



Unit 7: Industrialization & Economic Development

▼ Class

Human Geography

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7.3 — Measures of Development

Economic development is shaped by *decisions of businesses*.

Measures of Development

Gross National Product (GNP) & Gross National Income (GNI) → dollar amount of all goods and services produced by a country's citizens in one year

- Money generated by citizens of a country (even citizens in other countries)

Gross Domestic Product (GDP): the dollar amount of all final goods and services produced within a country in one year

- Based more on geography that generated income
- Only money generated in the nation (not include citizens in other countries, would include other country citizens on national land)

Making Useful Statistics

Amounts are usually converted to *dollars* for easier comparisons.

- **Per Capita** → amount per person (GDP per capita → GDP per person)

Purchasing Power Parity (PPP): a measure of what similar goods cost in different countries

Higher GDP, GNI, or GNP → More development

Terms of Development

<u>System</u>	<u>Low End</u>	<u>Middle Range</u>	<u>High End</u>
ECONOMIC LEVEL (GDP/capita)	Low income	Middle income	High income
ECONOMIC DEVELOPMENT	Developing economies	Emerging economies	Advanced economies

<u>System</u>	<u>Low End</u>	<u>Middle Range</u>	<u>High End</u>
LEVEL OF INDUSTRIALIZATION	Non-industrialized	Newly Industrialized Country (NIC)	Postindustrial Country
HUMAN DEVELOPMENT INDEX	Low HDI	Medium HDI	High / Very High HDI
WORLD SYSTEMS INDEX	Periphery	Semi-periphery	Core
STAGES OF ECONOMIC GROWTH	Stage 1 (Traditional) / 2 (Pre-condition for take-off)	Stage 3 (Take-off)	Stage 4 (Drive to maturity) / 5 (High mass consumption)
INCOME CLASSIFICATION	Low income	Lower-middle income / Higher-middle income	High income

Sectoral Structure of the Economy

Less Development → Higher % of Labor Force in the Primary Sector

More Development → Higher % of Labor Force in the Tertiary Sector

Formal Sector: the portion of the economy that is monitored by government

- People follow regulations and pay taxes (measured by GDP, GNP & GNI)

Informal Sector (Underground / Shadow Economy): the portion of the economy that is not monitored by government

- Activities done without pay

Income Distribution

Gini Coefficient / Gini Index → a measure of the distribution of income within a population

- Higher number (0 → 1) = Higher degree of inequality

- Ex. 0 → every has the same income, 1 → one person has all the money and everyone else has no money

Spatial Patterns of Economic Development

Africa & South America → growing economics, low average income, higher population, less GDP

Asia → largest income gains, higher population, higher GDP

North America & Europe → medium population, highest GDP, wealthiest

Within countries, there can be uneven development at the regional scale.

Social Measures of Development

Relying on multiple statistics brings more accuracy,

- Total Fertility Rate (higher TFR = lower development and income)
- Infant Mortality Rate (higher IMR = lower development and income)
- Life Expectancy (higher expectancy = higher development)
- Literacy Rate (lower literary rate = less development)

The Gender Gap

Gender Gap: the difference in the privileges afforded to males and females in a society

- Varies globally

Gender Inequality Index (GII): a composite measure of several factors on gender disparity

- Reproductive health

- Women empowerment
- Labor market participation

The Human Development Index

Human Development Index (HDI) → GDP per capita & life expectancy & expected years of education & average years of education (0 → 1)

- Higher values = greater development

7.4 — Women & Economic Development

Gender Inequality Index (GII) → measures changes in gender equity over time

Barriers to Gender Equality

Urban areas have *typically* **HIGHER** gender equity than rural areas.

Some obstacles to gender equity include:

- Cultural barriers
- Lack of educational opportunities
- Limited access to loans

The Glass Ceiling

Women rarely obtain upper-level jobs.

- Especially developing countries

Glass Ceiling: the barrier for women to obtain upper-level jobs

- Once it is broken

Women must overcome cultural attitudes where *people don't see them as leaders*.

Increased Opportunities for Women

Transnational Corporations

Transnational Corporations (TNCs): companies that operate in multiple countries

- Expand employment opportunities for women

Low birth rates → more women working

NGOs and Microloans

Non-Governmental Organizations (NGOs): governmental programs and international non-profit agencies

- Empower women to find jobs outside the home

Microcredit / Microfinance Programs → provide loans to women to start or expand a business

- Increased financial power in women gave more influence to these programs
- Decreases birth rates with more voice in childbearing decisions
- Allows for better nourishment of children (reduces child mortality)

Microloans: small, short-term loans with low interest intended to help people in need

- Helped women to get into entrepreneurship

The United Nations established a series of goals in 2015 to encourage sustainable development.

