

The Changing Economic World

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There are global variations in economic development and quality of life.	Different ways of classifying parts of the world according to their level of economic development and quality of life.			
	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).			
	Limitations of economic and social measures.			
	Link between stages of the Demographic Transition Model and the level of development.			
	Causes of uneven development: physical, economic and historical.			
	Consequences of uneven development: disparities in wealth and health, international migration.			
Various strategies exist for reducing the global development gap.	An overview of the strategies used to reduce the development gap: investment, industrial development and tourism, aid, using intermediate technology, fairtrade, debt relief, microfinance loans.			
	An example of how the growth of tourism in an LIC or NEE helps to reduce the development gap.			
Some LICs and NEEs are experiencing rapid economic development which leads to significant social, environmental and cultural change.	A case study of one LIC or NEE to illustrate:			
	• the location and importance of the country, regionally and globally			
	• the wider political, social, cultural and environmental context within which the country is placed			
	• the changing industrial structure. The balance between different sectors of the economy. How manufacturing industry can stimulate economic development			
	• the role of transnational corporations (TNCs) in relation to industrial development. Advantages and disadvantages of TNC(s) to the host country			
	• the changing political and trading relationships with the wider world			
	• international aid: types of aid, impacts of aid on the receiving country			
	• the environmental impacts of economic development			
Major changes in the economy of the UK have affected, and will continue to affect, employment patterns and regional growth.	Economic futures in the UK:			
	• causes of economic change: de-industrialisation and decline of traditional industrial base, globalisation and government policies			
	• moving towards a post-industrial economy: development of information technology, service industries, finance, research, science and business parks			
	• impacts of industry on the physical environment. An example of how modern industrial development can be more environmentally sustainable			
	• social and economic changes in the rural landscape in one area of population growth and one area of population decline			
	• improvements and new developments in road and rail infrastructure, port and airport capacity			
	• the north–south divide. Strategies used in an attempt to resolve regional differences			
	• the place of the UK in the wider world. Links through trade, culture, transport, and electronic communication. Economic and political links: the European Union (EU) and Commonwealth.			

KEY IDEA 1

1. Different ways of classifying parts of the world according to their level of economic development and quality of life.

- **High Income country (HIC), Newly Emerging Economy (NEE), Low Income Country (LIC)**
- **Economic Development** = The progress of a country in terms of economic growth, the use of technology and human welfare
- **Quality of Life** = the outcome or product of economic development

PHYSICAL	ECONOMIC	SOCIAL	PSYCHOLOGICAL
<ul style="list-style-type: none"> • Diet • Housing • Clean Environment • Mobility 	<ul style="list-style-type: none"> • Secure Job • Income • Affluence • Standard of Living 	<ul style="list-style-type: none"> • Leisure • Family and Friends • Welfare Service • Education 	<ul style="list-style-type: none"> • Satisfaction • Happiness • Health • Security

2. Different economic and social measures of development

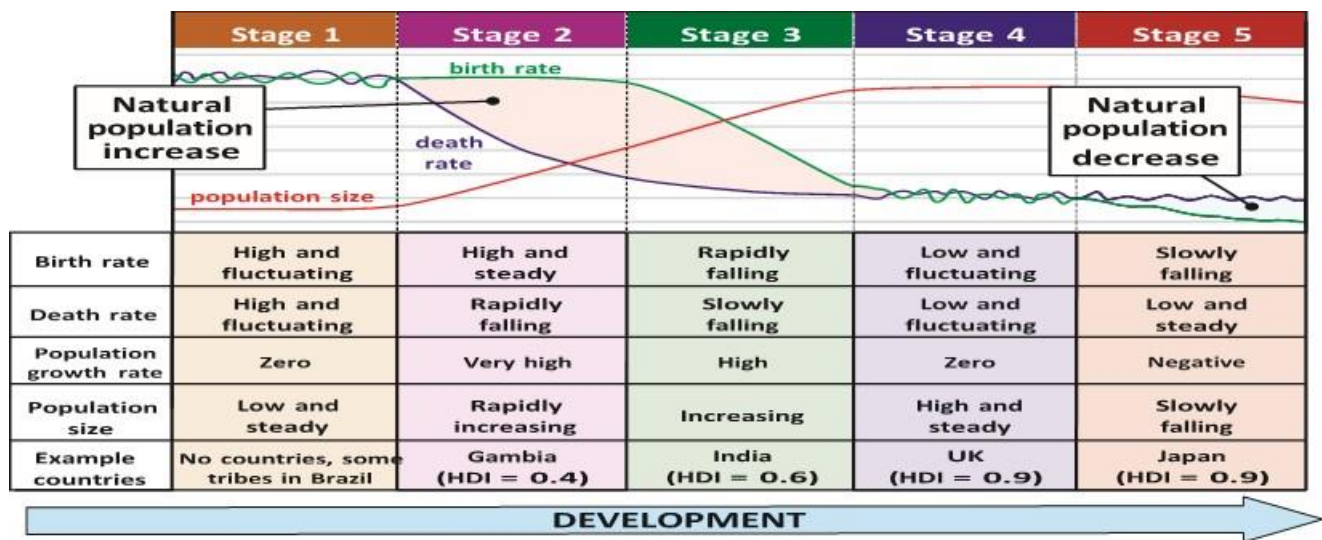
Development Indicator	What is it?	A measure of...	develops, it gets...
Gross National Income (GNI) per head	The GNI divided by the population of a country. It's sometimes called GNI per capita.	Wealth (<i>economic</i>)	Higher
Birth Rate	The number of live babies born per 1000 people per year.	Health/ women's rights (<i>social</i>)	Lower
Death Rate	The number of deaths per 1000 per year.	Health (<i>social</i>)	Lower
Infant Mortality	The number of babies who die under 1 year old, per 1000 babies born.	Health (<i>social</i>)	Lower
Life Expectancy	The average age a person can expect to live to.	Health (<i>social</i>)	Higher
People per Doctor	The number of people for each doctor	Health (<i>social</i>)	Lower
Literacy Rate	The percentage of adults who can read or write	Education (<i>social</i>)	Higher
Access to safe water	The percentage of people who can get clean drinking water.	Health (<i>social</i>)	Higher
Human Development Index (HDI)	A number that is calculated using Life Expectancy (health), literacy rate/ school enrolment (education) and GNI (wealth)	Health, Education, Wealth, (<i>economic and social</i>)	Higher

