GR 11

MODULE 3

DEVELOPMENT GEOGRAPHY

- The concept of development
- Frameworks for development
- Trade and development
- Development issues and challenges
- Role of development aid

THE CONCEPT OF DEVELOPMENT

Refers to the growth of a country in terms of its wealth, social conditions and standard of living.

TERMINOLOGY

DEVELOPED

- Refers to an economically wealthy country.
- Also known as: First world, Rich, North, More Economically Developed Country (MEDC)

DEVELOPING

- This refers to an economically poor country.
- Also known as: Third world, South, Poor, Less Economically Developed Country (LEDC)

NEWLY INDUSTRIALISED COUNTRIES

- These are developing countries that have reached rapid economic growth e.g. India, China, Brazil.
- These countries have the ability to attract foreign investment, has stable political rule and is democratic.
- Some common attributes seen in newly industrialized countries include increased economic freedoms, increased personal liberties, transition from agriculture to manufacturing, large national corporations present, strong foreign direct investment, and rapid growth in urban centres resulting from a migration into cities from rural areas.

ECONOMIC GROWTH

- It is the ability of a country to generate wealth through proper control and use of its resources.
- Some countries have natural resources that can be used in processing and manufacturing. If it is sold in its raw form it would not lead to much growth of the country.

SOCIAL DEVELOPMENT

This refers to level of education, standard of living, gender inequality, access to basic services and control of diseases.

SUSTAINABLE DEVELOPMENT

Conservation of resources so that it is available for future generations to use.

GNP(Gross National Product)

It is the total value of goods and services produced in a country in a given year, including the contribution made by citizens from outside the country.

GDP (Gross Domestic Product)

It is the total value of all goods and services produced in a country in a given year by the permanent inhabitants.

HDI Gini-coefficient

This is a statistical measurement used to plot the level of inequality in a country or between countries.

LIFE EXPECTANCY

The average number of years that a person is expected to live to.

INFANT MORTALITY

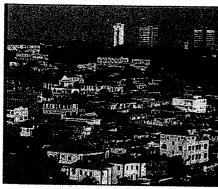
Refers to the number of babies below one year of age that die per 1000 of the population.

EXAMPLE OF DIFFERENCE IN DEVELOPMENT:LOCAL, REGIONAL, GLOBAL CONTEXT

Local differences in development

This is can be seen in:

- Urban areas having both informal and formal settlements.
- Some areas have access to water while others don't.
- Lack of infrastructure in some areas while others have good infrastructure.



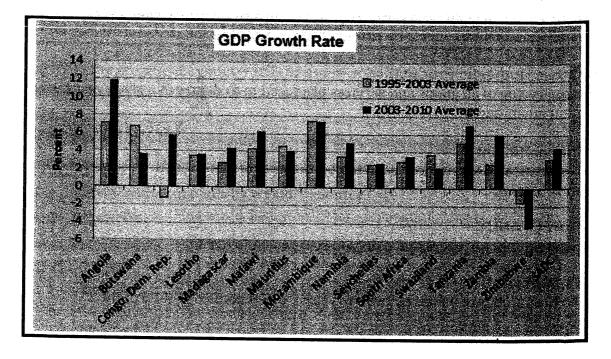


Formal settlement

Informal settlement

Regional differences in development

Below is a comparison of countries within the Southern African region. Countries can be compared in terms of their contribution to the GDP, imports and exports, standard of living etc.



CASE STUDY

The African continent makes up 6% of the Earth's surface and 20% of the land mass. It has an area of 30.2 million km2. The 54 countries in Africa together have a population of about one billion or about 14% of the population of the world. Close to 1000 different languages are spoken on the continent. Africa's contribution to world trade is 1% and 25 of the world's bottom poor countries are in Africa.

The World Health Organization (WHO) estimates that 300 to 500 million Africans are infected with malaria each year causing 1.5 to 2.7 million deaths. More than 90% of these deaths occur in children under 5 years of age. This means that in Africa a child dies every 45 seconds of malaria. The estimated annual direct and indirect costs of malaria to Africa were US\$800 million in 1987 and about US\$1.8 billion in 1995.

