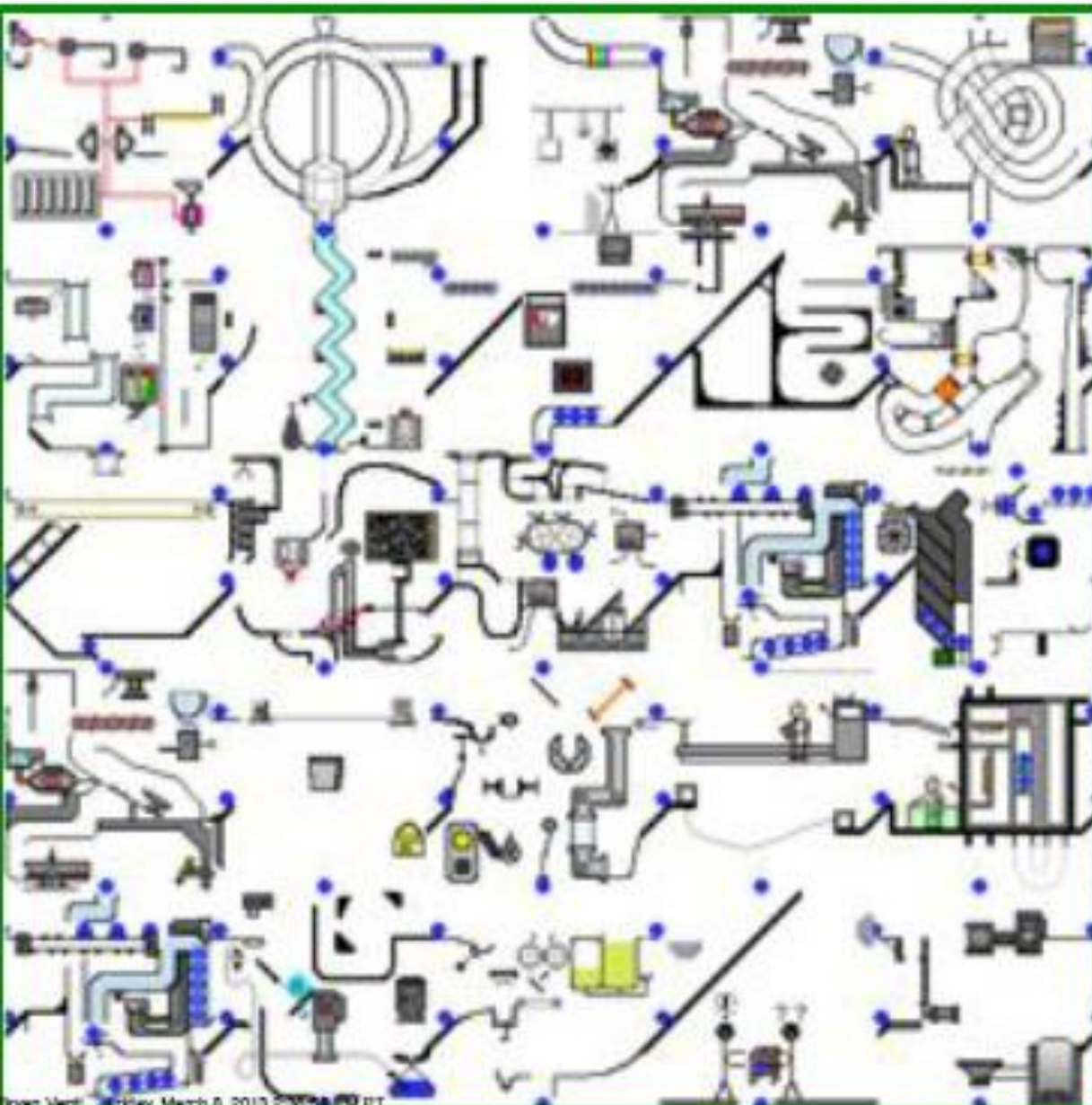


# Ch. 9: Economic Development



# INTRODUCTION

**Development – the process of improving the material conditions of people through diffusion of knowledge and technology**



