Paper 2

Changing Economic World
**Key Idea:** There are global variations in economic development and quality of life.
Specification content: Different ways of classifying parts of the world according to their level of economic development and quality of life.

The Development gap is the difference in standards of living and wellbeing between the world’s richest and poorest countries (between HICs and LICs).

Low income country (LIC) E.G. Madagascar and High income country (HIC) E.G UK

This subdivision of countries is based on the World Bank income classifications (GNI per capita), which in 2013 were Low Income $1045 or below, and High Income $12746 or above.
## Specification content: Different economic and social measures of development: gross national income (GNI) per head, birth and death rates, infant mortality, life expectancy, people per doctor, literacy rates, access to safe water, Human Development Index (HDI).

<table>
<thead>
<tr>
<th>Measure/Indicator</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross national income per head (GNI)</td>
<td>A measurement of economic activity that is calculated by dividing the gross (total) national income by the size of the population. GNI takes into account not just the value of goods and services, but also the income earned from investments overseas</td>
</tr>
<tr>
<td>Birth Rate</td>
<td>The number of births in a year per 1000 of the total population</td>
</tr>
<tr>
<td>Development</td>
<td>The progress of a country in terms of economic growth, the use of technology and human welfare</td>
</tr>
<tr>
<td>Infant mortality</td>
<td>The average number of deaths of infants under 1 year of age, per 1000 live births, per year</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>The average number of years a person is expected to live</td>
</tr>
<tr>
<td>People per doctor</td>
<td>The number of people in a country divided by the number of doctors</td>
</tr>
<tr>
<td>Literacy rate</td>
<td>The % of people in a country with basic reading and writing skills</td>
</tr>
<tr>
<td>Access to safe water</td>
<td>The % of the population with access to clean safe water</td>
</tr>
<tr>
<td>Human development index (HDI)</td>
<td>A method of measuring development in which GDP per capita, life expectancy and adult literacy are combined to give an overview. This combined measure of development uses economic and social indicators to produce an index figure that allows comparison between countries</td>
</tr>
<tr>
<td>Death Rate</td>
<td>The number of deaths in a year per 1000 of the total population</td>
</tr>
<tr>
<td>Measure of development</td>
<td>usefulness</td>
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<tr>
<td>------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>GNI</td>
<td>Useful to compare different countries and rank them</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>Can indicate quality of health care and education</td>
</tr>
<tr>
<td>Literacy rate</td>
<td>Indicates quality of education, an important aspect of development</td>
</tr>
<tr>
<td>Birth rate</td>
<td>Indicates the number of women in education/careers as this would reduce the birth rate</td>
</tr>
<tr>
<td>Infant mortality</td>
<td>Can indicate quality of health care and education</td>
</tr>
<tr>
<td>People per doctor</td>
<td>Indicates how much money a country has for medical services</td>
</tr>
<tr>
<td>Death rate</td>
<td>Can indicate quality of health care and education</td>
</tr>
<tr>
<td>Access to safe water</td>
<td>Indicates a country has modern infrastructure e.g. dams reservoirs and water treatment plants</td>
</tr>
</tbody>
</table>
Specification content: Link between stages of the Demographic Transition Model and the level of development.

Demographic Transition Model is a model showing how populations should change over time in terms of their birth rates, death rates and total population size.
Demographic Transition Model
Specification content: Causes of uneven development: physical, economic and historical.

Causes of uneven development:
- Natural disasters: earthquakes, tropical storms
- Disease
- War
- Uneven trade
- Extreme weather e.g. drought
# Causes of uneven development

<table>
<thead>
<tr>
<th>Land locked countries find it difficult to trade.</th>
<th>Supply is higher than demand for raw materials so prices of them are kept low. This means little to no profit is made by LICs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mosquitoes that spread Malaria are found in warmer climates like Africa.</td>
<td>Without trade countries cannot develop economically.</td>
</tr>
<tr>
<td>Many LIC countries rely heavily on farming.</td>
<td>An extreme weather event can destroy a crop and infrastructure which some countries cannot afford to repair immediately.</td>
</tr>
<tr>
<td>LICs tend to export mostly raw materials which are cheap.</td>
<td>Gaining independence has resulted in corrupt governments and money spent of their army. This political instability can hold back development.</td>
</tr>
<tr>
<td>Extreme weather e.g. cyclones and hurricanes occur in Tropical climates.</td>
<td>When damage is done it can be costly and time consuming to repair, this can slow down development and make it hard to achieve.</td>
</tr>
<tr>
<td>African nations were once colonies owned by European superpowers.</td>
<td>When people get ill they cannot work, this reduces the amount of food produced, work done and so reduces the income for the country.</td>
</tr>
</tbody>
</table>
Specification content: Consequences of uneven development: disparities in wealth and health, international migration.

