CHAPTER 10: DEVELOPMENT
“Walking down one of the major streets of Timbuktu, Mali, I could hardly believe I was in the renowned intellectual, spiritual, and economic center of the thirteenth to sixteenth centuries. At that time, the place had a great reputation for wealth, which spurred the first European explorations along the African coast. What survives is a relatively impoverished town of some 35,000 people providing central place functions for the surrounding area and seeking to attract some tourist business based on its legendary name.”
10.1 How is development defined and measured?

10.2 How does geographical situation affect development?

10.3 What are the barriers to and the costs of development?

10.4 How do political and economic institutions influence uneven development within states?
Key Question 10.1

How is development defined and measured?
How Is Development Defined and Measured?

- A country that is developing is making progress in technology, production, and socioeconomic well-being.
- Ways of measuring development fit into three major areas of concern:
  - development in economic welfare
  - development in technology and production
  - development in social welfare
How Is Development Defined and Measured?

Gross National Income

- **Gross National Product (GNP)** - total value of the officially recorded goods and services produced by the citizens and corporations of a country in a given year, and includes things produced both inside and outside the country’s territory.

- **Gross Domestic Product (GDP)** - encompasses only goods and services produced within a country during a given year.
Gross Domestic Product

Relative size of country indicates relative size of Gross Domestic Product.
Gross National Income

- **Gross national income (GNI)** - monetary worth of what is produced within a country plus income received from investments outside the country minus income payments to other countries.

- **Per capita GNI** - divide GNI by the population of the country (standardizes the data)

- **Formal economy**: the legal economy that governments tax and monitor.

- **Informal economy**: uncounted or illegal economy that governments do not tax and keep track of.
4 Level Analysis: Per Capita GNI

World Bank 2007 estimates (international dollars)

- 50,000 +
- 30,000
- 10,000
- 1,000

- U.S. $45,850
- Luxembourg $64,400
- India $2,740
- Nigeria $1,770
- Japan $34,600
- Indonesia $3,580
Limitations of GNI

- GNI per capita masks extremes in the distribution of wealth within a country.
- GNI per capita measures only outputs (i.e., production). It does not take into account the nonmonetary costs of production (resource depletion, air and water pollution, etc.)
How Is Development Defined and Measured?

Gross National Income

- **Dependency ratio** - a measure of the number of dependents, young and old, that each 100 employed people must support.

- A high dependency ratio can result in significant economic and social strain.
Guest Field Note: Sukabumi, West Java

“My own research is based on fieldwork in Indonesia as well as ongoing engagement with students in the United States. The women pictured here collaborated with me on a research/activism project for migrant women workers in Indonesia. The woman on the left (“Rina”) had returned from working in Saudi Arabia as a domestic worker for two years. She wanted to return to Saudi Arabia for another contract to earn more money for herself and her family, but she was concerned about her rights and her safety.” Credit: Rachel Silvey, University of Toronto
Criticism of the development model:

- It does not take geographical differences very seriously.
- The conceptualization of development has a Western bias.
- It does not consider the ability of some countries to influence what happens in other countries.
Walt Rostow’s **modernization model**: assumes that all countries follow a similar path to development or modernization, advancing through five stages of development:

1. **The society is traditional**, and the dominant activity is subsistence farming.
2. **Preconditions of takeoff**: New leadership moves the country toward greater flexibility, openness, and diversification.
3. **Takeoff**: the country experiences something akin to an Industrial Revolution, and sustained growth takes hold.
4. **Drive to maturity**: Technologies diffuse, industrial specialization occurs, and international trade expands.
5. **High mass consumption**: high incomes and widespread production of many goods and services.
Figure 10.5
Rostow’s Ladder of Development. This ladder assumes that all countries can reach the same level of development and that all will follow a similar path. Adapted with permission from: P. J. Taylor. “Understanding Global Inequalities: A World-Systems Approach,” Geography, 77 (1992): 10–21.
Rostow's Model - the Stages of Economic Development


In 1960, the American Economic Historian, WW Rostow suggested that countries passed through five stages of economic development.

