than others.

- **Birth rate** is a reliable measure. As a country develops, women are likely to become educated and want a career rather than staying at home. They marry later and have fewer children.
- **Death rate** is a less reliable measure. Developed countries such as the UK, Germany and Japan tend to have older populations and death rates will be high. In less developed countries, such as the Ivory Coast or Bangladesh, death rate may be lower because there are proportionally more young people.
- **Infant mortality** rate is a useful measure of a county's health care system.
- The number of doctors per 1000 people indicates how much money a country has for medical services.
- A high **literacy** *rate* shows a country has a good education system.
- A high percentage of access to clean water shows a country has modern infrastructure. such as dams, reservoirs and water treatment plants

An indicator with several variables, such as the Human Development index (HDI) or the Physical Quality of Life Index (PQLI), combines social and economic factors. These indicators are generally more useful.

What are the limitations of economic and social measures?

A single measure of development can give a false picture, as it gives the *average* for the whole country. Both photos in **B** were taken in an Arab country with a high GNI. But these two people clearly have a very different quality of life.

Other factors may limit the usefulness of economic and social measures of development:

- Data could be out of date or hard to collect.
- Data may be unreliable (the level of infant mortality is well above the figures given by some countries).
- They focus on certain aspects of development, and may not take into account subsistence or informal economies, which are important in many countries.
- Government corruption may mean that data are unreliable.

In many countries the top 10 per cent of the population may own 80 per cent of the wealth. It may also be concentrated in cities while rural areas remain very poor.

B *Variations in development within a rich country.*

How can we compare people's quality of life?

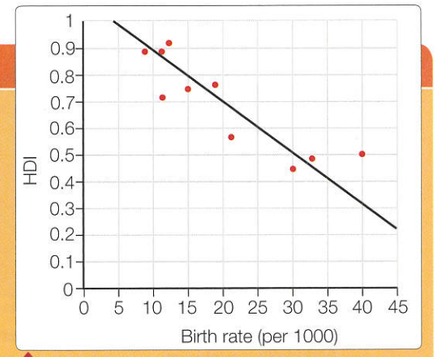
People in different countries have very different ideas of what affects their quality of life. Consider refugees fleeing war-torn Syria in 2016 to seek sanctuary in Europe. They have virtually nothing but they are at least relatively safe. This is why it is very difficult to use social indicators to compare different countries' level of development.

Maths skills

Studying correlation (relationship) between data sets

Graph **C** is called a scattergraph (see page 338). It shows the relationship between HDI and birth rate. You might expect that the higher the level of development (HDI) the lower the birth rate. This is shown by the negative relationship indicated by the 'best fit' line.

1. Draw a scattergraph to show the correlation between HDI and *one* of the other measures in table **A**. Describe the relationship (if there is one) and draw a best fit line.
2. Use the data in the table to do the same to show the correlation between a *social* index and an *economic* one.



C *Correlation between HDI and birth rate*

ACTIVITIES

1. **a** List the measures where a higher figure indicates a higher level of development (table **A**).
   b List the measures where a lower figure indicates a higher level of development.
   c Which figures for Turkey appear to be anomalies (exceptions)?
   d Why is death rate a poor measure of development?
2. Suggest why there are such clear differences in the quality of life of the two people in the photos in **B**.

Stretch yourself

Why is it so difficult to give a true picture of the level of development in many Arab countries?

Practice question

Use a range of development indicators to explain the difference between standard of living and quality of life. *(6 marks)*

6.3 The Demographic Transition Model

On this spread you will find out how levels of development can be linked to the Demographic Transition Model

What is the Demographic Transition Model?

The Demographic Transition Model (DTM) (diagram **A**) shows changes over time in the population of a country. It is based on the changes that took place in western countries such as the UK.

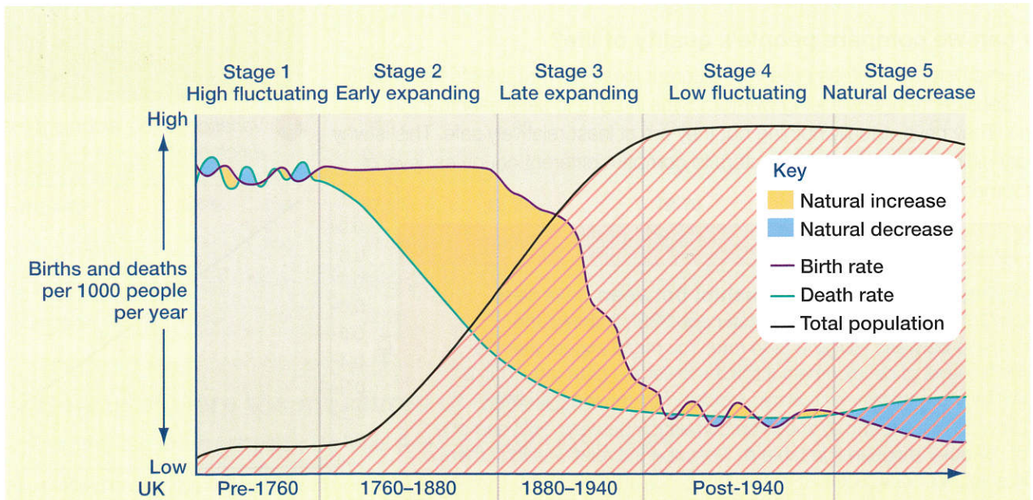
The gap between birth rate and death rate is called *natural change*. This usually shows a natural increase in population but in Stages 1 and 5 a *natural decrease* happens.

The total population of a country responds to variations in birth and death rates (natural change). It will also be affected by migration, both *immigration* (people moving in) and *emigration* (people moving out). This is not shown in the DTM.

What links the DTM with development?

As a country becomes more developed its *population characteristics* change. Graph **A** shows the general increase in level of development from Stage 1 to Stage 5.

A *The Demographic Transition Model*



Countries at different stages of development

Stage 1: Traditional rainforest tribes
In parts of Indonesia, Brazil and Malaysia, small groups of people live separately with little contact with the outside world. They have high birth and death rates (photo **B**).

B *Rainforest tribe*

Stage 2: Afghanistan
Afghanistan is one of the poorest and least developed countries in the world. Its birth rate is 39 per 1000 and its death rate is 14 per 1000. About 80 per cent of the population are farmers who need children to support them in the fields and tending livestock.

Stage 3: Nigeria
Nigeria is a newly-emerging economy (NEE) experiencing economic growth. The death rate is much lower than birth rate (see page 220). The country's population is growing rapidly.

C *Germany's ageing population*

Stage 4: USA
The USA is one of the most developed countries in the world. Good-quality health care means death rates are low (8 per 1000). Women tend to have small families, choosing to study and follow careers. Therefore, birth rate is low (13 per 1000) Population growth is due mainly to immigration.

Stage 5: Germany
Germany is a well-developed country experiencing population decline as death rate exceeds birth rate. The birth rate is 8.2 per 1000 – the lowest in the world. Women have careers and have few children. With an ageing population, Germany's death rate (11.2 per 1000) will continue to rise (photo **C**).

ACTIVITIES

1. Draw a sketch to show the DTM. Indicate on your sketch the links with economic development.
2. How does a falling birth rate reflect increased economic development?
3. How can an increasing death rate reflect high levels of development?
4. Consider the possible impacts for Germany of being in Stage 5 of the DTM. How might it have a negative effect on development?