<table>
<thead>
<tr>
<th>International migration</th>
<th>When people move from one country to another.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>A state of complete physical, mental and social well-being</td>
</tr>
<tr>
<td>Wealth</td>
<td>Measures the value of all the assets of worth owned by a person, community, company or country.</td>
</tr>
<tr>
<td>Disparities</td>
<td>A great difference.</td>
</tr>
</tbody>
</table>
Specification content: Consequences of uneven development: disparities in migration

- Economic migrant
- Refugee
- Emigrant
- Immigrant

A person who moves into a country
A person who moves out of a country
A person who moves voluntarily seeking a better life e.g. job, education, healthcare
A person forced to move from their country of origin often as a result of civil war or a natural disaster
Why do people move? Give a definition for the following.

A push factor is a negative factor, something that encourages you to leave an area.

A pull factor is a positive factor attracting you to an area.
Types of migration:

1. Retired British couple, whose children are grown up and financially independent, moving to France International
2. A Syrian family bombed out of their home and jobs in the civil war (2011 onward) International / refugee
3. A young qualified UK doctor going to work in Australia International/ refugee
4. British university graduates moving to London and South East England internal
5. The Central/Eastern European person who serves you coffee/food in a coffee shop in the UK International /economic
6. Resident of Montserrat moving to the UK after the 1995-9 volcanic eruption of the Soufriere hills volcano International / refugee
Specification content: Consequences of uneven development: disparities in migration

**Case study:** economic migration to the UK.

- Since 2004 1.5 million economic migrants have moved to the UK, 2/3rds of whom are Polish.
- Unemployment rate in Poland is 10% and wages are 5 times higher in the UK.
- Advantages for the country of origin (Poland) – money sent home from the UK to Poland to workers' families which then gets spent and adds to the economy in Poland.
- Disadvantages for the country of origin (Poland) - people who leave are of a working age and so Poland lose the productive workforce from their population.
- Advantages for the receiving country (the UK) - Migrants pay tax contributing the UK’s economy.
- Disadvantages for the receiving country (the UK) = Migrants put pressure on the services in the UK e.g. schools, housing, NHS.
Specification content: Consequences of uneven development: disparities in health

Malaria
Malaria is a life-threatening disease caused by parasites transmitted to people by infected mosquitoes. In Africa, one child dies every minute from the disease. Yet it is preventable and curable.

In 2013 malaria caused over half a million deaths, mostly among African children, who account for 80 per cent of malaria deaths worldwide. Malaria is concentrated in the Tropics (map C) where the climate allows malarial mosquitoes to thrive.

The wealthier and more developed African countries have fewer cases of malaria due to vaccination programmes.
## Specification content: Consequences of uneven development: disparities health.

Health facts relate to Nigeria (LIC) & the UK (HIC)

<table>
<thead>
<tr>
<th>Health Facts</th>
<th>Nigeria/LIC</th>
<th>UK/HIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of care homes, retirement homes</td>
<td>1 in 100 deaths are under the age of 15</td>
<td></td>
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<tr>
<td>Low infant mortality</td>
<td>Complications in childbirth are one of the main causes of death in children under 5 years</td>
<td></td>
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<tr>
<td>Infectious diseases such as HIV/AIDS, Malaria, diarrhoea related illnesses</td>
<td>0.41 doctors per 1000 people</td>
<td></td>
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<tr>
<td>High infant mortality</td>
<td>Poor sanitation</td>
<td></td>
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<tr>
<td>Free healthcare available e.g. NHS</td>
<td>2.71 doctors per 1000 people</td>
<td></td>
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<tr>
<td>4 in 10 deaths are children under the age of 15 years</td>
<td>7 in 10 deaths are amongst people over 70 years old</td>
<td></td>
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</tbody>
</table>
KEY IDEA: Various strategies exist for reducing the global development gap.

What does the term reducing the development gap mean?