Stage 1 Traditional Society
subsistence, barter, agriculture

Stage 2 Transitional Stage
specialization, surpluses, infrastructure

Stage 3 Take Off
Industrialisation, growing investment, regional growth, political change

Stage 4 Drive to Maturity
diversification, innovation, less reliance on imports, investment

Stage 5 High Mass Consumption
consumer oriented, durable goods flourish, service sector becomes dominant

According to Rostow development requires substantial investment in capital. For the economies of LDCs to grow the right conditions for such investment would have to be created. If aid is given or foreign direct investment occurs at stage 3 the economy needs to have reached stage 2. If the stage 2 has been reached then injections of investment may lead to rapid growth.
Is the idea of economic development inherently Western? If the West (North America and Europe) were not encouraging the “developing world” to “develop,” how would people in the regions of the “developing world” think about their own economies?
Key Question 10.2

How does geographical situation affect development?
How Does Geographical Situation Affect Development?

- Development happens in **context**: to understand why some countries are poor and others are wealthy, context at multiple scales must be considered
- **Neocolonialism**: the major world powers continue to control the economies of the poorer countries, even though the poorer countries are now politically independent states.
Dependency Theory

- Political and economic structures that caused colonies to become dependent on the colonial powers still exist today, even after colonization.
- Dollarization: Poorer countries tie their currency to a wealthy country’s currency, creating a significant link between the two countries’ currency.
  - *El Salvador’s currency, the colon, was abandoned in favor of the dollar.*
How Does Geographical Situation Affect Development?

Geography and Context

• Wallerstein’s world-systems theory divides the world into a three-tier structure—the core, periphery, and semiperiphery—helps explain the interconnections between places in the global economy.

• This model is fundamentally different that the modernization model (developed, developing, underdeveloped)

  • Not all places can be equally wealthy in the capitalist world-economy
  • Does not assume that socioeconomic change will occur in the same way in all places
  • Domination (exploitation) is a function of the capitalist drive for profit in the global economy.
Compare and contrast Rostow’s ladder of development with Wallerstein’s three-tier structure of the world economy as models for understanding a significant economic shift that has occurred in a place with which you are familiar.
Key Question 10.3

What are the barriers to and the costs of economic development?
One of the most widely referenced measures of development today is the **United Nations Human Development Index**: goes beyond economics and incorporates the “three basic dimensions of human development: a long and healthy life, knowledge, and a decent standard of living”
HUMAN DEVELOPMENT INDEX, 2010

- Very high human development
- Low human development
- High human development
- Medium human development
- No data

Figure 10.7
© John Wiley & Sons, Inc. All rights reserved.
What Are the Barriers to and the Costs of Economic Development?

Millennium Development Goals:

1. Eradicate extreme poverty and hunger.
2. Achieve universal primary education.
3. Promote gender equality and empower women.
4. Reduce child mortality.
5. Improve maternal health.
7. Ensure environmental sustainability.
8. Develop a global partnership for development.
What Are the Barriers to and the Costs of Economic Development?

Barriers to Economic Development

Social Conditions
- High birth rates and low life expectancies at birth, high infant and child mortality rates, lack of access to healthcare, lack of access to education, and trafficking

Foreign Debt
- Large sums of money were lent to newly independent states for development projects, but those debts must be repaid, making it difficult for countries to invest in more development projects
What Are the Barriers to and the Costs of Economic Development?

Barriers to Economic Development

Disease

- Those living in the global economic periphery experience comparatively high rates of disease and a corresponding lack of adequate health care

- **Malaria**:
  - Kills about 150,000 children in the global periphery each month
  - Worldwide, nearly 1 million people die from malaria each year
  - Prevalent in Africa, India, Southeast Asia, southern China, and the tropical Americas
Political Corruption and Instability

- Countries in the periphery and semiperiphery have had a hard time establishing and maintaining democracies.
- In places where poverty is rampant, politicians often become corrupt, misusing aid and exacerbating the plight of the poor.
- In low-income countries, corrupt leaders can stay in power for decades.
What Are the Barriers to and the Costs of Economic Development?

