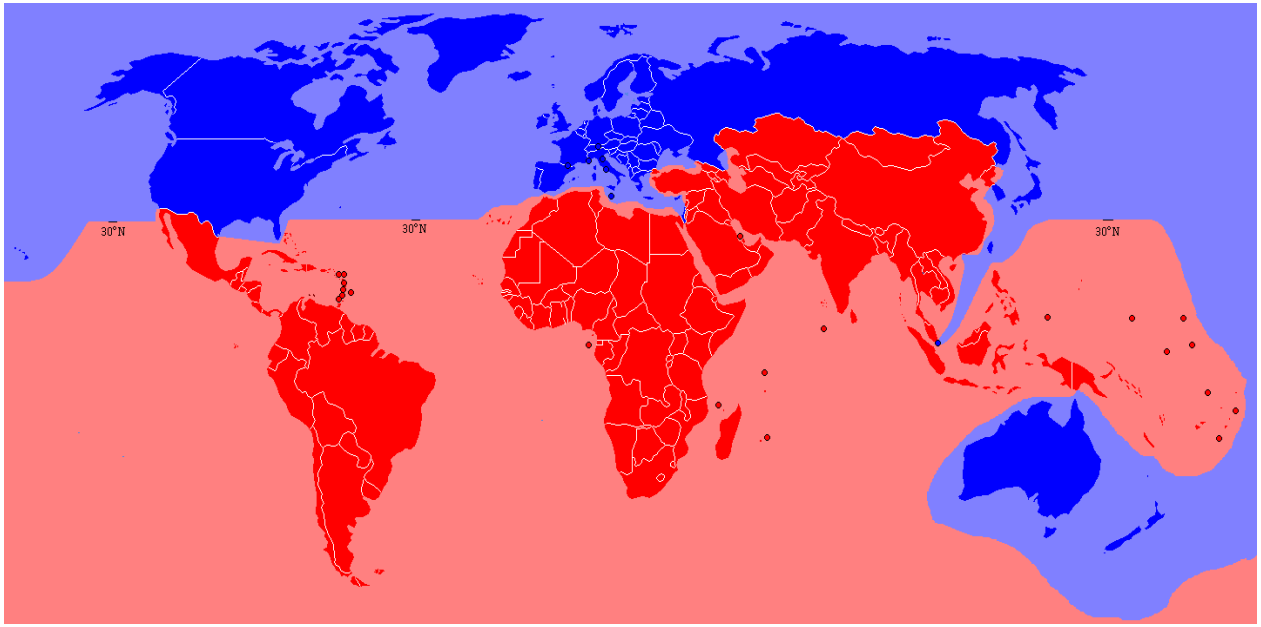
IB Geography Revision Notes
Topic 2- Disparities in Wealth and Development



International Baccalaureate

Written by Benjamin Tavener
Editor of Geography Base™

www.geographybase.co.uk

Syllabus Checklist:

Sub-unit	Syllabus Statement	☺ or ☹
1.Measurements of regional and global disparities	• Define indices of infant mortality, education, nutrition, income, marginalization and Human Development Index (HDI).	
	• Explain the value of the indices in measuring disparities across the globe.	
2. Origin of Disparities	• Explain disparities and inequities that occur within countries resulting from ethnicity, residence, parental education, income, employment (formal and informal) and land ownership.	
3. Disparities & Change	• Identify and explain the changing patterns and trends of regional and global disparities of life expectancy, education and income.	
	• Examine the progress made in meeting the Millennium Development Goals (MDGs) in poverty reduction, education and health.	
4. Reducing Disparities	• Discuss the different ways in which disparities can be reduced with an emphasis on trade and market access, debt relief, aid and remittances.	
	• Evaluate the effectiveness of strategies designed to reduce disparities.	

2.1: Measuring disparities (1)

Measurements of regional and global disparities:

Development: An improvement in the quality of life. Although wealth comes into this, many other things are also important like health, education and security.

Indices: An arrangement of material or figures in a numerical order. We can use indices to compare countries. Indices can be useful because organisations and governments can use them to decided where investment and improvements are most needed. For example if a country has very higher birth rates, then the government may need to invest in family planning.

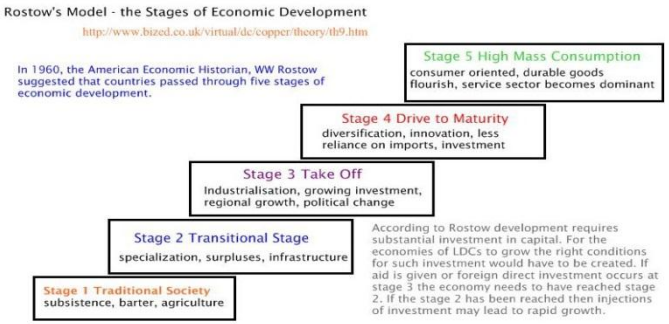
Gross domestic product (GDP): The total value of all goods and services produced domestically (inside a country) by a nation during a year.

Gross national product (GNP): The total market value of all goods and services produced by a nation in a year. It also includes the value of goods and services produced overseas.

Gross national income (GNI): The total value of good and services produced within a country together with the balance of income and payments from or to other countries. GNI is increasingly become the preferred monetary indicator.

Problems with Monetary Measures:

- Most countries use different currencies, because the value of currencies change against each other (exchange rates) it is hard to make accurate comparisons.
- All countries have a formal and an informal economy. The formal economy is regulated by the government and its value is known. However, the informal economy (things like shoe shining, car windscreen cleaning) aren't so the government nor economists know the true value of economies and therefore GNI.
- Some goods and services are unpaid e.g. volunteering in a charity shop or parenting. However, they contribute to the economy so shouldn't they be included?
- Looking at a country's overall GNI disguises intra-country variations. For example the East of China is becoming very rich, but much of the west is still very poor.
- Just looking at money also neglects many other important aspects of development e.g. education and healthcare.



Human development index (HDI): HDI was developed in 1990 and is used by the United Nations to measure levels of development, HDI looks at three variables:

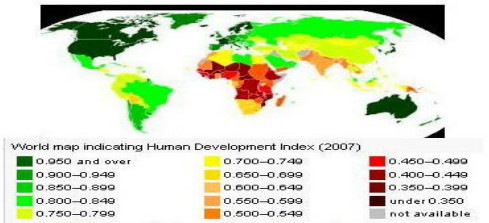
1. GNI per capita
2. Life expectancy
3. Comparing expected years of schooling for current school children and mean years of schooling for adults age 25 (the old system just looked at adult literacy)

- The HDI calculations score all countries between 0 and 1. The map below shows that according to HDI the most developed countries are in Western Europe North America and Australia while the least developed countries are in Central Africa.
- HDI is what is known as a **composite measure**. This simply mean that more than one variable is taken into account, for HDI three variables are looked at. It can be harder to collect all the data for composite measures, but they do give a more complete and accurate picture of a country's are area's development.
- Many terms are now used to describe countries at different stages of development, some of the most common are:

More economically developed country (MEDC): A developed country, where the tertiary sector is probably the most important sector of the economy.