LIC become richer; they get closer to HIC in terms of wealth, education etc.
An overview of the strategies used to reduce the development gap: investment, industrial development, aid, intermediate technology, fairtrade, debt relief, microfinance loans.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Description</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>Richer countries and Transnational Companies invest in LICs. This involves building roads and developing new industries. Shell invested in Nigeria.</td>
<td>Creates jobs. Not a loan. Money can be invested in education to get the people out of poverty.</td>
<td>Countries need to either have resources (oil) or the correct political policies to attract the investment. If business do not like the government policies, they will not invest there.</td>
</tr>
<tr>
<td>Industrial development</td>
<td>Develop factories to create the multiplier effect. This means one successful factory will encourage the development of more factories.</td>
<td>Creates jobs. Not a loan. Money can be invested in education to get the people out of poverty.</td>
<td>Countries need to either have resources (oil) or the correct political policies to attract the investment.</td>
</tr>
<tr>
<td>Aid</td>
<td>Long term aid can reduce the development gap if the money is invested in education and health care.</td>
<td>Money used for useful projects – Health centres in Nigeria. This improves people’s quality of life.</td>
<td>Can be tied aid – conditions attached. Countries can become dependent on the aid.</td>
</tr>
<tr>
<td>Intermediate technology</td>
<td>Small scale projects, using local resources to improve the quality of life. For example the eco toilets in Haiti.</td>
<td>Local resources are cheap. Easy to use and understand.</td>
<td>May need aid to start the project.</td>
</tr>
<tr>
<td>Fairtrade</td>
<td>A fair price is given to farmers for their goods. For example banana farmers in the Caribbean.</td>
<td>Farmers have a guaranteed income so they can plan. Extra money can be spent on their farms. Money used to improve local schools.</td>
<td>Fairtrade goods may be more expensive for customers. Transnational companies may produce a lot of a good so Fairtrade would not work.</td>
</tr>
<tr>
<td>Debt relief</td>
<td>LICs are in debt. This has been cancelled by the World Bank for some countries. Nigeria has had debt relief of $18billion.</td>
<td>Money which would have been spent on paying the debt can now be spent on education projects to produce a skilled workforce.</td>
<td>Countries have to meet certain conditions to have the debt cancelled and some countries will never meet these conditions so their debt remains.</td>
</tr>
<tr>
<td>Microfinance loans</td>
<td>Small loans with very low interest given to women to set up a business. For example, a women in Bangladesh brought a mobile phone and people in the village could pay to use it.</td>
<td>Phone provided contact for all the people – the only phone in the village. Women earn money and can pay back the loan. The money can be used to send children to school. The money can be used to diversify the business e.g. buy hens to sell the eggs. Gets women out of poverty.</td>
<td>Women need to be able to have basic literacy to apply for the loan. May not help the poorest people.</td>
</tr>
</tbody>
</table>
Specification content: An example of how the growth of tourism in an LIC or NEE helps to reduce the development gap.

- Tourists visit the Seychelles in the Indian Ocean. The Seychelles was a LIC. The number of tourists has risen to 27,000 in 2017. These visitors spend money in the Seychelles. They buy gifts and spend money on food. The farmers in the Seychelles make money to reinvest in their business. Foreign TNCs (transnational companies) also move to the Seychelles. For example Virgin Holidays have built hotels in the Seychelles, this creates jobs for the local people as porters and cleaners. The managerial jobs often go to British people because Virgin Holidays is a British company.

- There have been improvements in the infrastructure in the Seychelles. An airport has been built and the roads have been improved. This benefits the local people as it makes it easier for them to get around and creates jobs for them.

- The World Bank (June 2015) has reclassified the Seychelles as HIC because it’s GNI has increased to $14,100 per person.
Tourists are attracted from overseas.

Tourists need a variety of goods and services.

Locals are employed to provide goods and services.

Locals are encouraged to protect the natural environment to continue to attract visitors from overseas.

Employment opportunities increase as the number of tourists increase.

Tourists attracted from overseas.

How does tourism benefit the locals?
Key idea: Some LICs and NEEs are experiencing rapid economic development which leads to significant social, environmental and cultural change.
Specification content: case study of one LIC or NEE (Nigeria) to illustrate: the location and importance of the country, regionally and globally

**Regional importance or global importance of Nigeria:**

<table>
<thead>
<tr>
<th>Diverse economy including telecommunications; predicted to have the world’s highest GNI growth 2010-15</th>
<th>Highest farming output in Africa - 70% of the population are employed in agriculture</th>
<th>2.7% of the world’s oil (12th largest producer in the world)</th>
<th>Diverse economy including financial services; Lagos is a thriving global economic city</th>
</tr>
</thead>
<tbody>
<tr>
<td>5th largest contributor to UN peacekeeping missions</td>
<td>3rd largest manufacturing sector in Africa</td>
<td>Largest population of any African nation</td>
<td>A major trading country; it exports oil and cocoa around the world and imports cars and wheat</td>
</tr>
</tbody>
</table>

Nigeria became independent from the UK in the 1960s, however this lead to bitter struggles and civil war. The country has had a stable government since 1999.

