

Development

Chapter 10

Key Question:

How do you Define and Measure Development?

What does Development Mean?

- Development implies “progress”
 - Progress in *what*?
 - Do all cultures view development the same way?
 - Do all cultures “value” the same kinds of development?

Measuring Development

Gross National Product (GNP)

Measure of the total value of the officially recorded goods and services produced by the citizens and corporations of a country in a given year. Includes things produced inside and outside a country's territory.

Gross Domestic Product (GDP)

Measure of the total value of the officially recorded goods and services produced by the citizens and corporations of a country in a given year.

Gross National Income (GNI)

Measure of the monetary worth of what is produced within a country plus income received from investments outside the country.

** Most common measurement used today.

Issues with Measuring Economic Development

- **All measurements count the:**
 - **Formal Economy** – the legal economy that governments tax and monitor.
- **All measurements do not count the:**
 - **Informal Economy** – the illegal or uncounted economy that governments do not tax or keep track of.

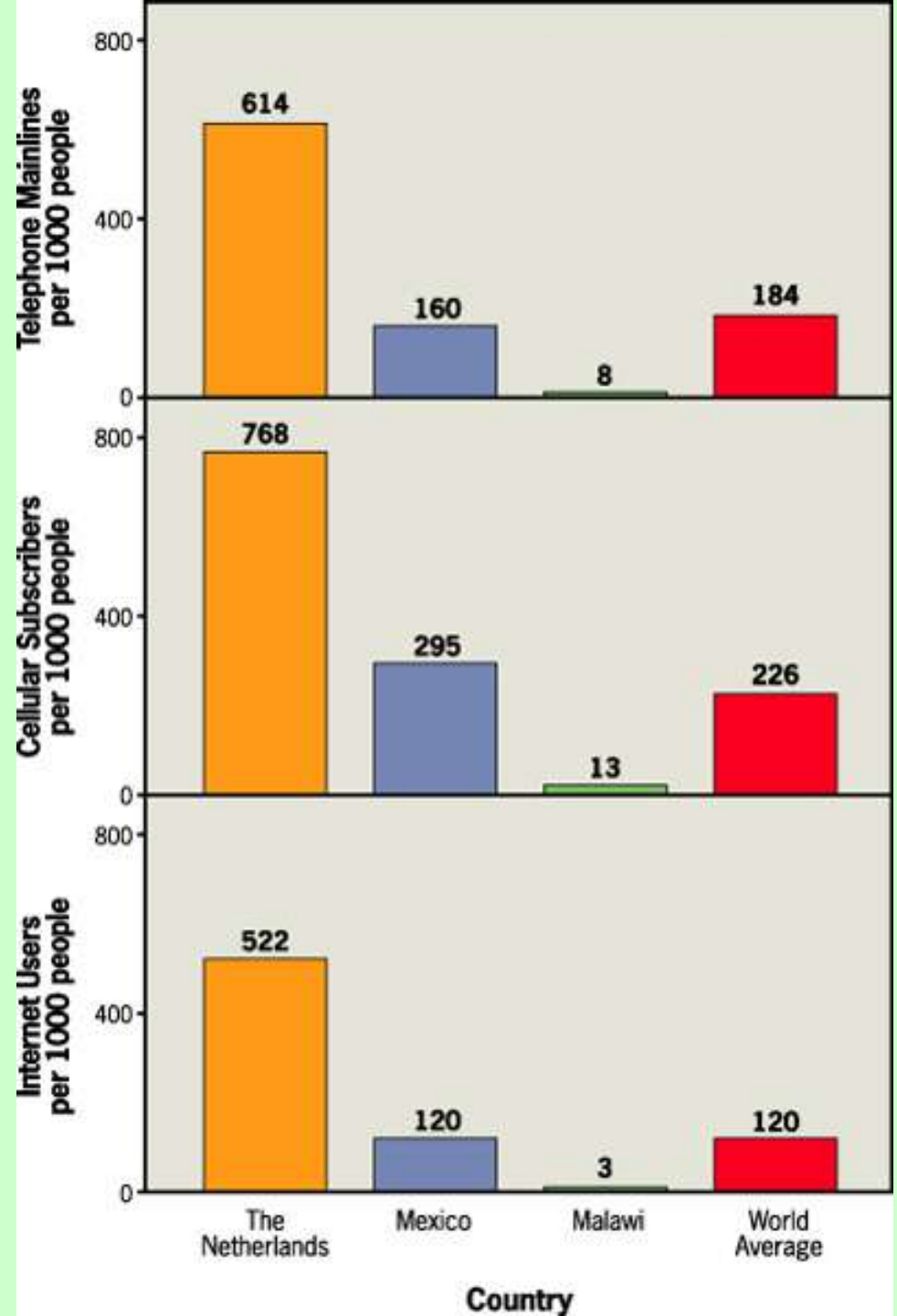
Other Ways of Measuring Development

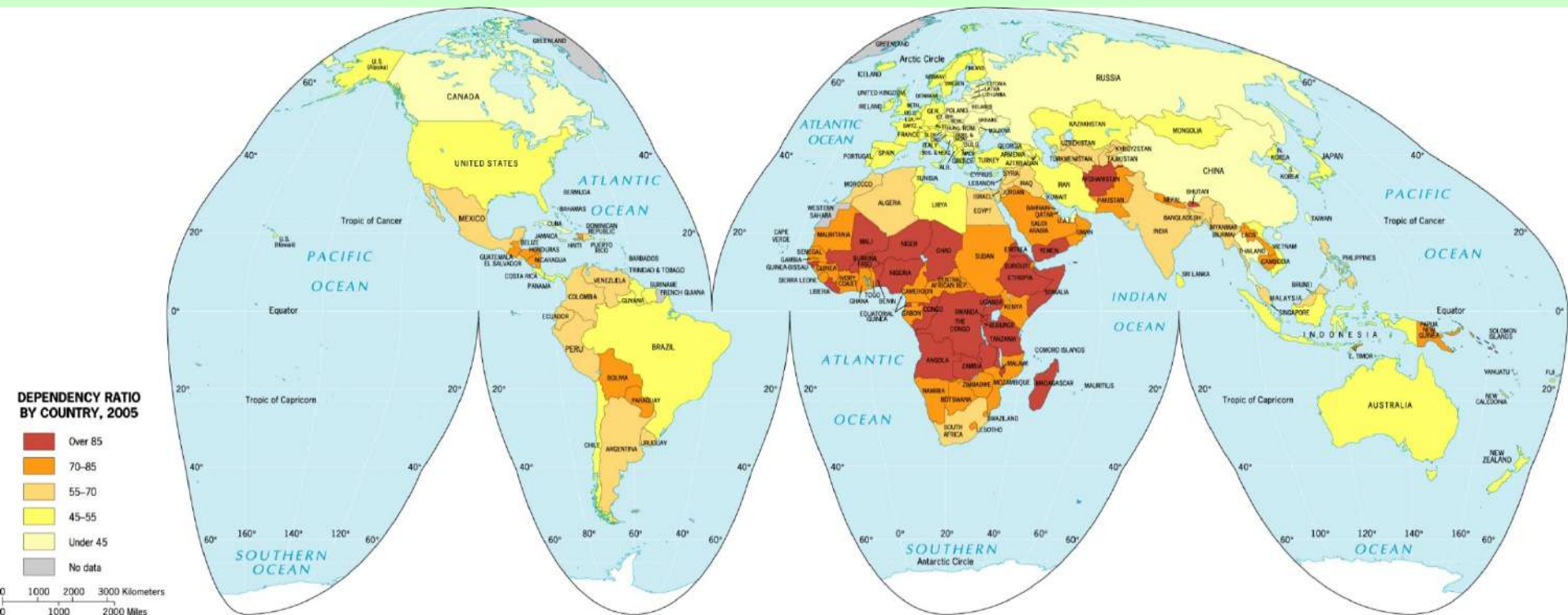
- Occupational Structure of the Labor Force
- Productivity per Worker
- Transportation and Communications
Facilities per Person
- Dependency Ratio

Non-Economic Measures of Development

- **Education: LDC's 2/3 illiterate, DC 1%**
- **Public Services: access to safe drinking water (2000 2.48/40%)**
- **Health Services: ratio of people to doctors
DC 1:350, LDC 1:5,800, Sub Saharan 1:18,500**

Differences in Communications Connectivity Around the World





Dependency Ratio by Country, 2005

A measure of the number of people under the age of 15 and over the age of 65 that depends on each working-age adult.

Development Models

Rostow Modernization Model

Walt Rostow's model assumes all countries follow a similar path to development or modernization, advancing through five stages of development, climbing a ladder of development.

- traditional
- preconditions of takeoff
- takeoff
- drive to maturity
- high mass consumption

Rostow Modernization Model

- 1. Traditional: dominant activity is subsistence farming**
 - Rigid social structure, resistance to change
- 2. Preconditions of Takeoff: progressive leadership moves the country toward openness and diversification**

Rostow Modernization Model

- 3. Takeoff: Industrial Revolution, Urbanization, Mass-Production**
- 4. Drive to Maturity: Tech. Diffusion, industrial specialization, international trade, modernization of core, pop.**
- Decline**

