

Factors of Development

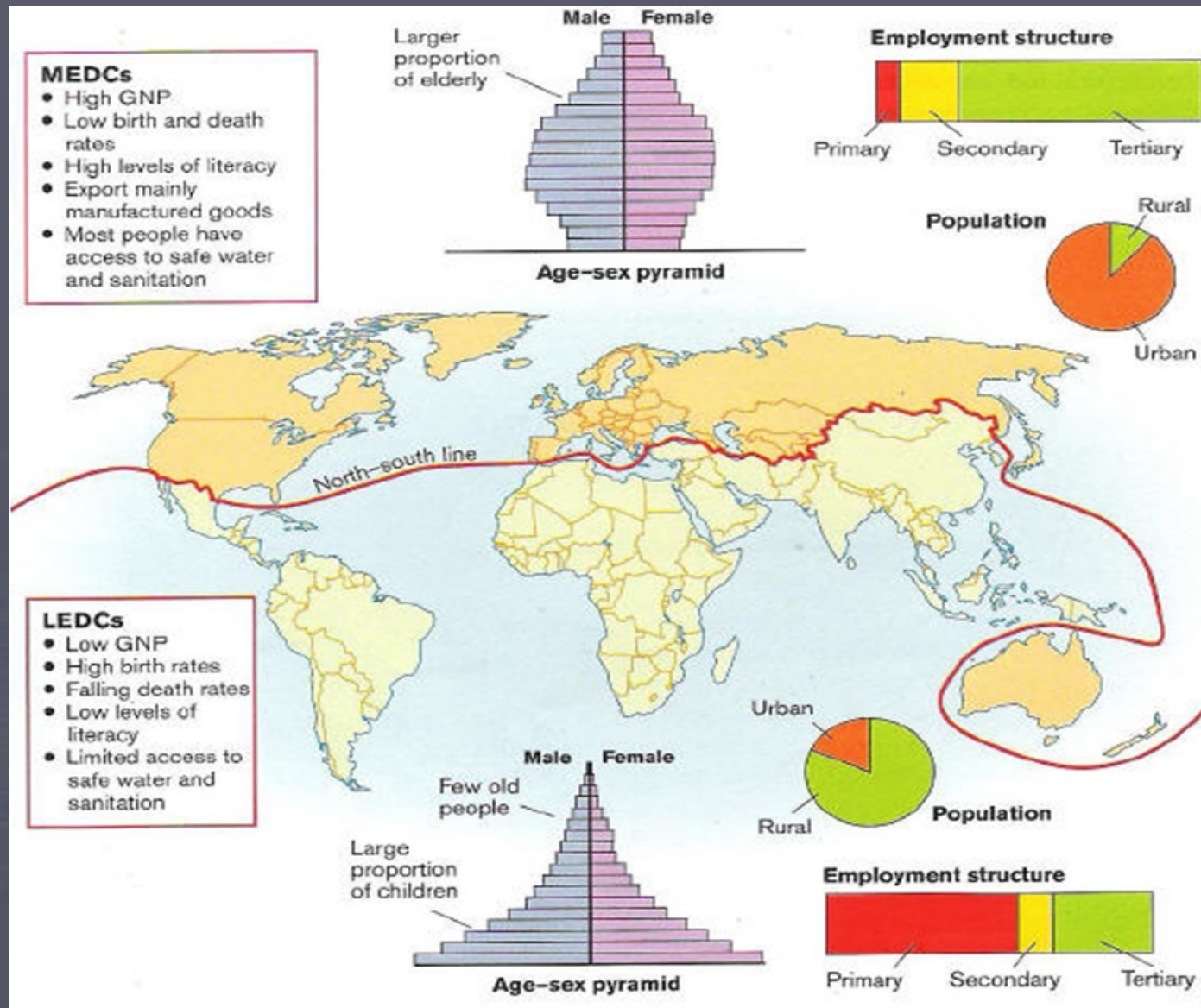
First World vs. Third World

- Refers to economic development
 - Diversity and complexity of economy
 - High per capita income
- Developed during the Cold War
 - “First World” referred to capitalistic western countries
 - Generally more affluent
 - “Second World” was countries developing communism
 - “Third World” referred to politically neutral countries
 - Changed to now refer to less developed countries

Three Worlds Model



The Brandt Line



Economic Indicators of Standard of Living

Economic Indicators	Examples of measures
Wealth	<ul style="list-style-type: none">• Gross Domestic Product (GDP) - the total value of all goods and services produced in a country• Gross National Product (GNP) – GDP plus earnings from foreign investment• GNP per capita - GNP divided by the total population
Jobs	<ul style="list-style-type: none">• The types of jobs people do differ between countries. In more economically developed countries (MEDCs) more people work in tertiary and quaternary jobs. In less economically developed countries (LEDCs) more people work in primary jobs such as farming and secondary jobs such as agricultural