Sub-Saharan Africa is more heavily affected by HIV and AIDS than any other region of the world. An estimated 22.4 million people are living with HIV in the region - around two thirds of the global total. In 2008 around 1.4 million people died from AIDS in sub-Saharan Africa and 1.9 million people became infected with HIV. Since the beginning of the epidemic, more than 14 million African children have lost one or both parents to HIV/AIDS.

Globally, tuberculosis is second only to HIV/AIDS as a cause of illness and death of adults, accounting for nearly nine million cases of active disease and two million deaths every year. Although it has only 14% of the world's population, Africa accounts for more than a quarter of this global burden with an estimated 2.4 million TB cases and 540,000 TB deaths annually.

Africa has a triple burden of disease. Firstly, non communicable diseases (NCDs) such as heart disease, hypertension and stroke that are affected by lifestyle are increasing on the continent. The World Heart Federation (WHF) estimates that 17.1 million people die every year from heart disease and stroke and 80% of these deaths occur in developing countries. The total projected deaths due to chronic NCDs in Africa in 2005 were about 2.5 million. Over the next 10 years in WHO Africa Region 28 million will die from chronic diseases.

Secondly, the continent has not been able to deal with many of the infections and communicable diseases, including childhood diseases that are no longer prevalent in the developed world.

Thirdly, the increasing onslaught of cancer in Africa has been largely overlooked and ignored.

In 2002, there were 6.7 million cancer deaths worldwide with less than 5% of these in sub-Saharan Africa. According to the World Health Organization (WHO), by 2020, African states will account for more than a million new cancer cases per year out of a total of 16-million cases worldwide and that should present trends continue Africa is expected to have the highest incidence of cancer by 2030.

Most African countries depend on their so-called development partners for 100% financing of development projects. It is estimated that 80% of inputs into agriculture, education and health are from foreign sources.

Global differences in development

North-south divide: Refers to the difference in the level of economic development in countries in the northern and southern hemisphere. The northern hemisphere has more rich countries.

Rich North	Poor South
-About 25% of the world's population lives	-About 75% of the world's population lives
here	here
-Have food security	-Most countries have food insecurity
-Generates 80% of the worlds income	-Generates 20% of the world's income
-Headquarters of many multinational	-Used as host countries for multi-national
companies located here	companies
-High life expectancy	-Low life expectancy

HDI by regions and groups

- The Human Development Index is a social welfare index which measures: literacy rate, life expectancy and the GNP per person.
- This index can be used to compare the quality of life between people and places.
- The index for any one country has a numerical range between 1 and 0. Countries with an HDI below 0.5 are considered to have a low level of human development, a score of 0.5 to 0.79 a medium level of development, and those with values of 0.8 and above are nations considered to have a high level of human development.

What is the rate of Human Development in the different provinces in South Africa?

- Two provinces in South Africa, the Western Cape and Gauteng, fall in the category of a high level of human development. The Western Cape has an index value of 0.826, which would place the province more or less in the 44th position on the list of world rankings.
- There are six provinces in South Africa with medium HDIs. The Northern Cape with a population of 740 000 has an index of 0.698 (ranked 80th) followed by Mpumalanga (0.694 ranked 81st), Free State (0.657 ranked 93rd), Kwa-Zulu Natal (0.602 ranked 103rd), Northwest (0.543 ranked 112th), and the Eastern Cape (0.507 ranked 119th).
- The Northern Province, now Limpopo, had an HDI of 0.47 (rank 123) that places it alongside Namibia and Botswana.

How does the HDI vary between urban and rural areas?

- The level of urbanization in South Africa currently stands at 57.6 per cent.
- The HDI for urban areas is considerably higher than that of non-urban/rural areas.