Rostow Modernization Model

5. High Mass Consumption: high income, widespread production of G&S, Service Sector

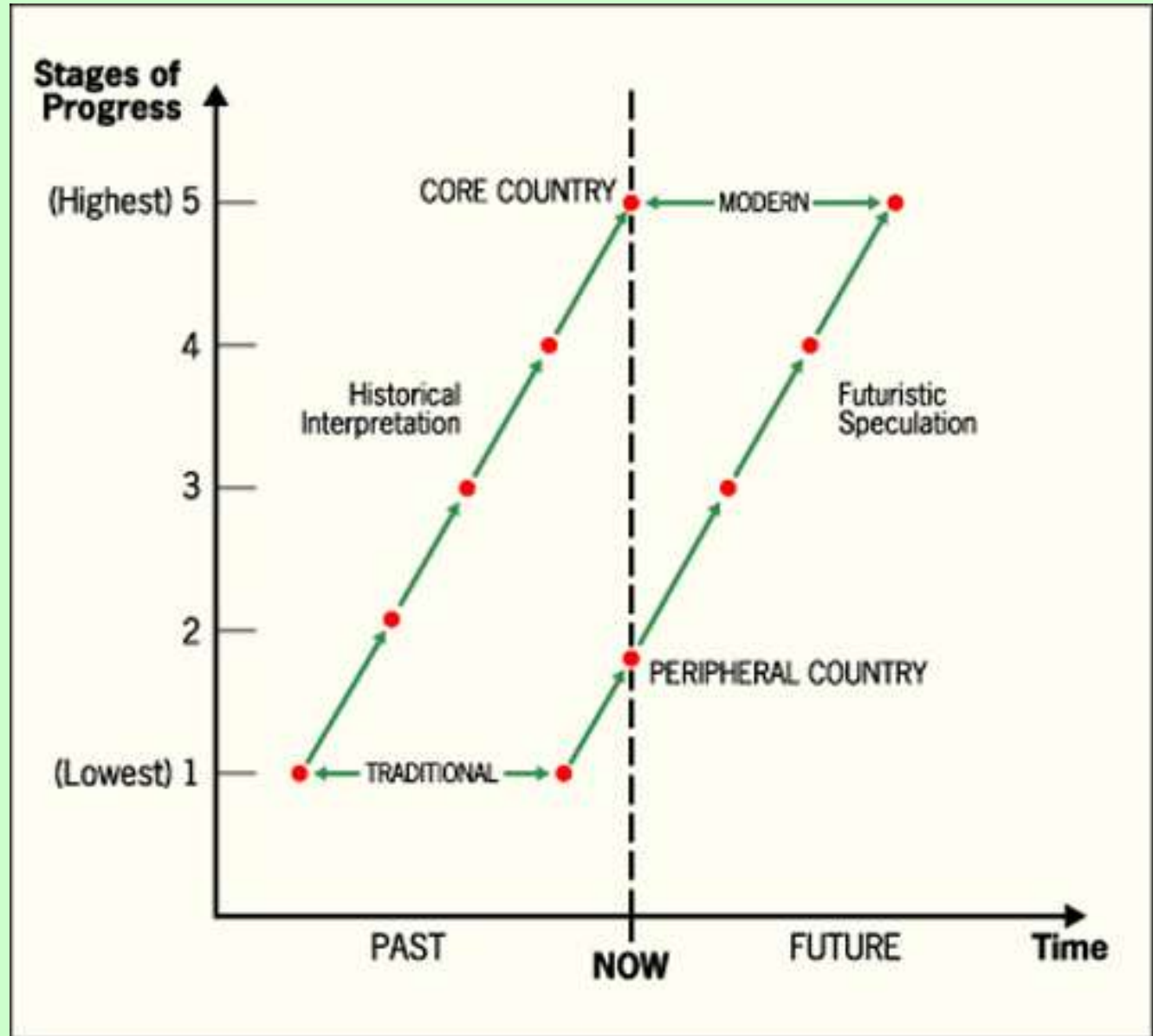
Rostow's Theory of Industrial Development