Stretch yourself

Investigate the population and developmental characteristics of Afghanistan. Do you agree that it is in Stage 2 with a low level of development?

Practice question

Evaluate how far economic development can be linked to the DTM. *(6 marks)*

16.4 Changing population structures

On this spread you will find out how the population structures of two contrasting countries are changing

Population pyramids

Geographers don't only look at total population numbers – they also look at the *structure* of a population. That means thinking about how many babies are being born and how many people are dying – and how the number of people in different age groups is changing. This is done using graphs called *population pyramids*.

A population pyramid is a type of graph which shows the percentage, or number, of males and females in each age group – how many aged 0–4 years, 5–9 years, and so on.

Understanding population pyramids

It is important to know how to 'read' a population pyramid.

- *Understanding the overall* shape. For example, if the pyramid is wide at the bottom – like those for Mexico in graph **A** – it means that there in a high proportion of young people in the population.
- *Interpreting details* – for example, bars that are longer or shorter than those above and below them. Shorter bars could indicate high death rates in those age groups – perhaps through war or famine.

The dependency ratio

The *dependency ratio* is the proportion of people below (aged 0–14) and above (over 65) normal working age. This is calculated by adding together the numbers for both groups, then dividing by the number aged 15–64 (the 'working population'), and multiplying by 100.

The lower the number, the greater the number of people who work and are less dependent. The higher the number, the greater the number who are dependent on the working population. Low dependency ratios are more common in HICs than NEEs and LICs.

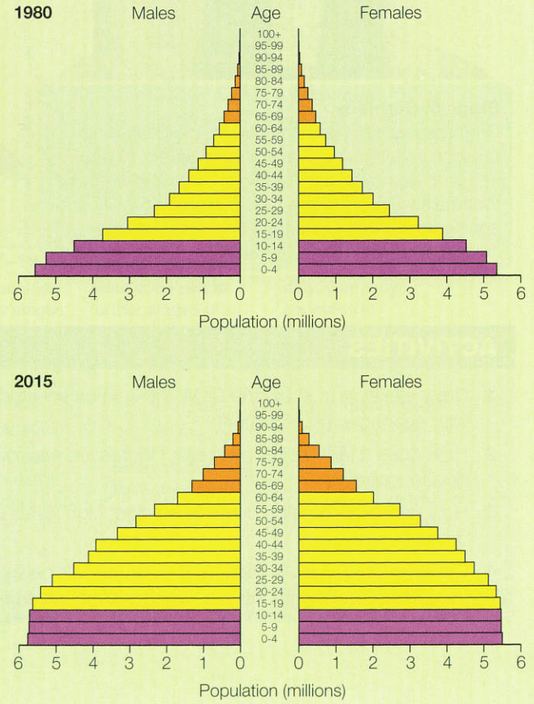
Dependency ratios change as a country develops.

Why is Mexico's population structure changing?

Mexico has a large proportion of young people. Under-15s currently make up 28 per cent of the population, and just over 7 per cent are over 65. The average age is 27. But Mexico's population structure is slowly changing:

- Death rate is falling – just 5 deaths per 1000. More babies are being born, and people are living longer, due to an increase in childhood vaccination and improved health care.
- Birth rate is 19 per 1000, and falling rapidly. Even if people have fewer children than their parents, the population of Mexico will continue to rise for some time to come.

It is expected to be at least 50 years before Mexico's population levels out. Today's young people will then be moving into old age.

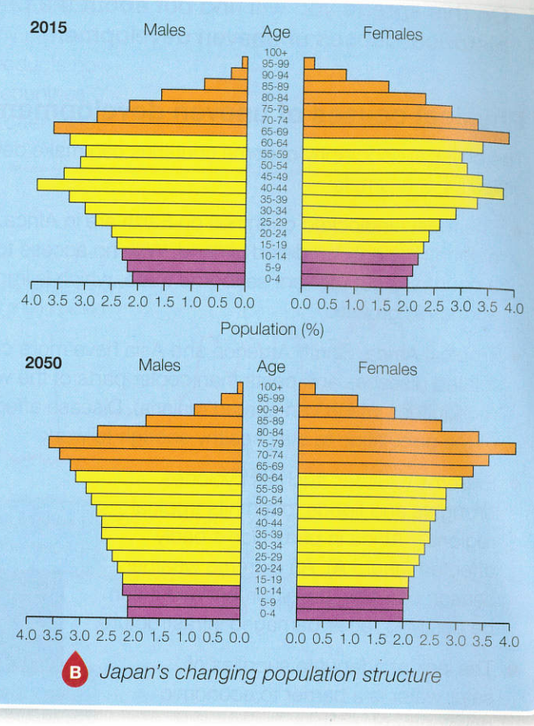


A *Mexico's changing population structure*

How is Japan's population structure changing?

By contrast with Mexico, Japan has an ageing population which is getting smaller (figure **B**). Japan has the oldest population in the world – 27 per cent of the population are over 65 (with under-15s just 13.1 per cent). The average age is 46. Japan's population structure is also changing:

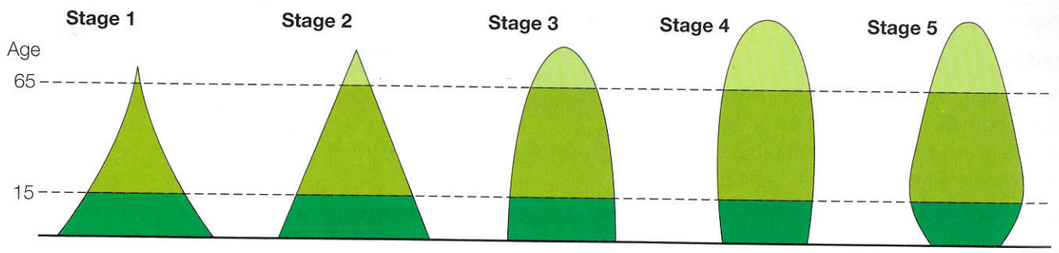
- People are living longer. Death rate is 10 per 1000. Average life expectancy in Japan is 80 for men and 87 for women, due to a healthy diet (low in fat and salt) and a good quality of life. Japan is one of the richest countries in the world and has good health care and welfare systems. There are 230 doctors for every 100000 people (compared with 281 in the UK).
- Birth rate in Japan is 8 per 1000, and has been falling since 1975. The average age when women have their first child rose from 26 in 1970 to 30 in 2012. The number of couples getting married has fallen, and the age at which they get married has increased.



B *Japan's changing population structure*

Population pyramids and the DTM

Countries at different stages of the DTM have different shaped population pyramids. If you can recognise the different basic shapes, and understand what they're showing, then you can tell which stage of the model a country has reached (diagram **C**).



C *Population pyramid shapes for the stages of the DTM*

ACTIVITIES

1. Explain what population pyramids show.
2. Look at the two population pyramids for Mexico (diagram **A**).
   - **a** Describe the shape of the pyramid in 1980.
   - **b** What changes took place between 1980 and 2015?
   - **c** Suggest reasons for the changes you have identified.

Practice question

Compare the population structure of an LIC or NEE with one for an HIC. *(6 marks)*

Stretch yourself

Use the population pyramids for Japan (graph **B**) to explain why the country's population is getting older, and is declining.