3. Limitations of economic and social measures.

- The measures can be misleading when used on their own because they're averages – they don't show up elite groups in the population or variations within the county.
- As a country develops, some aspects develop before others.

4. Link between stages of the Demographic Transition Model and the level of development.

<p>Stage 1 is the least developed — the birth rate is high because there's no use of contraception. People also have lots of children because poor healthcare means that many infants die.</p> <p>The death rate is also high due to poor healthcare or famine, and life expectancy is low (few people reach old age).</p> <p>Income is very low.</p>	Total population is low but it is balanced due to high birth rates and high death rates.
<p>Stage 2 is not very developed – many LICs are in stage 2.</p> <p>The economy is based on agriculture so people have lots of children to work on farms, which means that birth rates are high. Death rates fall due to improved healthcare and diet so life expectancy increases.</p>	Total population rises as death rates fall due to improvements in health care and sanitation. Birth rates remain high.
<p>Stage 3 is more developed — most NEEs are at stage 3. The birth rate falls rapidly as women have a more equal place in society and better education. The use of contraception increases and more women work instead of having children.</p> <p>The economy also changes to manufacturing, so income increases and fewer children are needed to work on farms. Healthcare improves so life expectancy increases.</p>	Total population is still rising rapidly. The gap between birth and death rates narrows due to the availability of contraception and fewer children being needed to work - due to the mechanisation of farming. The natural increase is high.
<p>Stages 4 and 5 are the most developed — most HICs are at one of these stages.</p> <p>Birth rates are low because people want possessions and a high quality of life, and may have dependent elderly relatives, so there is less money available for having children.</p> <p>Healthcare is good, so the death rate is low and life expectancy is high.</p> <p>Income is also high</p>	Total population is high, but it is balanced by a low birth rate and a low death rate. Birth control is widely available and there is a desire for smaller families. <p>Total population is high but going into decline due to an ageing population. There is a continued desire for smaller families, with people opting to have children later in life</p>



5. Causes of uneven development: physical, economic and historical

PHYSICAL

- **Poor climate** - If a country has a poor climate (really hot or really cold or really dry) not much will grow. This reduces the amount of food produced. In some countries this can lead to malnutrition, e.g. in Chad and Ethiopia. People who are malnourished have a low quality of life. People also have fewer crops to sell, so less money to spend on goods and services. This also reduces their quality of life. The government gets less money from taxes (as less is sold and bought). This means there's less to spend on improving healthcare and education.
- **Poor Farming Land** - If the land in a country is steep or has poor soil (or no soil) then they won't produce a lot of food. This has the same effect as a poor climate
- **Few Raw Materials** - Countries without many raw materials like coal, oil or metal ores tend to make less money because they've got fewer products to sell. Some countries do have a lot of raw materials but still aren't very developed because they don't have the money to develop the infrastructure to exploit them (e.g. roads and ports).
- **Natural Hazards** - A natural hazard is a natural process which could cause death, injury or disruption to humans or to destroy property and possessions. Countries that have a lot of natural disasters (e.g. Bangladesh, which floods regularly) have to spend a lot of money rebuilding after disasters occur. Money could be spent on education and health, rather than recovery

HISTORICAL

- **Colonisation** - Countries that were colonised (ruled by a foreign country) are often at a lower level of development when they gain independence. European countries colonised much of Africa in the 19th century. They controlled the economies of their colonies, removed raw materials and made people slaves. This was bad for African development as it made parts of Africa dependent on Europe, and led to famine and malnutrition.
- **Conflict** - War, especially civil wars, can slow or reduce levels of development. Money is spent on arms and fighting instead of development, people are killed and damage is done to infrastructure and property.

