YEAR 8 UNIT 2 – Development and Globalisation

Key Terms

Poverty - Being poor.
Absolute poverty – when people have nothing, e.g. water and food.
Relative poverty – when people have less than those around them, but still have basics like water and food
Developing - Getting richer or better.
LIC - Poor country, or Low Income Country.
HIC - Rich country, or High Income Country.
Wealth - How much money people have.
Work - Something you do to get money.
Trade - Swapping things, buying or selling.
Development indicator – a measurement of a country's level of development.
GNI per head - Gross national income is a measure of the amount of money that a country earns. It is often divided by the number of people in a country (per head).
Human Development Index (HDI) A measure that considers life expectancy, GNI and education to give a value between 0 and 1, 1 being the most developed.
Birth Rates - How many babies are born per 1000 people in a population per year.
Death rates - How many people die per 1000 people in a population per year.
Infant mortality - How many babies die per 1,000 live births per year.
People per doctor - How many people there are for every doctor in a country or place.
Literacy rate - What percentage of the country is able to read and write as adults.
Access to safe water - The percentage of people that have access to safe water that is free from germs and diseases.
Life expectancy - The average age a person can expect to live to at birth.

What is development?

Development means positive change that makes things better. It usually means that people's standard of living and quality of life will improve.

Development Gap

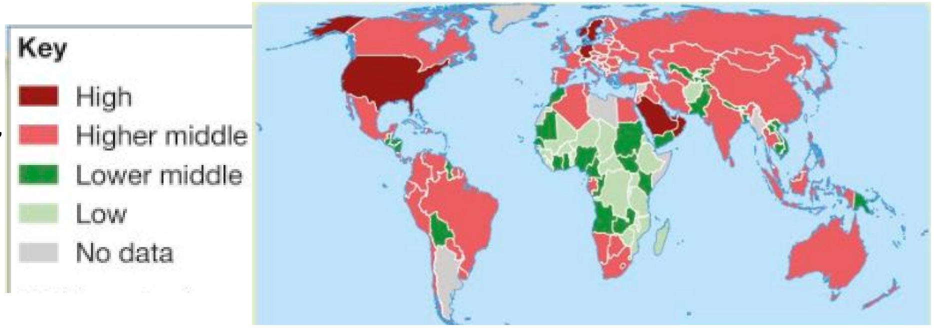
This is the difference in standard of living between the world's richest and poorest countries.

How can we measure development?

We can measure how developed a country is by using development indicators. Lots of data is collected from countries around the world. We can use this data to compare countries.

Gross National Income (GNI)

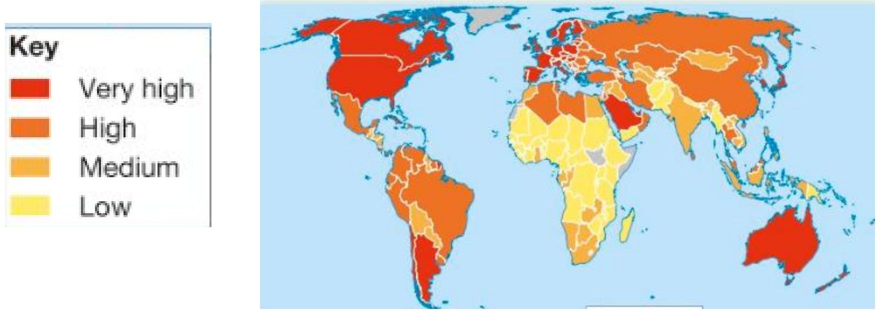
GNI is an economic measure of development.
It is the total value of goods and services produced by a country, plus money earned from, and paid to, other countries.
It is expressed as per head (per capita) of the population.



Human Development Index (HDI)

HDI is a social measure that is expressed in values 0-1, where 1 is the highest.
It considers:

- Life expectancy at birth
- Number of years in education
- GNI per head.



Causes of Global Inequalities

Physical Causes – Extreme climates, unproductive land for farming or natural hazards.
Economic causes – Rapid population growth putting pressure on resources, trade imbalance and reliance on primary resources for exports.
Historic causes – corrupt governments, war and conflicts.

Consequences of uneven development

Disparities in wealth – the most developed countries have the greatest wealth and a good balance of trade; there can be wide difference in wealth within single countries.

Disparities in health – LICs have a shortage of safe, clean water and are unable to invest in good quality healthcare, with infectious diseases such as malaria, tuberculosis and diarrhoea the main cause of deaths – particularly among children.

International migration - both forced and voluntary, as people see to improve their quality of life.

Reducing the Global Development Gap

Microfinance Loans This involves people in LICs receiving smalls loans from traditional banks. + Loans enable people to begin their own businesses - Its 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 country's 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

What is globalisation - the process by which the world is becoming increasingly interconnected as a result of massively increased trade and cultural exchange. Globalisation is not a new term. People have travelled, traded and shared ideas for thousands of years and there are many global linkages.

Globalisation has resulted in: * increased international trade * a company operating in more than one country * greater dependence on the global economy * freer movement of capital, goods, and services * recognition of companies such as McDonalds and Starbucks in LICs

Reasons for globalisation There are several key factors which have influenced the process of globalisation:

Improvements in transportation - larger cargo ships mean that the cost of transporting goods between countries has decreased. Transport improvements also mean that goods and people can travel more quickly.

Freedom of trade - organisations like the World Trade Organisation (WTO) promote free trade between countries, which help to remove barriers between countries.

Improvements of communications - the internet and mobile technology has allowed greater communication between people in different countries.

labour availability and skills - countries such as India have lower labour costs (about a third of that of the UK) and also high skill levels. Labour intensive industries such as clothing can take advantage of cheaper labour costs and reduced legal restrictions in LICs.

TNCs are - companies that operate in more than one country. Why are they in other countries? They often have factories in countries that are not as economically developed because labour is cheaper. Offices and headquarters tend to be located in the more developed world. Examples of TNCs - Unilever, Tesco, McDonalds and Apple.

Factors attracting TNCs to a country may include: 1. cheap raw materials 2. cheap labour supply 3. good transport 4. access to markets where the goods are sold 5. friendly government policies.

Advantages and Disadvantages of TNCs.

Advantages are - creation of jobs, stable income and more reliable than farming, improved education and skills, investment in infrastructure, e.g. new roads - helps locals as well as the TNC, help to exploit natural resources and a better developed economic base for the country

Disadvantages are - poorer working conditions, damage to the environment by ignoring local laws, profits going to companies overseas rather than locals, little reinvestment in the local area, jobs insecure - if labour costs increase, the company may move elsewhere and natural resources being over-exploited

Tesco Case Study - In 2004 the first Tesco stores opened in China, where rising wealth among the elite means that there is a growing number of affluent customers. Products are usually manufactured in low-wage countries. Average hourly wages are only 50p in China and India, which explains why products can be sold so cheaply in the UK, driving up sales and profits. Tesco runs education programmes for staff and keep fit classes.