

The Changing Economic World Knowledge Organiser

There are Global Variations in Economic Development and Quality of Life

Economic and Social Measures of Development

Economic Indicators	Social indicators
<p>Gross National Income (GNI) – total value of goods and services, including the income earned from investments overseas (US\$).</p> <p>GNI per head – GNI shared equally amongst the country's population (US\$).</p> <p>Gross Domestic Product (GDP) – total value of all the goods and services produced within a country a year (US\$).</p>	<p>Birth rate – number of live babies born per 1000 of population per year.</p> <p>Death rate – number of deaths per 1000 of population per year.</p> <p>Infant Mortality Rate (IMR) – number of live babies under 1 that die per 1000 per year.</p> <p>People per doctor – how many people there are per doctor in a given area.</p> <p>Literacy rate – percentage of people who can read and write.</p> <p>Access to safe water – percentage of people who can get clean drinking water.</p> <p>Life expectancy – the average age a person is expected to live to.</p>

Level of Development Links to Demographic Transition Model

The Demographic Transition Model (DTM) shows how birth rates and death rates affect the total population.

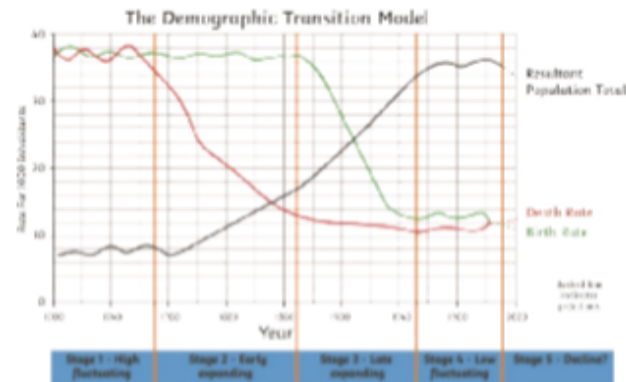
For example:

India – Stage 3

- rapidly falling birth rate
- slowly falling death rate
- increasing population size
- NEE
- developing

UK – Stage 4

- low and fluctuating birth rate
- low and fluctuating death rate
- zero population change
- HIC
- most developed



Causes of Uneven Development

Physical Causes
<ul style="list-style-type: none"> • Lack of rainfall (e.g. Ethiopia). • Reliance on subsistence farming results in food shortages due to extreme/changing climate (e.g. Malawi). • Countries with lots of natural disasters have to spend their money rebuilding (e.g. Haiti – hurricane 2008 and earthquake 2010). • Few raw materials (e.g. coal, oil, metal ores). • Steep land/poor soil so not a lot grows.
Economic Causes
<ul style="list-style-type: none"> • Over-reliance on exporting primary products (raw materials). • More wealthy countries can manipulate the prices paid for raw materials. • Poor trade links. • Some countries have too much debt to pay back after borrowing money in the past.
Historical Causes
<ul style="list-style-type: none"> • Deaths as a direct result of fighting or disease and malnutrition (e.g. war in the Democratic Republic of Congo has claimed up to six million lives). • Coups/political instability (e.g. Niger following its independence from France in 1960). • European colonisation in the 19th century removed slaves and raw materials. • During civil war, money is spent on weapons instead of development. Infrastructure is also often destroyed.

Causes of uneven development

The main causes of uneven development are: 1. migration 2. wealth, 3. health

Migration occurs in nearby countries have a much greater wealth for example every year 130,000 Mexicans migrate to the USA legally (and thousands enter illegally looking for a better quality of life)

Human Development Index (HDI)

The Human Development Index (HDI) combines information on health, education and wealth. It was created by the United Nations to measure social and economic progress.

Limitations of Social and Economic Measures

You must not just look at one indicator of development as it can be misleading.

Various Strategies Exist for Reducing the Global Development Gap

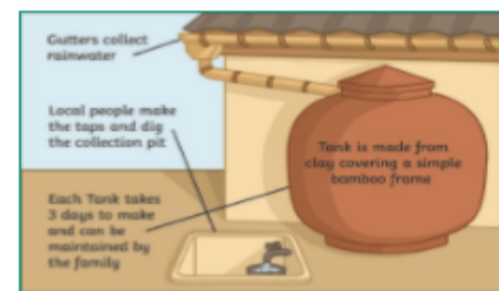
Strategies for Reducing the Development Gap

Global development gap – the difference between countries in terms of development.