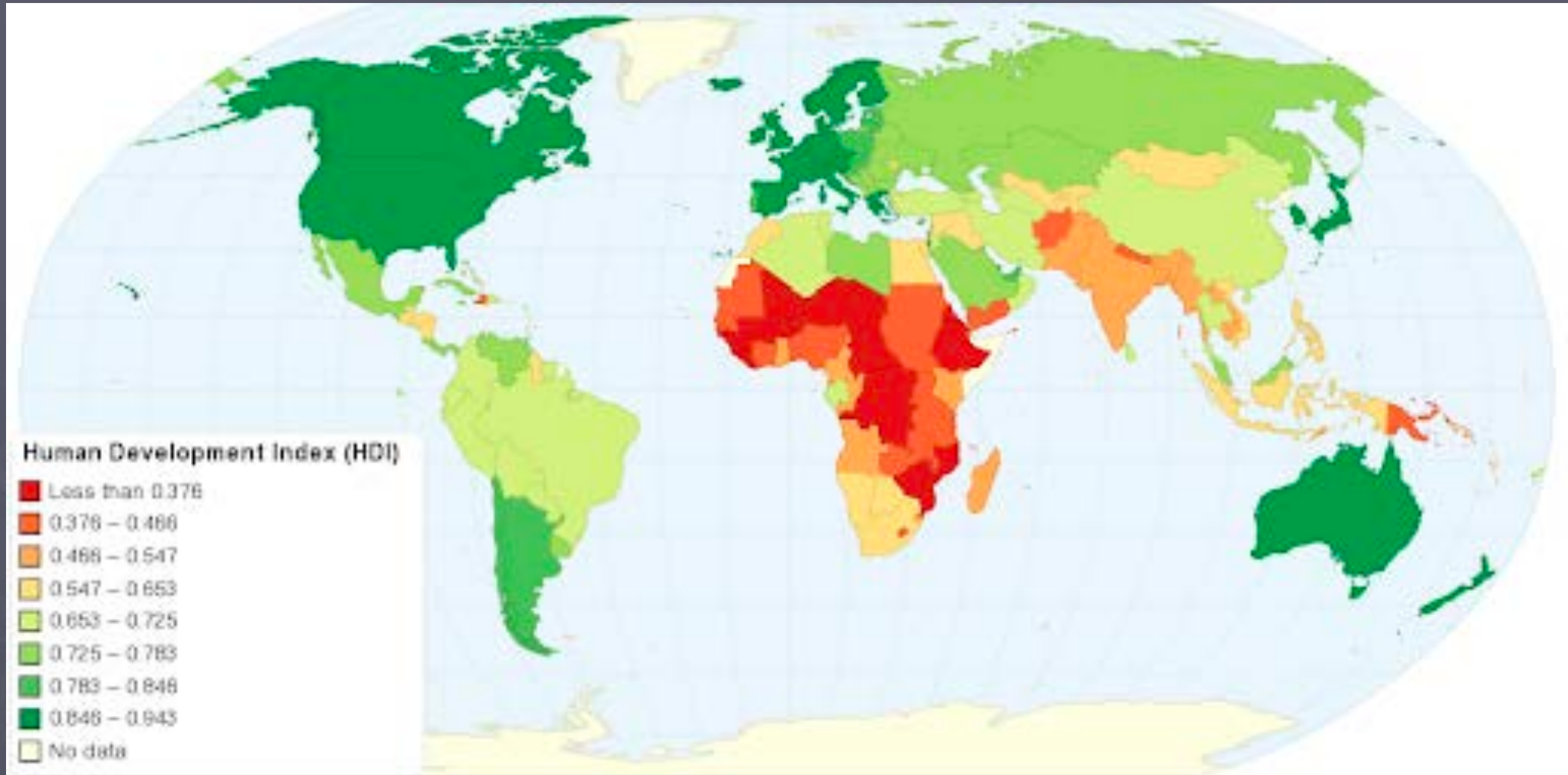
Social Indicators of Standard of Living

Social Indicators	Examples of measures
Health	<ul style="list-style-type: none">• Life expectancy - Average age people live to.• Crude Death Rate(CDR) - Deaths per 1,000 per year.• Infant mortality Rate – Number of infants who die per 1,000 every year• Crude Birth Rate (CBR) - Births per 1,000 per year.
Education	<ul style="list-style-type: none">• Percentage in primary education.• Literacy Rate – Percentage of people who can read and write
Equality	<ul style="list-style-type: none">• Equal opportunities for women.• Fair distribution of wealth• Freedom of speech

The Human Development Index (HDI)

- Stresses people and their capabilities as a measure for a country
 - Not economic growth
- Takes into account government policy issues
- Created by Indian and Pakistani economists in 1990
 - Gives countries a score from 0 to 1
 - Above .8 is highly developed
 - Under .6 is low development