ECONOMIC

- **Poor Trade Links** - Very poor countries borrow money from other countries and international organisations, e.g. to help cope with the aftermath of a natural disaster. Any money a country makes is used to pay back the debt.
- **Lots of debt** - Trade is the exchange of goods and services between countries. If a country has poor trade links (it trades a small amount with only a few countries) it won't make a lot of money.
- **Primary Products** - Countries that mostly export primary products (raw materials like wood, metal and stone) tend to be less developed. This is because you don't make much profit by selling primary products.

6. Consequences of uneven development.

The Development Gap refers to the widening difference in levels of development between the world's richest and poorest countries. This development gap can also occur within countries.

- **Wealth** - People in more developed countries have a higher income than those in less developed countries. 2) For example, GNI per head in the UK is over 40 times higher than in Chad.
- **Health** –
 - Healthcare in more developed countries is better than in less developed countries.
 - People in HICs live much longer — e.g. the UK's life expectancy is 81, but in Chad it's only 51.
 - Infant mortality is also much higher in less developed countries — e.g. it is 85 per 1000 births in Chad, compared to 4 per 1000 births in the UK.
- **International Migration** –
 - If neighbouring or nearby countries have a higher level of development, people will seek to enter that country to make use of the opportunities it provides to improve their quality of life.
 - For example, Mexico (an NEE) borders the USA (an HIC). Every year over 130 000 Mexicans move to the USA legally (and thousands more enter illegally) to seek better paid jobs and a higher quality of life.

KEY IDEA 2:

1. Various strategies exist for reducing the global development gap

- **Aid** is given by one country to another as money or resources (e.g. food, doctors). It is spent on development projects, for example constructing schools to improve literacy rates, building dams and wells to improve clean water supplies and providing farming knowledge and equipment to improve agriculture. Aid can definitely help, but sometimes it is wasted by corrupt governments. Or once the money runs out, projects can stop working if there isn't enough local knowledge and support to keep the projects going.
- **FairTrade** - The fair trade movement is all about farmers getting a fair price for goods produced in LICs, e.g. coffee and bananas, allowing them to provide for their families. Companies who want to sell products labelled as 'fair trade' have to pay producers a fair price. Buyers also pay extra on top of that to help develop the area where the goods come from, e.g. to build schools or health centres. But there are problems — only a tiny proportion of the extra money reaches the original producers. Much goes to retailers' profits.
- **Intermediate technology** includes tools, machines and systems that improve quality of life but are also simple to use, affordable to buy or build and cheap to maintain. For example, solar powered LED lightbulbs are used in parts of Nepal where the only other lighting options are polluting and dangerous kerosene lamps or wood fires. This allows people to work in their homes or businesses, and children to study, after dark. As a result, skills, incomes and industrial output can increase, which helps reduce the development gap.
- **Debt relief** is when some or all of a country's debt is cancelled, or interest rates are lowered. This means they have more money to develop rather than to pay back the debt. For example, Zambia (in southern Africa) had \$4 billion of debt cancelled in 2005. In 2006, the country had enough money to start a free healthcare scheme for millions of people living in rural areas, which improved their quality of life.
- **Foreign-direct investment (FDI)** is when people or companies in one country buy property or infrastructure in another. FDI leads to better access to finance, technology and expertise, and improved infrastructure, improved industry and an increase in services.
- **Industrial Development** - In countries with a very low level of development, agriculture makes up a large portion of the economy. Developing industry increases GNI and helps improve levels of development as productivity; levels of skill and infrastructure are improved.
- **Microfinance** is when small loans are given to people in LICs who may not be able to get loans from traditional banks. The loans enable them to start their own businesses and become financially independent. 2) Although microfinance works for some people, it's not clear that microfinance can reduce poverty on a large scale.
- **Tourism** can also provide increased income as there will be more money entering the country. Countries like Jamaica are using tourism to increase their level of development. Tourism is important to the Jamaican economy, generating taxes, employment and income. Over the last few decades it has helped raise the level of development in Jamaica and reduce the development gap. In 2014 tourism contributed 24 per cent of Jamaica's GDP – one of the highest proportions of any country in the world. This is expected to rise to 32 per cent by 2024. Income from tourism is US\$2 billion each year and taxes paid to the government contribute further to the development of the country. This in turn helps to reduce the development gap.