Characteristics	Stage One: The Traditional Society	Stage Two: Preconditions for Takeoff	Stage Three: Takeoff	Stage Four: Drive to Maturity	Stage Five: Age of Mass Consumption
Economy	<ul style="list-style-type: none"> largely agricultural (>75%) limited production 	<ul style="list-style-type: none"> surplus of agr. & capital expansion of trade & manufacturing 	<ul style="list-style-type: none"> rapid expansion of industry surge of technology commercial agr. 	<ul style="list-style-type: none"> technology extends to all sectors labor-saving devices are made 	<ul style="list-style-type: none"> more use and production of durable goods service sector dominates (>50%)
Society	<ul style="list-style-type: none"> hierarchical social structure 	<ul style="list-style-type: none"> beginnings of a commercial class w/ some urbanization 	<ul style="list-style-type: none"> increasingly dominant entrepreneurial class 	<ul style="list-style-type: none"> urbanization increase in skilled and professional workers 	<ul style="list-style-type: none"> new middle class shift to the suburbs population growth stabilizes
Political Power	<ul style="list-style-type: none"> regionally-based in the hands of the landowners 	<ul style="list-style-type: none"> centralized national government 	<ul style="list-style-type: none"> powerful factions encourage modernization 	<ul style="list-style-type: none"> industrial leaders are highly influential 	<ul style="list-style-type: none"> social welfare more resources for military & security
Values	<ul style="list-style-type: none"> resist change, focus on old traditions 	<ul style="list-style-type: none"> rising spirit of progress and openness 	<ul style="list-style-type: none"> increased investment of capital for profit 	<ul style="list-style-type: none"> emphasis on technology expectation of progress 	<ul style="list-style-type: none"> increased acquisition of consumer goods

Many nations are past Stage 5. Create your own column entitled *High Technology*, depicting the modern world.

Use the chart above as a source.

Rostow's Ladder of Development



Rostow Modernization Model

1. What does Rostow not take into consideration with his model?
2. Criticisms?

Structuralist Theory

- **Based on neo-colonialism**
- **Economic disparities are built into the system by people's action, and it will not change easily**
- **Assumes all countries will not go through the same development process**

Dependency Theory

The political and economic relationships between countries and regions of the world control and limit the economic development possibilities of poorer areas.

- Economic structures make poorer countries dependent on wealthier countries.
- Little hope for economic prosperity in poorer countries.

Dependency Theory

Dollarization -

Abandoning the local currency of a country and adopting the dollar as the local currency.



El Salvador went through dollarization in 2001

Wallerstein's World-Systems Theory

- Explain the theory
- Compare and contrast Rostow's ladder of development with Wallerstein's three-tier structure of the world economy.

Development in Dubai









Key Question:

**What are the Barriers
to and the Costs of
Economic Development?**

Barriers to Economic Development

- **Low Levels of Social Welfare**
 - High dependency ratio (many under 15)
 - Low number of Doctors per patient
 - Lack of access to education (girls not attending as long as boys)
 - WHY??
 - What are peripheral countries doing about this?
 - **Trafficking: adults and children**
 - How is this different from slavery?
 - Why does this happen?

Barriers to Economic Development

- **Foreign Debt**

- After decolonization, peripheral countries need funds for development

- **Structural adjustment loans**

- Provided by IMF and World Bank

- Loans with strings attached

- Privatization of industry

- Foreign trade, Reduced tariffs

- Foreign direct investment

- Free elections

- Stricter laws on corruption

- Debt becomes hard to pay off and invest in more development

- Argentina, 2001

Foreign Debt Obligations



Foreign Debt and Economic Collapse
in Buenos Aires, Argentina, 2001

Barriers to Economic Development

- **Political Instability**

- **Foreign influences**

- Decolonization left gov't unstable

- **Groups competing for power**

- Military coups, dictators, and liberal democracies

- **Disenfranchisement of the poor**

- Corruption of gov't, cut off from foreign aid
 - ex: Zimbabwe, 2002

Barriers to Economic Development

- **Widespread Disease**
 - Poor conditions in water, sewage, and access to health care
 - **Vectored Diseases spread by an intermediate host (ex: mosquito)**
 - Continue to plague the Tropics
 - Malaria (Silent Tsunami)
 - 2-3million deaths per year
 - DDT spraying in Sri Lanka dropped death rate by $\frac{3}{4}$ from 1945
 - GMO mosquitos?