**LDC**

**MDC**

**LDC – Less Developed Country**

**MDC – More Developed Country**

# **KI #1 WHY DOES DEVELOPMENT VARY AMONG COUNTRIES?**

# CHARACTERISTICS OF DEVELOPMENT

LDC	Characteristic	MDC
Low	Per capita Income	High
Uneven	Wealth	More even
Primary	Dominate Industry	Secondary and Tertiary
High	% in Agriculture	Low
Subsistence by hand	Farming is ....	Commercial / mechanized
Rural	Rural or Urban	Urban
High, High, Low	CBR _____. CDR _____. LE	Low, Low, High
Poor	_____.	Adequate to overeating
Infectious, poor	Diet	Age and good
Overcrowded, poor sanitation	Diseases / medical	Adequate, good sanitation
Poor with Illiteracy	Housing	Highly Developed
Inferior	Education	Equal terms
	Women	

**Democracy and  
Capitalism**

First World

**Communis  
m**

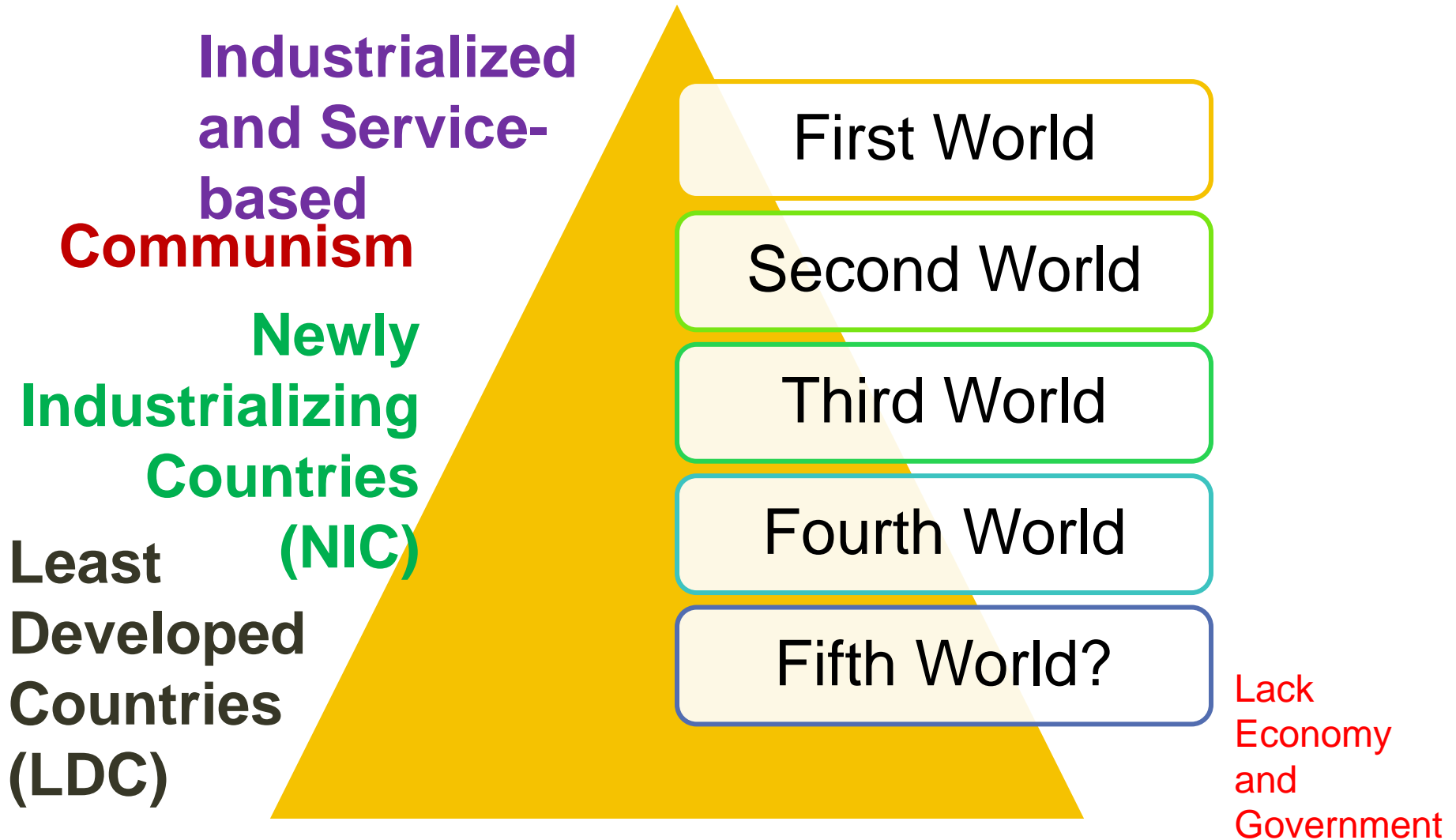
Second World

**Everyone  
Else**

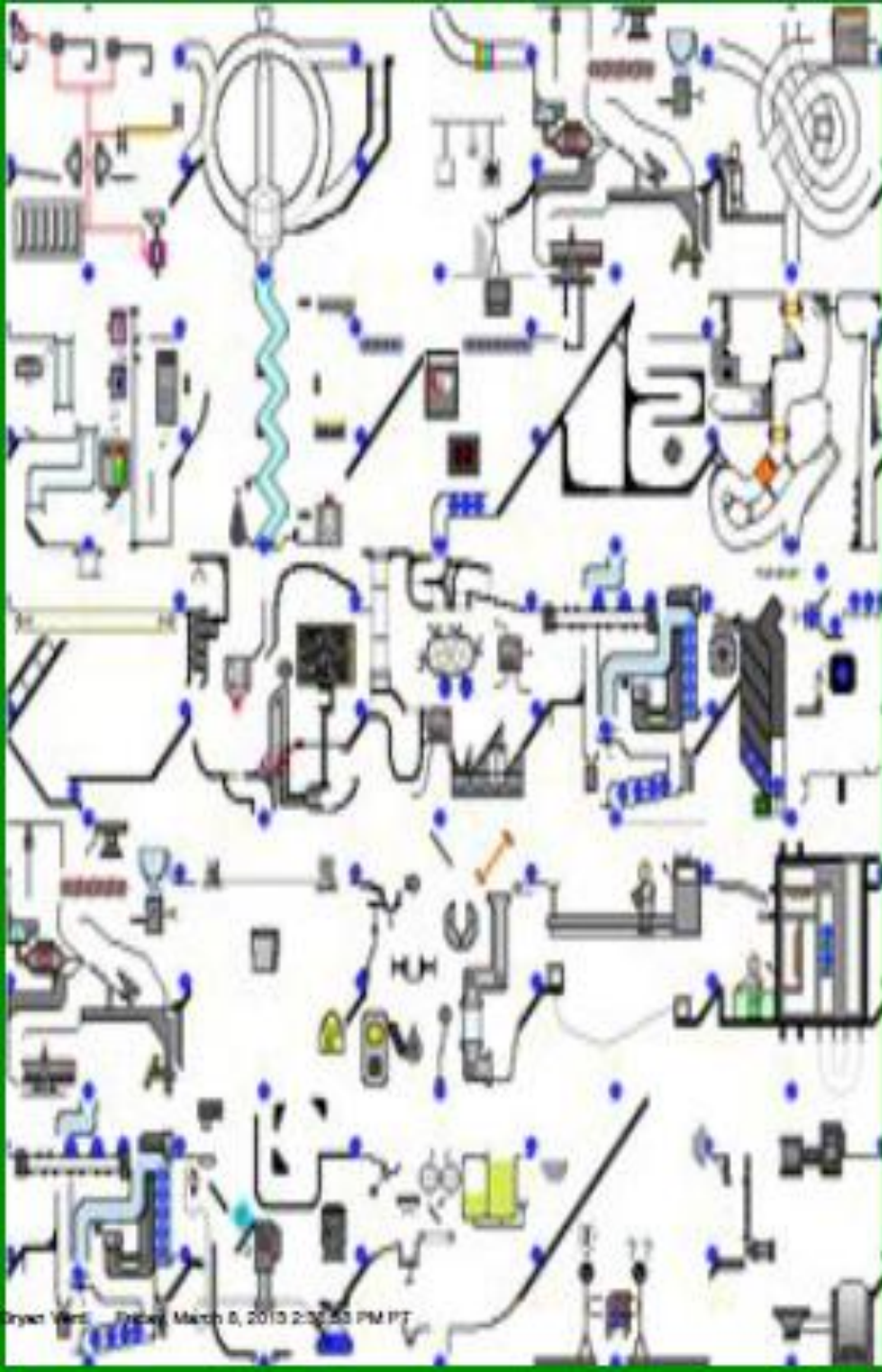
Third World

**Does this describe  
DEVELOPMENT?**

# A BETTER WAY?







A country's level of development can be distinguished according to three factors:

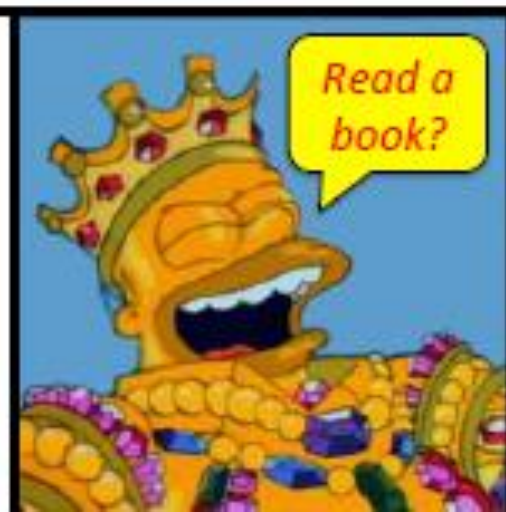
*economic,*

*social &*

*demographic.*

# Human Development Index (HDI)

- **HDI:** *United Nation's indicator of level of development for each country, based on income, literacy, education and life expectancy.*

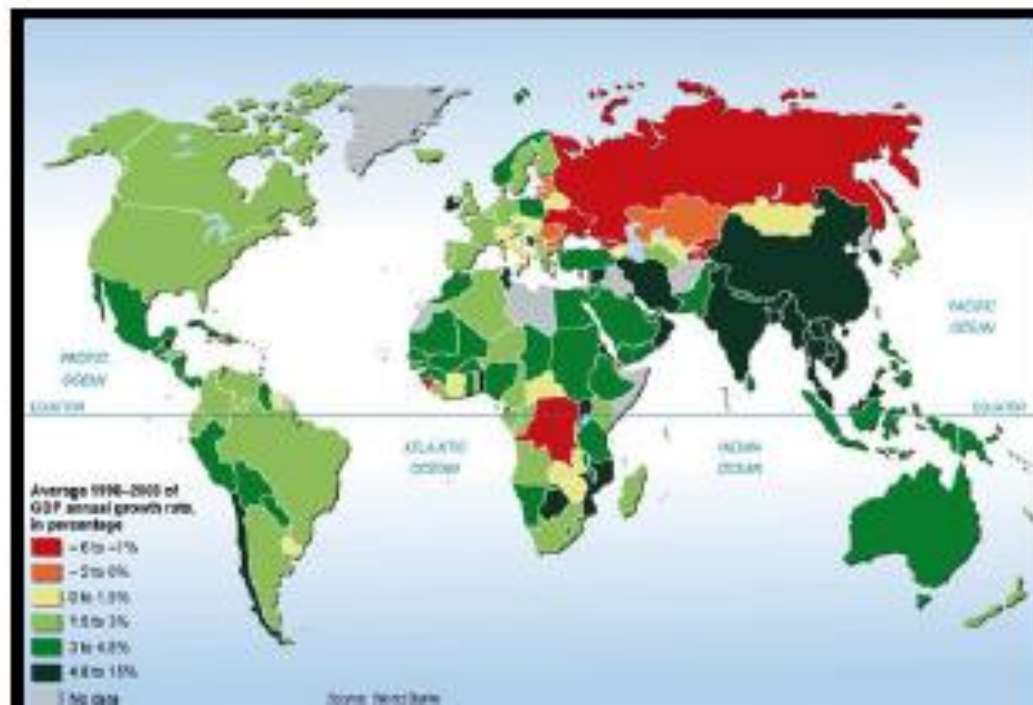




# Determining HDI:

- Gross Domestic Product GDP:**

*The value of the total output of goods and services produced in a country in a single year.*



