

Development indicators

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Keywords

- <https://quizlet.com/cn/728668079/flash-cards/>
- <https://quizlet.com/cn/857577911/flash-cards/>

HDI

- A composite indicator
- Scores a country between 0 and 1
- Looks at:
 - GNI per capita
 - Life expectancy
 - Literacy rates and years of schooling
- Measures both economic and social development
- The level of development between different countries can be compared
- Changes in development of a country over time can be measured
- 4 groups: very high, high, medium and low

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Patterns of and reasons for inequality of development.

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Patterns in Development

- Western Europe, Northern North America (Canada and USA) and Australasia (Australia and New Zealand) are made up of MEDCs.
- The region with the most LEDCs would be sub-Saharan Africa
- Afghanistan often is often an anomaly in regard to development indicator scores compared to countries surrounding it.

Reasons for differences in development

- Workforce
 - Skilled, healthy and well educated workers can produce high-value goods to sell
- Trade
 - LEDCs sell primary products which have lower value than goods made in MEDCs
 - Trade is impacted by technology
 - Enables raw materials to be processed and made into goods which sell for a higher price
 - Allows more efficient transport of goods which means further destinations become accessible
- Geography
 - Mountainous areas are harder to access
 - Making trade difficult
 - Flat land meanwhile makes building and transport easier.
 - Hazards will damage infrastructure
 - Money is spent on repairing infrastructure rather than investing in businesses
 - Slow or even reverse development
 - Landlocked countries find it harder to import and export bulky goods as they cannot use container ships.
 - Limits the growth of secondary industry.
- History
 - Colonialism
 - Taking natural resources for low prices
 - Limits economic growth
- Politics
 - Political instability
 - Limit improvement to infrastructure
 - Reduce economic growth as businesses find it hard to invest
 - Violence
 - Lead to damage to infrastructure
 - They need to be replaced before trade can continue efficiently
- Population
 - A high proportion of dependents need money and resources to look after them
- Natural resources
 - Some countries have a plentiful supply of natural resources to sell
 - Allowing rapid economic growth

Inequalities of development within a country

- All reasons for between countries

Core and periphery areas

- Core areas
 - Those with human and physical advantages
 - Leading to Government, Industry, Education and Wealth being situated in the same place
 - These areas have more power.

- Periphery areas
 - Hard to get to and rural
 - Primary sector employment such as mining or agriculture will dominate and wages are generally low
- Due to these inequalities people migrate from Periphery to core areas
- Can lead to problems such as overpopulation, limited job opportunities, lack of workforce to utilise natural resources in periphery areas
- Some countries such as Indonesia may provide incentives (such as lower tax, cheaper education etc) to live in periphery areas to reduce these problems

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Sectors of employment and links to development

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Employment sectors

- Primary
 - Employment / job involving taking natural resources from the Earth
 - Some of the raw materials are sold as they are e.g. rice and fish, others provide raw materials
 - e.g. farming, fishing, mining, forestry
- Secondary
 - Employment that manufacture / process raw materials into finished goods
 - Direct use
 - Raw material to a finished product that is sold
 - Indirect use
 - The processed product forms part of another product which is sold
- Tertiary
 - Employment that involve workers providing a service
 - Services may be paid for directly or may be paid for through the government collecting taxes
 - e.g. shop assistant, teacher, doctor, police, fire service
- Quaternary
 - Industries that provide information services such as Information and Communication technology (ICT), consultancy (advice given to businesses) research and development and financial services, involves high technology + innovation + use of computers
 - e.g. software designer, geneticist

High-tech

- Often found in MEDCs
- High-tech products involve researching, making and using silicon chips, computers, and computer-controlled machinery
- High-tech companies have been growing rapidly as advances in SoL = greater demand for technology
- Example of quaternary industry
 - Jobs are often well paid
- High-tech firms locate near to one another due to agglomeration economies
 - Benefits gained from sharing knowledge and skills.
 - e.g. Silicon Valley in the USA.