Widespread Disease

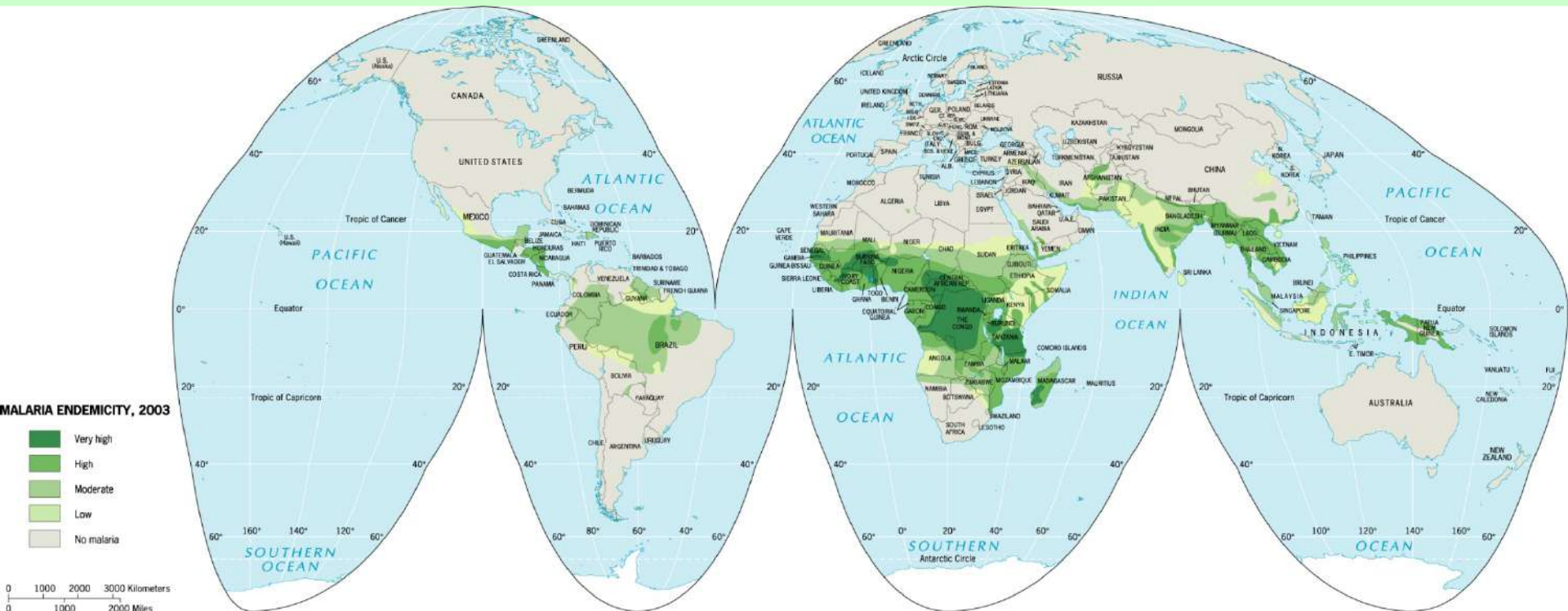
- Malaria kills 150,000 children in the global periphery *each month*.

Tamolo, India

This baby sleeps under a mosquito net distributed to villagers by UNICEF workers.



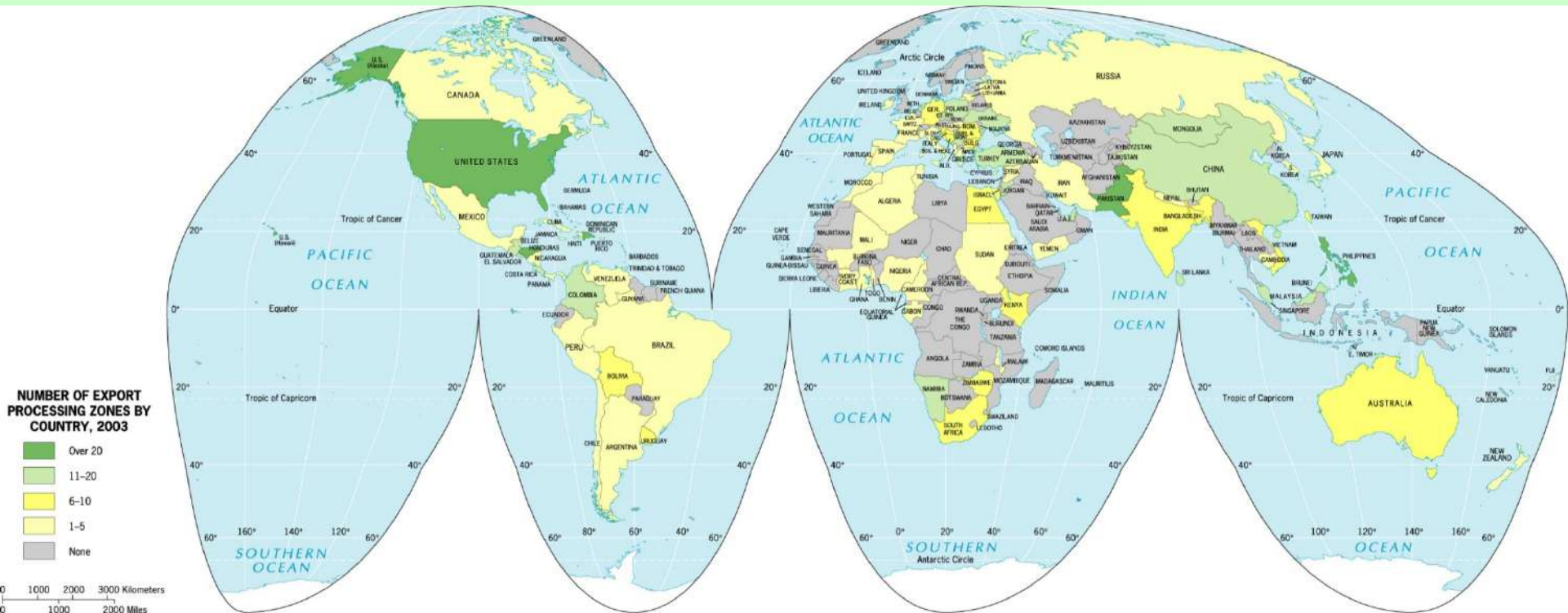
Global Distribution of Malaria Transmission Risk