	A Selection Of Countries And Their <u>Hdis</u>						
HDI Rank	Country	1975	1980	1985	1990	1995	2001
	Norway	0.858	0.876	0.887	0.9	0.924	0.944
2	Iceland	0.862	0.884	0.893	0.912	0.918	0.942
3	Sweden	0.862	0.871	0.882	0.893	0.924	0.941
4	Australia	0.843	0.859	0.872	0.886	0.926	0.939
5	Netherlands	0.863	0.876	0.890	0.904	0.925	0.938
6	Belgium	0.840	0.857	0.871	0.892	0.923	0.937
7	United States	0.864	0.883	0.896	0.911	0.923	0.937
8	Canada	0.866	0.881	0.904	0.924	0.929	0.937
9	Japan	0.851	0.875	0.890	0.906	0.920	0.932
10	Switzerland	0.872	0.884	0.891	0.904	0.912	0.932
- 11	Denmark	0.871	0.879	0.886	0.893	0.910	0.930
12	Ireland	0.819	0.832	0.847	0.871	0.895	0.930
13	United Kingdom	0.840	0.847	0.857	0.877	0.916	0.930
14	Finland	0.835	0.854	0.872	0.894	0.907	0.930
15	Luxembourg	0.835	0.849	0.864	0.886	0.913	0.930
16	Austria	0.839	0.853	0.867	0.89	0.908	0.929
17	France	0.846	0.862	0.874	0.896	0.912	0.925
18	Germany	u	0.859	0.868	0.885	0.908	0.921
19	Spain	0.834	0.851	0.865	0.883	0.901	0.918
20	New Zealand	0.844	0.850	0.861	0.870	0.898	0.917
21	Italy	0.838	0.854	0.862	0.884	0.900	0.916
22	Israel	0.794	0.818	0.838	0.857	0.879	0.905
23	Portugal	0.785	0.799	0.821	0.847	0.876	0.896
24	Greece	0.831	0.847	0.859	0.869	0.875	0.892
25	Cyprus	14	0.800	0.820	0.844	0.864	0.891
108	Mol đ ova, Rep. of	u	0.718	0.739	0.756	0.704	0.700
109	Vietnam	- 11	44	0.582	0.603	0.646	0.688
110	Syrian Arab Republic	0.536	0.578	0.612	0.632	0.664	0.685
111	South Africa	0.660	0.676	0.702	0.734	0.741	0.684
112	Indonesia	0.464	0.526	0.578	0.619	0.659	0.682

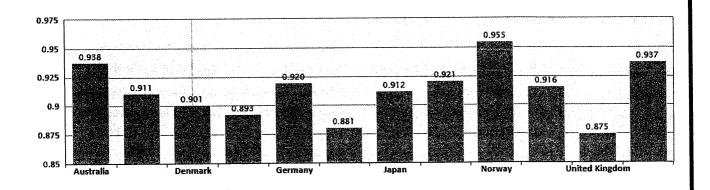
Top-ranked Human Development Index countries

The United Nations has issued their 2013 Human Development Report and it includes several exciting findings.

The report points out that China has already overtaken Japan as the world's second largest economy, improving the quality of life for hundreds of millions of Chinese. Additionally, countries like <u>India and Brazil</u> are increasing the standards of living for hundreds of millions of people in developing countries.

The five top-ranked <u>Human Development Index</u>countries in the 2013 report are:

1) Norway, 2) Australia, 3) United States, 4) Netherlands, and 5) Germany.



FRAMEWORK FOR DEVELOPMENT

Factors that affect development

Natural resources

- There is an uneven distribution of the world's resources
- Natural resources such as minerals, gas and oil can help improve a country's level of development.
- However this is closely tied in with the ability to exploit the resource for the benefit of the country. There are also countries, such as Japan, which are low in natural resources, but have based their development on human factors such as education and skills.

Political factors

Historical development

- Colonisation led to the extraction of resources from certain countries by developing countries.
- Multi-national companies exploit resources in underdeveloped countries
- Labour is exploited in some countries

Governments

Poor *governance* does not help a country to develop. Money that could be spent on development may be used to fund military weapons or an affluent lifestyle of an elite group of people.

Economic factors

Trade imbalances

- World trade is often not fair. LEDCs tend to sell primary produce. LEDCs have to compete with each other to win the trade which lowers the prices farmers get. A poor harvest means less income. There is more money to be made in processing goods, which MEDCs tend to do.
- Foreign investment can help a country to develop. Africa receives less than 5 per cent foreign direct investment. It has 15 per cent of the world's population. Europe receives 45 per cent of foreign direct investment, and only has 7 per cent of the world's population. Who controls world trade is also important, and it is developed countries that control the most trade.
- Many LEDCs are in debt to MEDCs. Some of their income has to pay off these debts.
- Multi-nationals control 70% of world trade