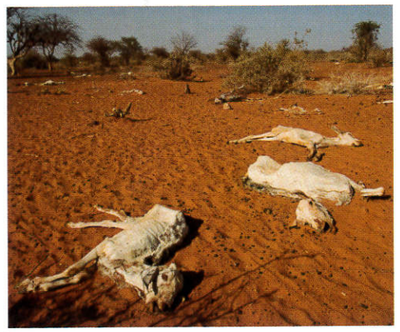
6.5 Causes of uneven development

On this spread you will find out about the physical, economic and historical causes of uneven development

Physical causes of uneven development

The physical geography of some countries can make development difficult. For example:

- The most landlocked countries on Earth are in Africa. This means a country is only bordered by land. With no access to the seas, a country is cut off from seaborne trade, which is important for economic growth.
- Tropical Africa, South America and Asia have more climate-related diseases and pests than cooler parts of the world (such as mosquitoes which can spread malaria). Disease affects the ability of the population to stay healthy enough to work.
- Extreme weather, such as cyclones, droughts and floods, often hits tropical regions – Africa in particular is badly affected (photo **A**). An extreme weather season can slow development and it can be costly to repair damaged infrastructure.
- The lack of adequate supplies of safer water is a barrier to economic development.



A *Sheep that have fallen victim to drought in Somalia*

B *Collecting water from a dried-up well in Malawi*

Economic causes

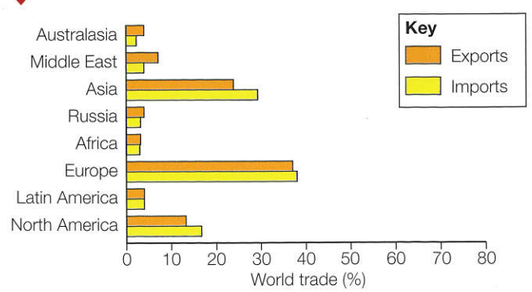
It can be said that poverty causes poverty. Low life expectancy, frequent illness and the lack of a nutritious diet make economic development hard to achieve.

Trade

North America and Europe dominate world trade (graph **C**). The importance of Asia is growing as it includes Japan and the emerging economies of India and China. Most of the world's trade is between richer countries.

Rich countries and large international companies have a lot of power. They want to pay as little as possible for their raw materials, many of which come from LICs. There is often more supply than demand for raw materials, which keeps prices low. Processing, which adds value, takes place in the richer developed countries. In this way, the rich countries get richer and the poorer countries are not able to develop.

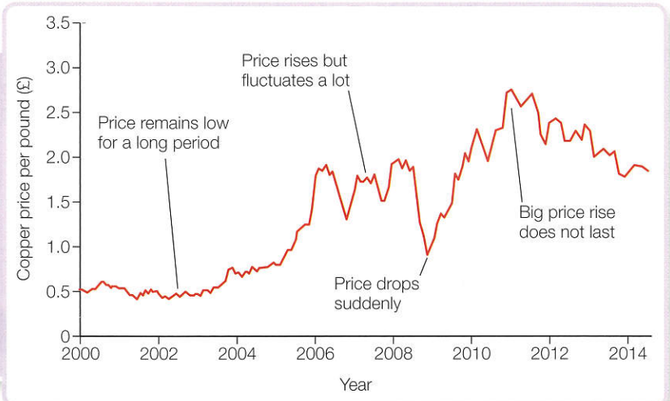
C *Percentage of world trade by region*



LICs and NEEs have traditionally exported *primary products* such as minerals and agricultural products. In the last 20 years many of these countries have developed manufacturing. Manufactured products now make up about 80 per cent of the exports of NEEs. Some countries have trade surpluses, while others have trade deficits. This often leads to a 'debt trap' that makes further development difficult.

Copper in Zambia

In Zambia copper accounts for over 60 per cent of the total value of exports. Its other exports include sugar, tobacco, gemstones and cotton. Its main trading partner is Switzerland (45 per cent of total exports). The price for copper has fluctuated a lot since 2000 (graph **D**). With an HDI of 0.39, Zambia is described as having 'low human development'.



D *World price for copper, 2000–14*

Historical causes

Many richer countries have a long history of industrial and economic development. Whilst some countries, particularly in Asia and South America (for example, China, Malaysia and Mexico) have recently emerged as industrialised nations, many other countries have yet to experience any significant economic growth.

Colonialism

From around 1400, European explorers set out to control new territories, often seeking mineral wealth such as gold. From 1650 to 1900 over 10 million people were transported from Africa to North America to work as slaves on plantations. Almost all of the wealth produced in this period went to European powers.

By the end of the nineteenth century much of Africa and parts of South America and Asia had been divided up between the European superpowers. Countries such as the UK, Germany, Spain and France had powerful empires and colonies. Since 1950 former European colonies have gained independence. In many cases this has been a difficult process, resulting in civil wars and political struggles for power. Money has been spent on armaments and some governments have been corrupt. This political instability has held back development.

Think about it

What are the economic risks when a country is dependent on a single export?

ACTIVITIES

1. What are the main physical causes of unequal global development? Try to expand the list given.
2. What are the issues with water supply in photo **B**?
3. **a** What percentage of world trade shown in graph **C** was 'exports from Europe'?
   b What percentage of world trade was 'imports to Asia'?
4. **a** Describe the trends in the world price for copper (graph **D**).
   b What impact does this have on the Zambian economy?

Stretch yourself

Investigate the impact of colonialism in Kenya and the difficulties associated with independence.

Practice question

Explain the link between trade and the development gap. *(4 marks)*

5.6 Uneven development – wealth and health

On this spread you will find out how uneven development leads to inequalities of wealth and health

Did you know?
The wealthiest 1 per cent now possesses more than half of total global wealth.

What is the imbalance between rich and poor?

There is a global imbalance between rich and poor. Some countries, particularly in Africa and parts of the Middle East, have lower levels of development and a poorer quality of life than richer western countries.

Imbalances also exist within countries. Areas of considerable poverty can be found in parts of the UK and USA, and great wealth in some of the world's poorest countries. Inequalities exist at all scales and in all countries.

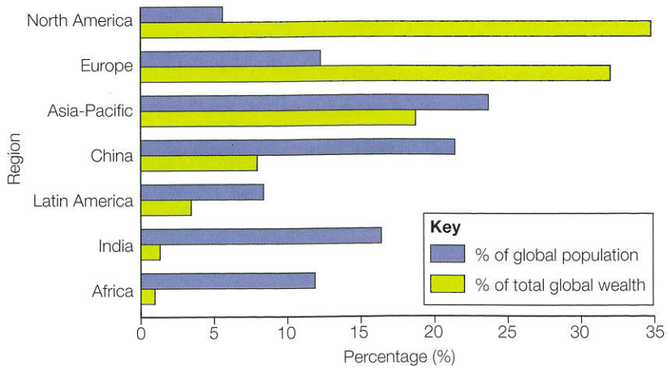
How does uneven development lead to disparities in wealth?

There is a clear link between a country's development and the wealth of its people. The most developed countries enjoy the greatest wealth. Wealth, in the form of **Gross National Income (GNI)** is often used as a measure of levels of development (figure **B** page 194).

There are significant differences between the wealth of different global regions (graph **B**).