Costs of Economic Development

- **Industrialization**
 - **Export Processing Zones (EPZs)**
 - maquiladoras along USA/Mexico border
 - special economic zones (SEZs)
 - Shenzhen in China, near Hong Kong

Export Processing Zones



Costs of Economic Development

- **Agriculture**

- **Small plots, outdated tools**

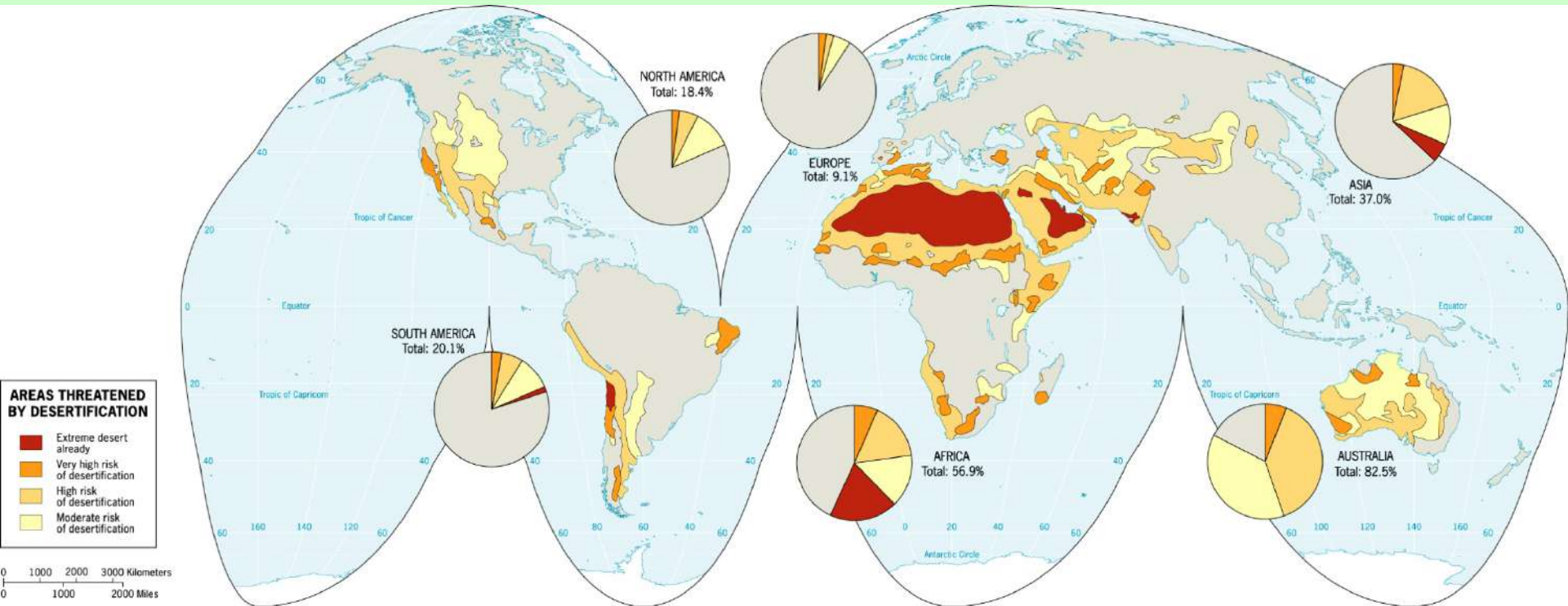
- **Constant debt, no ability to buy new fertilizers, pesticides**

- **Desertification**

- Lack of education on soil conservation

- Dry lands of Africa are growing

Areas Threatened by Desertification



Costs of Economic Development

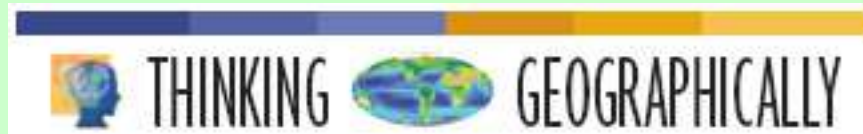
- **Tourism**

- **Pros**

- Provides income, wealth, and employment

- **Cons**

- Large investments into industry, not into needed areas
 - Local economies not benefited
 - Devastation of local culture
 - Multi-national corporations outbid local entrepreneurs