Downloaded from Stanmorephysics.com **Social factors**

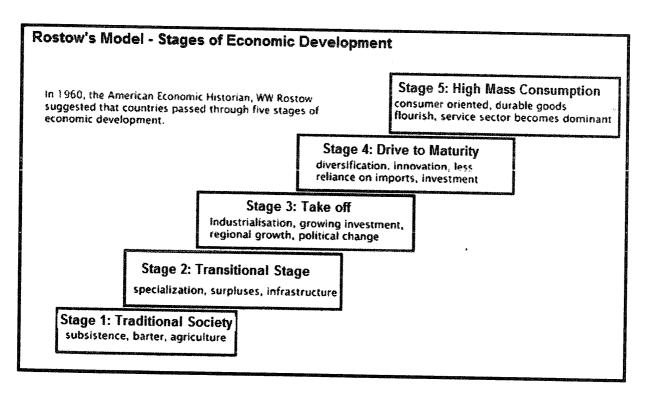
- A poorer country finds it more difficult to invest in education. The problem is made worse because many countries have a high *dependency ratio*. Having money to invest in a healthcare system is important for a country to develop. That is because it is difficult for sick people to work hard.
- Clean water is essential for health. One in six people do not have access to safe water. If water is not safe, people may be unable to work or care for their families because of illness.

Development models

Economic development theories and models seek to explain and predict how:

- Economies develop (or not) over time
- Barriers to growth can be identified and overcome
- Government can induce (start), sustain and accelerate growth with appropriate development polices

ROSTOW'S MODEL: FREE MARKET MODEL (1950-1960)



STEPS	DESCRIPTION
TRADITIONAL SOCIETY PRE CONDITIONS FOR TAKE OFF	Agriculture based Little manufacturing Few external links with other countries Low population growth External links are developed Increase in exploitation of resources Development of urban system Development of transport infrastructure Development of inequality between the core of development
TAKE OFF	 and the periphery Population increases Economy expands rapidly Regional inequality gets worse
DRIVE TO MATURITY	The economy diversifiesDevelopment of service industry
THE AGE MASS CONSUMPTION	 Advance in urban and industrial system High production and consumption of consumer goods Population growth slows

Limitations of Rostow's Model

- It assumes that all countries start from stage one
- It assumes that resources are evenly distributed
- It is simplistic and is based on the economic development of western countries, and is thus not applicable to LEDC's
- It does not take into account that population growth rates can exceed economic growth
- It fails to address the fact that some countries in less developed world remain in the traditional society.
- It was developed to show modernisation
- The theory does not fit every country perfectly. For example, New Zealand became a very successful developed country without being highly industrialised.

GLOBALISATION

- Globalisation refers to the way in which the economic, social, political and cultural activities of countries across the world are interconnected.
- The world is viewed as a global village in which a single community and a common pool of resources exist.
- The inter-connectedness arises from the advancement in telecommunications, travel and the emergence of the Internet.

Characteristics of Globalisation:

- Has resulted in an increase in international trade.
- International travel has become more accessible.
- More exposure to cultural diversity.
- · Greater foreign investment.
- Development of multi-national companies.
- Improved telecommunication networks.

EFFECTS OF GLOBALISATION ON THE ECONOMY OF LEDCs

The table outlines the advantages and disadvantages of the location of MNCs in LEDCs (Host Countries).

Advantages	Disadvantages
 Local people are trained and skills are transferred. Jobs are created thus stimulating the economy. Improvements in technologies and telecommunications. Development is speeded due to foreign direct investment. International trade increases as more foreign currency is earned. Transport systems are developed as the demand for water, rail and air transport increases. Some profit may be retained for reinvestment. 	 People are exploited as most jobs are lowly paid. Poor working conditions and long hours. Much of the profit is taken out by the parent country therefore reducing benefits to the host country. Little money is spent on preventing environmental problems due to lenient environmental laws. Resources are extracted with no value added. Employment insecurity arises when the MNCs shed jobs arising from technological advancements. The power of government is reduced as they become more dependent on MNCs. International bodies such as the World Bank and The United Nations influence the policies and choices that national governments can make.