Nigeria is a multi ethnic and multi faith country. Evidence of this is:
- 21% Yoruba
- 29% Hausa & Fulani
- 18% Igbo

This is a great strength, but can also cause conflict. The Igbo race tried to separate from Nigeria and caused civil war.

The most recent issue has been the uprising of Boko Haram fundamentalists.

Urban and rural areas are different because urban areas have a greater share of public services and facilities. E.g. 60% of children in urban areas go to high school. But only 35% in rural areas.

Nigeria enjoys a rich and varied culture. Cinema “Nollywood”
Sport football team has won the African Cup of Nations three times.

Countries that invest in Nigeria are:
1. China
2. South Africa
3. America

https://www.youtube.com/watch?v=UrX_GJ7WrHY – some background info on Nigeria
The changing industrial structure. The balance between different sectors of the economy. How manufacturing industry can stimulate economic development.

**Industrial Structure**: The relative proportion of the workforce employed in different sectors of the economy (primary, secondary and tertiary).

- **Primary industry** – extracting from the ground or the sea e.g. agriculture (farming), mining, fishing.
- **Secondary industry** – manufacturing industry, (where things are made) e.g. construction, motor manufacturing, sugar refining.
- **Tertiary industry** – the service sector e.g. communications, retail, finance.
Specification content: the changing industrial structure. The balance between different sectors of the economy. How manufacturing industry can stimulate economic development.

Employment in agriculture has fallen because of the use of machinery. People are moving to urban areas for work. Industrialisation has taken place meaning more people are employed in manufacturing things (construction). There has been a growth in the tertiary sector because people want more services. For example as the country gets richer there is a need for banks.
Nigeria: The changing industrial structure

Primary products are traditionally Nigeria's main source of income as these goods were exported.

Primary products - goods that are available from cultivating raw materials without a manufacturing process.

The problem of exporting primary goods - farming relies upon weather. A drought or heavy rain can wipe out a supply of crops. The availability of natural resources to mine and sell, once they have run out there is no longer and industry there. Primary goods are cheap and so don’t make much money.

Nigeria exports crops to Australia and Indonesia and oil to India
Today Nigeria is Africa's biggest producer of oil, this is also a primary product. What are the advantages and disadvantages of exporting oil?

- 50 year supply left
- 98% of export earnings
- 14% of the country's GNI
- Oil accounts for 80% of Nigeria’s foreign revenue
- Makes more money than selling other primary goods
Nigeria: How the manufacturing industry can stimulate economic development.

| Investment in science and technology training | 10% of Nigeria’s GDP now comes from the manufacturing industry. Goods produced include textiles, leather items and processed foods. |
| Greater concern for the environment | This means that the telecommunications industry can grow globally |
| Many people speak English | The large population means a large workforce, with the right training they are a great asset to the country |
| Increased use of telecommunications | Results finding new ways to support the growing manufacturing industry that will make it more sustainable. |
| Increase in the manufacturing sector | Oil will eventually run out, there is great potential in Information Technology |
| IT driving the economy rather than oil | This results in Nigeria benefitting from global finance and trade |
Specification content: the role of transnational corporations (TNCs) in relation to industrial development.

Transnational Corporation (TNC)
A company that has operations (factories, offices, research and development, shops) in more than one country. Many TNCs are large and have well-known brands.
TNCs in Nigeria
Specification content: the role of transnational corporations (TNCs) in relation to industrial development. The changing political and trading relationships with the wider world.

**Advantages** and **Disadvantages** of Shell Transnational Corporation (TNC) in Nigeria

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies provide jobs and the development of new skills. Every year, more than 4,000 Nigerian undergraduates apply to join the ever growing list of students which Shell Nigeria supports in Nigerian Universities. Shell companies in Nigeria employ 6,000 direct employees and contractors.</td>
<td>Management jobs often go to foreign employees brought in by the TNC. Many are from the HQ in the Netherlands.</td>
</tr>
<tr>
<td>Local workers are sometimes poorly paid.</td>
<td>More money is spent in the economy.</td>
</tr>
<tr>
<td>Money used to attract TNCs could have been used to invest in Nigerian industries.</td>
<td>Working conditions are sometimes very poor. For example on July 3, 2013, there was a three-day strike over poor working conditions for Nigerian staff within the Shell industry.</td>
</tr>
<tr>
<td>Investment from companies is put into local infrastructure and education e.g. Obio Cottage Hospital which is one of the most frequently visited health facilities in Nigeria.</td>
<td>Other local companies benefit from increased orders. Shell brings reliable lighting and electric power to people and small businesses who’ve never known it before, creating thousands of jobs in the process.</td>
</tr>
<tr>
<td>Money is earned from exporting the goods. Oil accounts for 95% of Nigeria's export earnings.</td>
<td>Much of the profit generated goes to the home country of the TNC – the Netherlands.</td>
</tr>
</tbody>
</table>
Disadvantages of Shell in Nigeria

- Oil spills
  - Cause soil degradation so crops will not grow.
  - Cause water pollution in Niger Delta reducing fishing yields
- Sabotage
  - Reduces production levels
- Toxic fumes
  - Poisonous to locals
- Costs TNCs and the government billion of dollars per year

[http://www.bbc.co.uk/news/world-africa-30706227]
Specification content: international aid: types of aid.