Costs of Economic Development

Industrialization

- **Export processing zones (EPZs)** offer favorable tax, regulatory, and trade arrangements to foreign firms.

- **Mexican maquiladoras**
  - Situated directly across the border from the U.S.
  - Raw materials are shipped in, manufactured into goods, then sent back to the U.S. free of import taxes

- **Special economic zones** of China located near major ports
Agriculture

• In peripheral countries, agriculture typically focuses on personal consumption or on production for a large agricultural conglomerate.

• Little is produced for the local marketplace.

• On the farms in the periphery many families are constantly in debt.
To develop tourism, the “host” country must make a substantial investment. Much of the income a country receives from tourism revenues are reinvested in the construction of airports, cruise-ports, and other infrastructure that supports more tourism. Tourism can create local jobs, but they are often low-paying and have little job security.
Think of a trip you have made to a poorer area of the country or a poorer region of the world. Describe how your experience in the place as a tourist was fundamentally different from the everyday lives of the people who live in the place.
Key Question 10.4

How do political and economic institutions influence uneven development within states?
Regional contrasts in wealth are a reminder that per capita GNI does not accurately represent the economic development of individual places.

Pine Ridge Indian Reservation in South Dakota:
- 80% unemployment
- 60% poverty
- Per capita income = $6,000
How Do Political and Economic Institutions Influence Uneven Development within States?

The Role of Governments

- The distribution of wealth is affected by tariffs, trade agreements, taxation structures, land ownership rules, environmental regulations.

- Government policy can also help alleviate uneven development
  - Appalachian Regional Commission – government investment in roads, schools, health care facilities, and water and sewer systems.
How Do Political and Economic Institutions Influence Uneven Development within States?

Islands of Development

- In most states, the capital city is the political nerve center of the country, its national headquarters, seat of government, and the most economically influential city in the state.

- Some newly independent states have built new capital cities, away from the colonial headquarters.

- Island of development: a government or corporation builds up and concentrates economic development in a certain city or small region.

*Putrajaya, Malaysia.* Putrajaya is the newly built capital of Malaysia, replacing Kuala Lumpur.
“Before the 1970s, Gabon’s principal exports were manganese, hardwoods, and uranium ores. The discovery of oil off the Gabonese coast changed all that. This oil storage tank at the edge of Port Gentil is but one reminder of a development that has transformed Gabon’s major port city—and the economy of the country as a whole. Oil now accounts for 80 percent of Gabon’s export earnings, and that figure is climbing as oil prices rise and new discoveries are made. But how much the average citizen of Gabon is benefiting from the oil economy remains an open question. Even as health care and infrastructure needs remain unmet, the French publication L’Autre Afrique listed Gabon’s recently deceased ruler as the African leader with the largest real estate holdings in Paris.”
Creating Growth in the Periphery of the Periphery

- In the most rural, impoverished regions of less prosperous countries, some *nongovernmental organizations (NGOs)* try to improve the plight of people.

- Each NGO has its own set of goals, depending on the primary concerns outlined by its founders and financiers.

- *Microcredit programs* give loans to poor people, particularly women, to encourage development of small businesses.
Some microcredit programs are credited with lowering birth rates in parts of developing countries and altering the social fabric of cultures by diminishing men’s positions of power.

Microcredit programs have been less successful in places with high mortality rates from diseases such as AIDS.
Additional Resources

- Global Poverty
  http://www.worldbank.org/poverty

- Gabon
  http://www.learner.org/resources/series180.html#program_descriptions

Click on Video On Demand for Gabon: Sustainable Resources?