Unit 6: Day 7
Development Obstacles

Chapter 10: Pgs. 300-327

What does development look like?

Some stats that might help

LDC

- **high birth rates (5%)**
- **high natural increase (4.6%)**
- **high infant mortality (150+)**
- **high fertility (7.4)**
- **high pop under 15 (50%)**
- **low pop over 65 (1%)**
- **low doubling time (15 yrs.)**
- **short life expectancy (43 yrs.)**

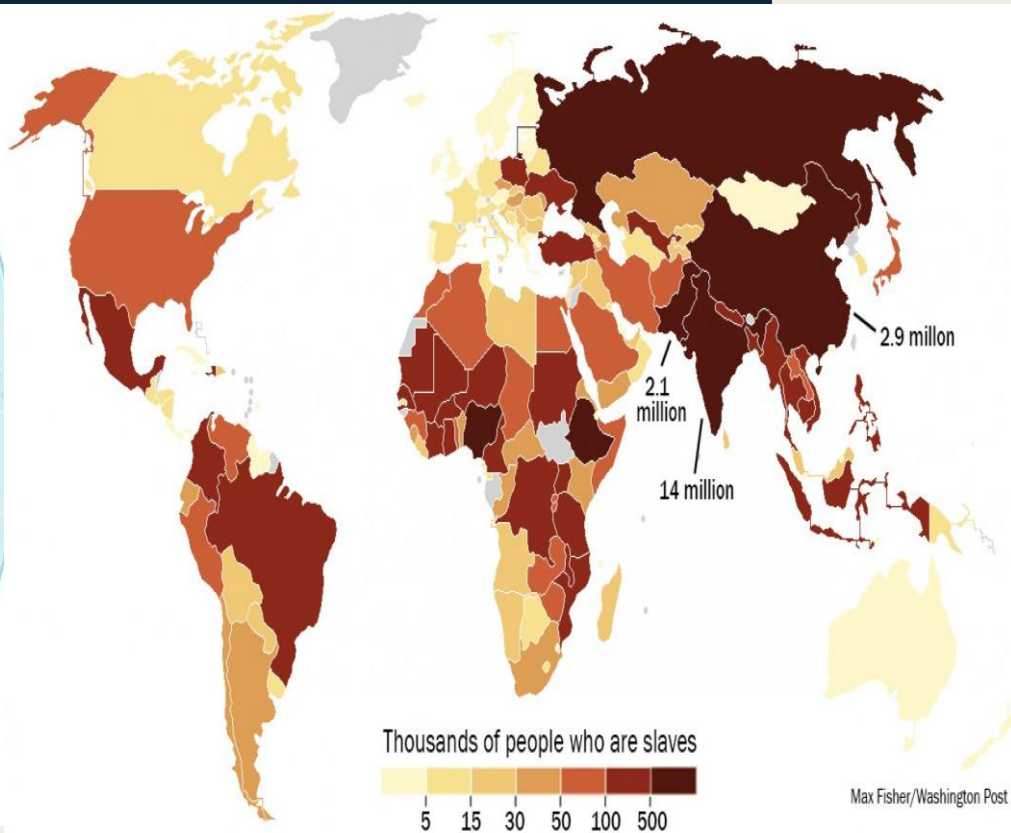
MDC

- **low birth rates (1%)**
- **low natural increase (0)**
- **low infant mortality (.4%)**
- **low fertility (1.1)**
- **low pop under 15 (15%)**
- **high pop over 65 (18%)**
- **high doubling time (4077 yrs)**
- **long life expectancy (80 yrs)**

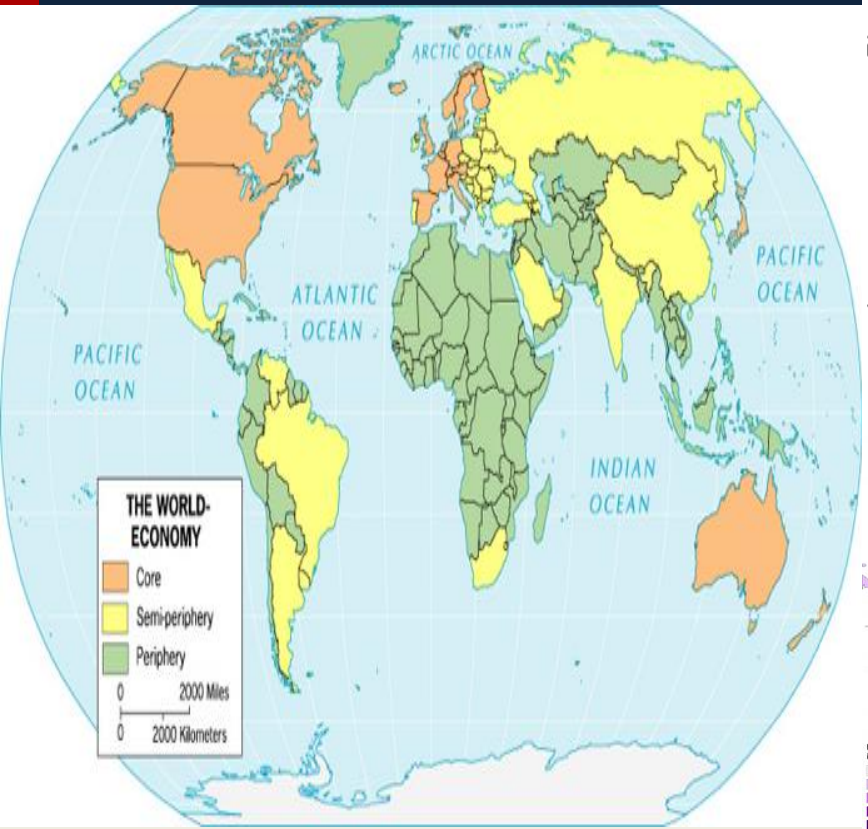
So why don’t all countries develop?