# **GDP**

**GDP / total population = per capita GDP**

**Ex. Per capita GDP exceeded 30,000 in MDCs vs. less than 3,000 in LDCs**

# Top 10 GDP in 2012

Rank	Country/Region	GDP (Millions of \$US)
	<b>World</b>	<b>\$70.2 trillion</b>
1	 United States	\$15 trillion
2	 China	\$7.2 trillion
3	 Japan	\$5.9 trillion
4	 Germany	\$3.6 trillion
5	 France	\$2.8 trillion
6	 Brazil	\$2.5 trillion
7	 United Kingdom	\$2.4 trillion
8	 Italy	\$2.2 trillion
9	 India	\$1.9 trillion
10	 Russia	\$1.9 trillion



United Nations:		GDP
Rank	Country/Region	(Millions of \$US)
	<i>World</i>	70,201,920
1	United States	14,991,300
2	China	7,203,784
3	Japan	5,870,357
4	Germany	3,804,061
5	France	2,775,518
6	Brazil	2,476,651
7	United Kingdom	2,429,184
8	Italy	2,195,937
9	India	1,897,608
10	Russia	1,857,770
11	Canada	1,736,869
12	Australia	1,515,468
13	Spain	1,478,206
14	Mexico	1,155,206
15	South Korea	1,116,247
16	Indonesia	846,834
17	Netherlands	836,823
18	Turkey	774,983
19	Switzerland	660,762

List by the International Monetary Fund (2012 estimate) <sup>(1)</sup>			List by the World Bank (1996-2011) <sup>(2)</sup>			List by the CIA World Factbook (2000-2012) <sup>(1)</sup>				
Rank	Country/Region	GDP (Billions of \$US)	Rank	Country/Region	GDP (Millions of \$US)	Year	Rank	Country/Region	GDP (Millions of \$US)	Year
	<i>World</i>	71,277,366 <sup>(1)</sup>		<i>World</i>	69,983,693 <sup>(2)</sup>	2011		<i>World</i>	71,620,000	2012 est.
	European Union	19,414,483 <sup>(1)</sup>		European Union	17,552,216 <sup>(2)</sup>	2011		European Union	16,190,000	2012 est.
1	United States	15,653,366	1	United States	15,094,000	2011	1	United States	15,650,000	2012 est.
2	China	8,250,241 <sup>(2)</sup>	2	China	7,318,499 <sup>(2)</sup>	2011	2	China	8,250,000	2012 est.
3	Japan	5,964,390	3	Japan	5,867,154	2011	3	Japan	5,964,000	2012 est.
4	Germany	3,366,861	4	Germany	3,570,566	2011	4	Germany	3,367,000	2012 est.
5	France	2,580,423	5	France	2,773,032 <sup>(4)</sup>	2011	5	France	2,580,000	2012 est.
6	United Kingdom	2,433,719	6	Brazil	2,476,652	2011	6	United Kingdom	2,434,000	2012 est.
7	Brazil	2,426,962	7	United Kingdom	2,431,589	2011	7	Brazil	2,425,000	2012 est.
8	Italy	1,960,448	8	Italy	2,194,750	2011	8	Italy	1,960,000	2012 est.
9	Russia	1,953,566	9	Russia	1,857,770	2011	9	Russia	1,954,000	2012 est.
10	India	1,946,766	10	India	1,847,982	2011	10	India	1,947,000	2012 est.