Strategies:

- Investment** – money from overseas creates opportunities for development (e.g. a large TNC builds a new factory providing new jobs).
- Industrial development and tourism** – creates job opportunities in new industries and tourist industry, bringing in money from overseas.
- Aid** – money from governments/NGOs used to create opportunities for development.
- Intermediate Technology** – low technology which supports local development (e.g. biogas).
- Fairtrade** – providing farmers with a more reasonable price for their produce and a social premium for community projects.
- Debt relief** – some, or all, of a country's debt is reduced/deferred/cancelled.
- Microfinance loans** – small loans for local people to create their own businesses.

Rainwater harvester:



An example of how tourism is reducing the development gap.

Advantages of tourism

- Tourism contributed to 24% of Jamaica's GDP
- Tourism is the main employment in Jamaica it employs 2000,000 people this provides an income which further r boots the local economy as people spend money in shops.
- Infrastructure is improved on the north coast where most of the tourism is
- Montego bay on the north coast has been landscaped and a water treatment plant has reduced pollution from hotels

Disadvantages of tourism

- Improvements in some parts of the island has been slower and some parts of the island still remain isolated.
- Large number of people near tourist areas live in poor housing with limited food supply and inadequate access to fresh water, health care and education.
- Tourism can create environmental problems such as footpath erosion, excessive waste and harmful emissions

Nigeria

Nigeria's global and national importance and location

Nigeria is located in West Africa. It borders Benin, Niger Chad and Cameroon

It has a tropical climate with variable rainy and dry seasons in different parts of the

Global importance

- Nigeria is a newly emerging economy (nee).
- Experiencing rapid economical development. In 2014 it became the worlds 21st largest economy
- Provides 2.7 of the worlds oil.
- Ranks 5th to the united nations peace keeping missions

Local importance

Fastest growing economy in Africa.

Third largest manufacturing sector

Population 182million

Political, social environmental context of Nigeria

Politically and social

Became fully independent from the UK in 1960. I

Civil war (1967-1970) since then had a lack of political stability.

1999 stable government

Counties like china (construction South Africa (banking and business)

American companies such as general electric (poerplants0

Nigeria is multi faith and multi ethnic

Regions tensions between the north and the south

Cultural

Home of 'Nollywood' Nigerian cinema

Nigerian music is globally popular.

Football team has won the African cup of nations

Environmental

Bands of different natural environments due to rainfall in the west and the Sahel and Sahara desert in the north

TNCs in Nigeria In Nigeria there are around 40 TNCs that have headquarters in either the UK, USA or Europe.

Advantages

- Companies provide employment and development of new skills
- Investment by companies in local infrastructure and education
- More money is spent in the local economy
- Other local companies benefit from increased orders
- Valuable export revenues are earned.

Disadvantages

- Local workers are sometimes are poorly paid
- Working conditions can be poor
- Management jobs often go to foreign employees
- Most of the profit generated tends to go abroad.

Shell (Royal Dutch shell) is one of the worlds largest companies. Its headquarters are in the Netherlands.

The swampy river delta is one of the most difficult places to extract oil. TNC has invested large amounts into extracting oil .

Benefits

- Major contribution to taxes and exports
- Providing employment for 65000 Nigerians and a further 250,000 jobs in related industries.
- 91% contracts are given to shell contracts to Nigerians.

Disadvantages

- Frequent oil flares sends fumes into the atmosphere.
- Militant groups disrupt oil supply
- Oil theft is high
- Oil spills cause water pollution and reduce fishing yields



Major Changes in the Economy of the UK

Moving Towards a Post-Industrial Base
Causes of economic change include:

- Decline of traditional industrial base** – because many raw materials in the UK have been used up or are too expensive to extract.
- Globalisation** – cheaper production costs in LICs/NEEs have increased competition from overseas. Tertiary and Quaternary jobs now make up over 81% of the UK economy.
- Government Policies**

Important industries in the UK include:

- Services** – e.g. retail, personal services and healthcare.
- Information technology** – access to the large European market and a highly-skilled workforce have resulted in the growth of IT industries in the UK (e.g. Vodafone HQ is in the UK. It is the second largest phone company in the world measured by number of connections).
- Finance** – many global financial institutions have their HQ in the UK, especially in London (e.g. HSBC and Barclays). Financial services employ about 315,200 in London.
- Research and Development** – the UK ranks eighth in the R&D industry, with healthcare accounting for over half of the R&D spend. GlaxoSmithKline Pharmaceuticals spent over £3.5 billion on R&D in 2016.
- Science and industrial parks** – tertiary and quaternary industries are increasingly found in science and business parks in the UK, many of which are found on the M4 corridor.

Impacts of Industry on the Physical Environment: Modern Industrial Development can be Sustainable
Example: Wind farms in the UK

- Windfarms across the UK generated more electricity in 2016 than coal power plants.
- Coal electricity generation fell from 22.6% in 2015 to 9.2% in 2016 as three coal-fired power stations closed.
- Wind power provided 11.5% of electricity in 2016.
- The government must phase out coal power by 2025 to meet carbon targets, but expect the final plant to close within five years as environmental policies make coal increasingly uneconomic.

Disadvantages of Wind Power	Advantages of Wind Power
<ul style="list-style-type: none"> Some people worry that wind turbines look ugly. Some people claim that property prices fall after the introduction of wind turbines. Some people believe that wind turbines have a negative effect on tourism. Some people would prefer all wind turbines to be put out at sea. Whilst they could harness more wind, they would be very expensive and time-consuming to build. Bird-lovers argue that wind turbines are responsible for the death of many birds. 	<ul style="list-style-type: none"> Wind power is a renewable source of energy. They can be used to supply energy in remote places. Wind power produces no greenhouse gas emissions or waste products. Projects are developed by a diverse range of people (from farmers to large energy companies). Wind turbines can promote tourism (e.g. a MORI poll in Scotland showed that 80% of tourists would be interested in visiting a wind farm).

Social and Economic Changes in the Rural Landscape

Areas of Population Growth
Counter-urbanisation: when a large number of people move from urban areas into surrounding rural areas.
Causes of Counter-Urbanisation

- The rise in personal wealth and mobility has made rural-living more accessible.
- Increase in number/type of services e.g. supermarkets, cashpoints, pubs & restaurants.
- Many people moving here are elderly, attracted by the mild climate and beautiful scenery.
- Modern technology (including the use of email, video-calling, fast internet connections and teleworking), offers people and businesses greater flexibility as to where work takes place.
- Over the last 60 years, a 3500 kilometre motorway network has made cities more easily accessible for affluent motorists living in the countryside.
- Lots of new detached houses, converted barns or cottages and expensive estates.
- Good public transport links.

Example: North Somerset

- Many workers in Bristol commute from North Somerset. They often commute on a daily basis and the settlements they live in become known as dormitory villages (e.g. Nailsea, 8 miles south-west of Bristol).
- House prices here are an average of £311,586 (the UK average house price is £234,466).
- The population increased 25% between 1981-2011 (compared to 13% increase across the rest of the UK).
- The village of Nailsea is close to the M5 motorway, Bristol Airport and a railway station.

Areas of Population Decline
De-population: a substantial reduction in the population of an area.
Causes of De-Population

- Reduction in traditional employment due to mechanised farms, increased competition from abroad for farm produce and exhaustion of natural resources (e.g. tin, copper).
- Few jobs (often low-paid) and relatively high unemployment.
- Increase in popularity/second homes causes house prices to rise so young people can't afford to live there and are forced to move away.
- Less people results in fewer services (e.g. banks, doctors, post offices and public transport). According to DEFRA, 30 rural schools have closed every year since the 1970s.
- Young people move away leaving older people behind.

Example: Cumbria

- In Cumbria, over 700 agricultural jobs were lost between 2000 and 2007.
- Services close due to lack of demand e.g. 35 Post Offices closed in Cumbria in 2008, Welton School which had 9 pupils closed in 2011.