- In 2014 the fastest growth in wealth was in North America, which now holds 35 per cent of total global wealth. This wealth is held by just over 5 per cent of the world's adult population!
- The USA is not the world's wealthiest country (that is Qatar), but it is the world's most important economic 'engine of growth'.
- Of the newly emerging economies, China has recorded the highest growth since 2000. Personal wealth in India and China has quadrupled since 2000, yet its global share of wealth is still well below that of its population.
- Africa's share of global wealth is very small (about 1 per cent).

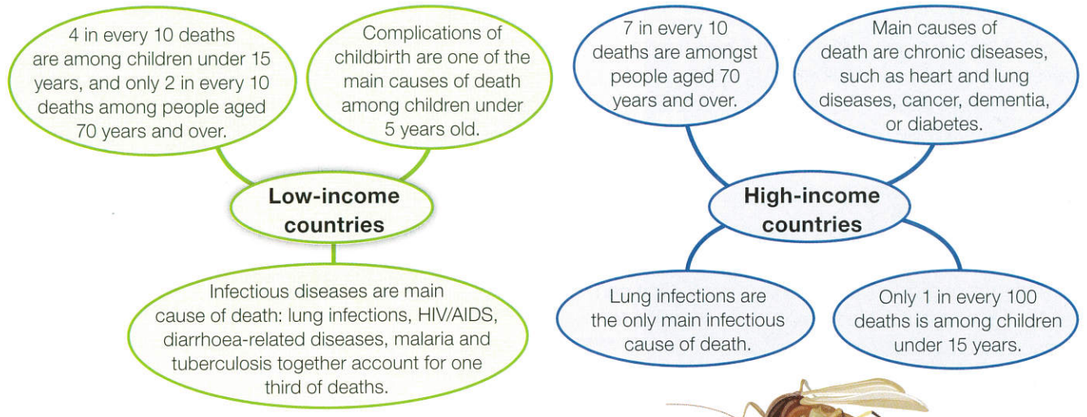
A *A cartoon highlighting global inequalities*



B *Population and wealth by region, 2014*

Disparities in health

Levels of development are closely linked to health. LICs are unable to invest in good-quality health care. In the world's poorest countries health care is often very patchy. There is a wide disparity between causes of death in HICs and LICs.

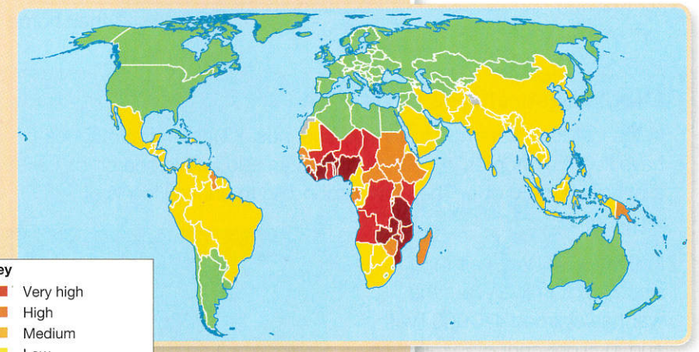


Malaria

Malaria is a life-threatening disease caused by parasites transmitted to people by infected mosquitoes. In Africa, one child dies every minute from the disease. Yet it is preventable and curable.

In 2013 malaria caused over half a million deaths, mostly among African children, who account for 80 per cent of malaria deaths worldwide. Malaria is concentrated in the Tropics (map **C**) where the climate allows malarial mosquitoes to thrive.

The wealthier and more developed African countries have fewer cases of malaria due to vaccination programmes.



C *World distribution of malaria in 2014*

ACTIVITIES

1 How does cartoon **A** show the causes and effects of global disparities of wealth?

2 **a** Which two regions in graph **B** have a higher share of global wealth than their share of the world's population?

b Which region has the greatest disparity between wealth and population?

3 Describe and suggest reasons for the pattern of malaria cases (map **C**).

4 To what extent is malaria a disease of poverty?

Stretch yourself

Investigate why malaria is such a devastating disease in Africa. What factors will influence its future eradication from the continent?

Practice question

How does uneven development lead to disparities of global wealth? *(4 marks)*

.7 Uneven development – migration

On this spread you will find out how uneven development leads to international migration

What are the different types of migration?

Photo **A** shows a group of migrants fleeing from poverty, war and persecution in Afghanistan and Syria. They are seeking safety and the chance of a better life in Europe. International migration is one of the main consequences of uneven development, as people seek to improve the quality of their lives.

Migration is the movement of people from place to place. It can be voluntary, where people consider the advantages and disadvantages of moving. Or it can be forced, where people have little or no choice to escape natural disasters, wars or persecution. It is important to make sure you understand the following terms.

A *Afghan and Syrian migrants in a temporary shelter in Greece, 2015*

- *Immigrant* – a person who moves into a country.
- *Emigrant* – a person who moves out of a country.
- *Economic migrant* – a person who moves voluntarily to seek a better life, such as a better-paid job or benefits like education and health care.
- *Refugee* – a person forced to move from their country of origin often as a result of civil war or a natural disaster such as an earthquake.
- *Displaced person* – a person forced to move from their home but who stays in their country of origin.

Middle East refugee crisis, 2015

In the last few years hundreds of thousands of desperate refugees have fled their homes in Syria, Afghanistan and Iraq in search of a better life in Europe. They are responding to uneven levels of development.

In Syria a civil war has raged since 2011. In five years the war has claimed 470 000 lives, and 11.5 per cent of Syria's population has been killed or injured. Four million have fled the country to temporary camps in Turkey, Jordan and Lebanon. Here there are no jobs and few prospects of a better life.

Thousands have made the dangerous journey across the Mediterranean in overcrowded and unsafe boats. Some of these have capsized and many lives have been lost. Some people made the long journey by land through Turkey and into Eastern Europe (map **B**).

B *Main migration routes from Syria into Europe*

In August 2015 Germany announced that it would process asylum claims for anyone who reached Germany. This sparked a mass exodus across Europe (photo **C**). Many more people left Syria to escape the war.

It's estimated that 1.1 million migrants entered Germany in 2015. German Chancellor Angela Merkel came under pressure to slow the number of arrivals. In March 2016, the EU and Turkey signed a deal to give Turkey political and financial benefits in return for taking back refugees and migrants.

Apart from Germany many refugees have travelled to Sweden and through France towards the UK. The UK government has pledged to accept 20 000 refugees.

In January 2016, Sweden announced it was going to deport 80 000 migrants.

C *Syrian refugees walking through Europe to Germany*

Economic migration to the UK

The UK has a long history of accepting migrants from all over the world. The country is known for its tolerant approach and many parts of the UK benefit from being multicultural.

Since 2004 over 1.5 million economic migrants have moved to the UK, two-thirds of whom are Polish. The unemployment rate in Poland is over 10 per cent, and they can earn up to five times as much in the UK. Money is often sent home to friends and relatives.

Most migrants pay tax, which is good for the UK economy. They are prepared to work hard, often doing manual jobs such as working on farms (photo **D**). However, they do put pressure on services such as health and education.

D *Migrant workers on a Lincolnshire farm*

ACTIVITIES

1 What is the difference between an economic migrant and a refugee?

2 **a** Describe and suggest reasons for the routes taken by Syrians fleeing their country (map **B**).

b Why was there a surge in migration to Europe in August 2015?

3 What are the arguments for and against the UK accepting economic migrants?

Stretch yourself

Investigate the migration crisis involving people from Syria, Afghanistan and Iraq. What are the latest trends? Try to find some statistics to support your research.