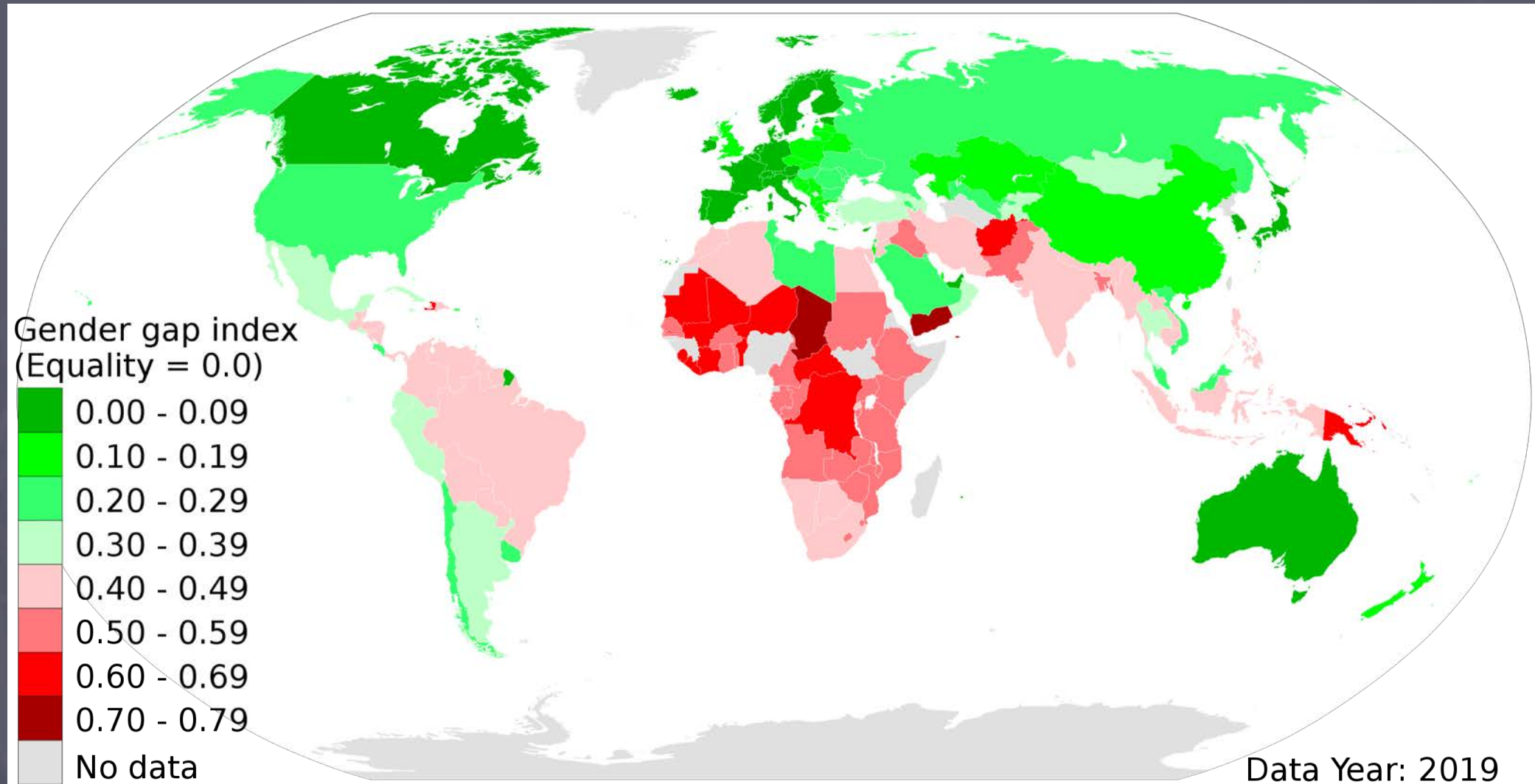
Mapping the HDI



Measuring the HDI

- Uses Social, and Economic keys to measure development
 - Average Life Expectancy
 - Educational Attainment
 - Average amount of schooling for adults over 25
 - Expected number of years of schooling for children
 - Gross National Income Per Capita
 - Uses purchasing power parity (PPP) to compare income versus cost of living

Gender Inequality Index (2019)



More Developed Countries (MDCs)

- Countries with better access to wealth and resources are considered MDCs
 - Measures Gross domestic product (GDP) per capita, level of industrialization, life expectancy, standard of living and literacy level
 - MDCs commonly have HDI levels over .80
 - LDCs have an HDI under .7

Newly Industrialized Countries (NICs)

- Characteristics of a NIC
 - Strong, stable government
 - A switch from agricultural to manufacturing and service jobs
 - A focus on exports and trade
 - Products are kept cheap and competitive by using cheap, well-disciplined workers
 - Profits are invested in developing more industries and buying home produced goods - a multiplier effect
 - Over time the workforce becomes better educated and more skilled



Factors Impacting Development: Physical Factors

- Climate
 - Many of the poorest countries are in the tropics, where it is hot, the land is less fertile, water is scarce, and diseases flourish.
- Natural resources
 - Some raw materials are valuable and can help a country develop if they have the resources to collect and process them.
- Location
 - Being near trade routes and having access to the sea.
- Natural hazards
 - Some places are vulnerable to natural disasters.

Factors Impacting Development: Political Factors

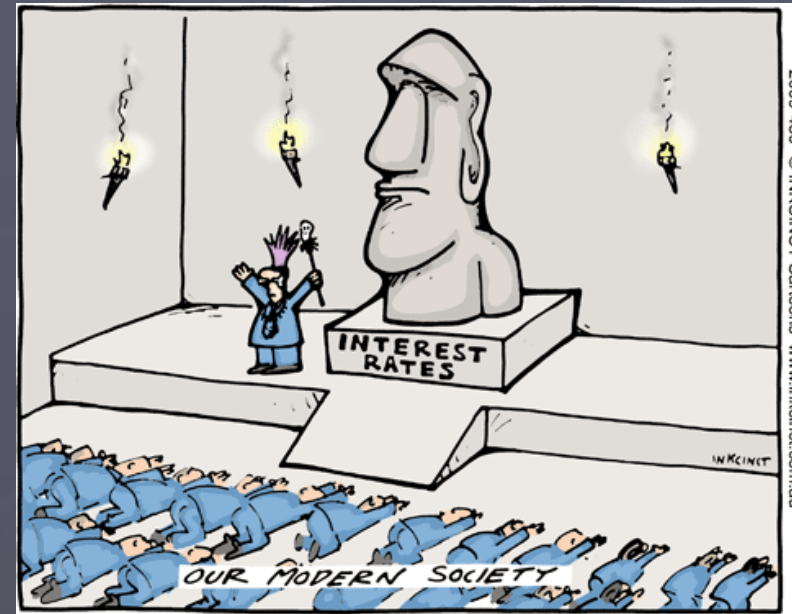
- Trade
 - Unfair trade balance that makes it hard for LDCs to compete
 - Histories of MDCs exploiting LDCs for their natural resources
- Corruption/poor management
 - Countries need strong, stable and honest leaders to help them develop.
- War
 - Wars use up resources and make it difficult to produce goods and trade.

