Unit 7 Developed and developing economies

Activities: Guidance and answers

Activity 7.1 The characteristics of developed and less-developed economies

Key characteristics depicted or suggested by the photographs might include the following.

<table>
<thead>
<tr>
<th>A developed economy will have:</th>
<th>A developing economy will have:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• generally high standards of living</td>
<td>• poor standards of living</td>
</tr>
<tr>
<td>• availability of many goods and services</td>
<td>• shortages of many goods and services</td>
</tr>
<tr>
<td>• good quality housing</td>
<td>• sub-standard housing</td>
</tr>
<tr>
<td>• significant investment in modern infrastructure including road networks and communications</td>
<td>• poor diets and over-dependence on subsistence farming</td>
</tr>
<tr>
<td>• efficient production and distribution system for goods and services</td>
<td>• a low level of investment in modern infrastructure</td>
</tr>
<tr>
<td></td>
<td>• poor sanitation and lack of access to clean water</td>
</tr>
</tbody>
</table>

Activity 7.2 Developing measures

Your discussions might have covered some of the following possible measures or indicators.

<table>
<thead>
<tr>
<th>Millennium goals</th>
<th>Some possible measures/indicators of progress are:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eradicate extreme poverty and hunger</td>
<td>• average income per person</td>
</tr>
<tr>
<td></td>
<td>• number or proportion of people on very low incomes</td>
</tr>
<tr>
<td></td>
<td>• numbers of malnourished people</td>
</tr>
<tr>
<td></td>
<td>• ease of access to clean water and basic foods</td>
</tr>
<tr>
<td></td>
<td>• ownership of different consumer goods</td>
</tr>
<tr>
<td></td>
<td>• proportion of underweight children</td>
</tr>
<tr>
<td></td>
<td>• substandard housing conditions</td>
</tr>
<tr>
<td></td>
<td>• numbers or proportion of people in paid employment</td>
</tr>
<tr>
<td>Achieve universal primary education</td>
<td>• numbers of children attending primary school</td>
</tr>
<tr>
<td></td>
<td>• proportion of all children attending primary school on regular basis</td>
</tr>
<tr>
<td></td>
<td>• proportion of children able to read and write</td>
</tr>
<tr>
<td></td>
<td>• numbers of primary school teachers and class sizes</td>
</tr>
</tbody>
</table>
### Millennium goals

<table>
<thead>
<tr>
<th>Promote gender equality and empower women</th>
<th>Some possible measures/indicators of progress are:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• whether women are allowed to vote in government elections</td>
<td></td>
</tr>
<tr>
<td>• proportion of females in education relative to males</td>
<td></td>
</tr>
<tr>
<td>• numbers of females in workforce by type of occupation</td>
<td></td>
</tr>
<tr>
<td>• relative earnings of females and males</td>
<td></td>
</tr>
<tr>
<td>• reports of domestic violence against women</td>
<td></td>
</tr>
<tr>
<td>Reduce child mortality</td>
<td>• birth rate</td>
</tr>
<tr>
<td></td>
<td>• number or proportion of babies dying at birth</td>
</tr>
<tr>
<td></td>
<td>• number or proportion of children dying before 5 years of age</td>
</tr>
<tr>
<td>Improve maternal health</td>
<td>• number or proportion of pregnant women receiving care</td>
</tr>
<tr>
<td></td>
<td>• numbers or proportion of failed pregnancies</td>
</tr>
<tr>
<td></td>
<td>• numbers of still born babies</td>
</tr>
<tr>
<td>Combat HIV/AIDS, malaria and other diseases</td>
<td>• life expectancy from birth</td>
</tr>
<tr>
<td></td>
<td>• prevalence of different diseases (as% of population)</td>
</tr>
<tr>
<td></td>
<td>• numbers of deaths from different diseases, and as a % of all deaths</td>
</tr>
<tr>
<td></td>
<td>• numbers or proportion of people being treated</td>
</tr>
<tr>
<td></td>
<td>• % successfully treated</td>
</tr>
<tr>
<td>Ensure environmental sustainability</td>
<td>• government policies to protect environment</td>
</tr>
<tr>
<td></td>
<td>• % of protected land</td>
</tr>
<tr>
<td></td>
<td>• loss of agricultural land, woodland and forests</td>
</tr>
<tr>
<td></td>
<td>• biodiversity loss</td>
</tr>
<tr>
<td></td>
<td>• levels of air and water pollution</td>
</tr>
<tr>
<td>Develop a global partnership for development</td>
<td>• trade flows with other countries</td>
</tr>
<tr>
<td></td>
<td>• inward investment, including new technologies</td>
</tr>
<tr>
<td></td>
<td>• overseas aid</td>
</tr>
<tr>
<td></td>
<td>• outside help for highly indebted countries</td>
</tr>
</tbody>
</table>

### Activity 7.3 Rich or poor?

Developed = C; less developed = B; newly industrialized = A.

Despite country B being the least developed and having low average income, life expectancy and low levels of access to safe drinking water, it nevertheless
scores better than the newly industrialized economy on adult literacy, emissions, protected land and employment to population ratio. Possible reasons might include the following.

- The government of the less-developed economy has prioritized education over other public expenditures.
- Emissions are lower in the less-developed economy because there is very little industry and car ownership.
- Similarly, there is more protected land in the less-developed economy because there is less demand for land for farming, industrial and residential use.
- Many employed people in the less-developed economy may earn very low wages and work in the agriculture sector in order to grow food for their families and for sale.

The less-developed economy also has higher employment to population ratio than the developed economy. Possible explanations include the following.