Practice question

How does uneven development cause international migration? *(4 marks)*

6.8 Reducing the gap

On this spread you will find out how investment, industrial development and tourism can reduce the development gap

What strategies can reduce the development gap?

Reducing the development gap can involve a range of strategies that aim to improve a country's economy and the quality of life of its people.

Investment

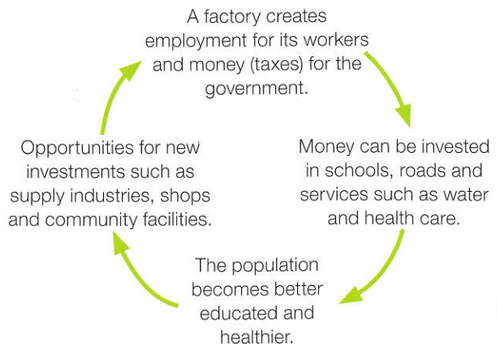
Many countries and TNCs choose to invest money and expertise in LICs to increase their profits. Investment can involve:

- the development of infrastructure such as water, roads and electricity
- the construction of dams to provide electricity
- improvements to harbours and ports
- the development of new industries.

Investment can support a country's development by providing employment and income from abroad. As economies grow, poverty decreases and education improves. People become more politically involved, leading to better government. Investment is not the same as a **loan**, which is simply the provision of money with agreed terms of repayment.

Industrial development

Industrial development brings employment, higher incomes and opportunities to invest in housing, education and **infrastructure**. This is called the *multiplier effect* (diagram **B**). Countries such as Malaysia, Brazil, Mexico and China have all followed programmes of industrialisation to achieve their current levels of development.



B *The multiplier effect*

Foreign investment in Africa

China has now become Africa's most important trading partner, overtaking the USA. However, in recent years a number of US companies have invested in the continent (map **A**).

More than 2000 Chinese companies have invested billions of dollars in Africa, mainly in energy, mining, construction and manufacturing. They have invested in a power plant in Zimbabwe, hydro-electricity in Madagascar and railway construction in Sudan.

Chinese investment has led to new roads, bridges, stadiums and other projects being built all over Africa. The building of the new headquarters of the African Union was funded entirely by China, at a cost of $US200 million.

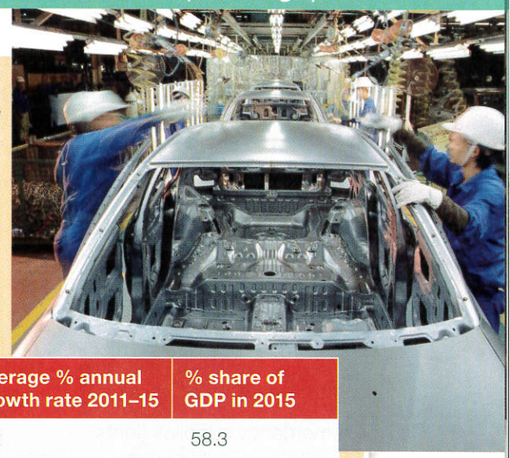
There are many benefits to Chinese investment in Africa, but some people think it is exploiting the continent's resources to benefit China's own economy.

A *American companies in Africa*

Industrial development in Malaysia

Malaysia is one of the richest countries in south-east Asia. Since the 1970s it has seen a dramatic growth in its wealth and the quality of life of its population. This is due to the development of its natural resources such as oil and gas, palm oil and rubber. It has made use of foreign investment to exploit these resources and develop a thriving manufacturing sector. One of Malaysia's leading products is the Proton car (photo **C**).

Today Malaysia has a highly-developed mixed economy with growing financial and service sectors (table **D**) and flourishing trade links with the rest of the world.



C *Proton automated car assembly line*

D *Malaysia's economic profile*

Sector	Average % annual growth rate 2011–15	% share of GDP in 2015
Services	7.2	58.3
Manufacturing	5.7	26.3
Construction	3.7	2.9
Agriculture	3.3	6.6
Mining	1.1	5.9

Tourism

For some countries, tourism has helped to reduce the development gap. Countries with tropical beaches, spectacular landscapes or abundant wildlife have become tourist destinations. This has led to investment and increased income from abroad, which can be used for improving education, infrastructure and housing.

Several countries in the Caribbean, such as the Bahamas and the British Virgin Islands, and Indian Ocean islands such as the Seychelles (photo **E**) and the Maldives have become highly dependent on tourism. This can be an advantage and a disadvantage. Tourism can generate a lot of income but is vulnerable in times of economic recession.

E *A tourist village in the Seychelles*

ACTIVITIES

1 What is the difference between an investment and a loan?
2 Why do countries like China and the USA choose to invest in Africa? What are the advantages and disadvantages of foreign investment for African countries?
3 What is the multiplier effect and how can it help to reduce the development gap (diagram **B**)?
4 How can the development of tourism help to close the development gap (photo **E**)?

Stretch yourself

Use the internet to research Chinese and American investment in Africa. Use labels to locate examples of these investments on an outline map of Africa.

Maths skills

Draw two appropriate graphs to display the data in table **D**.

Practice question

How can industrial development reduce the development gap? *(4 marks)*

6.9 Reducing the gap – aid and intermediate technology

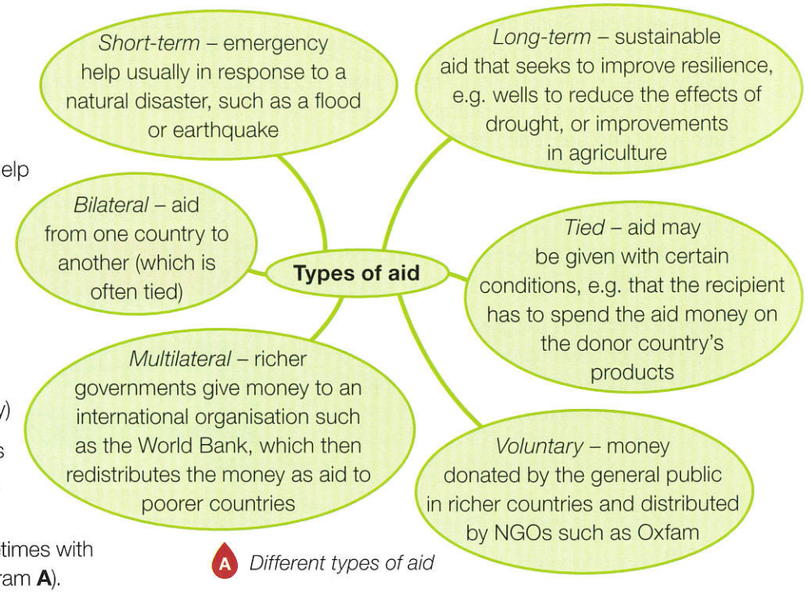
On this spread you will find out how aid and intermediate technology can reduce the development gap

What is aid?

Aid is when a country or non-governmental organisation (NGO) such as Oxfam donates resources to another country to help it develop or improve people's lives. Aid can take the form of:

- money (grants or loans)
- emergency supplies (tents, medicines, water, etc.)
- food such as rice or wheat, technology (tools or machinery)
- skills (people with special skills such as doctors or engineers).

There are different types of aid, in different circumstances and sometimes with specific conditions attached (diagram **A**).



A *Different types of aid*

How can aid reduce the development gap?