Factors Impacting Development: Social Factors

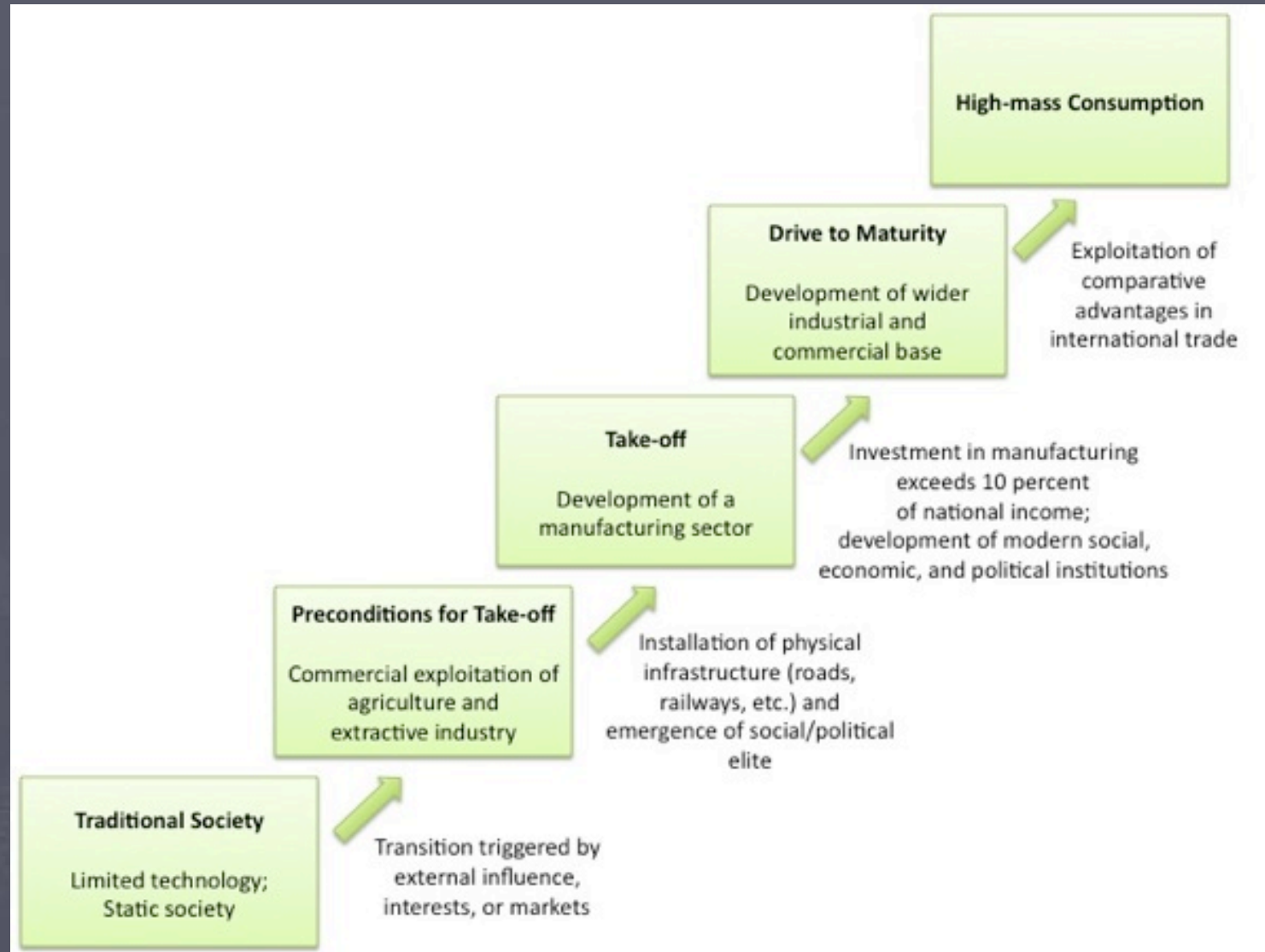
- Discrimination
 - Some groups may have less opportunities and this can hold back overall development.
- Population
 - Overpopulation occurs where population growth outstrips resources.

Rostow's Stages of Economic Growth

- American W.W. Rostow
- Theorized in 1960
- Assumes the most “modern” society is a liberal democracy with a capitalist economic system
 - Based off idea consumers save and invest personal wealth
 - Industry needs capital to grow and make returns on investments



Rostow's Takeoff Model



Stage 1: Traditional Society

- Majority of society works in primary sector of economy
 - Especially subsistence agriculture
 - Mass production not developed
 - Trade is in agricultural products
 - Moves to next stage with foreign investment in natural resources



Stage 2: Preconditions for Takeoff

- Entrepreneurs beginning to develop money-making industries
- Improvements in infrastructure
- Heavy outside investment
 - Exploitation of natural resources
 - Plantation style agriculture
- Moves up with social and political reforms



Stage 3: Takeoff

- Companies become highly involved in manufacturing sector
 - Most agricultural products are for resale
- Mostly takes place in Urban areas
 - Growth only in a few industries
- Moves up with modern social and political institutions



Stage 4: Drive to Maturity

- Expanded development of manufacturing industries
 - Beginnings of shift towards tertiary sector of economy
 - More skilled and specialized



