

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

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

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

LED C 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