Only aid that is long-term and freely given can really address the development gap. Aid can enable countries to invest in development projects such as roads, electricity and water management that can bring long-term benefits. On a local scale aid can help improve people's quality of life if it focuses on health care, education and services.

UK aid

The UK currently spends 0.7 per cent of its Gross Domestic Product (the measure of the wealth of a country) on overseas aid – the target set by the United Nations. In 2013 the top three recipients of UK Official Development Assistance (ODA) were Pakistan (£338 million), Ethiopia (£329 million), and Bangladesh (£272 million).

UK aid to Pakistan

Pakistan receives more aid from the UK than any other country (photo **B**). There are currently 66 million people in Pakistan living in poverty, equivalent to the entire population of the UK. The population is set to rise by 50 per cent in less than 40 years. In 2013 aid was spent mainly in the education sector and to reduce hunger and poverty.

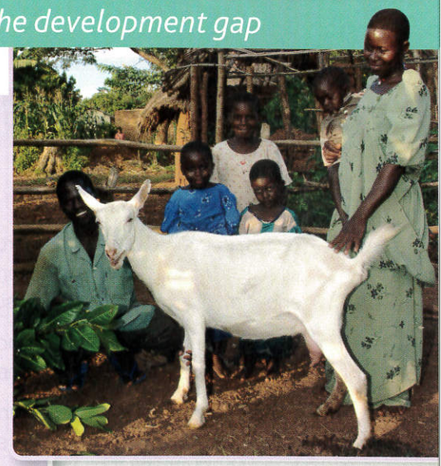
B *A UK charity providing health and hygiene education in Pakistan*

Goat Aid from Oxfam

Goat Aid Oxfam is a project set up to help families in African countries like Malawi. The money donated is used to buy a family a goat, which produces milk, butter and meat. This has many advantages for the family and the local community, because:

- goats are an excellent food source, providing both milk and meat
- manure can be used as a crop fertiliser
- milk can be sold as a source of income to pay for food and education
- goats can be bred easily and kids sold at market or given to other families
- care of the goats builds community spirit.

This helps to improve people's quality of life and to raise the level of development.



C *Goat aid provides money to buy school uniforms*

What is intermediate technology?

Intermediate technology is sustainable technology that is appropriate to the needs, skills, knowledge and wealth of local people. It must be suitable for the local environment and must not put people out of work.

How can intermediate technology reduce the development gap?

Intermediate technology takes the form of small-scale projects often associated with agriculture, water or health. These involve local communities, and can make a real difference to the quality of people's lives.

ACTIVITIES

1 Outline the different types of aid and suggest which are most appropriate in reducing the development gap.

2 **a** To what extent is Oxfam's Goat Aid project sustainable?

b Can you suggest any problems with the scheme?

3 What evidence is there that the Adis Nifas project is sustainable?

4 Write a paragraph arguing the case for the use of aid to fund intermediate technology projects.

Stretch yourself

Find out more about the Tekeze Dam in Ethiopia. Will the dam help Ethiopia's development needs?

Practice question

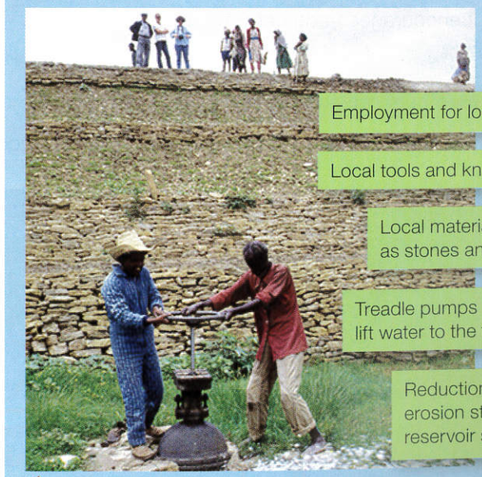
Explain why the use of aid must be sustainable if it is to be effective in raising a poor country's level of development. *(6 marks)*

Irrigation at Adis Nifas, Ethiopia

The village of Adis Nifas is in northern Ethiopia, north Africa. Here a small dam (about 15 metres high and 300 metres long) was built to create a reservoir close to the village's fields. Appropriate machinery and money were given and the village provided the labour.

Each family has been given an area of irrigated land with fruit trees. Elephant grass is grown to divide the fields and help prevent soil erosion. The irrigated land is now providing a permanent food supply for the villagers.

The project made use of intermediate technology to build and run the dam scheme (photo **D**).



D *Taking water from the Adis Nifas dam*

16.10 Reducing the gap – fair trade

On this spread you will find out how fair trade can reduce the development gap

Is trade fair?

Richer countries benefit more from world trade than poorer countries. This explains why in some cases the development gap is widening. Rich countries are powerful enough to protect their trade using two main systems.

- *Tariffs* are taxes paid on imports. They make imported goods more expensive and less attractive than home-produced goods
- *Quotas* are limits on the quantity of goods that can be imported. They are usually applied to primary products so they affect mainly poorer countries.

What is free trade?

Free trade is when countries do not charge tariffs and quotas to restrict trade with each other. This has the potential to benefit the world's poorest countries and help reduce the development gap.

The World Trade Organisation (WTO) aims to make trade easier and remove barriers. One of the main barriers to trade is *agricultural subsidy*. This is financial support from governments to help their farmers. Rich countries can afford to pay subsidies and so their products are cheaper than those produced by poorer countries. This goes against free trade.

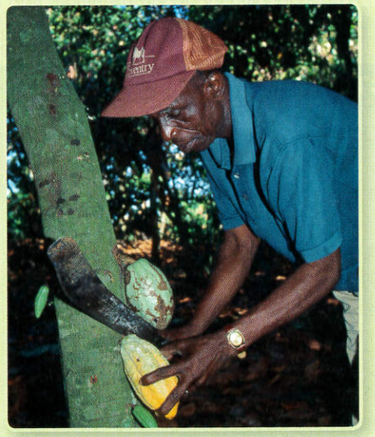
Trading groups are countries which have grouped together to increase the level of trade between them by cutting tariffs and discouraging trade with non-members. The European Union (EU) is an example.

There are advantages for poor countries in joining a trading group.

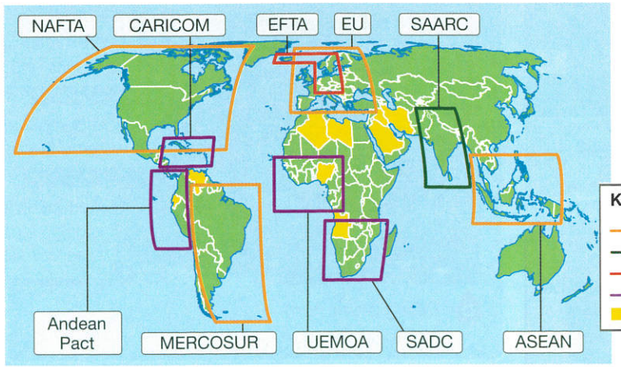
- It encourages trade between member countries.
- Richer countries cannot shop around for cheaper prices.
- Members can command a greater share of the market.
- Members are able to get higher prices for their goods.

Cocoa from Ghana

Ghana in West Africa is the world's largest producer of cocoa beans (photo **A**). Most of the processing and packaging of the cocoa is done in Europe. The EU charges 7.7 per cent import tariff on cocoa powder and 15 per cent on chocolate. But no tariff is charged on raw cocoa beans. So Ghana is forced to export the beans rather than develop its own industry making chocolate, which would be more valuable.