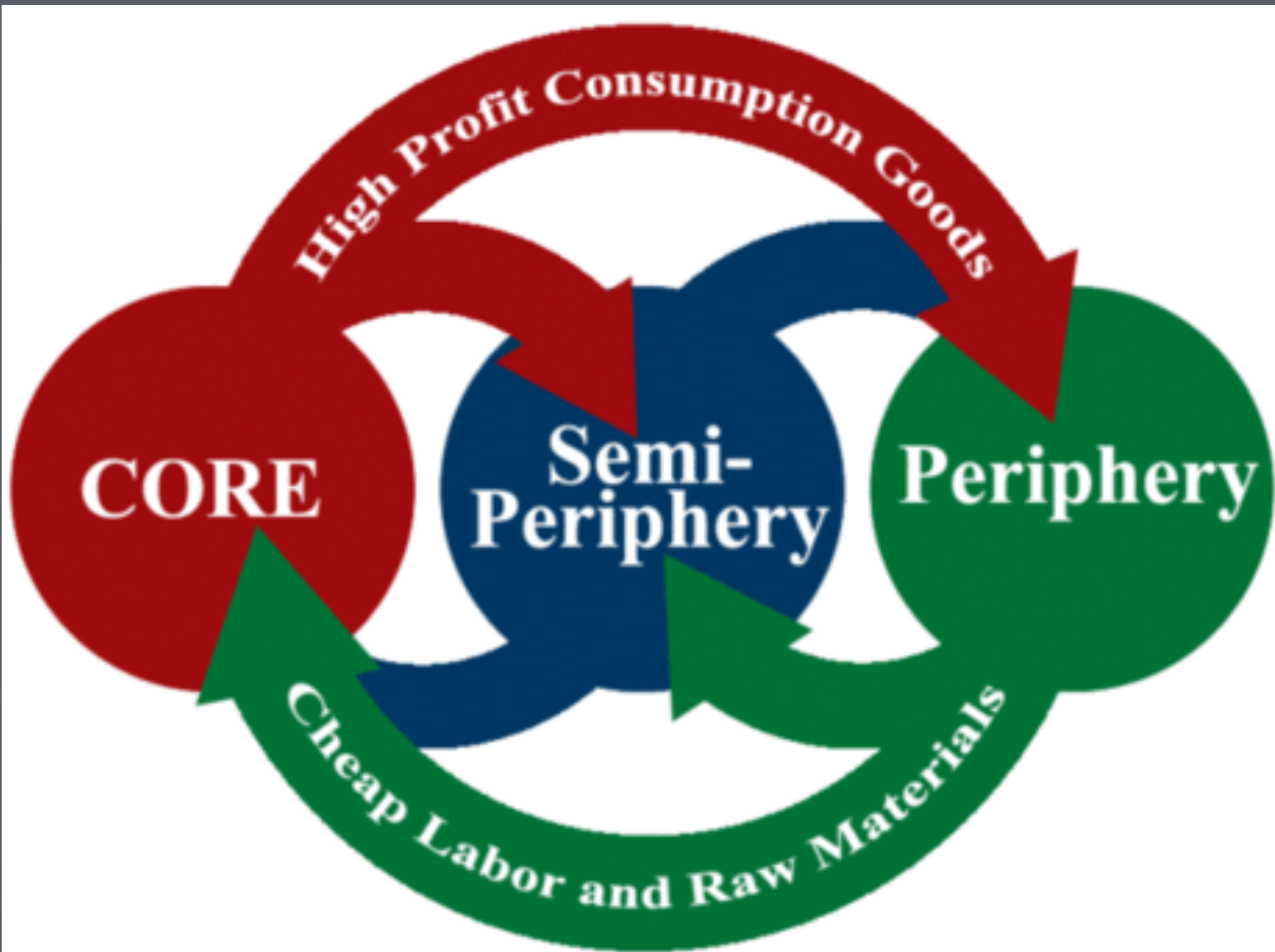
Stage 5: High Mass Consumption

- Transition of manufacturing from heavy industry to consumer goods
- Majority of society working in tertiary sector
- Increasing exploitation of LDCs



Wallerstein's World Systems Theory

- American Immanuel Wallerstein
- 1970s
- Nations exist within a social, cultural, and economic framework
 - All locked together by capitalism