The role of Multinational corporations (MNCs) and Transnational (TNCs) corporations in the global economy

Multi-nationals corporations are large companies with factories or branches that operate in several countries. The following are some of the characteristics of these companies:

- Design, produce and market goods on a world-wide scale.
- The company headquarters are located within the MEDCs (parent countries)⁵ as research facilities are better and more skilled workers are available.
- Locate in LEDCS (host countries⁶) where natural resources are cheap and wages are low.

Examples of multinational companies

MNCs control products such as:

- Computers (Microsoft, Intel), cell phones (Nokia, Samsung),
- Electronics (Sony, LG)
- Cars (Toyota, Volkswagen)
- Petrol (Shell, Engen)
- Brand merchandise manufacturers (Nike, Reebok).

EXPORT LED DEVELOPMENT

- Refers to a developing country that finds a product that is in demand in some other country to export.
- This type of initiative is subsidised by government.
- Export led development earns foreign capital, increases productivity, and increases local job opportunities.
- It also has a multiplier effect where it promotes the growth of other industries.
- The challenge is finding distributors for goods in foreign countries especially if the language, culture and regulations are different.

Case Study of a TNC: Coca Cola

Their headquarters is situated in Atlanta Georgia, USA. It is probably the best known brand symbol in the world.

- They sell nearly 400 different products.
- 70% of its sales are generated outside of North America.

⁵Countries which take care of an industry from another country

⁶Countries which establish an industry in another country where it is economically beneficial

Positive

- Coca Cola offer training and education.
- Coca Cola runs some community schemes in Africa and South East Asia.
- One of Coke's microfinance start-up schemes provide 4000 Vietnamese women with the merchandise, training and basic equipment to begin selling Coca Cola.
- Creates jobs both directly and indirectly in the host country.
- Many of the bottling firms are local companies so all the profit stays in the host country.
- Coca Cola has invested \$1.5 billion in the Russian Economy; this includes training, the construction of manufacturing plants and improvements to infrastructure.

Negative

- In some LEDCS they work long hours for very little pay.
- Profits are returned to the shareholders, very little of the money remains in the host countries.
- TNCs are very powerful; if they are not happy with the economic conditions within the host country they will pull out leaving people unemployed.
- Environmental regulations are often less strict in LEDC's: some TNC's take advantage of this.
- Working conditions in some factories are harsh. Employees get very few benefits and there are unlikely to be any unions.
- Depletion of the local ground water table due to the utilisation of natural water resources by the company poses a serious threat to many communities. In March 2004, local officials in Kerala, India shut down a \$16 million Coke bottling plant blamed for a drastic decline in both quantity and quality of water available to local farmers and villagers.
- On February 25, 2010, a new lawsuit was launched on behalf of 8 plaintiffs against The Coca-Cola Co. and Coke processing and bottling plants in Guatemala, with charges of murder, rape, and torture of union leaders and their families.
- In Colombia there are allegations that the company "hired, contracted with or otherwise directed paramilitary security forces". In January 2004, a New York City-based group, that included some city officials, confirmed the workers' allegations. They found:

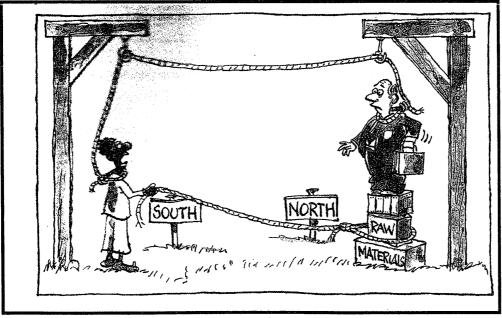
"To date, there have been a total of 179 major human rights violations of Coca-Cola's workers, including 9 murders. Family members of union activists have been abducted and tortured. Union members have been fired for attending union meetings. The company has pressured workers to resign their union membership and contractual rights, and fired workers who refused to do so.

For	Against
improve health and standards of living.	country may end up owing a donor country or organisation a favour.
Aid for agriculture can help increase food production and so improve the quality and quantity of food available.	Sometimes projects do not benefit smaller farmers and projects are often large scale.
Encouraging aid industrial development can create jobs and improve transport infrastructure.	Infrastructure projects may end up benefiting employers more than employees.
Aid can support countries in developing their natural resources and power supplies.	It may be a condition of the investment that the projects are run by foreign companies or that a proportion of the resources or profits will be sent abroad.
Projects that develop clean water and sanitation can lead to improved health and living standards.	Some development projects may lead to food and water costing more.