2. An example of how the growth of tourism in an LIC or NEE helps to reduce the development gap: Jamaica

Location	In the north western Caribbean Sea, about 145 kilometres (90 miles) south of Cuba and 191 kilometres (119 miles)
GNI	2000 - \$3331
How has tourism benefited Jamaica?	Community tourism and sustainable ecotourism is expanding in more isolated regions, locals are running small scale guesthouse or acting as tour guides.
	Employment provides income, which is then spent locally in shops, services and recreation, providing more jobs and income and increasing quality of life.
	New port and cruise liner facilities in Trelawney and new hotel accommodations
	24% of employment is due to tourism.
	311 000 direct and indirect jobs in tourism
	Income from tourism was \$4billion in 2013
	Sandals Resort Farmers Program from 10 farmers supplying two hotels in 1996 to 80 farmers in 2004 supplying hotels island-wide. Sales increased from \$60,000 to \$3.3 million in just 3 years, The hotels receive higher-quality produce for less than it would cost to import the same produce.
	Conservation and landscaping projects provides job opportunities and encourage visitors all over the island. The Negril Marin Nature park attracts many tourists and brings direct and indirect income.
	Improvements in roads and airports
Taxes paid to the government contribute to the development of the country.	

NIGERIA

KEY IDEA 3:

Some LICs or NEEs are experiencing rapid economic development which leads to significant social and cultural change.

The location and importance of the country, regionally and globally

- Nigeria is a country in West Africa. Nigeria borders Benin, Niger, Chad and Cameroon
- Nigeria extends from the Gulf of Guinea in the south to the Sahel in the north.
- Population = 184 million.
- Nigeria is a Newly-Emerging Economy (NEE). This means that it is one of a number of countries experiencing a period of rapid economic development. In 2014, Nigeria became the world's 21st largest economy.
- Nigeria supplies 2.7 per cent of the world's oil – the 12th largest producer.
- Nigeria has one of the fastest-growing economies in Africa. In 2014 it had the highest GDP in the continent and the third largest manufacturing sector.
- About 70 per cent of the population are employed in agriculture.

The wider political, social, cultural and environmental context within which the country is placed

POLITICAL:

- Nigeria became fully independent from the UK in 1960.
- Civil war between 1967 and 1970.
- It is only since 1999 that the country has had a stable government.
- Several countries are now starting to invest in Nigeria.
- China is making major investments in construction in the capital, Abuja.
- South Africa is investing in businesses and banking.
- Nigeria's political role has changed in recent decades. It has become a leading member of African political and economic groups as well as international organisations such as the United Nations.

SOCIAL:

- Nigeria is a multi-ethnic, multi-faith country.
- Economic inequality between the north and south of Nigeria has created new religious and ethnic tensions
- Birth rate (per 1000) = 38
- Death rate (per 1000) = 13
- Infant mortality rate (per 1000 live births) = 73
- Life expectancy (years) = 52
- Literacy rate (%) = 61
- GNI per head (US\$) = 2970

CULTURE:

- Nigerian music is enjoyed across the continent and beyond.
- Nigerian cinema – known as 'Nollywood' – is the second largest film industry in the world.
- In sport, the Nigerian football team has won the African Cup of Nations three times, most recently in 2013

ENVIRONMENTAL:

- Southern Nigeria – high temperatures and high annual rainfall. Much of this area is forest, with crops such as cocoa, oil palm and rubber.
- Upland region, centred on the city of Jos, is wetter and cooler than surrounding savanna.
- Northern Nigeria – the far north east of the country is semi-desert. Further south, tropical grassland (savanna) dominates, mainly used for grazing cattle. Crops such as cotton, millet and groundnuts grown.

The changing political and trading relationships with the wider world

POLITICAL:

Nigeria's political role has changed in recent decades. It has become a leading member of African political and economic groups as well as international organisations such as the United Nations.

TRADING:

Nigeria is a major global trading nation.

Its main exports are crude and refined petroleum, natural gas, rubber, cocoa and cotton. Its main imports are refined petroleum from the EU and the USA, cars from Brazil and the USA, telephones, rice and wheat.

One of the fastest-growing imports is telephones. Imported from China, these are in demand from Nigeria's growing population and emerging middle class.

Nigeria ranks 7th in the world for the number of mobile phones used (the UK is 16th).

The changing industrial structure. The balance between different sectors of the economy. How manufacturing industry can stimulate economic development

The changing industrial structure

- Traditionally, primary products had been Nigeria's main source of income. Agricultural products like cocoa, timber, oil palm, groundnuts and cotton were its main exports.
- The discovery of oil in the Niger Delta in the 1950s led to a big change in Nigeria's economy. Today oil accounts for about 14 per cent of the country's GDP and 98 per cent of its export earnings.

The balance between different sectors of the economy

- Employment in agriculture (primary sector) has fallen, due to increasing use of farm machinery and better pay and conditions in other sectors of the economy.
- Industrialisation and economic growth (secondary sector) under a stable government has increased employment in oil production, manufacturing and industries such as construction, motor manufacturing, sugar refining, paper and pharmaceuticals.
- The growth of communications, retail and finance in the service (tertiary) sector.