Less economically developed country (LEDC): A poorer country where the most important sector of the economy is probably the primary sector.

Newly industrialising country (NIC): A developing country where the most important sector of the economy is probably the secondary sector.



Stages of Development:

- All countries go through different stages of development. The Rostow Model attempts to show these stages. It states that all societies and countries started off being primary based (mainly farmers).
- Overtime countries may specialise in agricultural products that the physical geography of the area favours. With money earned from selling their products they will be able to invest in infrastructure and start to grow their industry (secondary sector).
- Again they may specialise in certain industries making more money. As companies and individuals become wealthier they may demand more services growing the tertiary sector.

Primary sector: The sector of the economy using the land to harvest, mine or grow things e.g. forestry, farming and mining.

Secondary sector: The sector concerned with making things from raw materials e.g. construction and manufacturing.

Tertiary sector: The sector that provides a service e.g. teachers, doctors, hoteliers and hairdressers.

Quaternary sector: The knowledge based sector of the economy e.g. IT, consultation and R&D.

2.1: Measuring disparities (2)

- Also countries at similar levels of development have grouped themselves together in organisations to discuss development and economic policy. A couple are:

Russia, India, China and South Africa (BRICS): These five countries have some of the fastest growing economies in the world, they are sometimes called the emerging markets. They have formed a group/organisation to discuss development strategies and economic policy.

The Group of Twenty (G20): The G20 is a group of the World's twenty biggest economy (it includes the EU as an economic union). They meet regularly to discuss economic policy.

Marginalisation: When a group of people become separated from society.

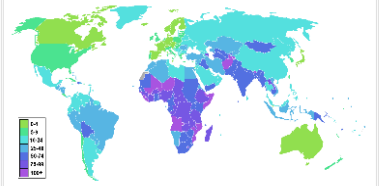
Polarisation: This is when there is a massive division between two groups. For example a country might become polarised economically if the rich become richer and the poor become poorer.

THREE important indicators:

Infant Mortality: The number of deaths before the age of one per 1000 live births per year.

Reducing infant mortality is a Millennium Development Goal (number four). Despite this there are still huge differences in the rates of infant mortality around the world. Measuring infant mortality accurately can be problematic because in many LEDCs birth certificates and death certificates are not always given and many births take place outside of hospitals. Infant mortality rates can be high for a number of reasons including:

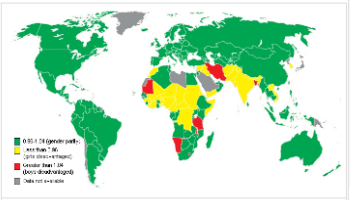
- The health of the mother
- Natal care
- Education levels
- Diet
- Disease
- Conflict
- Access to healthcare and medication



Global Infant Mortality Rate

Education

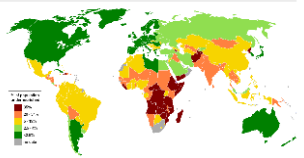
Education can be measured in countless ways including; adult literacy, student teacher ratio, school enrollment, number of school years completed and number of university graduates. Access to primary education is another Millennium Development Goal (number two). Access to education is a considered an important goal because it helps individuals and countries to move out of poverty, by getting a better job, reducing birth rates, etc. When looking at education it is important to look at the education received by boys and girls. The yellow parts of the map below show where girls are disadvantaged and the red areas where boys are disadvantaged.



Gender Parity in Primary Education

Nourishment

Nourishment is an important indicator because it can peoples ability to work, get educated and fight diseas Again the elimination of hunger is a Millennium Development Goal (number one). Even though Malthu predicted that we would run out of food and have mas famines and conflicts over food, there is currently eno food for everyone. However, food is distributed unevenl causing problems. The darker areas of the map below show areas where large numbers of people are undernourished.



Map showing Undernourishment

Economic Indicators	Social Indicators	Environmental Indicators
Internet connectivity: The percentage of people connected to the internet.	**Birth rates:** The number of births per 1000 of population per year.	**Forest Cover:** The percentage of land covered in forest.
Mobile ownership: The amount of people who own mobile phones.	**Death rates**: the number of deaths per 1000 of population per year.	**Areas Protected:** The percentage of land that is officially protected i.e. National Parks or Reserves
GDP/GNP/GNI per capita: The amount of money made by a country divided by its population. See above for specific explanations.	**Infant mortality**: The number of deaths before the age of one per 1000 live births per year.	**Pollution levels:** the amount of different pollutants in the land, water and atmosphere
Unemployment Rate: The percentage of people who do not have a job. sometimes economists look at long term unemployed or unemployment amongst different age groups.	**Child mortality:** The number of deaths before the age of five per 1000 live births per year.	**Biodiversity:** The variety of plants and animals within a country.
Debt Ratio: The amount of money a country owes in relation to its GDP	**Life expectancy:** The average that someone is expected to live from birth with a country or region.	**endangered Species:** The number of species that are endangered within a country.
Economic freedom index: An indices that looks at individuals and companies freedom to work, hire, invest, borrow, lend, produce and consume in the manner they chose.	**Total fertility rate:** The average number of children a female is expected to have in her lifetime.	
Car ownership: The percentage of people that own cars.	**Murder Rate:** The number of murders per 100,000 of population per year	
Income: The average income of countries	**Adult literacy:** The percentage of adults who can read and write.	
Home ownership: The percentage of people that own their own homes.	**School enrollment:** The percentage of people that enroll in primary school or complete primary/secondary school.	
Doctors: The number of doctors per 100,000 of population.	**Malnutrition rate:** The percentage of children underweight or under height for their age.	

Problems and Limitations of Development Indicators:

Although development indicators can be useful for governments, NGO's etc. to know where to target investment or where for industries to locate a new factory, or even for where an individual to move to, they do have their limitation. These limitations include:

- Countrywide statistics disguise intra-country variations. For example: if you look at the map below, the east of China is a lot richer than the west, but if you looked at China's overall GDP you would not know this.
- In many countries data is inaccurate or incomplete. Some countries also refuse to release certain pieces of information or data.
- Most development indicators (with the exception of HDI) focus on only one aspect of development.
- Most indicators use averages and tend to neglect or highlight the sectors of the population that are marginalised.
- Indicators are always out of date. Once information has been collected, analysed, presented and published a lot of things can have changed either for the better or worse.
- Development indicators can be manipulated, used or ignored to suit peoples needs. One indicator may suggest an area is developed while another may suggest an area is undeveloped.

2.2: Origins of disparities (1)

Important Definitions:

Absolute Poverty: When people don't have enough money to afford their daily needs. The UN usually classifies anyone earning less than $1 or $2 to be absolutely poor.