Wallerstein's World System Theory Model

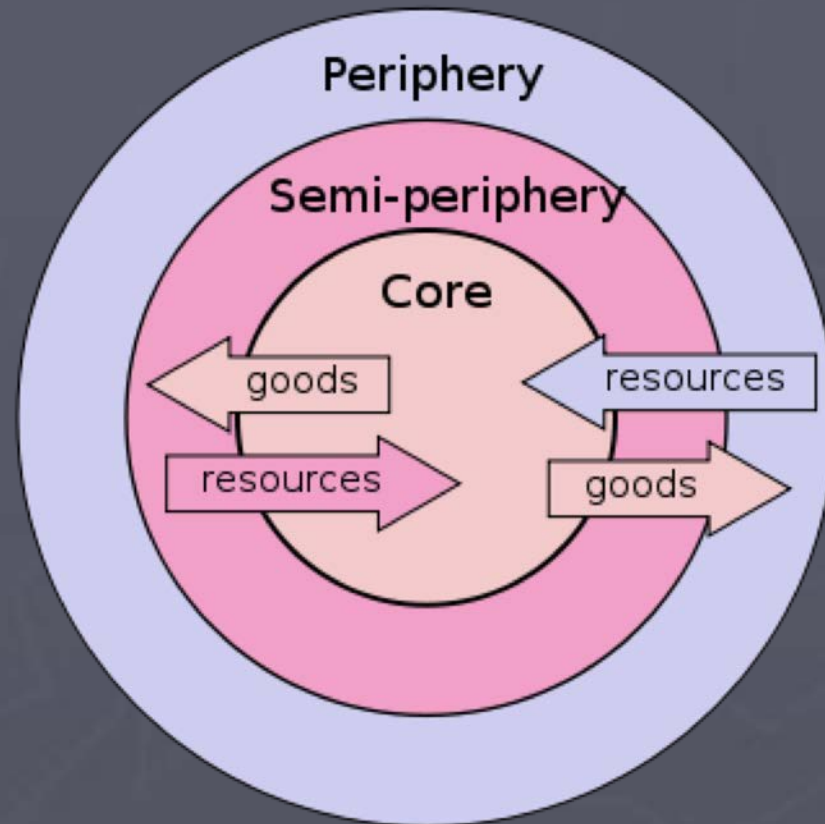
Periphery

- Least developed countries
 - Exploited by the core for cheap labor, natural resources, and agricultural production
- Depend on the core for investment



Semi-Periphery

- Intermediate states
 - Exploited by the core, but exploit periphery
- Expanding manufacturing
 - Taking on industries core countries no longer find profitable



The Core

- Exploiters
 - Military, social, and economic power to enforce inequality
 - Use cheap labor, dump unsafe materials, abuse consumers and producers, erect trade barriers and quotas
- Internal Wealth accumulation
 - Taxation used to fund development by private institutions
 - Centers of research and services