How manufacturing industry can stimulate economic development

- Rapid advances in technology.
- Greater concern for the environment.
- Many people speak English, giving potential for growth in telecommunications.
- Increased use of telecommunications – Nigeria is able to benefit from global finance and trade
- Investment in science and technology training – Nigeria's huge population is seen as a potential asset for the country.
- Information technology is beginning to drive the economy rather than oil.

Manufacturing

- Regular paid work gives people a more secure income and provides an ever-larger home market for purchasing products such as cars, clothes and electrical appliances.
- Manufacturing industries stimulate growth through close links with each other, for example, companies supplying parts for making cars.
- As industries grow, more people are employed, and revenue from taxes increases.
- A thriving industrial sector attracts foreign investment which stimulates further economic growth.
- Oil processing has created chemical by-products. This has led to the growth of a huge range of chemical industries, including soaps, detergents and plastics.

The role of transnational corporations (TNCs) in relation to industrial development. A transnational corporation (TNC) is a large company that operates in several countries. A TNC usually has its headquarters in one country with production plants in several others. Transnational companies locate in foreign countries in order to take advantage of: tax incentives, laxer environmental laws, cheap labour and access to a wider market.

- About 40 TNCs operate in Nigeria. The majority have their headquarters in the UK, USA or in Europe. Those based in the UK include KFC (fast food) and Unilever (food and home care).

Advantages and disadvantages of TNC(s) to the host country

Advantages

- Companies provide employment and the development of new skills
- More money is spent in the economy
- Investment by companies in local infrastructure and education
- Other local companies benefit from increased orders
- Valuable export revenues are earned

Disadvantages

- Local workers are sometimes poorly paid
- Working conditions are sometimes very poor
- Management jobs often go to foreign employees brought in by the TNC
- Much of the profit generated goes abroad
- Grants and subsidies used to attract TNCs could have been used to invest in Nigerian industry

Shell (TNC)

Shell is one of the world's largest oil companies. Its headquarters are in the Netherlands.

As a TNC, Shell has been able to invest huge amounts of money and expertise into extracting oil here. Shell has brought a number of benefits to Nigeria's economy by:

- making major contributions in taxes and export revenue
- providing direct employment for 65 000 Nigerian workers and a further 250 000 jobs in related industries
- giving 91 per cent of Shell contracts to Nigerian companies
- Supporting the growth of Nigeria's energy sector.

Shell Problems

- Oil spills have caused water pollution and soil degradation, reducing agricultural production and fishing yields.
- Frequent oil flares send toxic fumes into the air.
- Militant groups disrupt oil supply in the delta.
- Oil theft and sabotage are big problems in the region, reducing production levels and costing TNCs and the government billions of dollars every year.

Nigeria's sources of income

Traditionally, primary products had been Nigeria's main source of income. Agricultural products like cocoa, timber, oil palm, groundnuts and cotton were its main exports.

The discovery of oil in the Niger Delta in the 1950s led to a big change in Nigeria's economy. Today oil accounts for about 14 per cent of the country's GDP and 98 per cent of its export earnings. Nigeria has the world's 10th highest level of oil reserves. At the present rate of production it has around 50 years' supply left.

Does Nigeria have a balanced economy?

The economy of a country is divided into sectors (such as retail, tourism, finance, public services). Graph B shows recent changes in the structure of Nigeria's economy. Since 1999 there have been major changes in the country's industrial structure.

- Employment in agriculture (primary sector) has fallen, due to increasing use of farm machinery and better pay and conditions in other sectors of the economy.
- Industrialisation and economic growth (secondary sector) under a stable government has increased employment in oil production, manufacturing and industries such as construction, motor manufacturing, sugar refining, paper and pharmaceuticals.
- The growth of communications, retail and finance in the service (tertiary) sector.

Nigeria's growing manufacturing sector

Manufacturing involves making products from raw materials. In the past, growth in manufacturing was hindered by Nigeria's dependence on the export of raw materials, particularly agricultural produce. Processing was mostly done abroad. Today, manufacturing accounts for 10 per cent of Nigeria's GDP.

It is currently growing faster than the telecommunications, oil and gas or agricultural sectors. Among goods produced are:

- processed foods
- leather items
- textiles
- soaps and detergents.

With its growing home market, relatively cheap labour force and improving infrastructure, the manufacturing sector seems likely to increase in the future and become even more diverse.

How is manufacturing affecting economic development?

The growth of manufacturing in Nigeria has stimulated economic development in several ways.

- Regular paid work gives people a more secure income and provides an ever-larger home market for purchasing products such as cars, clothes and electrical appliances.
- Manufacturing industries stimulate growth through close links with each other, for example, companies supplying parts for making cars (photo D).
- As industries grow, more people are employed, and revenue from taxes increases.
- A thriving industrial sector attracts foreign investment which stimulates further economic growth.
- Oil processing has created chemical by-products.