**Emergency aid** is short term aid. This is usually given after a disaster and saves lives. For example, food and medicine.

**Developmental aid** is long term aid. This will improve the quality of life. For example, building a health care centre to give medical care.
Emergency aid

Nigeria needed emergency food aid in March 2017.

The conflict with Boko Haram has caused violence, forcing 2.6 million people to flee their homes and leaving over 11 million people in need of emergency food. Millions are going hungry.

Oxfam are providing people with desperately needed food as well as clean drinking water and sanitation to prevent the spread of disease.

Oxfam has supported over 250,000 people since we began responding to the crisis in Nigeria in May 2014.
Specification content: international aid: impacts of aid on the receiving country

Developmental Aid

Case Study: The Aduwan Health Centre

- Funds received from the World Bank in 2010.
- Train local women to educate mothers about the importance of immunising their children against polio.
- Test for HIV.
- Immunise children against Polio.
**Specification content:** international aid: impacts of aid on the receiving country

**Why does Nigeria need to receive aid?**
Many people in Nigeria are poor, limited access to clean water, sanitation and reliable power supply.

**What aid does Nigeria receive?**
US$5000 million in 2013 from UK and USA

**How does aid benefit Nigeria?**
Money from the USA and UK has helped educate and protect people from HIV/Aids, ‘Nets for Life’ project, provides education on Malaria prevention and distributes anti-mosquito nets to households.

**Problems**
- Corrupt governments prevents the most needy receiving the aid they need.
- Donors may have political influence over who receives the aid
## Mining and oil extraction
Oils spills in the Niger Delta have resulted in a decline in the amount of 
selfish.
Oil spills can cause fires sending CO2 into the atmosphere, adding to global 
warming.
Acid rain results from CO2 being released into the atmosphere. Acid rain 
harms fish. The Niger Tetra is under threat from extinction.

## Industrial growth
Nigeria has 5000 registered industrial factories. The fast unregulated growth of 
industry has led to environmental problems:

94% of the population is exposed to air pollution levels that exceed World Health 
Organisation (WHO) guidelines.
Industrial chimneys emit poisonous gases (asbestos, sulphur dioxide and nitrogen 
oxide) that can cause breathing issues and hearth problems in people. 
70-80% of Nigeria’s forests have been destroyed through logging, agriculture, 
urban growth and industrial development.

## How does economic growth impact on the environment in 
Nigeria?

### Urban growth
As Nigeria has developed, urban areas have grown rapidly. This has brought many problems:
Shanty settlements are common in most cities
Waste disposal has become difficult due to the increase in people and growth of shanty settlements, resulting in a lot of rubbish on the streets
Traffic congestion is a major problem in most cities, leading to high levels of pollution

### Commercial farming and deforestation
Commercial farming of cocoa has lead to land degradation. This means the nutrients are being taken away from the land.
Many species have disappeared from the area because of deforestation including cheetahs and giraffes. The Niger Delta red colobus has become an endangered species.
 Specification content: the effects of economic development on quality of life for the population.

What makes a good quality of life?

- More disposable income to spend on luxuries
- Good job
- Access to health care
- Access to clean water
- A good education
- A good diet
**Specification content:** the effects of economic development on quality of life for the population.
**Specification content:** the effects of economic development on quality of life for the population

**Factors that will affect further development in Nigeria:**

**Political:** the need for a stable government who will encourage inward investment (companies from abroad to build factories in Nigeria)

**Environmental:** Pollution levels from oil spills destroying land and the lives of the local Ogeni people. Pests like Tsetse fly are killing livestock.

**Social:** tribal differences, religious divide between Christians and Muslims. Kidnappings by Boko Haram scare potential investors.

**Factors that have slowed down the improvements in economic growth and quality of life in Nigeria:**

**Corrupt government –** money not used to diversify the economy (reliant on the oil industry)

**Falling oil prices –** Nigeria is reliant on the money made from oil, if this falls then Nigeria have nothing to ‘fall back’ on.