Relative Poverty: When people have less than the average in the community or country that they live in. For example someone would be considered relatively poor if everyone in their community can afford a car, television and a computer, but they cannot.

Poverty line (or threshold): The minimum level of income deemed necessary to achieve and adequate standard of living in a given country.

Income gap: The income gap between the richest and poorest in a country.

Inequalities or Disparities: When there is a difference in the way people are treated or paid or there is a difference in the amount of money and possessions they own.

Marginalisation: The process of an individual or group of people becoming separated from the majority. People may become marginalised because of their age, race, religion, economic status, etc.

Wants: Things that people like to have, but don't necessarily need e.g. televisions, Blackberries and holidays.

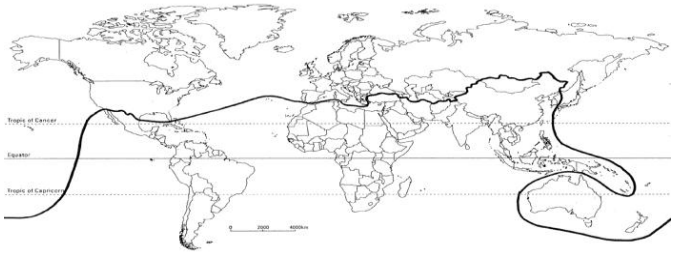
Needs: Things that people need to survive. Needs include water, food, shelter and clothing.

Formal Economy: The sector of the economy that is taxed, monitored and regulated by the government. The formal economy is included in a country's GDP, GNP and GNI.

Informal Economy: The sector of the economy that is not taxed, monitored or regulated by the government, it is sometimes referred to as the **black market**. The informal economy includes illegal activities like the drugs and sex industry, but also begging, show shining on the street or selling counterfeit DVDs.

The Brandt Line:

- The Brandt line is an imaginary line that a German politician drew across the World in the 1970's. He basically said that there was a north/south divide. He believed that the north was richer and the south was poorer.
- Although the line might have been partially true in the 1970's when communism was at its strongest, many things have since changed. Communism has collapsed and many countries of the former USSR (north of the line) are considered to be relatively poor e.g. Belarus, Uzbekistan and Turkmenistan. Other countries like Greece, Portugal and Ireland also north of the line are suffering from massive debt crises.
- On the other hand there are many countries south of the line that have experienced rapid development. The BRICS countries of China, India, Brazil and South Africa are all south of the line. Other countries like South Korea, Singapore, Argentina and Chile have also experienced impressive growth and have per capita GDP higher than many countries north of the line.
- Now the line is only really useful as a topic of debate to discuss economic changes over the last 40 years.



Factors Causing Disparities in Wealth:

Residence: Where you live can be very important in determining your wealth. This might mean your residence of birth e.g. Japan or Afghanistan. If your are born in Japan you are much more likely to be free from conflict, receive an education, enjoy a good diet, have a roof over your house, get a job and live comfortably. However, it might also mean your personal residence (your house). If you live in a solid house that protects you from the weather and if you have a water and electricity supply then you are more likely to remain fit and healthy, be able to work and be relatively well-off. However, if you live in an informal settlement e.g. a favela in Rio, then you are unlikely to have a reliable electricity supply, or running water, or an inside toilet with sewers, or rubbish collections, or a secure structure or even legal ownership of the land or house. Therefore, you are more likely to suffer from ill health, be affected by natural disasters and risk eviction at anytime. If this is the case you are more unlikely to be able to work, be able to secure loans and increase your wealth.

Ethnicity/Religion: Some ethnic or religious groups can become marginalised and struggle to escape from poverty. This might be because the political leaders are from a certain ethnic group or tribe and they favour people from that group. Alternatively it might be immigrant groups are discriminated against and only be able to work in the informal economy or be exploited.

Parental education: If your parents are educated it is more likely to mean that they have a good job and can afford all of life's needs (housing, food, etc.). If your parents are employed it is also more likely that they can afford to send you to school giving you a head start in life.

Diet: If people are undernourished or suffer malnutrition they are more likely to become weak and sick. If they are sick and there is no government welfare then they are unable to earn money and becoming poorer. Many LEDCs, especially in areas like the Sahel (south of the Sahara) see large scale undernourishment (famine) and poverty. The elimination of hunger and poverty are both Millennium Development Goals.

Land ownership (tenure): Private ownership of land is an important factor in allowing people to grow food and generate income. If you have land you can at a minimum live a subsistence lifestyle, but more likely be able to sell surpluses or secure a loan against the value of land. Sometimes females may struggle to avoid poverty because they are unable to inherit or own land.

Energy supply: For industry to be successful it needs a reliable energy supply. Therefore countries with national grids covering the entire country can enjoy more even growth. However, regions that don't have power e.g. Mongolian steppes will find growth and development much harder.

Income: If a country or individual already has a good income or wealth it is easier to generate more wealth. Individuals can not only ensure that they have a good residence and a healthy diet, they can also borrow money more easily to invest. Some organisations like the Grammen Bank in Bangladesh are trying to improve micro-credit for poor people so that they can start investing in their businesses and growing their wealth - although not everyone agrees it is the best solution

Debt: Some countries are so heavily in debt that they spend the majority of their income paying off debt interest and are unable to invest in infrastructure to stimulate growth. The World Bank and IMF are now assisting some countries that are heavily in debt to try and alleviate their populations from poverty. The countries that the IMF and World Bank are trying to help are known as HIPCs (Highly indebted poor countries). To receive help they have to prove that they have democratic and uncorrupt governments.

Sex: In many societies males are still favoured over females in terms of education, ownership and employment. In some countries like Saudi Arabia females are not able to drive themselves and many believe should not even be allowed to work with men. If you are unable to work you become dependent and are unable to increase your personal wealth. Fortunately the emancipation of females is becoming more widespread around the world

2.2: Origins of disparities (2)

Origins of Debt	Problems Caused by Debt
The debt problems of many LEDCs started after decolonisation (independence). Many countries after independence were encouraged to borrow money to invest in infrastructure projects. Money was available because: • The discovery of oil and rise in oil prices in the 1970's meant many OPEC countries had huge reserves • OPEC countries invested many of their reserves in western banks • At the time low interest rates meant that poor countries were encouraged to take large loans from western banks • Dictators of many poor countries took the borrowed the money themselves rather than investing it in their countries • Rising interest rates meant that loan repayments increased • Many currencies of LEDCs also fell in value making repayments more expensive • Lack of previous investment in the economy meant that the countries were generating very little income. The factors above meant that many countries had crippling debt and started to default and were forced to take out very strict loans from the IMF and World Bank.	High levels of debt can cause many problems including. Many of the problems below can lead to a spiral of decline: • Reduced investment in essential services like schools and hospitals • Reduced investment in infrastructure projects like roads, ports and airports • High levels of unemployment • Increased taxation on individuals and companies to pay debt • Increased reliance on aid • Imposed reform in order to get debt e.g. former SAPs imposed by IMF • Possible default • Problems of raising future capital (poor credit rating)

Economic Growth or Collapse: Some countries experience rapid growth e.g. the Asian Tigers (Singapore, Malaysia, South Korea) in the 1980's or the BRICS countries currently alleviating millions from poverty very quickly. However, countries can also see rapid economic decline leading to unemployment and people falling into unemployment. The current credit crunch and global recession has meant many countries like Greece, Ireland and Portugal and see a fall in wealth.