Worldwide GDP = *\$70 trillion!*



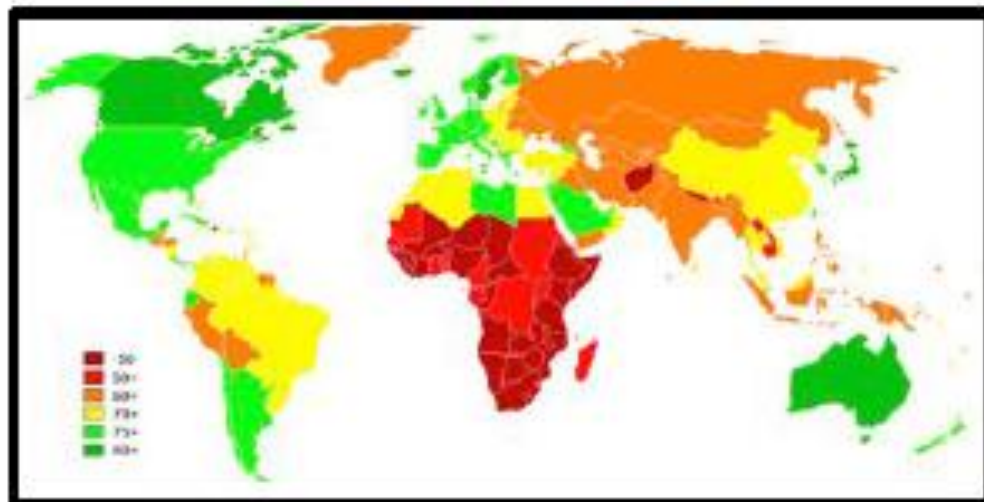
# Determining HDI:

- **Social Factors:**

*Literacy rate & amount of education.*



- **Demographic Factor:** *Life*



# Types of Jobs: Primary

- Workers in **primary sector** jobs directly extract materials from Earth.
- **Examples:** agriculture, mining, fishing, forestry, etc.



# Types of Jobs: Secondary

- The **secondary sector** includes manufacturers that process, transform, and assemble raw materials into useful products.
- **Examples:** automobile production, textile production, chemical and engineering industries, aerospace manufacturing, engineering, breweries



# Types of Jobs: Tertiary

- The **tertiary sector** involves the providing of goods and services to people in exchange for payment.
- **Examples:** retail sales, banks, transportation, entertainment (movies, television, radio, music, theater, etc.), restaurants, media, insurance, banking, healthcare, and law.





PRIMARY



SECONDARY



TERTIARY



Growing and  
felling timber



Making into  
seasoned planks



Making  
furniture



Selling  
furniture

# Think About It:

- *In most developed and developing countries, a growing proportion of workers are devoted to the \_\_\_\_\_ sector.*
- **the tertiary sector.** *In the U.S., more than 80% of the labor force are tertiary workers.*