This has led to the growth of a huge range of chemical industries, including soaps, detergents and plastics.

Shell Oil in the Niger Delta

Shell – or Royal Dutch Shell – is one of the world's largest oil companies. It is an Anglo-Dutch company with its headquarters in the Netherlands.

Since the discovery of oil in 1958, its operations in the Niger Delta have been controversial.

The swampy river delta is one of the most difficult places in the world to extract oil (map C). As a TNC, Shell has been able to invest huge amounts of money and expertise into extracting oil here. Shell has brought a number of benefits to Nigeria's economy by:

- making major contributions in taxes and export revenue
- providing direct employment for 65 000 Nigerian workers and a further 250 000 jobs in related industries (photo D)
- giving 91 per cent of Shell contracts to Nigerian companies
- supporting the growth of Nigeria's energy sector. Despite the benefits, oil developments have caused tensions and environmental problems.
- Oil spills have caused water pollution and soil degradation, reducing agricultural production and fishing yields.
- Frequent oil flares send toxic fumes into the air.
- Militant groups disrupt oil supply in the delta.

Oil theft and sabotage are big problems in the region, reducing production levels and costing TNCs and the government billions of dollars every year.

International aid: types of aid, impacts of aid on the receiving country

There are two main types of aid.

- **Emergency aid** – this usually follows a natural disaster, war or conflict. Aid may take the form of food, water, medical supplies and shelter.
- **Developmental aid** – this is long-term support given by charities, governments and multi-lateral organisations. It aims to improve quality of life by providing safe water, education or improvements to infrastructure such as roads and electricity supplies.

Despite rapid economic growth and wealth from oil reserves, many people in Nigeria are poor. They have limited access to services such as safe water, sanitation and a reliable electricity supply.

Almost 100 million people (over 60 per cent of the population) live on less than a US\$1 (£0.63) a day. Birth rates and infant mortality rates are high and life expectancy is low, particularly in the north-east of the country

Aid received

- Nigeria receives about 4 per cent of aid given to African countries.
- Most came from individual countries such as the UK and the USA, and from international organisations like the World Bank.
- Charities and NGOs have also supported projects in Nigeria.

Impact of aid

- In 2014 the World Bank approved a US\$500 million to fund development projects and provide long-term loans to businesses. This helps reduce the over-dependence on oil exports.
- Aid from the USA helps to educate and protect people against the spread of AIDS/HIV.
- The USAID-funded Community Care in Nigeria project provides support packages for orphans and vulnerable children.
- The UK Department for International Development funded a health programme, providing health education in rural areas.
- The NGO Nets for Life provides education on malaria prevention and distributes anti-mosquito nets to many households.

The environmental impacts of economic development

Industrial growth

- Harmful pollutants go directly into open drains and water channels
- Some industries dispose of chemical waste on nearby land, threatening the groundwater quality.
- Industrial chimneys emit poisonous gases that can cause respiratory and heart problems in humans.
- 70–80 per cent of Nigeria's forests have been destroyed through logging, agriculture, urban expansion, roads and industrial development.
- Desertification is a major problem in Nigeria, made worse by largescale dam and irrigation schemes.

Urban Growth

- Squatter settlements are common in most cities, Waste disposal has become a major issue.
- Traffic congestion is a major problem in most Nigerian cities, leading to high levels of exhaust emissions.

Mining and oil extraction

- Tin mining led to soil erosion. Local water supplies were also polluted with toxic chemicals.
- Many oil spills in the Niger Delta have had disastrous impacts on freshwater and marine ecosystems.
- Oil spills can cause fires,

The effects of economic development on quality of life for the population.

As a country's economy develops, ordinary people will usually see some benefits:

- Reliable, better-paid jobs in manufacturing industries or services (for example, health care and education)
- Higher disposable income to spend on schooling, home improvements, food, clothes and recreation.
- Better access to safe water and sanitation.
- Improvements to infrastructure such as roads.
- Higher disposable income to spend on schooling, home improvements, food, clothes and recreation.
- Improved access to a better diet means higher productivity at work and in school.
- Reliable electricity supplies providing lighting and heating – easier to go out at night, and for children to do homework.
- Better-quality health care, with more doctors and better-equipped hospitals.

HDI -Nigeria's HDI has been increasing steadily since 2005. It is now 0.50.

- Despite the clear improvements, many people in Nigeria are still poor. Limited access to services such as safe water, sanitation and reliable electricity is still a problem.
- Nigeria's huge oil revenues. Its oil wealth has not been used effectively, and the gap between rich and poor is wider.

Challenges ahead:

- **Political** – the need for a continuing stable government to encourage inward investment.
- **Environmental** – the pollution of the Niger Delta by oil spills has devastated the lives of the local Ogeni people. Pests like the tsetse fly restrict commercial livestock farming. Parts of the far north are under threat from desertification.
- **Social** – historical distrust remains between several tribal groups, like the Yoruba and Igbo. There is also the religious divide between the predominantly Christian south and the Muslim north. Recent kidnappings by the militant group Boko Haram spread fear among Nigerians and potential investors

KEY IDEA 4:

Major changes in the economy of the UK have affected and will continue to affect employment patterns and regional growth.