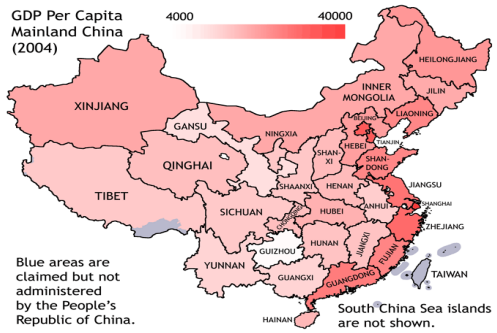
Cycle of Poverty: This a cycle that many individuals, communities or even countries get stuck in. For example if people don't have very much money then they can not invest in land or agricultural products. If they can't grow anything they often suffer from malnutrition (undernourishment). If they are hungry they are more likely to get sick, if they get sick they are unable to work and earn any money. If they have no money they can't invest in land or agricultural products. The only way to break this cycle is normally through government or NGO (charities) schemes aimed at targetting the poor and alleviating poverty.

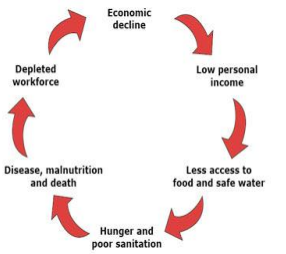
Core and Periphery: In most countries or regions core and peripheral regions develop. Although in the model below, Friedmann suggests peripheral areas should become more interconnected with the core areas, in many areas the peripheral areas are less wealthy. Core areas become wealthier because it is where there is the greatest investment in transport, communications, services, etc. Because these areas get the most investment they see an increase in private investment and inward migration perpetuating the regions wealth in a positive cycle of investment.

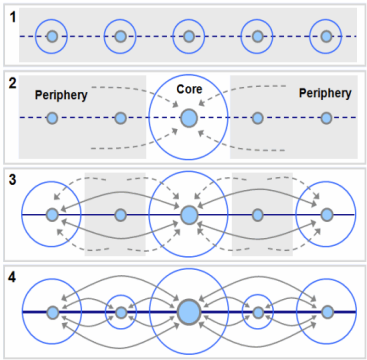
Case Study: Disparities in China

From the map below, It is fairly clear that the east of China is a lot wealthier than the centre and the west of China. There are a number of human and physical factors that have led to these disparities.

- **Physical Factors:** Large areas of the north of China are covered in the Gobi Desert, because of desertification the desert is actually growing south further into China. Deserts are arid places incapable of supporting large scale agriculture and therefore populations. The south west of of China is largely covered by the Tibetan Plateau (The Himalayas) making agriculture, transportation, construction and communication all hard.
- On the other hand the south east has an extensive coastline make transport and communications much easier. The land in the east is also much flatter, has a good water supply (Yangtse and Yellow River) and is more fertile making farming, transport and construction all easier.
- **Human Factors:** Most of China's major cities are located in the east (Shanghai, Beijing, Guangzhou, etc.) and it is these that have seen the greatest investment in infrastructure (roads, rail and air) and attracted the most investment and therefore seen the largest growth in jobs and economic development.
- Ethnically China is predominantly Han and it is the Han that dominate government. Therefore Han people have often been favoured and minority groups like the Tibetans in the south west and the Uighers in the north west have been marginalised.







2.3: Disparities and Change (1)

Dependency Theory;

Many of the 'Dependency Theory' ideas were popularised by Andre Gunder Frank in 1966. Frank carried out historical investigations to try and ascertain why some areas of the world were developed and other areas undeveloped. He argued that:

- The development of the rich world was achieved by exploitation of the developing world. The diagram to the right very simply shows how resources are moving from the periphery (developing) to the core (developed).
- That developing countries moved into production of cash crops (coffee, tea, cocoa) which meant that they were no longer subsistent and actually dependent on developed countries for food imports and food aid.
- That the development of many countries were slowed or stopped by the arrival of colonists. He points out that many countries were richer before colonisation than after.

This dependency may have grown even greater since Frank produced his argument because:

- Many poor countries owe large debts to developed countries or international banks
- The world is now more globalised with many developed country TNCs operating in and possibly exploiting developing countries.
- Developed countries tend to specialise in more value added industries like banking and manufacturing, widening the development gap even more. The diagram to the right shows how goods flow to the periphery. This can increase debt and hamper there own independence and technological development
- Many international organisations are dominated by developed countries e.g. G20, World Bank, IMF and even the UN Security Council
- Many developing countries have now become reliant on NGO help
- Population growth is highest in developing countries so many are suffering from greater overpopulation and are more dependent on foreign help.

Changes in Life Expectancy:

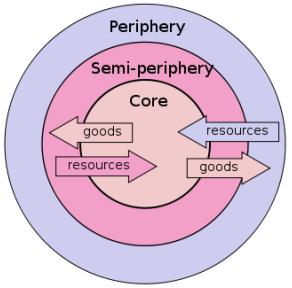
- Life Expectancy is the average age people are expected to live to at birth. The world's current average life expectancy is about 70 years, but there is a huge gap between the highest (Monaco at about 89 years) and the lowest (Angola at about 38 years).
- The world's average life expectancy has increased by about 25 years in just over 50 years. The reasons for the increase in life expectancy include:

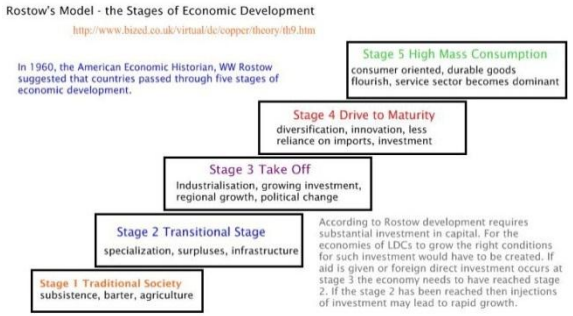
❖ Improved diet and increased food production
❖ Better provision of clean water
❖ Immunisation programmes to eliminate diseases like small pox and reduce others like Tuberculosis.
❖ Better medical care
❖ Improved post natal care (reduced infant and child mortality)
❖ Better education about diet, hygiene, etc.
❖ Despite the impressive rise in the world's life expectancy there are some countries or regions that have only seen very small rises or even falls. Reasons may include:
❖ Prolonged civil war e.g. Sierra Leone
❖ Disease e.g. HIV in Botswana
❖ Famine and drought e.g. Ethiopia