Figure 2.8 The world-system core, semiperiphery, and periphery in 1800

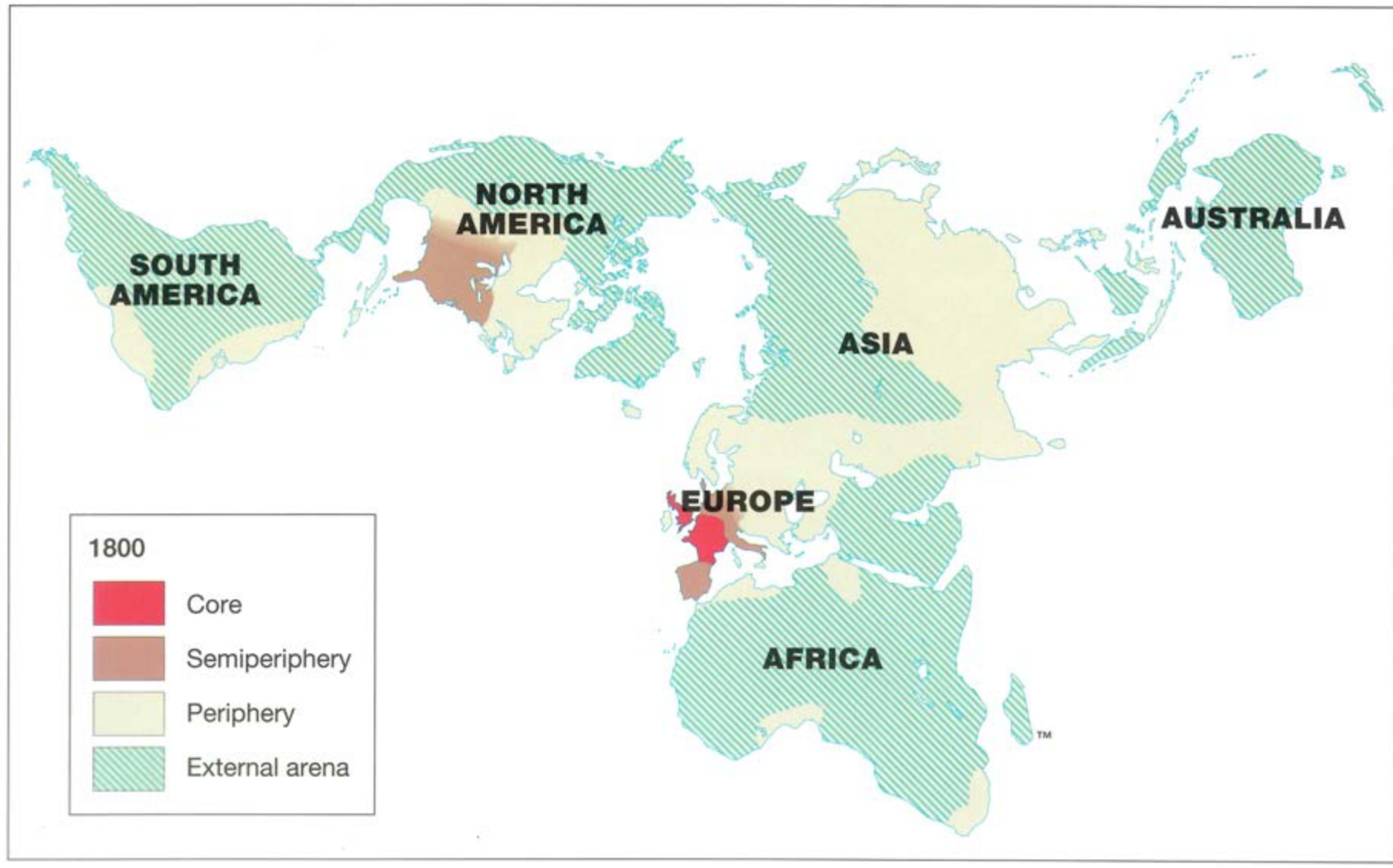


Figure 2.11 The world-system core, semiperiphery, and periphery in 1900

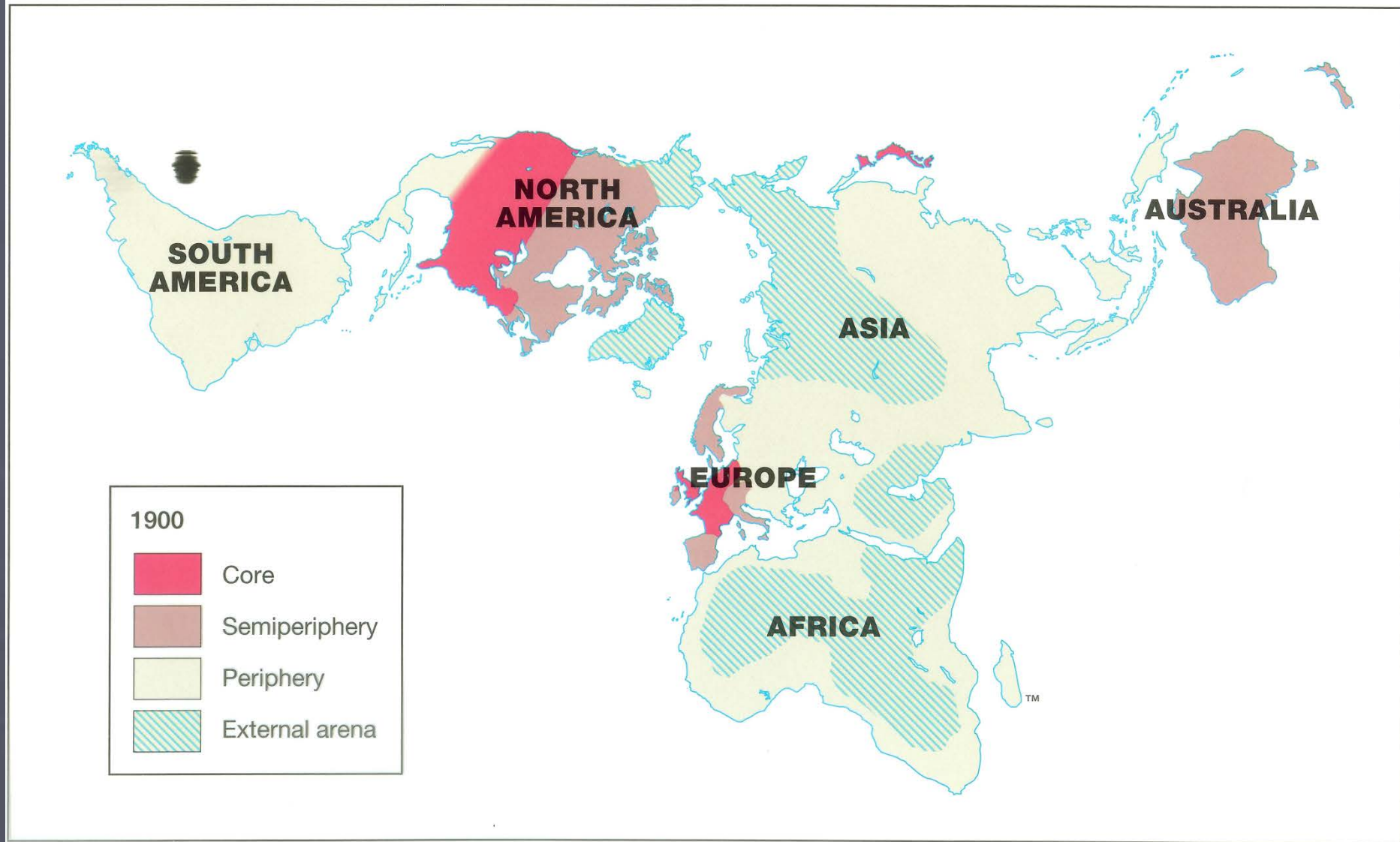
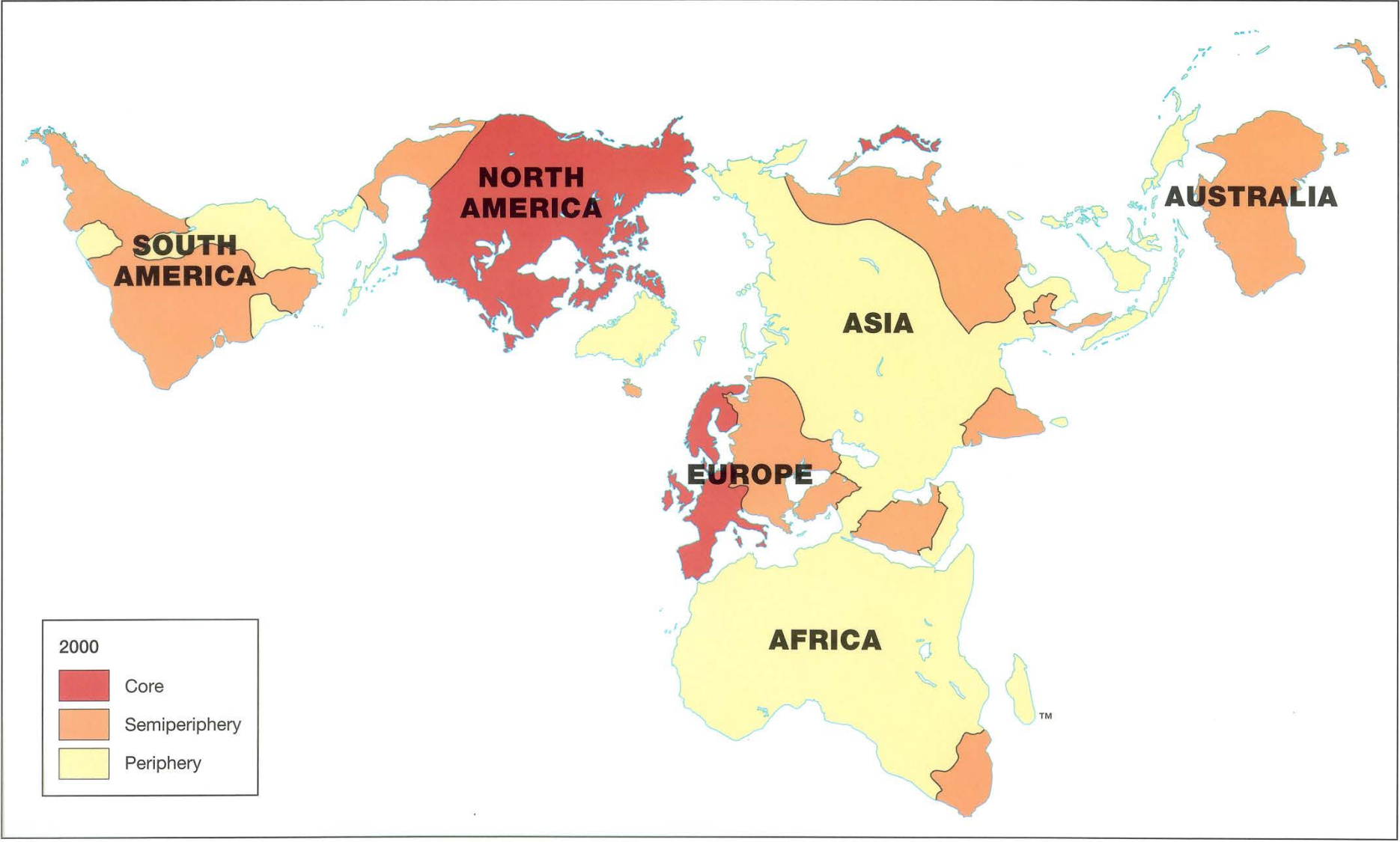
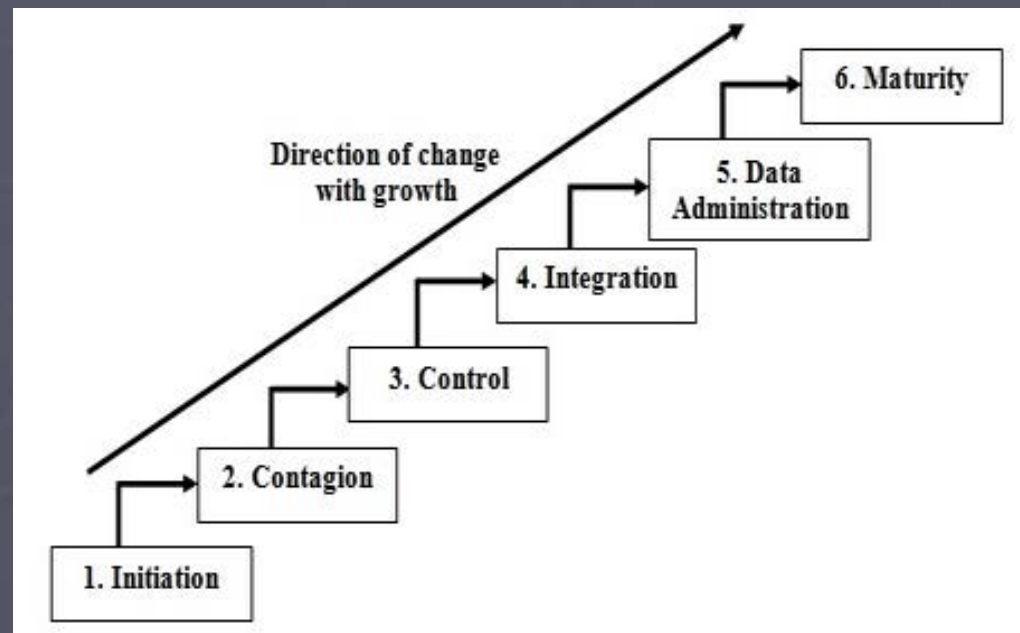


Figure 2.18 The world-system core, semiperiphery, and periphery in 2005



Nolan's Stage of Growth Model

- Primarily deals with integration of technology into society
 - Also used to describe the introduction of technology to business



Stage 1: Initiation

- Technology is sparingly used
- Any technology is used for data processing
 - Limits costs of human processing



Stage 2: Contagion Stage

- Spread of technology into other levels of society
 - Finding more uses and training more people to use technology
- Mistrust
 - Bugs getting worked out of system and people becoming comfortable with technology



Stage 3: Control Stage

- Frustration
 - Management gets discouraged by lack of training and/or hardware to fully utilize technology
 - Leads to confusion and frustration



Stage 4: Integration Stage

- Comfort
 - Users have come to terms with technology and are finding practical uses



Stage 5: Data Administration Stage

- Technology used for the collection and storage of data
 - Not as much reliance on computer programs
- Utilization of computer's ability to store data



Stage 6: Maturity Stage

- Re-application
 - New uses for technology are being integrated
 - Management is looking for new ways to use technology to beat competition



Towards the Future