Causes of economic change: globalisation and government policies, de-industrialisation and decline of traditional industrial base

Key causes of change:

- **De-industrialisation and the decline of the UK's industrial base** — fewer jobs are available in manufacturing and heavy industries (such as coal mining and steel production). These industries were once a primary source of employment and income for the UK.
- **Globalisation** — a lot of manufacturing has moved overseas, where labour costs are lower, though headquarters of manufacturing companies have often remained in the UK. Trade with other countries is an increasingly important part of UK GDP.
- **Government policies** — government decisions on investment in new infrastructure and technology and support for businesses (e.g. tax breaks) affect how well the economy grows. Membership in government groups, e.g. World Trade Organisation, make it easier for companies in the UK to operate across the world.

Moving towards a post-industrial economy: development of information technology, service industries, finance and research, and science and business parks

A post-industrial economy

- A post-industrial economy is where manufacturing industry declines to be replaced by growth in the service sector and the corresponding development of a quaternary sector. This happened in the UK from the 1970s.
- By 2015, 78 per cent of UK employment was in the tertiary sector and 10 per cent in the quaternary sector.
- Only 10 per cent of employment was in manufacturing compared to 55 per cent in 1900.

Development of information technology

- This is now an important part of the UK's economy.
- Over 60 000 people are employed in the IT sector by companies like Microsoft® and IBM

Service industries

- E.g. retail, entertainment and personal services (e.g. hairdressers).
- Retail is the UK's largest sector, employing 4.4 million people.

Finance and research

- Finance - The UK, and especially the City of London, is home to many global financial institutions. Some, like HSBC, have their global headquarters in the UK.
- Research and development (R&D) is increasing in the UK, making use of the UK's skilled university graduates. In 2013, nearly £30 billion was spent on R&D in the UK.

Science and business parks

A science park is a group of scientific and technical knowledge-based businesses located on a single site.

Quaternary industries are increasingly found in science parks or business parks.

- On the outskirts of cities near to good transport links, e.g. motorways, A-roads and airports.
- Close to housing to accommodate the workforce.
- Near universities so that research businesses in science parks can have access to university research, allowing them to develop cutting edge technology.

The number of them has grown because:

- There is a large and growing demand for high-tech products. Science parks can help develop new technology for these products.
- The UK has a high number of strong research universities for businesses on science parks to form links with.
- Clusters of related businesses in one place can boost each other.

A business park is an area of land occupied by a cluster of businesses. Business parks are usually located on the edges of towns because:

- land tends to be cheaper than in town centres and with more land, it may be possible to extend businesses
- Businesses can benefit by working together.

Impacts of industry on the physical environment

Large-scale extraction industries such as mining and quarrying can have an impact on the environment. Quarries have been cut out of the countryside and huge waste tips piled up on the edges of mining settlements. Modern manufacturing industries have an effect on both the landscape and the environment.

- Manufacturing plants can look very dull and uninteresting and can have a negative visual effect on the landscape.
- Industrial processes can cause air and water pollution, as well as degrading the soil.
- The waste products from manufacturing industry are often taken to landfill, and when in the ground they can pollute and harm the air, water and soil.
- The transport of raw materials and manufacturing products is usually by road, which increases levels of air pollution and damage to the environment when roads are widened or new ones built.

Impacts of industry on the physical environment.

- **Primary:** water pollution –farming pesticides and fertilisers, damage to the landscape – e.g. from quarrying rock, changing the environment – trees are removed, destroy natural habitats, scar the landscape.
- **Secondary:** air and water pollution – e.g. chimneys, burning fossil fuels, chemicals are discharged, noise pollution, transport noise,
- **Tertiary:** changes to the landscape – spread of concrete , air pollution – from customers cars and delivery lorries
- **Quaternary:** pollution – less obvious but components for computers have to be transported from around the world

How can industrial development be more sustainable?

Today there is a much greater concern about the need for industries to be environmentally sustainable. This can be achieved in a number of ways.

- Technology can be used to reduce harmful emissions from power stations and heavy industry.
- Desulphurisation can remove harmful gases such as sulphur dioxide and nitrogen oxide from power station chimneys.
- Stricter environmental targets put in place for industry on water quality, air pollution and landscape damage.
- Heavy fines imposed when an industrial pollution incident occurs.

An example of how modern industrial development can be more environmentally sustainable

Quorum Business Park, Newcastle:

- **Community links** – supports children’s charities, blood donor site, works with community and school groups.
- **Buildings** – energy efficient, large windows allow for natural light, energy efficient air conditioning, low capacity flushing toilets
- **Landscaping** – plant waste is composted, 500 new trees to off-set carbon footprint.
- **Sustainable travel** – public transport links, cycle parking, car sharing scheme, electric vehicle charging points.