A *Cocoa farmer in Ghana*



B *Global trading groups*

Poorer countries have formed trading groups (map **B**) like CARICOM (Caribbean Community), UEMOA (West African Economic and Monetary Union) and ECOWAS (Economic Community of West African States – see page 222).

Fairtrade

You may have seen the Fairtrade logo (image **C**). Fairtrade sets standards for trade with poorer countries. It seeks to reduce the development gap by improving the quality of life for ordinary farmers. Fairtrade is an international movement. It helps to ensure that producers in poor countries get a fair deal.

- The farmer gets all the money from the sale of his crop.
- It guarantees the farmer a fair price.
- Part of the price is invested in local community development projects.
- In return the farmer must agree to farm in an environmentally-friendly way.
- The product gains a stronger position in the global market.

FAIRTRADE INTERNATIONAL

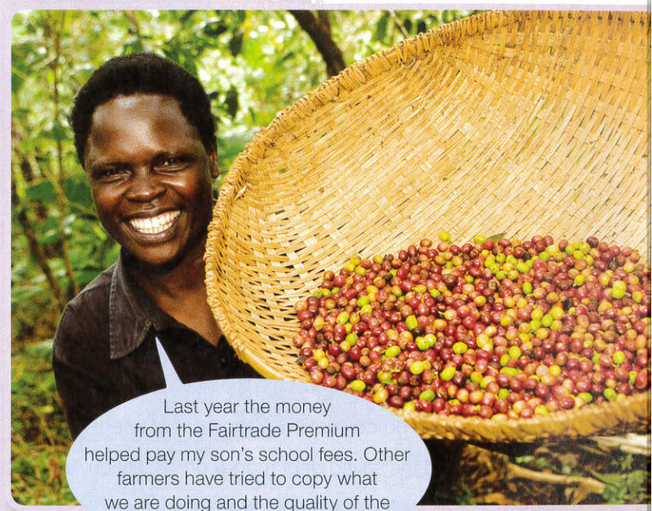
C *The Fairtrade logo*

D *A Gumutindo farmer from Uganda*

Ugandan coffee farmers

Over 90 per cent of small coffee farmers in eastern Uganda have joined the Gumutindo Coffee Cooperative to gain economies of scale. This means making savings by buying and selling larger amounts of coffee. The farmers also earn extra income from the Fairtrade Premium. This would not be possible if individual farmers tried to sell their coffee.

The first stage of processing the coffee beans is done on the farm. The semi-processed beans are worth more to the farmer than unprocessed beans. They are then sent to a nearby warehouse for milling, before being packed for export abroad, where the final roasting takes place. The processing of the coffee beans adds value to the product and increases the farmer's income.



ACTIVITIES

1 Describe how the cocoa farmer in photo **A** harvests his crop.

2 **a** What is the difference between tariffs and quotas?

b What effect do EU tariffs have on Ghanaian farmers?

3 Which countries are members of the following trading groups: EU; NAFTA; OPEC (map **B**)?

4 **a** Write a paragraph explaining how Fairtrade benefits poorer countries.

b How does it help reduce the development gap?

Stretch yourself

Investigate whether there are any disadvantages of the Fairtrade scheme.

Practice question

Discuss whether trade or aid is the best way for poorer countries to develop. *(9 marks)*

16.11 Reducing the gap – debt relief

On this spread you will find out how debt relief and microfinance loans can help reduce the development gap

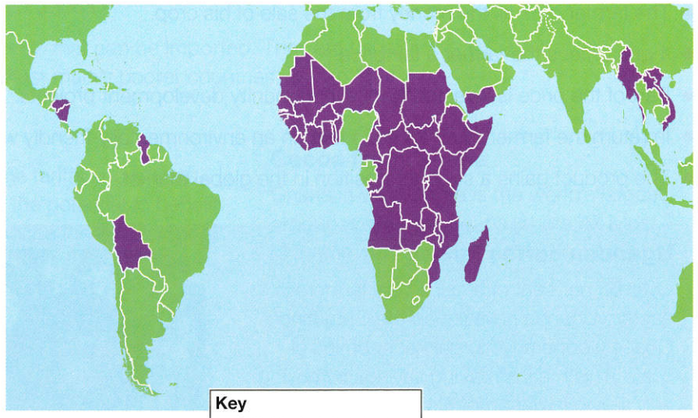
Loans and debt

One country may borrow money from another country, or from an international organisation such as the World Bank, in order to invest in development projects. This loan has to be repaid with interest.

How have poor countries built up debt?

Many of the world's poorest countries built up debt in the 1970s and 1980s. This led to a **debt crisis**. Many poor countries borrowed money to develop their economies by investing in industry, manufacturing and infrastructure. Low commodity prices reduced the value of their exports and high oil prices increased the price of imports. Both these factors increased the debt of poor countries.

The highly indebted poor countries (HIPCs) are the 39 countries with the highest level of poverty and debt (map **A**). They are unable to repay their debt and the high level of interest.



A *The HIPCs in 2016*

Debt relief

At their meeting in 2005 the world's richest countries (known as the 'G8') agreed to cancel the debts of many of the HIPCs (text **B**). To qualify for debt relief countries had to:

- demonstrate they could manage their own finances
- show there was no corruption in their government
- agree to spend the saved debt money on education, health care and reducing poverty.

'On 6 January 2006, the IMF cancelled the debts owed to it by 19 of the world's poorest countries. This will change the lives of millions of people. In Ghana the money saved is being used for basic infrastructure, including rural feeder roads, as well as increased expenditure on education and health care. In Tanzania, the government is using the money saved to import vital food supplies for those affected by drought. Across Africa, lifting the burden of debt is allowing millions of dollars to be directed to fighting poverty instead of repaying rich countries.'

B *Announcement by the IMF in 2006*

By 2015, 36 of the HIPCs had met these conditions and were receiving full debt relief from the International Monetary Fund (IMF). The total amount of debt relief for all HIPCs is around US$75 billion. The three countries yet to satisfy the terms for debt relief are Eritrea, Somalia and Sudan.

Despite the debt relief, African countries still have debt of over US$300 billion and are unlikely to ever be able to repay it.

How can debt relief reduce the development gap?

Debt relief can help poor countries invest money in development projects, such as industry, resources or infrastructure. By cancelling their debts, some countries have used the money saved to improve the quality of life for their people. For example, in Tanzania free education is now available, resulting in a 66 per cent increase in attendance. In Uganda the government has spent money to provide safe water to over 2 million people.

However, debt relief can also lead to problems.

- Countries may get into further debt expecting that this will also be written off in the future.
- Corrupt governments may keep the money rather than use it to help the poor.

Did you know?
The world's poorest countries pay more than $US1.5 billion a day in interest repayments.

What is microfinance?

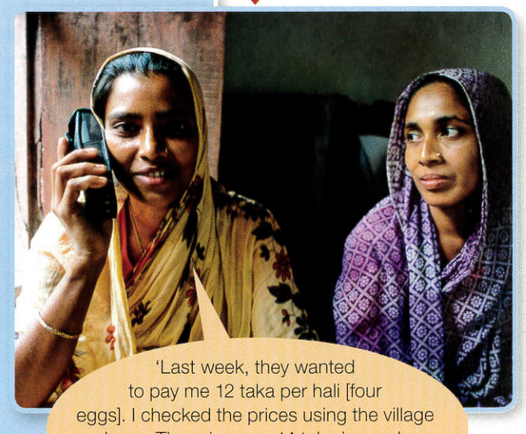
Microfinance is small-scale financial support available directly from banks set up especially to help the poor. Small **microfinance loans** enable individuals or families to start up small businesses, and helps them to become self-sufficient. Many borrowers are women. As small businesses thrive, employment opportunities increase and incomes rise.