MEDC employment structure

- e.g. USA
- Large tertiary sector and a small but growing quaternary sector, small primary + secondary sector
- Reasons
 - The high level of technology available means many primary and secondary sector jobs are mechanised meaning fewer people required
 - Numerous products are imported as this is cheaper than domestic production
 - The higher standard of living mean there is more demand for services and technology hence a large tertiary and growing quaternary industry.
 - Running out of raw materials so there are less miners
 - People are highly skilled workers so they prefer higher paid work in tertiary industry

NIC employment structure

- e.g. Brazil
- Have a large secondary industry, some primary and tertiary sector
- Reasons
 - Due to the growth in production of finished goods from industrialization
 - Mechanisation in factories is expensive hence many people need to be employed in factories
 - Lower levels of technology mean that there is still a significant number of people employed in

primary sector employment

- Cheap production cost, such as cheap labour, so TNCs relocate their factories there

LEDC employment structure

- e.g. Nepal
- Have a large primary industry and small secondary + tertiary industry
- Reasons
 - Large primary sector employment due to many people working as subsistence farmers without many mechanised tools
 - Lack of wealth limits technology so both secondary and tertiary sectors are small + farming is labour-intensive
 - Major exports in LEDCs are often foodstuffs and raw materials

Change in employment structure over time

- As countries develop primary sector will decrease due to mechanisation of farming + low skilled labour moving to secondary sector.
- Exports will change from raw materials to finished products as technology increases, so increase in secondary
- Over time natural resources will decrease making their removal more expensive → they will be imported → further decrease in primary sector
- Greater standard of technology allows mechanisation of factory work so secondary sector falls and tertiary + quaternary to begin to grow

Formal / informal economy

- Informal economy
 - Jobs that are not taxed or monitored
 - People may sell craft items or provide simple services like car washing at traffic lights, or shoe shining (mostly self-employed)
 - Part time, low paid, have no legal protection and leave the workers vulnerable to exploitations
 - Not registered with the government
 - Most common in LEDCs
- Formal economy
 - Pay taxes
 - Mostly employed by a company
 - Regular, normal wage + legal protection
 - Officially registered with the government

Globalisation and TNCs

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Causes of globalisation

- Increased trade
 - International organisations promote free trade (no tariffs or quotas) → trade easier
 - Trade is important to economic growth so it continues to develop
- Labour costs
 - LEDCs tend to have less laws to do with labour + generally lower costs of living → labour cheaper
 - Companies will move production of goods to LEDCs to take advantage of this (offshoring)
 - Highly skilled labour will cost less in LEDCs than in MEDCs
- Improvements in transport
 - Container ships can carry hundreds of tonnes of goods at a time and faster than in the last century
 - Air freight is another way of taking goods large distances in a relatively short amount of time
 - More countries can trade with each other.
 - Tourist trips and migration occur more often → allow a spread of culture
- Electronic banking
 - Enables money transactions to occur between people great distances apart, making international trade between easier
- Communication technology improvement
 - Electronic communication such as email, SMS, Skype, Facetime and social media mean that communication can occur instantly over great distances.
 - Undersea fibre optic cable connecting continents has allowed this
 - This allows business and cultural information to be quickly shared
 - People can be quickly aware of events happening in different continents.
 - Wide availability of transportable technology (Smart phones) has further increased rapid information sharing

Transnational corporations (TNCs)

- TNC = a large business that operates in multiple countries
 - e.g. McDonalds, Starbucks and Apple.
- Headquarters will be found in MEDCs or the country the business originated from
- Shops may be found wherever there is high demand for the finished product
- Research and design will be found in countries with a strong quaternary sector (MEDCs)
- Factory work will be moved to LEDCs where costs of production are lower (offshoring)
 - They may also be given to a smaller company who specialises in a specific part of production to make production more efficient (outsourcing)

Benefit of globalisation to LEDCs

- Investment
 - Capital (money, buildings) invested in LEDCs by TNCs may start multiplier effect
 - TNCs may pay taxes to the government and the money created by this investment can be spent on improving education, health and infrastructure.
- New skills and training
 - e.g. IT skills and learning a global business language - English
- Job creation
 - Improve standard of living and quality of life.
- TNCs bring foreign currency in
 - Can be spent by LEDCs on essential services and provisions such as schools, hospitals or fuel

Global and MEDC Benefits:

- Lower priced goods

- Global competition in business means that prices are lower for the consumer
 - Because goods and services are produced in a place with a comparative advantage
- Global solutions are possible
 - Increases awareness of events in far-away parts of the world + provide help
 - Countries working in harmony can overcome challenges such as international terrorism, acid rain and disaster relief
- Benefits of rich global culture
 - Lives are enhanced by different foods, music, clothing and ideas
- Global peace
 - There is a suggestion that countries which have strong economic and cultural links are less likely to go to war with each other

Problems for LEDCs

- Unfair balance of trade
 - TNCs from MEDCs get high profits but there is much exploitation of workers
 - Workers often work long hours in poor conditions for very little pay
 - Low safety standards in LEDCs often mean workers are not protected from hazards such as dangerous chemicals
- Leakage
 - Profits are repatriated (sent back to TNC's parent company) and much of it does not benefit the local economy
- Lack of loyalty of TNC
 - As labour prices rise or environmental standards get stricter the TNC is likely to move the factory to a cheaper country with less regulations and exploit that place

Global and MEDC Problems

- Unemployment in industrial areas
 - As MEDC economy becomes post-industrial (industry has gone to LEDCs) many manufacturing jobs are lost
- Loss of cultural identity (homogenisation)
 - As ideas and fashions spread worldwide places may lose their unique culture and individuality
- Spread of unsustainable practices
 - Globalisation encourages greater consumption → more waste such as plastics, more emissions from factories and more release of greenhouse gases from shipping and international transport
 - This threatens the biosphere
- Countries competing
 - Nations may come into conflict with each other as they search new regions of the world for resources (e.g. Arctic)

McDonalds

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Background facts

- Founded in 1955
- Headquartered in Chicago, USA.
- Most restaurants (93%) are franchises
- There are regional HQs in Europe and Asia
- There are now 38,000 restaurants in 118 countries
- 69 million people served daily.

Global links

- Standardisation
 - The signs (golden arches) and packaging are standardised globally
 - UK/US company Boxer designed packaging
 - Regional producers such as Huhtamaki (a Finnish based company with production centres in Poland and Belfast) produce the packaging
 - Similar menu around the world, globally recognisable products (e.g. mcflurry)
- Globalization to tailor their product to the local market
 - E.g. Maharaj Burger in India with no beef since cows are sacred
- Lots of countries take part in production
 - They partner with other global firms for marketing their product
 - e.g. Plexure
 - A New Zealand based app designer creating personalised, targeted advertising.
 - Sourcing menu items from foreign locations
 - Coffee beans from Colombia
 - Beef from Brazil

Positive impacts of McDonalds

- Creates direct job opportunities in different countries
 - A Finnish company Huhtamaki manufactures the packaging in Ireland and Poland for Europe
 - In Brazil 50,000 workers employed in 650 restaurants, mostly under 21 → a key employer for young people
- Provides a market for farmers in lower income countries
 - Export of coffee beans from Ethiopia and Brazil to McDonalds
 - 100% of coffee beans is 'Rainforest Certified'
 - i.e. grown in a way that is not threatening the rainforest
- Train staff in hygiene standards
 - This benefits other food smaller food retailer/restaurants who cannot afford to train staff
 - Can in future years employ people who have previously worked + trained at McDonalds
- Charity
 - McDonalds donates millions of dollars
 - Ronald McDonald charity invests in sustainable development project
 - Giving to Great Ormond Street Hospital
 - Support grass-roots football in the UK
 - Supply football kits for adult and youth teams
- Social action and influence
 - In Brazil it's Instagram to encourage social distancing during the CoVid-19 outbreak

Negative impacts of McDonalds on Brazil

- Exploitation of workers in franchise restaurants
 - Not overseen by McDonalds but by franchise owners
 - Some restaurants have poor working conditions
 - Some workers have few breaks and are made to work overtime without pay

- Environmental damage
 - In the past McDonalds was sued for buying beef from cattle raised on land that had been illegally cleared of rainforest
 - Today, much soya is grown on cleared rainforests to feed the cattle McDonalds uses elsewhere
- Cultural change
 - In Brazil traditional meal-times taken with larger family are changed for 'on the go' meals
 - Traditional foods such as cassava, rice and beans not eaten anymore
 - Traditional ways of preparing foods lost
 - This known as the 'McDonaldization' of culture
- Health impacts
 - Traditional foods such as cassava, rice and beans are changing to high-fat and sugary fast food
 - Childhood obesity increasing
 - This links to heart disease and strokes in later life

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