Improvements/Developments in Transport

Road Infrastructure
A1 Newcastle-Gateshead Western Bypass

- Important to the economy of the north east and for national journeys.
- The route has some of the most congested highway links in the region.
- The Allerdene Bridge (which carries the A1 over the East Coast Main Line) was constructed nearly 40 years ago and requires regular maintenance.
- Widening the A1 to three lanes.
- Improvements planned in order to meet current demand and to address the forecast impact of traffic growth (20,000 new jobs are planned in the region by 2030).

Rail Infrastructure
High Speed 2 (HS2)

- Estimated cost is at least £40 billion. Predicted to be open in 2025.
- A new highspeed rail link from London to Birmingham and then on to Sheffield, Leeds and Manchester.
- Reduced journey times between London and northern cities with speeds of up to 250mph.
- Includes many areas of natural beauty/interest and green belt land.
- Requires compulsory purchase of many homes and land.
- Tunnels will be used on large sections of the route.

Airport Capacity
Expansion of Heathrow Airport

- Plans for a third runway.
- The busiest UK airport with 75 million passengers in 2015.
- Could contribute £61 billion to the economy and create 77,000 additional local jobs over the next 14 years.
- It will create further noise pollution.

Port Capacity
Port of Felixstowe and the London Gateway

- Unlike most other countries (where most ports operate under public control), UK ports all operate in the private sector.
- The majority of investment is concentrated in London and the south-east, benefitting from the close proximity to the vast EU market.
- The Port of Felixstowe is UK's largest container port.
- EU grant of £10.4 million will provide a rail link from Felixstowe to the Midlands.

Strategies Used in an Attempt to Resolve Regional Differences
 Policy to reduce the north-south divide began in the 1930s, however, it has not been very effective. The gap in performance between regions has **widened** over this time. This is because the majority of interventions have tended to reinforce the existing industrial structure, with policies that support low-knowledge, more routine activities (e.g. call centres).

Northern Powerhouse
 The government hopes to reduce the north-south divide and attract investment into northern cities and towns with the introduction of the 'Northern Powerhouse' (a concept which will encourage the major northern economies to **unite**, giving them with **more political powers**).

One of the Northern Powerhouse's main targets is to **improve transport links** between the north's major cities to enable them to compete together as one major economy, instead of competing against each other.

The Northern Powerhouse Independent Economic Review (NPIER) believe that a higher-performing and more united northern economy could add more than £97 billion to the UK economy and generate 850,000 new jobs by 2050.

The Place of the UK in the Wider World

- The UK has the fifth largest GDP in the world.
- The UK is the second largest economy in the European Union.
- In 2016, the UK was the tenth-largest goods exporter and the fifth-largest goods importer in the world.
- In 2015, the UK had the fourth-largest inward foreign direct investment.
- In 2013, the UK had the second-largest outward foreign direct investment.

Transport
 The UK's good transport links connect the UK with the wider world. For example:

- Heathrow International Airport is the world's 6th largest airport with 74,989,795 passengers passing through in 2015.
- The Channel Tunnel provides a vital rail link to Europe, with up to 400 trains passing through each day, carrying an average of 50,000 passengers, 6,000 cars, 180 coaches and 54,000 tonnes of freight.

Cultural Links
 The UK is a truly multi-cultural society because:

- The UK has strong historical-links to many countries due to its colonial past.
- The UK has had numerous influxes of migrants from various parts of the world.
- UK governments tend to promote policies that encourage social cohesion and equality.

Electronic Communication
 The first Industrial Revolution began in 18th-century Britain with the invention of the steam engine and the birth of factories.

When Henry Ford invented the assembly line and mass production capabilities, in 1913, the second Industrial Revolution began.

The internet introduced the third Industrial Revolution, which completely changed the ways in which we live and work.

Now, experts believe we are starting on the fourth Industrial Revolution - the rise of digital lifestyles. The driving force behind this is the rise of the smartphone (four out of five UK adults now have a smartphone - equivalent to 27 million people). Mobile operators are always looking for ways to innovate and make life easier, safer and smarter for everyone.

Trade Links
 The UK trades globally – especially with the USA, Asia and Europe. In 2016, the UK was the tenth-largest goods exporter (with overseas exports being worth over £250 billion per year) and the fifth-largest goods importer in the world. The UK is a member of the Commonwealth, the IMF, the European Union (until 2019), the G7, the G8 and the G20.