Grameen Bank, Bangladesh

This bank was set up in Bangladesh in 1976. The name comes from the Sanskrit word for 'village'. The bank was founded to help local people, especially women, use their skills to develop small businesses. Borrowers have a share in the ownership of the bank, so there is a good rate of repayment. Loans are often less than $100 with low interest. The bank has so far lent over $11 billion to 7 million members.

The bank lends US$200 to village women to buy a mobile phone. Other villagers then pay the women to use the phones. The loan can then be repaid and the borrower makes a small profit. The phones help people to check prices before they go to market, keep in touch with relatives who have moved to the city, and receive health advice. Halima Khatun owns 15 hens and sells their eggs for a living. She uses the village phone to try to get a better price. (photo **C**).

C *Using the village phone*



'Last week, they wanted to pay me 12 taka per hali [four eggs]. I checked the prices using the village phone. The price was 14 taka in nearby markets. We agreed to buy and sell at 13 taka per hali.'

ACTIVITIES

1 **a** Which continent has the most HIPCs (map **A**)?
  b Use an atlas to name two HIPCs from this continent and one from each of two other continents.
2 Do you think debt relief for HIPCs benefits richer countries? Give your reasons.
3 Explain how the use of a mobile phone has helped Halima Khatun and her egg business. Can you suggest other ways that she might use the phone to support her business?

Stretch yourself

Investigate the 'Make Poverty History' movement. What are its links with debt relief?

Practice question

How can debt relief help to improve the status of women? *(4 marks)*

Reducing the gap – tourism

On this spread you will find out how tourism in Jamaica can help reduce the development gap

Example

What is the state of Jamaica's economy?

Jamaica is one of the largest islands in the West Indies. Its population is 2.7 million, just over a third of the size of London. Its economy is based upon a range of minerals (such as bauxite and oil), agricultural products (sugar and rum) and some manufacturing. It is classed as an 'upper middle-income country', but has suffered from slow growth, debt and high unemployment over a long period.

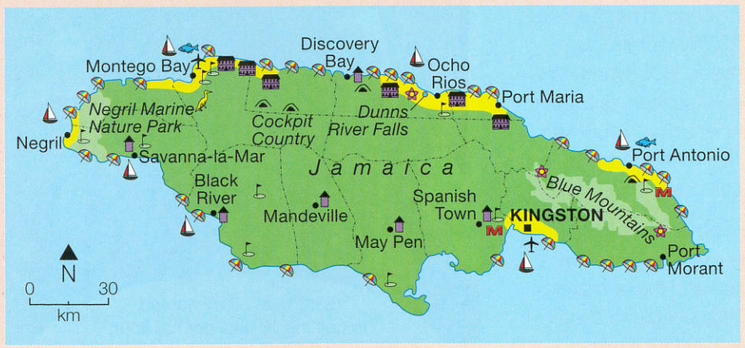
How has tourism contributed to Jamaica's development?

Tourism, along with bauxite and energy, is one of the few growth sectors of Jamaica's economy. The country has become a popular tourist destination (map **B**), offering beautiful beaches (photo **A**), a warm sunny climate and rich cultural heritage. Jamaica enjoys good international air communications and is a hub for cruise ships.

Tourism is important to the Jamaican economy, generating taxes, employment and income. Over the last few decades it has helped raise the level of development in Jamaica and reduce the development gap.

A *Turtle Beach, Ocho Rios, Jamaica*

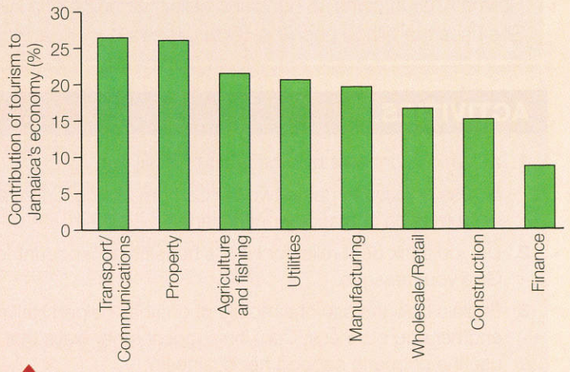
B *Tourist attractions in Jamaica*



Economy

In 2014 tourism contributed 24 per cent of Jamaica's GDP – one of the highest proportions of any country in the world. This is expected to rise to 32 per cent by 2024. Income from tourism is US$2 billion each year and taxes paid to the government contribute further to the development of the country (graph **C**). This in turn helps to reduce the development gap.

The increase in tourism from cruises has brought many benefits. However, the annual 1.1 million cruise passengers only spend an average US$70 per day. This compares with an average US$120 per day spent by the 2.5 million other visitors.



C *How tourism contributes to Jamaica's economy by sector*

Employment

Tourism is the main source of employment in Jamaica. It provides jobs for 200 000 people either directly in hotels, transport and tourist attractions or indirectly in shops, manufacturing and banking. These are mainly in or around the main tourist towns.

Employment in tourism provides income which helps to further boost the local economy as people spend money in shops and on services and recreation (photo **D**). Those in employment learn new skills which can improve their prospects of better-paid jobs in the future. The quality of life for many people has improved.

D *Tourism boosts the local economy*

Infrastructure

Tourism has led to a high level of investment on the north coast where much of the country's tourism is centred. New port and cruise-liner facilities have been built at Trelawney together with new hotel accommodation. However, improvements in roads and airports have been slower and some parts of the island remain isolated.

Quality of life

In the northern tourist areas of Montego Bay and Ocho Rios, wealthy Jamaicans live in high-quality housing with a high standard of living. These areas have benefited from the tourist industry. However, large numbers of people live nearby in poor housing with limited food supply and inadequate access to fresh water, health care and education.

Think about it

What disadvantages might tourism bring to countries like Jamaica?

The environment

Mass tourism can create environmental problems such as footpath erosion, excessive waste and harmful emissions. It can also bring environmental benefits. Conservation and landscaping projects provide job opportunities and encourage people to visit the island.

Montego Bay on the north coast has been improved by landscaping, and a new water treatment plant at Logwood has reduced pollution from hotels. The Negril Marine Nature Park attracts many tourists and brings direct and indirect income. Community tourism and sustainable **ecotourism** is expanding in more isolated regions, with people running small-scale guesthouses or acting as guides.

ACTIVITIES

1 **a** Describe the distribution of the main tourist areas of Jamaica (map **B**).

b What are Jamaica's main tourist attractions?

2 **a** Name the two sectors which benefit most from tourism (graph **C**). Give the percentages.

b Suggest why these sectors benefit so much.

3 How can tourism boost the economy of local communities (photo **D**)?

4 How will improvements to infrastructure and the environment help to increase tourism and boost the economy?

Stretch yourself

Investigate how increased tourism at resorts such as Ocho Rios and Montego Bay can have a multiplier effect on Jamaica's development.

Practice question

Explain why the Jamaican government sees tourism as a way to reduce the development gap. *(4 marks)*