ACTIVITIES

ACTIVITY 3.1

Study the cartoon based on differences in development.



- 1. Explain the concept north-south divide.
- 2. Do the countries in the north or south produce more raw materials.
- 3. Is it an advantage or disadvantage to produce large quantities of raw materials? Give a reason for your answer.
- 4. Explain the message conveyed by the cartoon.
- 5. Name 2 factors that affect the level of development between countries.

ACTIVITY 3.2

German cooperation

Keeping pace with the reform processes in South Africa, the framework for official development cooperation was established after the first free elections on 27 April 1994.

After 1994

South Africa has received funds of more than 550 million Euro of bilateral development aid from Germany. In line with the promised strengthening of Africa by the G8-countries, this is also a sign of appreciation of South Africa as an anchor of stability for the entire continent.

- 1. What is the meaning of development cooperation?
- 2. When was the first development cooperation established?
- 3. Explain the term bilateral aid.
- 4. Why does South Africa need aid?
- 5. Suggest two negative effects of development aid.
- 6. Name 2 types of development aid that a country can receive.

ACTIVITY 3.3

Read the extract below.

Poverty: Even 17 years after the end of apartheid, the majority of the population is still in poverty according to international standards. Prospects for the future are unevenly distributed. 42.9% of South Africans still live on less than 2 US\$ a day.

Inequality and unemployment. Based on the Gini-coefficient, South Africa is one of the countries with the highest income disparities. Its value is 57.8 out of 100, which represents absolute inequality (Germany: 28.3). Unemployment figures are officially at 24.5%, in real times a figure of 40% seem realistic.

Crime: 50 homicides and 870 break-ins per day are also the result of poverty, inequality, and alcohol and drug abuse. Basic services to the public. Population growth, complex restructuring of public administration after apartheid, as well as lack of the needed skills turn

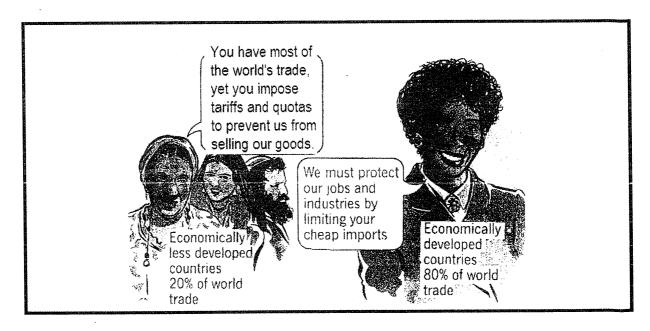
the delivery of comprehensive, nationwide basic services into a long-winded process.

HIV & AIDS: Nowhere in the world are HIV & AIDS raging as virulently as in South Africa. At a prevalence rate of 10.9% under 2 years and 18.2% of the 15-49 year old population, as well as, officially, 1,000 AIDS deaths per day, the improvement of medical care and education of people on this subject is of vital importance.

- 1. What is the purpose of the Gini-coefficient?
- 2. What evidence indicates a low standard of living.
- 3. Give TWO reasons for the high crime rate.
- 4. Suggest a reason for the high HIV level in SA.
- 5. How can the HIV rate be lowered?
- 6. Name a province in SA with a high HDI index.

ACTIVITY 3.4

Refer to the cartoon which highlights the policies associated with foreign trade.



- 1. What does foreign trade mean?
- 2. Explain the meaning of the terms tariffs and quotas.
- 3. Is foreign trade fairly divided between economically developed and economically less developed countries? Give evidence from the sketch to support your answer.
- 4. Developing countries generally have a negative trade balance. Define the term *negative trade balance*.
- 5. Explain the effect that a negative trade balance has on the economy of developing countries.

ACTIVITY 3.5

Read the newspaper extract below:

SA CLIMBS TRADE EFFICIENCY RANKINGS

18 May 2012

South Africa outperformed the rest of Africa, as well as its upper middle-income economy peers, in a World Bank survey of trade efficiency. South Africa improved its previous performance despite a general slowdown in trade performance in the wake of the global recession.