Why is there a north-south divide in the UK?

During the Industrial Revolution the UK's growth was centred on the coalfields in Wales, northern England and Scotland. Heavy industries and engineering thrived in cities such as Manchester, Sheffield and Glasgow, generating wealth and prosperity. Since the 1970s many industries (such as steel-making, ship building and heavy engineering) have declined and unemployment increased. Alternative sources of energy have reduced the importance of coalfields and modern industries have located elsewhere. London and the South East developed rapidly due to a fast-growing service sector. London is a major global financial centre and has grown faster than the rest of the UK. This has led to high house prices across the South East.

What strategies will resolve the north/south divide?

1. Enterprise Zones

Since 2011, 24 new Enterprise Zones have been created. Their aim is to encourage the establishment of new businesses and new jobs in areas where there were no pre-existing businesses. The government supports businesses in Enterprise Zones by:

- providing a business rate discount of up to £275 000 over a five-year period
- ensuring the provision of superfast broadband
- financial allowances for plant and machinery
- simpler planning regulations to speed up establishment of new businesses.

2. Local Devolution

Scotland, Wales and Northern Ireland have their own devolved governments, and some powers are being devolved to local councils in England too. This allows them to use money on schemes they feel will best benefit the local community, e.g. better public transport or regeneration projects to turn disused buildings into modern office spaces to attract business to the area.

3. Northern powerhouse.

The Northern powerhouse is the governments plan to reduce the equality between the north and south by attract investment into the north and improving transport links between northern cities. It has been criticise for being a concept than an actual plan.

Central to the success of these strategies is the Improvement of Transport. Money has been invested in transport improvements including:

- a new high-speed rail service (HS2) between London and the north and the
- electrification of the Trans-Pennine railway
- upgrade of the M62 cross-Pennine motorway
- the new Liverpool2 deep-water container port
- the Mersey Gateway – a new 6-lane toll bridge over the River Mersey to improve access to the new deep-water port.

Improvements and new developments in road and rail infrastructure, port and airport capacity

Roads

Capacity on motorways is being increased by upgrading to “smart motorways” with extra lanes, e.g. the M4. A new road is being built to link the port of Heysham in Lancashire to the M6.

Railways

- Crossrail (currently under construction) will increase central London's rail capacity by 10% when it opens in 2018.
- The proposed HS2 line linking London, Birmingham, Leeds and Manchester will increase capacity and allow faster journeys between major English cities if it is built.

Airports

The UK Government has agreed that a new runway is needed in the south east as existing airports are full or filling up.

Ports

A new port, London Gateway, is operating at the mouth of the River Thames. It is able to handle the world's largest container ships and hopes to become a hub for global trade.

The North–South divide. Strategies used in an attempt to resolve regional differences

- The decline of heavy industry has had a greater negative impact on the north of the UK, but the growth of the post-industrial service industry has mostly benefited the south.
- In general, economic and social indicators tend to be better in the south than the north. This is the north-south divide.
- Wages are generally lower in the north than the south, e.g. the 2014 average weekly wage was 40% lower in Huddersfield than London.
- Health is generally worse in the north than the south, e.g. life expectancy for male babies born in Glasgow in 2012 was 72.6 years, but in East Dorset it was 82.9 years.
- Education — GCSE results are generally better in the south of England than the Midlands or the north.
- There are exceptions — some cities don't fit the trends, and not everything is worse in the north.

The place of the UK in the wider world.

Links through trade, culture, transport, and electronic communication.

Economic and political links: the European Union (EU) and Commonwealth.

Trade The UK trades globally, with links to the USA, Europe and Asia being particularly significant. The UK's overseas exports are worth over £250 billion per year.
Culture The UK's strong creative industries mean that UK culture is exported worldwide, e.g. the Shaun the Sheep™ TV series made by Aardman Animations in Bristol is shown in 170 countries.
Transport The Channel Tunnel links the UK to France by rail, providing a route for goods and people to access mainland Europe. Large airports like Heathrow act as a hub and provide links to hundreds of countries around the world.
Electronic Communications As well as being home to offices for many global IT firms, most of the trans-Atlantic cables (carrying phone lines and internet connections) linking Europe with the USA are routed via the UK.
European Union (EU) The EU is an economic and political partnership of 28 countries. Membership of the EU gives UK citizens and businesses access to a large market without trade or political barriers. It's an important part of the UK's economy — over £130 billion of the UK's exports were to the EU in 2015. There are EU laws and controls on crime, pollution and consumers' rights. Financial support for farmers is given by the EU e.g. to support dairy farmers.
The Commonwealth The Commonwealth is an association of 53 independent states, including the UK. It exists to improve the wellbeing of everyone in Commonwealth countries.