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:

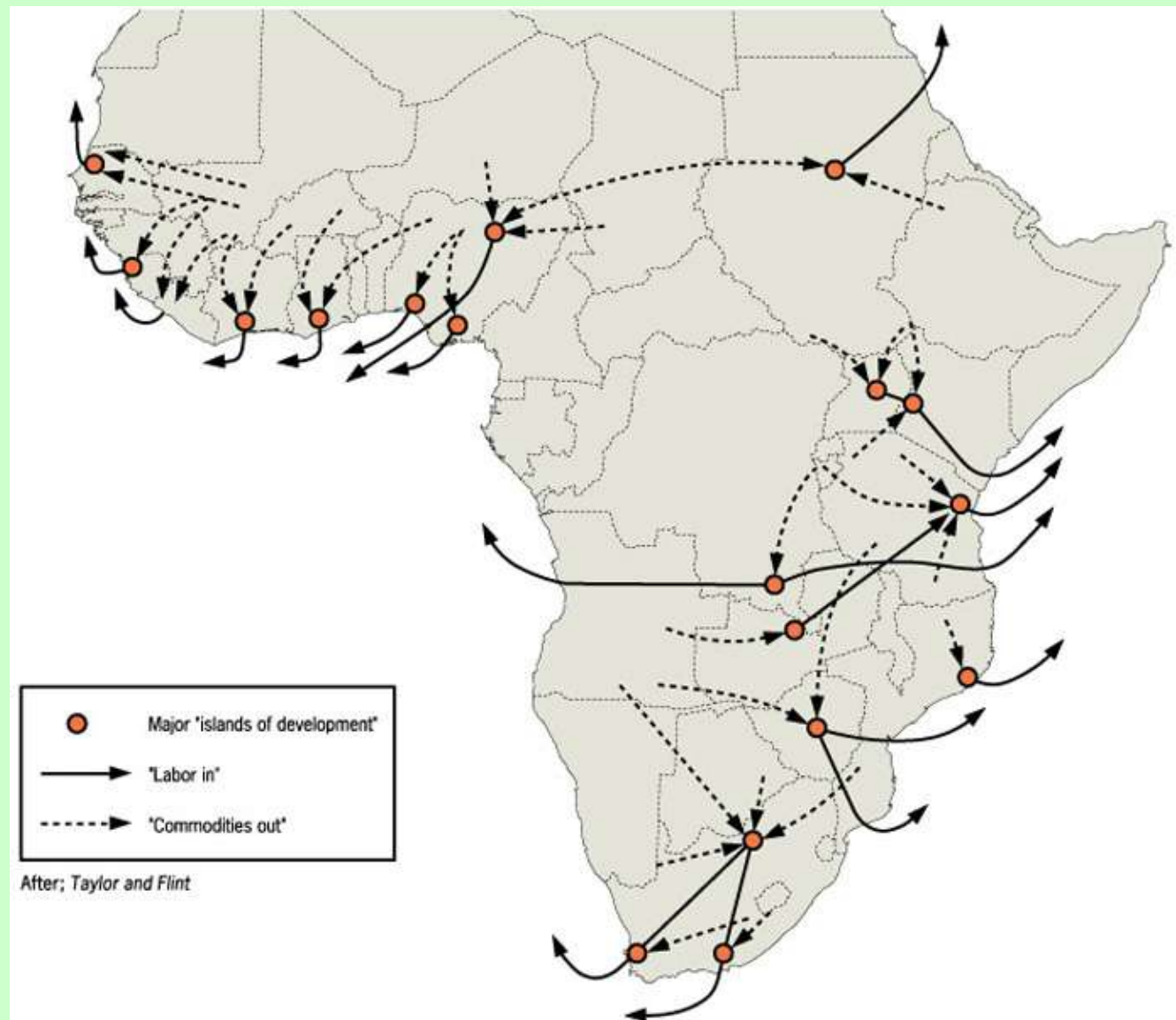
**Why do Countries
experience Uneven
Development within the State?**