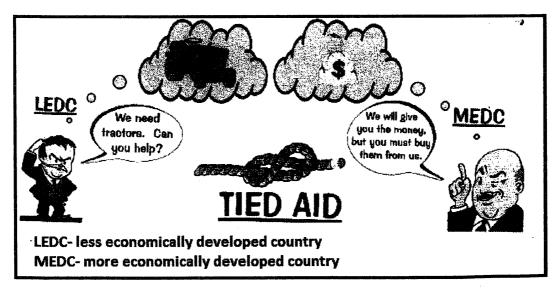
According to the World Bank's 'Connecting to Compete 2012' report, released on Tuesday, countries that pursued aggressive reforms continued to improve their trade performance, despite the global slowdown in progress over the last two years.

South Africa was among a group of countries – including Chile, China, India, Morocco, Turkey and the US – that improved their previous performance, according to the study, which is based on a comprehensive world survey of international freight forwarders and express carriers.

[SAinfo Reporter]

- 1. Explain the meaning of the term trade.
- 2. Give ONE reason, according to the World Bank's report, why South Africa improved its trade performance despite the global slowdown that was noted.
- 3. Explain why South Africa is in a better position than other African countries to continuously improve its trading position in the world.
- 4. What are the benefits for South Africa if its trading position in the world is improved?

ACTIVITY 3.6



- 1. Would you describe the relationship between the developing anddeveloped countries in the cartoon as free trade? Explain youranswer.
- 2. Name TWO measures that South Africa has in place to restrictimports into our country

- 3. Developing countries seek help when they have an unfavourablebalance of trade. What is an *unfavourable balance of trade*?
- 4. Name TWO disadvantages of an unfavourable balance of trade.
- 5. A strong economic sector is key to improving an unfavourablebalance of trade. Discuss the importance of the tertiary sector to South Africa's economy.

ACTIVITY 3.7

Omar lives on the outskirts of Sialkot in Pakistan. In that city and the villages around it they make 75% of the world's hand-stitched footballs. They produce an amazing 35 million footballs a year.

'I have been sewing footballs since I was eight. I don't like it much. But I have to do it because I have to support my family. I work in a stitching centre. I start at 7 in the morning and end at 8 in the evening. I do 4 footballs a day and earn R24 per day.' 'I saw a World Cup match in South Africa on TV in my uncle's house. The football could have been one I sewed. But nobody at the match knew about me.'

Why is Omar paid so little? This is what happens:



This British company supplies toolballs. It gets them made



... and then sells them to clubs and sports shops at a profit.



The less it pays for the footballs the more profit it will make ...



... so it searches the world for a factory to make them cheaply.

- 1. Define the term globalisation.
- 2. Give TWO reasons why this multinational corporation uses lessdeveloped countries to produce their soccer balls.
- 3. Explain how the hosting of the Soccer World Cup has promotedglobalisation in South Africa.
- 4. Give TWO reasons, from the passage, to prove that Omar isexploited as a worker.

ACTIVITY 3.8

Study the cartoon.

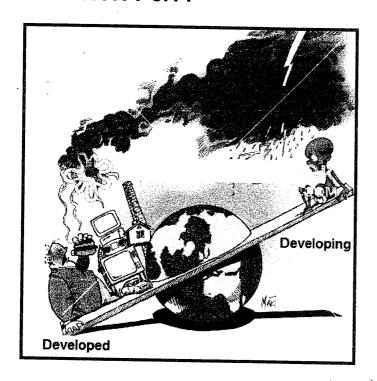
I keep hearing all this gender equality stuff.. Hey guys..keep the faith Remember who is the boss..



- 1. What is gender equality?
- 2. What is the message being conveyed about gender equality?
- 3. State TWO ways in which SA women have been treated unfairly in the past.
- 4. Why are rural women most affected by gender inequality?

5. Explain how trade barriers imposed by SA could encourage industrial development.

ACTIVITY 3.14



- 1. What message does the cartoon portray about global development?
- 2. Give an example of a developing country.
- 3. Explain the term developed country.
- 4. List TWO indicators of development.
- 5. What does exploitation mean in the context of the cartoon?
- 6. Explain how developed countries exploit less developed countries.