The Rostow model:

Very simply the Rostow model states that all countries are at different stages of development on the path to the stage 5 - mass consumption stage 5. Put simply the Rostow model suggests that any country in the lower levels are going to be less developed in terms of infrastructure, service provision, income, etc. when compared to a country in a higher stage. Like all Models, the Rostow Model is very simplistic and has been criticised for a number of reasons, including:

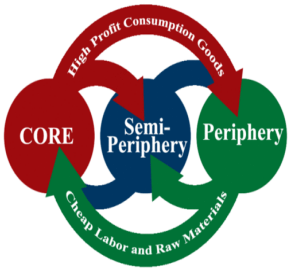
- Many countries seemed to have become stuck at stages and can't move onto to stage 4 and 5.
- Developed countries only reached stage 5 by exploiting countries, now making it impossible for poorer countries to develop further
- High levels of debt and corruption mean some countries struggle to progress
- It is probably not possible for all countries to enjoy mass consumption. Some countries will need to specialise in primary products to satisfy our demand for food and raw materials. Because jobs in primary industries are less well paid, it will probably mean that they are as wealthy and can not enjoy a mass consumption lifestyle.





The World-systems Theory:

- Developed by Wallerstein in the 1970's, he argues that a capitalist world economy is a fairly new idea, that has only been in existence since the 16th Century.
- He stated that a number of countries forged ahead creating a core region with the result of the world being peripheral.
- He then stated that a semi-peripheral area then developed to bridge the gap between the two. He said the periphery became specialist in the primary sector while the core became specialist in the higher value secondary and tertiary sectors.
- World System theory doesn't state that countries become stuck in the periphery like dependency theory, but can develop and therefore reduce disparities. NICs and the BRICS countries are good example of semi-peripherial countries fast reducing the disparities between the have and the have nots.

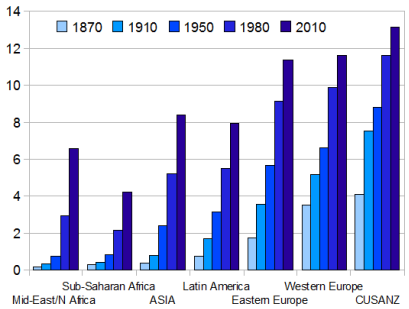


Wallerstein's World System Theory Model

2.3: Disparities and Change (2)

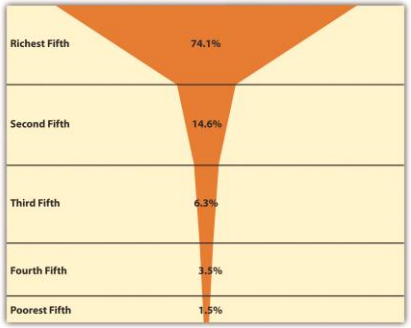
Changes in Education:

- Education is vital if countries want to reduce disparities, alleviate poverty and see an improvement in the standard of living. Education can be measured in numerous ways including:
  - ❖ Adult literacy
  - ❖ Percentage of university graduates
  - ❖ Education spending
  - ❖ Pupil teacher ratios
  - ❖ Male female education equality
  - ❖ Years of Schooling
- The UN see education as been important, not only is it a key measurement in their HDI, but it is also their Millennium Development Goal number 2 (Achieve universal primary education).
- The bar graph to the right does demonstrate that all regions are seeing an increase in the average years of schooling. However, even with the increase may children Middle Eastern and North African countries are only receiving halve as many years of education as the richest countries and children in sub-Saharan countries are only receiving as third many years of education.
- Education is vitally important for may reasons, including:
  - ❖ If people can read and write they are less likely to be exploited because they know what they are being asked to do and/or what to sign
  - ❖ They understand the importance of family planning and can reduce fertility rates and birth rates
  - ❖ They understand the importance of health, diet and medicine. They will know how to prevent diseases e.g. HIV and malaria, how to remain fit and healthy by eating a good diet and how to cure diseases when sick.
  - ❖ They have a better chance of getting a higher paid job.
  - ❖ They have a better chance of being independent and not relying on a husband/wife, their family, community or country.
- Even the graph does show a reduction in global disparities, difference still exist because:
  Some groups in some countries appose female education
  - ❖ Some countries are at war and youngsters and teachers are forced to fight.
  - ❖ Some countries can not afford to provide free education for all.
  - ❖ In many primary based countries children are needed to work on the land.
  - ❖ In poorer countries children might have to contribute to family income, care for parents or look after the family home.



Changes in Income:

- Having a good income is important because it allows people to get an education for themselves and for their children, maintain a healthy diet and therefore stay fit and pay for a good house and services. In short it allows you to enjoy a positive cycle of wealth (completely opposite to the cycle of poverty in the last section). However, it must be remembered that we can't simply look at peoples income and determine if they are wealthy or not. If we looking at the UK, the highest average income are going to be found in the SE. However, this is also the area where cost of living is most. Therefore it might be better looking at people's disposable income rather than their gross income.
- The diagram below clearly shows that there is a massive gap between the rich and the poor, with the richest 5th controlling 74.1% of the world's wealth and the bottom 5th controlling only 1.5%. However, even though the world is still very polarised in terms of income, many countries are seeing there national incomes increase and move towards converging with some of the bigger more developed countries. Countries like South Korea and more recently China, India, Vietnam and Indonesia are seeing rapid and prolonged growth in income.



Millennium Development Goals (MDGs):

The Millennium Development Goals are eight international goals that all members of the United Nations agreed to try and meet by 2015. The aim of the MDGs are to encourage economic and social development in all countries (especially LEDCs). The eight Millennium Goals are:
Eradicate extreme poverty and hunger

- ❖ Achieve universal primary education
- ❖ Promote gender equality and empower women
- ❖ Reduce child mortality
- ❖ Improve maternal health
- ❖ Combat HIV/AIDS, malaria and other diseases
- ❖ Ensure environmental sustainability
- ❖ Global partnership for development
- The UN has developed 48 technical indicators to measure the success in implementing the Millennium Development Goals

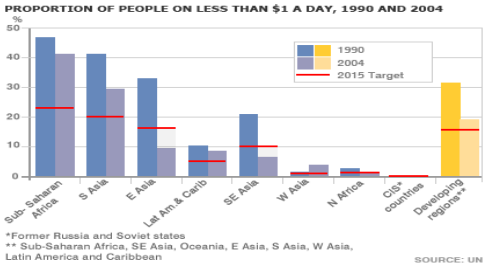
2.3: Disparities and Change (3)

You need to understand the attempts and successes of the Millennium Development Goals in meeting three main targets:

- **Poverty Reduction**
- **Education**
- **Health**

Poverty Reduction:

- The eradication of extreme poverty and hunger is Millennium Development Goal number one. Goal number one is basically two interlinked targets (**Target 1.** Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day and **Target 2.** Halve, between 1990 and 2015, the proportion of people who suffer from hunger). :
- In terms of poverty the graph to the right indicates that all regions have seen a fall in absolute poverty accept West Africa. However, apart from SE Asia and E Asia no regions have yet met the Millennium Development Goal. Asia has seen a massive fall in poverty because of the massive success of countries like China, India, Singapore, South Korea, Vietnam and Indonesia.
- However, even though many regions are seeing a fall in absolute poverty, rising food prices actually mean that many people are worse off, despite being above the UN threshold. So even though China and India will probably mean the goal is meant, the growing imbalance between food and resources will probably will ensure that millions still go hungry.
- In terms of hunger, there remains a huge imbalance in the distribution of food. In many developed countries people are malnourished because they are over eating or eating unhealthily, while in many developing countries people will remain undernourished, especially in countries like Somalia where human and physical factors damage food production.