About 3% of the U.S. labor force is engaged in primary sector activity today



# **TYPES OF JOBS**

**Primary – directly extract minerals from Earth through agriculture, mining, fishing, and forestry**

**Secondary – manufacturers that process, transform, and assemble raw materials into useful products**

**Tertiary – provision of goods and services to people in exchange for payment**



# **PRODUCTIVITY**

**Productivity – value of a particular product compared to the amount of labor needed to make it**

**Value added – the gross value of the product minus the costs of raw materials and energy**

**Workers in MDCs produce more effectively**

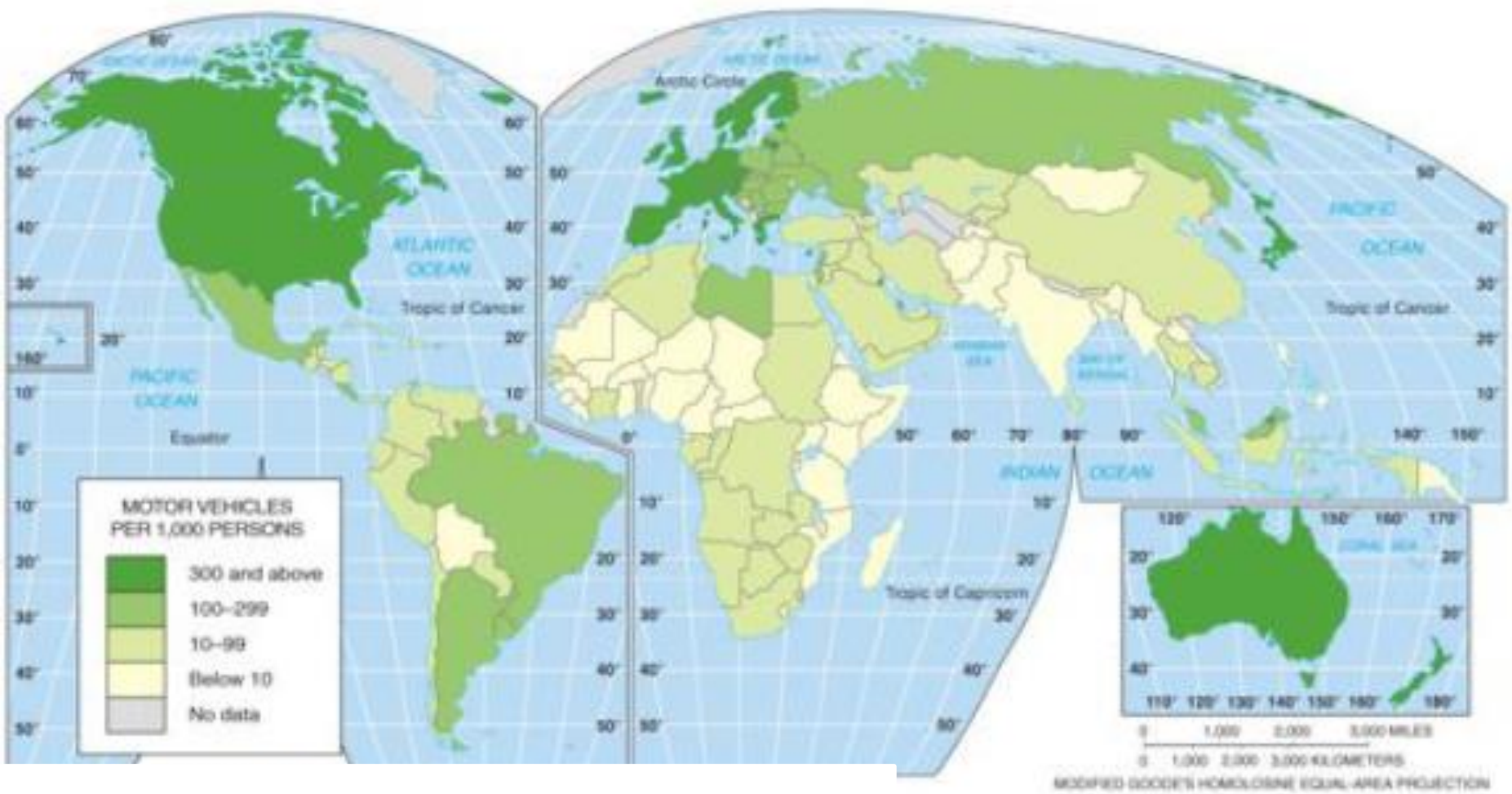
# **CONSUMER GOODS**

**Transportation and communication goods especially important**

**MDC more and better products**

**LDC gaps can emerge of “haves” and “have nots” due to lack of products**

# Figure 9-4: Motor Vehicles Per 1000 People



MODIFIED GOODE'S HOORGLONER EQUAL-AREA PROJECTION





# **EDUCATION AND LITERACY**

**Student teacher ratio – fewer pupils per teacher MDC**

**Literacy rate – percentage of a country's population that can read and write**

**Exceeds 98% in MDCs**

**Less than 60% in LDCs**

# HEALTH AND WELFARE

**MDCs = more calories and proteins**

**LDCs = less than min daily recommendation**

**MDCs = more resources to care for sick / better health care**

**LDCs = less**

**MDCs = help pay for for those who cannot work**

**LDCs = cannot afford to**

# **DEMOGRAPHIC INDICATORS**

**Life expectancy – 10 years longer for men in MDCs, 13 years longer for women in MDCs**

**Infant Mortality Rate – 94% in LDCs vs. 99.5% in MDCs**

**Natural Increase Rate – avg. 1.5% increase in LDCs vs. 0.2% in MDCs**

**Crude Birth Rate – MDC women chose to have fewer babies**