- Due to low birth and death rates, there are more older people in the developed economy as a proportion for its population and therefore more people in retirement.
- Due to high standards of living and wealth, many more people in the developed economy have also taken early retirement.
- As wage levels are high in the developed economy, unemployment may be more of a problem, especially if there are old, declining industries.

**Activity 7.4 Aiding or abetting?**

You may have covered some of the following arguments in your discussions.

<table>
<thead>
<tr>
<th>Yes, developed economies should provide financial aid to less-developed economies</th>
<th>No, developed economies should not provide financial aid to less-developed economies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without financial assistance many highly indebted less-developed countries will be confined to poverty because they are crippled by debt and interest repayments and therefore cannot afford to invest money in health care, education, modern infrastructure, etc.</td>
<td>Technical and other forms of assistance are often better value, can be targeted at those people and areas in most need and are at less risk of being wasted.</td>
</tr>
<tr>
<td>Financial assistance can be used to buy food and provide income support to people in most need</td>
<td>Technical and other assistance can be used to help boost industry and overseas trade to generate incomes and jobs.</td>
</tr>
<tr>
<td>Financial aid can help to buy seeds and farming equipment for people to use to increase food production so they can become more self-sufficient and improve their diets</td>
<td>Financial aid may be wasted if government officials in the beneficiary country do not have the skills necessary to assess how best to spend the money to alleviate poverty and stimulate economic growth.</td>
</tr>
<tr>
<td>Less-developed economies lack capital and cannot grow their economies without outside help. Financial assistance can provide funds to invest in the modern infrastructure and education systems less-developed countries need to grow their economies and raise living standards</td>
<td>Aid budgets are often used up employing expensive overseas firms and consultants rather than being spent alleviating poverty.</td>
</tr>
<tr>
<td>Some corrupt government officials overseas may use financial aid for their own gain or to fund wars or an army to keep them in power</td>
<td></td>
</tr>
</tbody>
</table>
**Activity 7.5 Explosion!**

1. As the world population increases, needs and wants will increase. 
2. As the world population expands, the rate at which it uses or depletes scarce natural resources will increase. 
3. Demand for all these products is likely to rise. For example, more healthcare will be needed, especially for increasing numbers of old people and young children. 
4. A country will need to import more goods and services so its balance of trade will become less favourable, i.e. its balance of trade surplus will fall or its deficit will increase; market prices will rise if demand exceeds supply. 

**Activity 7.6 Someone to depend on**

1. | Country/Area | Dependent population | Dependency ratio |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>517,218,015</td>
<td>0.63</td>
</tr>
<tr>
<td>India</td>
<td>710,872,906</td>
<td>1.48</td>
</tr>
<tr>
<td>United States</td>
<td>158,332,044</td>
<td>1.02</td>
</tr>
<tr>
<td>Indonesia</td>
<td>129,113,043</td>
<td>1.11</td>
</tr>
<tr>
<td>Brazil</td>
<td>99,829,773</td>
<td>0.96</td>
</tr>
<tr>
<td>Pakistan</td>
<td>131,572,721</td>
<td>2.36</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>84,700,535</td>
<td>1.14</td>
</tr>
<tr>
<td>Nigeria</td>
<td>106,885,573</td>
<td>2.21</td>
</tr>
<tr>
<td>Russia</td>
<td>63,189,892</td>
<td>0.84</td>
</tr>
<tr>
<td>Japan</td>
<td>60,775,664</td>
<td>0.92</td>
</tr>
</tbody>
</table>

2. a Pakistan, Nigeria, India  
   b Japan, Russia, China

3.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Effect on dependency ratio</th>
<th>Characteristic of what type of economy?</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>No effect if the labour force (employed and unemployed) remains unchanged</td>
<td>Developed</td>
</tr>
<tr>
<td>b</td>
<td>Increase</td>
<td>Both developed and developing</td>
</tr>
<tr>
<td>c</td>
<td>Increase</td>
<td>Developing</td>
</tr>
<tr>
<td>d</td>
<td>Decrease if the labour force increases as a % of total population</td>
<td>Developing</td>
</tr>
<tr>
<td>e</td>
<td>Decrease</td>
<td>Developed</td>
</tr>
<tr>
<td>f</td>
<td>Decrease</td>
<td>Developed</td>
</tr>
</tbody>
</table>

5. a Overpopulation is when there are too many people and too few resources to support them.
b It is unlikely that Japan would be considered overpopulated. Japan has a relatively low dependency ratio and people continue to enjoy relatively high standards of living. It is able to trade internationally and continues to invest in technical progress to expand the productive potential of the economy. Both these factors have increased the availability of goods and services to the Japanese population over time and continue to do so.

Activity 7.7 Population pyramids

1 a the less-developed countries b the more-developed countries

2 The less-developed countries have the highest birth rate.

3 The more-developed countries have the highest life expectancy.

4 Countries with a population pyramid like that on the left-hand side will include the USA, Canada, France, Germany, UK, Japan and other developed economies. Countries with a population pyramid like that on the right-hand side will include less-developed economies like many in the African and Asian sub-continents.

5 If the average age of a population is high and rising, that population is referred to as an ageing population. This is occurring in many developed countries as both birth and death rates have fallen and remain at a low level. As the number of older and retired people in a population rises, demand patterns will change. Spending on leisure activities, household goods and health care will tend to rise as a proportion of total expenditures. As more people retire this will increase the dependent populations in these countries and will tend to reduce revenues from income taxes while at the same time increasing pressure on public spending on publicly provided pensions and health care services.