Education:

- Universal primary education is Millennium Development Goal number two (**Target 3.** Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling).
- every region (except CEE/CIS - East Europe and former USSR states) has seen an increase in primary enrollment. However, even with the increase in some regions like Sub-Saharan Africa nearly 30% of children are not been educated. Maybe more encouraging is the graph to the right that shows the equality between female and male education is improving. Apart from Oceania and East Asia every region has seen a convergence to equality between males and females. Again though it can still be argued that even though gap is dropping, it is still too high because 55% of people who receive no education are females.
- Recent UN research all suggests that youth literacy is improving globally. This is important because it shows that they received an education and should allow them to get a better job and higher income and therefore be able to support their children and send them to school.

Health

The improvement of health falls under Millennium Development Goals four, five and six.

Goal 4- Reduce Child Mortality

- There has been significant success in meeting this goal. All regions of the world have seen a fall in child mortality rates. However, it must be remembered that because some regions have got such high birth rates and fertility rates the absolute number of child deaths has not decreased e.g. Sub-Saharan Africa. It must also be remembered that roughly 21,000 children die everyday because of preventable diseases. The decrease has been achieved by:

❖ Improving immunisation programmes
❖ Improving parental education and providing pre and post natal care
❖ More females giving birth in hospitals or with trained medical staff
❖ Breast feeding and vitamin supplements
❖ Insect repellent bed nets.

Goal 5 - Improve Maternal Health

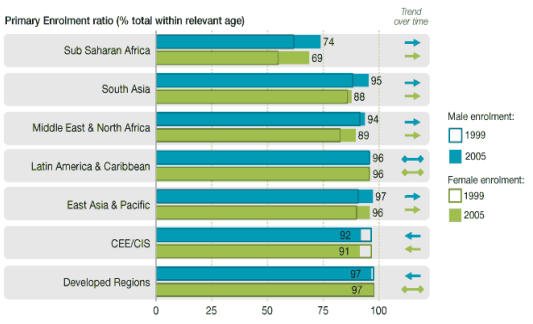
- maternal deaths (death of the mother during pregnancy and birth) are still extremely high in Africa and East Asia and a long way from meeting the the Millennium Development Goal target of reducing maternal deaths by two-thirds. The most common form of deaths are hemorrhaging (bleeding), infections and abortions.
- To reduce the amount of hemorrhaging and infections more births need to be in hospitals with suitably trained medical staff standing by. To reduce the amount of unsafe abortions, the amount of unwanted pregnancies has to be reduced or abortion clinics better managed and regulated. In many countries abortions are illegal, which forces many women to have so called back-street abortions which are dangerous.

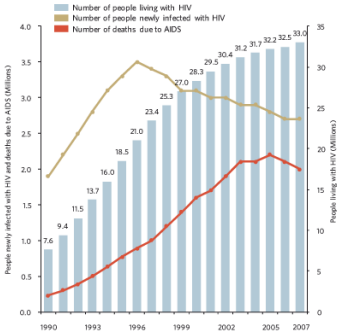
Goal 6- Combat HIV/AIDS, Malaria and other disease

- even though the overall number of people living with HIV is increasing, the actual number of new cases is decreasing, along with the number of AIDS deaths. However, the news is not all good, because in some regions like Eastern Europe and Central America the number of HIV infections is increasing.
- The key to reducing HIV infection rates is to:

❖ Improve availability of condoms
❖ Improve knowledge of how HIV is transmitted
❖ Improve testing
❖ Ensure all blood for medical use is tested
❖ Reduce transmission between mother and baby

- Many countries with high HIV infection rates also have poor levels of literacy. It is therefore very important to target education at an accessible level e.g. posters, theatre groups, community meetings, etc.
- There have also been significant successes in reducing malarial deaths. Probably the biggest reason is increasing the number of children sleeping under mosquito nets. However, to eliminate malaria deaths, malaria testing will have to increase along with affordability and availability of malaria drugs. Living conditions and the removal of stagnant standing water will also have to be improved.





2.4: Reducing disparities (1)

Reducing Disparities:

Because disparities exist on our planet and because every country is committed to trying to achieve the Millennium Development Goals, it is very important that solutions are found to try and reduce the inequalities between rich and poor, and improve the standard of living for all its citizens. There are five possible solutions to reducing disparities. The five possible solutions are:

- Trade
- Market Access
- Debt Relief
- Aid
- Remittances

Case Study: The European Union's trading bloc

- The EU is the world's biggest trading bloc consisting of 27 member states. The European Economic Community was first formed in 1958 by six countries (Belgium, The Netherlands, France, Luxembourg, Italy and West Germany. The Union has slowly grown ever since with the latest two countries (Romania and Hungary) joining in 2007. The EU now covers a population of over 500 million people and accounts for over 25% of global GDP.
- One aim of the EU was to create a single market where goods, money and people could travel freely between member states. Seventeen of the member states also joined in the use of a single currency, the EURO. The seventeen countries make up the an area called the Eurozone. The aim of the single market was to promote trade between member countries. Through the relaxation of protectionist policies, the free movement of labour and even the removal of exchange rates for Eurozone countries it was believed that all member states would benefit through increased job creation and income.
- Despite the EU helping growth in many member countries the current global crisis has hit the EU and in particular the Eurozone hard. Massive debts held by some EU member countries (Greece, Portugal, Ireland, Italy, Spain) has forced the larger economies of Germany and France to offer financial support slowing growth across the EU. The common currency has also meant that countries can no longer set their own interest rates which have harmed countries trying to slow growth or increase growth through the use of lowering or increasing interest rates.

Trade and Market Access:

- Many people argue that the best way to alleviate poverty and reduce disparities is to promote global trade. This argument has grown even stronger after the forces of Capitalism effectively defeated the ideas of Communism. However, despite improvements in transport and communication, global growth and are a more cultural interconnected planet, many countries still struggle to trade freely. One of the biggest barriers to free and open trade is protectionist policies carried out by developed nations.