- Targeted to improve the lives of females

7.5 — Theories of Development

Rostow's Stages of Economic Growth

Walt W. Rostow → *modernization theory* (traditional → modern society)

- Assumed that all countries wanted to modernize (did so at different speeds)
- Generalization based on the US and Europe

FACTOR	CHARACTERISTICS	EXAMPLES
1. TRADITIONAL SOCIETY	<ul style="list-style-type: none">- Depends upon primary sector activities (ex. fishing, hunting)- Limited technological use- Local/regional trading- Limited socioeconomic mobility	17th century North American English colonies
2. PRECONDITIONS	<ul style="list-style-type: none">- Improved infrastructure- Improved farming techniques and commercial agriculture- Exports agricultural and raw materials (international trade)- More wide diffusion of technology- Individual socioeconomic mobility	Nigeria, Afghanistan
3. TAKE-OFF	<ul style="list-style-type: none">- Major technological innovation- Industrialization- Shrinking primary sector- Entrepreneurial mentality is spread- Self-sustaining growth	Bangladesh

FACTOR	CHARACTERISTICS	EXAMPLES
4. DRIVE TO MATURITY	<ul style="list-style-type: none"> - Creates new industries - Strengthens old industries - Improved energy, transportation, and communication systems - Economic growth is greater than political growth - Investing in social infrastructure 	Brazil
5. HIGH MASS CONSUMPTION	<ul style="list-style-type: none"> - Money spent on non-essential goods - Common high-order goods purchases - More egalitarian society - Strong tertiary sector 	United States, Japan

Criticisms of Rostow's Model

- **Limited Examples** - didn't fit many countries outside of the US and Europe
- **Role of Exploitation** - poorer countries are trapped in dependency upon wealthier countries
- **Bias Towards Progress** - suggested linear change towards progress
- **Lack of Variation** - suggested all countries can develop
- **Lack of Sustainability** - didn't consider Earth's carrying capacity
- **Need for Poorer Countries** - didn't recognize that countries reaching *high mass consumption* exploited poorer countries
- **Narrow Focus** - didn't address interactions between countries

Wallerstein's World Systems Theory

Immanuel Wallerstein → *world systems theory*

- **Dependency Model** → countries don't exist in isolation but are intertwined and are dependent on each other
- Also referred to as the *core-periphery model*

FACTOR	CHARACTERISTICS	LABOR TRENDS	EXAMPLES
CORE	<ul style="list-style-type: none"> - Economically-advantaged countries - Headquarters of large companies and banks - Focuses on higher skill and capital-intensive production - Promotes capital accumulation - Dominates semi-periphery and periphery countries economically and politically - Locates service centers in semi-periphery and periphery countries - Benefits from international trade greatly 	Tertiary, quaternary, and quinary sector workers	United States, United Kingdom, Japan, Australia, Germany
SEMI-PERIPHERY	<ul style="list-style-type: none"> - Most middle-income countries (<i>emerging economies</i>) - Provides core countries with manufactured goods and services - Shares characteristics with core and periphery countries 	Secondary and tertiary sector workers	China, Mexico, Brazil, India, South Africa
PERIPHERY	<ul style="list-style-type: none"> - Least-developed countries - Low-skill, labor-intensive production and extraction jobs - Provides core and semi-periphery countries with inexpensive raw materials and labor - Receives jobs and few 	Primary sector workers	Afghanistan, Bolivia, Laos, Kenya, Zimbabwe

FACTOR	CHARACTERISTICS	LABOR TRENDS	EXAMPLES
	profits from manufacturing - Attracts jobs with weak laws to protect workers		

Criticisms of the World Systems Theory

- **Little Emphasis on Culture** - heavy focus on economic influence, investments, and purchases of raw materials
- **Emphasis on Industry** - doesn't account for postindustrial economies
- **Lack of Explanation** - limited practice use (doesn't explain how countries change their status)
- **Limited Roles** - focuses more on countries, governments, and corporations

Commodity Dependence

Commodities: raw materials (ex. coffee, oil)

- **Commodity Dependence** → when 60+% of exports are raw materials
 - Correlates with low economic development

Commodity-dependent countries are vulnerable to fluctuating commodity prices.

- Ex. new supplies, less manufacturer interest, less purchases