How Government Policies Affect Development

- **Governments**

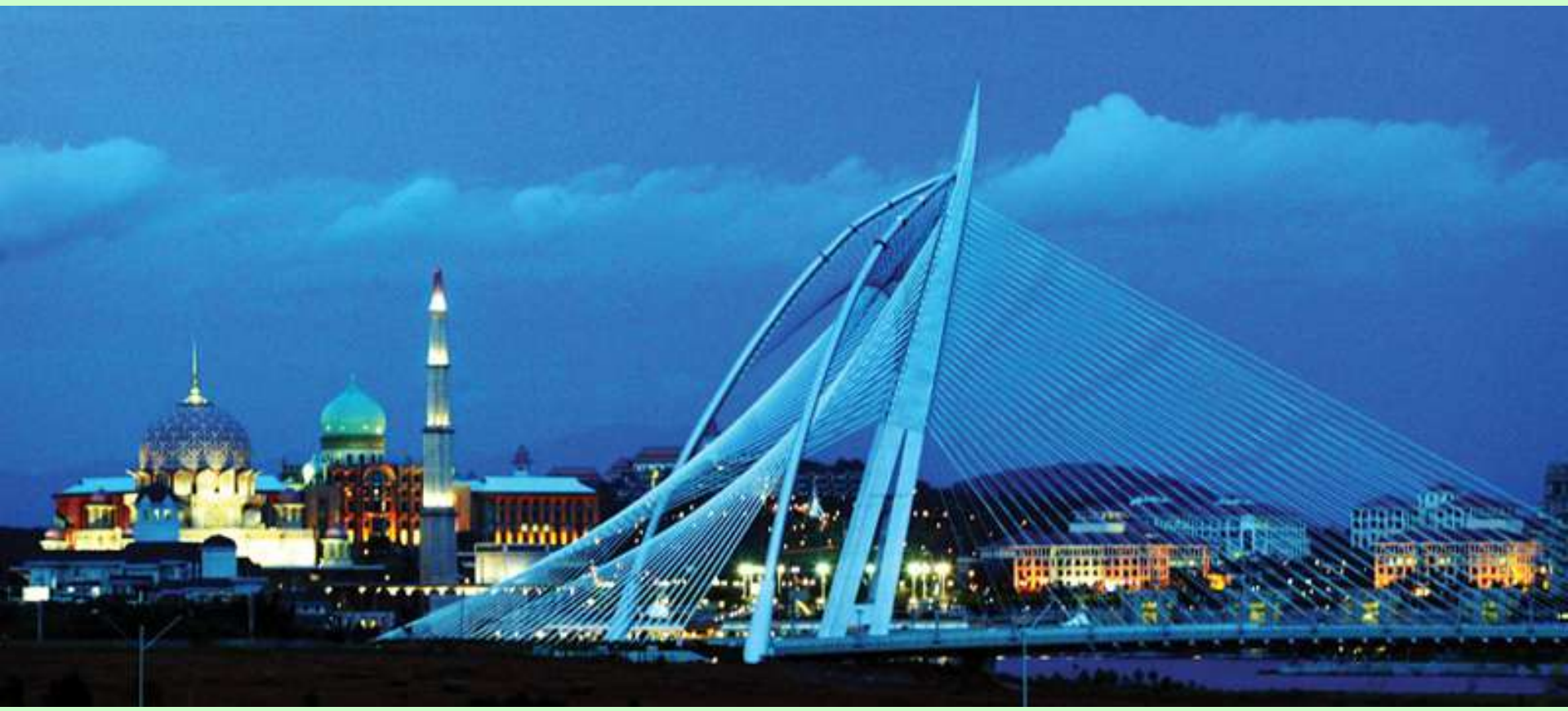
- get involved in world markets
- price commodities
- affect whether core processes produce wealth
- shape laws to affect production
- enter international organizations that affect trade
- focus foreign investment in certain places
- support large-scale projects

**Governments
and
Corporations
can create
Islands of
Development**
Places within a
region or country
where foreign
investment, jobs,
and infrastructure
are concentrated.



Government-created Island of Development

Malaysian government built a new, ultramodern capital at Putrajaya to symbolize the country's rapid economic growth.



Corporate-created Island of Development

The global oil industry has created the entire city of Port Gentile, Gabon to extract Gabon's oil resources.



Nongovernmental Organizations (NGOs)

entities that operate independent of state and local governments, typically, NGOs are non-profit organizations. Each NGO has its own focus/set of goals.



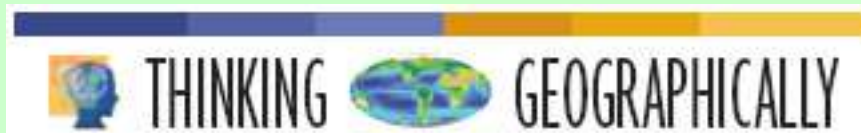
Microcredit program:

loans given to poor people, particularly women, to encourage development of small businesses.

How do actors in nongovernmental organizations (NGOs) mobilize political change?



An Indonesian woman (on left) who migrated to Saudi Arabia as a guest worker talks with an Indonesian activist (on right) who works to defend migrant workers' rights.



Take an item of clothing out of your closet, and using the Internet, try to trace the commodity chain of production. What steps did the item go through before reaching you? Consider whether core or peripheral processes were operating at each step and consider the roles governments and international political regimes played along each step.