Trade: The exchange of goods and/or services. The exchange maybe for other goods and/or services but is normally for money.

Trading bloc: A group of countries who have joined together to promote trade. This might be through relaxing protectionist barriers or even having a common currency. Examples of trading blocs include the EU, NAFTA and ASEAN.

Sanctions: Sanctions are restrictions placed on a country's trading. For example after Kuwait was invaded by Iraq, Iraq was not allowed to buy any military goods or weapons. This sanction was enforced by the UN.

Protectionism: Attempts to protect domestic markets by making foreign goods less competitive. This is most commonly done through tariffs and and quotas placed on foreign goods and subsidies given to domestic goods.

Quotas: A limit placed on foreign goods to reduce the supply of them, therefore forcing the price up reducing the demand for them.

Subsidies: Financial help given to companies to make their production costs less. This might be through grants, or the reduction of taxes, relaxed planning control or below marked price electricity and water. The aim of subsidies is to make products cheaper and to protect them from overseas competition.

Free trade: When trade is totally free and fair - there are no protectionist policies in place. It is the aim of the WTO to promote free trade around the world.

WTO: The World Trade Organisation is an organisation aimed at protecting free global trade. It replaced GATT in 1995 and has 153 members. To join the WTO you have to demonstrate how your country promotes and practices free trade.

Fairtrade: Fairtrade does not produce goods itself, but instead lends its labels to companies that treat suppliers, host communities and the environment fairly and sustainably.

FDI: Foreign direct investment is money invested in a foreign country by TNCs or other countries..

Free-trade zones (Export processing zones or Enterprise zones): A zone or area where tariffs and quotas maybe waivered, taxes lowered, planning relaxed and bureaucracy eased to try and encourage investment and FDI.

Benefits of Free Trade	Benefits of Protectionism
• Gives local companies a chance to become global companies (TNC) e.g. Pollo Campero • Countries who participate in free trade grow faster • Protectionism makes products more expensive and may stop normal citizens from buying them e.g. cars in El Salvador are very expensive because of import duties • Local companies can create pollution just as much as TNCs and may not have the money to clean up accidents e.g. BP created a huge spill but had the finances to clean up • Mexico has increased its exports since joining NAFTA • Jobs are created for local workers • Improvement to local infrastructure. E.g. Roads and Bridges	• TNCs may take over local producers e.g. Walmart moving into El Salvador and taking over local supermarkets • Workers are often exploited by TNCs and paid low wages for long hours • Countries may become dependent on foreign countries imports e.g. Europe relies on Russian gas • Countries may become reliant on foreign workers e.g. UAE rely on European, South Asian and Filipino workers • Producing locally should reduce transport costs and certainly reduce air miles • Local companies will use more appropriate technology and take greater care of the environment

2.4: Reducing disparities (2)

Case Study: An example of Protectionism-Banana Wars

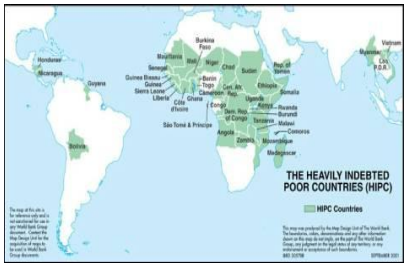
- Bananas are one of the world's most popular fruits with 5.4 million tonnes of them eaten in Europe in 2008. Bananas are a tropical fruit and general grown by countries in the Caribbean, Central America, West Africa and parts of SE Asia.
- Since 1975 Europe gave Caribbean countries and a couple of other former colonies generous import quotas of bananas free from tariffs. The idea was to support former colonies and reduce the need for aid, by promoting trade. However, by favouring certain countries it made Latin American bananas more expensive because they had to pay tariffs despite the fact they should be cheaper to produce on larger plantations dominated by US TNCs (Dole, Chiquita and Del Monte). Not everyone was happy about this, especially country's like Germany who had lost all its former colonies, but were still paying too much for smaller Caribbean bananas.
- Because of the EUs hypocritical approach to free trade protests were made by the US and Latin American producers to the WTO. After years of failed negotiations a deal was finally struck in 2009 that would begin the slow reduction of tariffs on bananas. The agreement may hurt some Caribbean and African producers, but should see banana prices fall by up to 12% for European consumers.

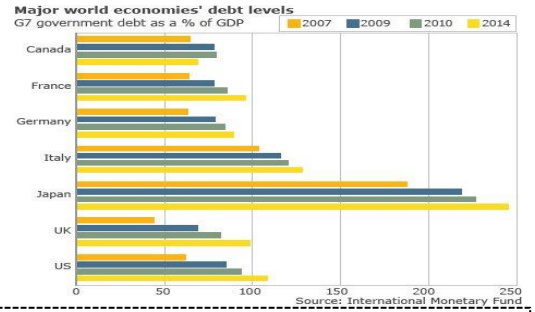
Debt Relief:

- Even though the current news stories are all about EU and US debt, in reality many of these countries are able to pay their debt and borrow more money as long as they make public sector savings. Even though these countries owe much greater amounts of money than many poor countries, it is the poorest countries who are having to spend a greater percentage of their GDP on debt repayments (debt service).
- Many poor countries incurred large debt burdens after decolonisation. They received loans for governments and banks flush with money from the Middle East oil boom. The borrowing of money did not lead to the expected growth and soon many countries had mountains of debt. Enforced IMF structural adjustment programmes often forced countries to sell of government assets cheaply, opened the economy to outside competition (often exploitation) and slashed spending on vital infrastructure projects and services (schools and hospitals). As interest rate payments rose many countries were unable to pay and defaulted.
- The graph below show how much overall debt some countries have in relation to their GDP. Even though Japan has the highest ratio of debt to GDP, the US probably has the world's biggest debt at about 15 trillion dollars. Even though this is a massive amount of money, in terms of debt repayments (debt service), the US is spending a much smaller percentage of its GDP than many smaller poorer countries. The US currently spends around 10% of GDP on debt service, although this is expected to increase to about 15%.GDP on debt service, although this is expected to increase to about 15%.

JUBILEE 2000 COALITION

A debt-free start for a billion people





Case Study: Incheon Free Economic Zone

- Incheon is located in NW South Korea, close to the capital city Seoul. The South Korean government started its Business Hub Project in April 1992 and Incheon was one of the free economic zones that it created. The free economic zones enjoyed tax breaks and relaxed bureaucracy in an aim to attract foreign investment.
- Incheon free economic zone is an area of 200km2 and it is aimed to completed by 2020. It is strategically placed on the coast so has as access to the sea, has an international airport and is near the Asian giants of China and Japan. It is estimated that 2 billion people live within 3.5 hours flying time, including 61 cities with a population of over 1 million people. The scheme is expected to cost $21 billion and it is hoped that 510,000 will eventually live there.

Case Study: HIPC

- The Heavily Indebted Poor Countries (HIPC) are poor countries with high levels of debt and poverty. As can be seen from the map the majority of these countries are located in Africa, with a few in SE Asia and Latin America. The HIPC programme was initiated by the IMF and World Bank in 1996 after extensive campaigning from NGOs. Countries were only admitted to the programme if they could prove that there debt was unsustainable. The majority of the debt relief is coming from the IMF and World Bank.
- To remain eligible for debt relief countries had to enforce anti-corruption efforts, promote democracy and account for expenditure.
- Nicaragua had unsustainable debt and therefore became eligible to HIPC status. In 2000 Nicaragua received debt relief of nearly $4.5 billion reducing its debt burden as a percentage of export earnings to below 150% and its annual debt service to below 9% of government expenditure.

Case Study: Jubilee 2000:

- The Jubilee 2000 campaign was a coalition of 40 countries calling for the end of third world debt. The aim of the campaign was to wipe out $90 billion in debt owed by the world's poorest countries to some of the world's richest countries and international banks.
- Although the Jubilee 2000 coalition was started at the turn of the millennium they still campaign for the cancellation of debt. Most recently they have campaigned to have Haiti's debt cancelled after the devastating earthquake of 2010. Haiti was already one of the poorest nations in the western hemisphere after the earthquake it lost most of the means to service its debt.

2.4: Reducing disparities (3)

Aid

Emergency aid: Help that is given to a country that is suffering from a natural disaster or conflict. Emergency aid may include food, water, tents, clothing or even rescue teams to look for victims of natural disasters.

Development aid: Aid that is given to benefit the country. This might be money given to build a new road or port to improve infrastructure or money given to build a new hospital or school to benefit the people of a country.

Tied aid: Aid that is given to a country with proviso that they spend it in a particularly way or follow a particular policy.

Untied aid: Aid that is given to a country with no policy or spending requirements attached.

Multilateral aid: Aid that is given by multiple donors to a specific country. Multilateral aid may be collected by an NGO or a UN organisation e.g. UNHCR or WFP.

Bilateral aid: Aid that is given by one country directly to another country.

NGOs: Non-governmental organisations have no connections with national governments. They are usually charitable organisations who aim to benefit local communities and support the development of countries.

World Bank: Formed at Bretton Woods in 1944 the World Bank is charged with helping developing nations.

IMF: Also formed at Bretton Woods in 1944, the International Monetary Fund aims to stabilise currencies and support weak economies.

SAPs: Structural Adjustment Programmes were implemented by the IMF. Aid or loans was usually dependent on countries following SAPs. SAPs aimed to cut social expenditure, liberalise trade, privatise assets and reduce corruption. Unfortunately many of the policies were criticised because they ended up favouring MEDCs and TNCs who were able to obtain favourable trading terms and purchase undervalued government assets.

Advantages of Aid	Disadvantages of Aid
• After a natural disaster, food and medical aid can be vital in saving lives and cannot always be provided by the affected government. • Aid can help build expensive infrastructure products that wouldn't normally be built e.g. new roads, ports, irrigation projects or HEP stations. • Can help build schools and hospitals that improve the health and education of local populations. • Many aid agencies employ local workers to carry out projects. This not only creates employment but teaches local new skills. This is especially true of bottom-up aid where locals are fully involved and make all key decisions. • Many charities provide education about hygiene, diet and health. These schemes are not creating dependency, because they are not necessarily giving money, but do improve the well-being of societies.	• Countries can become dependent on money given by foreign donors instead of developing their own economy to become independent. • Food aid or worse food dumping, can force local food production to collapse. Often food is dumped when it is not needed. This undercuts the local food market and takes local farmers out of business. • Aid may stop because of political changes in donor country or receiving country or because of economic downturns. However, the UK has protected its development budget in the current economic downturn. • Aid might fund inappropriate and/or harmful technologies that can not be sustained after aid has been removed e.g. Nuclear power. Other projects like roads and dams can cause large scale environmental problems.

Difference Between Top-down development and Bottom-up development:

Top-down Development: Development that is led by international organisations who dictate and implement policies and schemes with little local input.

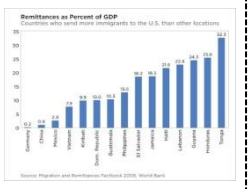
- Usually large scale policies or schemes
- Usually carried out by governments or international organisations
- Work is often carried out by outside contractors
- Schemes usually have plenty of funding.
- Often quick to respond after natural disasters
- Local people are often not consulted in decision making
- Schemes are not always appropriate and not always sustainable long term because of lack of local knowledge.

Bottom-up Development: Development that is run by local communities for the benefit of the community.

- Usually small scale initiatives
- Involves more local communities and local workers. The schemes are usually led by the local people themselves
- Projects are often labour intensive and for the benefit of the local community e.g building a well or repairing irrigation ditches.
- Funds are very limited
- Teach local people new skills
- Schemes are appropriate and sustainable long-term
- Increasingly bottom-up approaches are being favoured because they reduce the chances of corruption, involve, train and educate local people and are sustainable because they have been built with the support and input of local people. However, top-down aid is still very important to respond to natural disasters and conflicts where local organisations and communities don't have the technology, equipment or money to help.

Remittances:

- Remittances can make a significant contribution to many countries overall income. El Salvador received the equivalent of 20% of its GDP from Salvadorians living abroad, mainly in the US. El Salvador is a Central American Country with a population of just over 6 million people and a population density of about 290 per km2 (the highest in Central America). It has a GDP per capita of about $7000 but close to 40% people live below the poverty line. Official unemployment is just over 7%, but the true figure is probably much higher.
- Because of the high levels of poverty an estimated two million Salvadorians have migrated abroad, mostly to the US. The exact figure is unknown because many migrants travel illegally. With its two million migrants living abroad, it is estimated that El Salvador receives about $4billion in remittances every year, but yet again this figure could be higher because of money returning through unofficial channels.



Advantages of Remittances and Migration

- Reduces unemployment
- Reduces pressure on schools and hospitals (if migrants take children)
- Reduces pressure on infrastructure (houses, water , electricity, transport)
- Remittances go directly to friends and family so enter economy at local level
- Migrants can return with new skills (language, ICT)
- Improved relations with countries (Barack Obama recently visited El Salvador)

Disadvantages of Remittances and Migration

- Remittances fall during economic downturn. This is probably the time remittances are most needed
- It can create dependency i.e. a family relying on one or two members living abroad
- Creates family division and family pressure/conflict (the need to provide!)
- Increased dependency ratio in losing country, placing pressure on government
- Brain drain. Usually the youngest, most educated and skilled choose to leave.
- Reduces incentive of government to invest in education and job provision
- Migrants are open to extortion (family members maybe threatened for money or migrants might lose money on exchange rates/transfer fees)