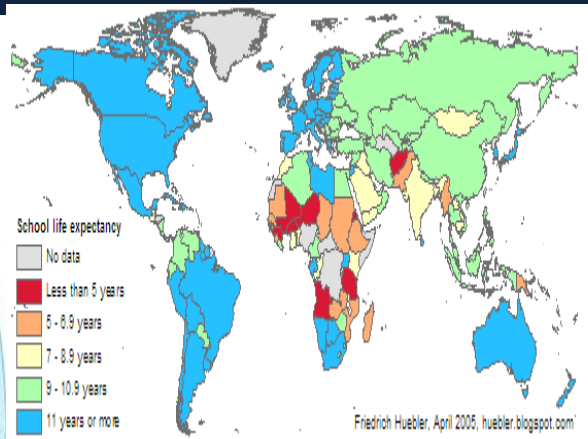
1. Low levels of Social Welfare in the Periphery
    1. Adult labor vs. dependency ratios
    2. Healthcare & sanitation
    3. Education (women/girls)
2. Foreign Debt
    1. IMF and Structural Adjustment Loans (gov’t)
3. Political Instability
    1. Corruption
    2. Civil war
4. Disease (Malaria, AIDS)

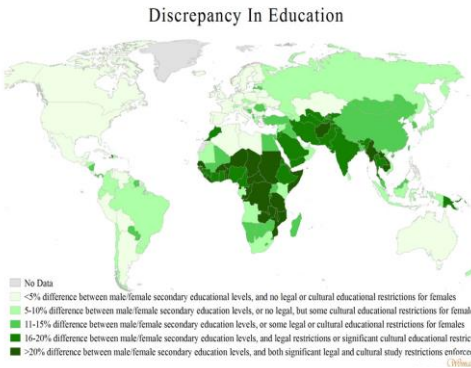
1.Social Welfare

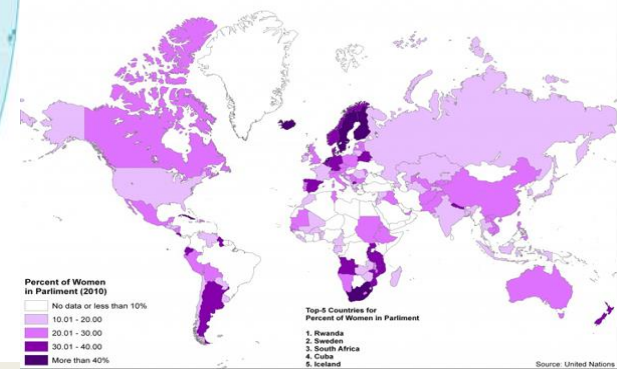


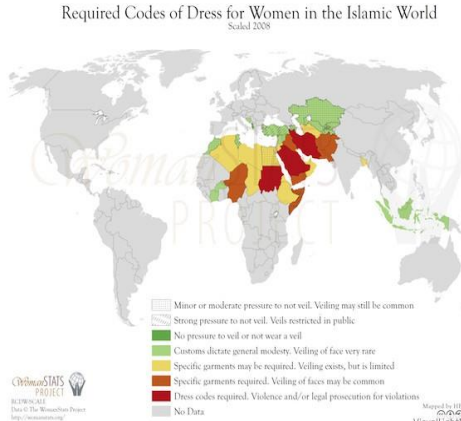
1. Women Education/Empowerment



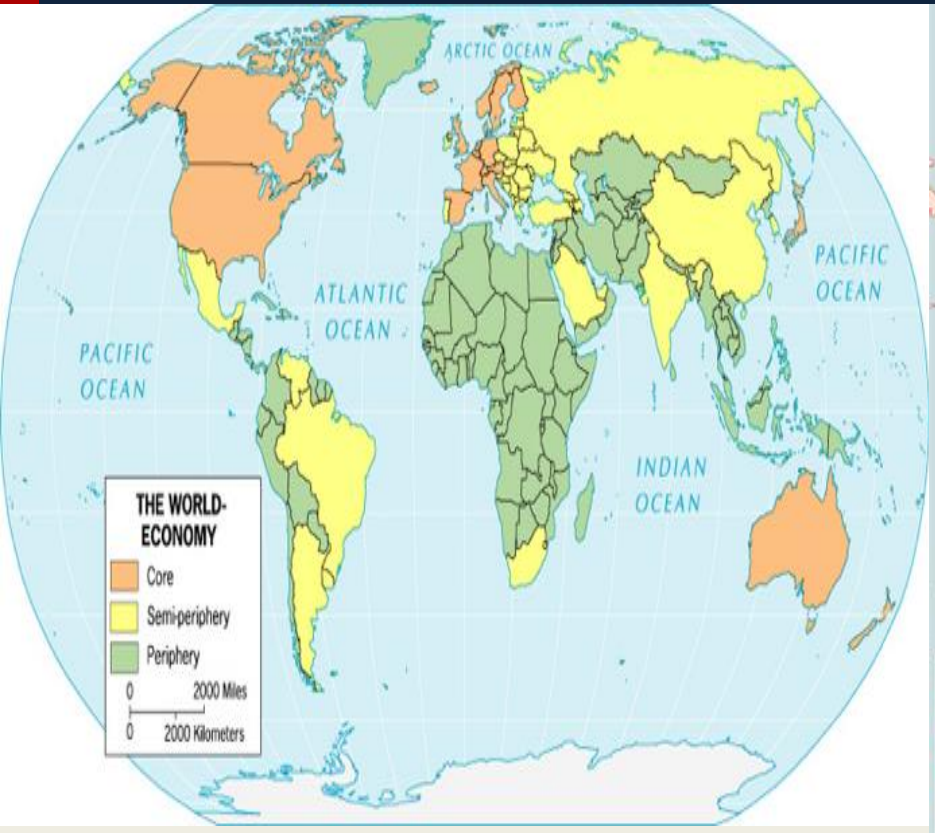


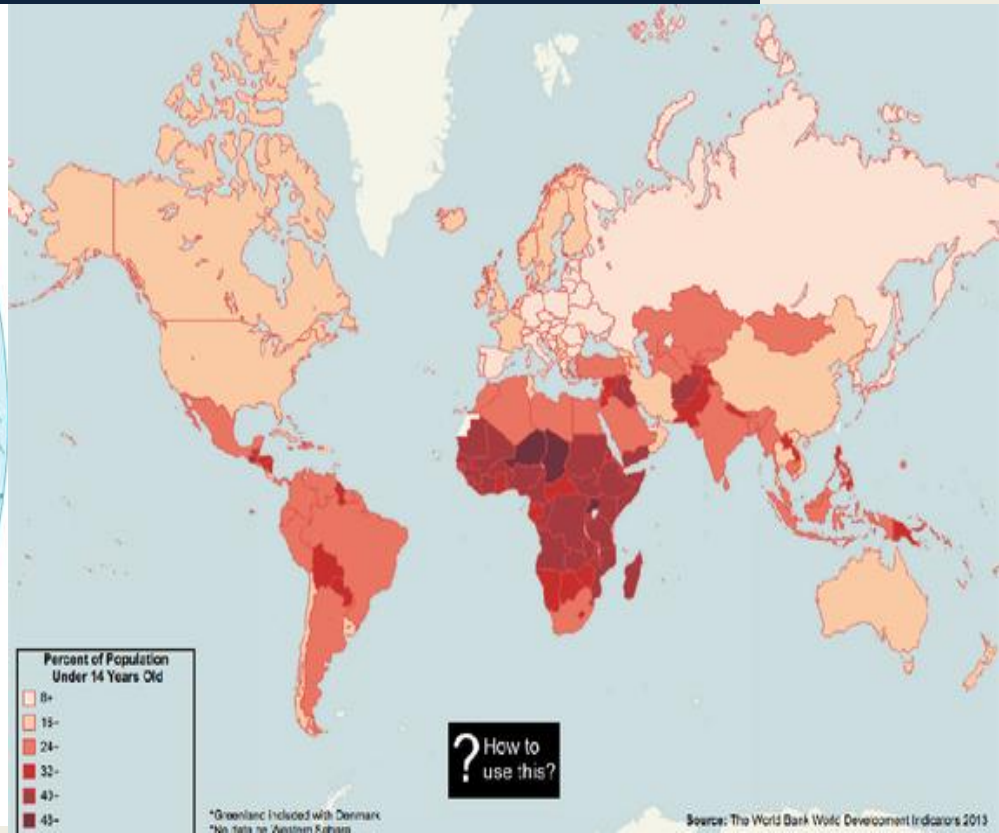




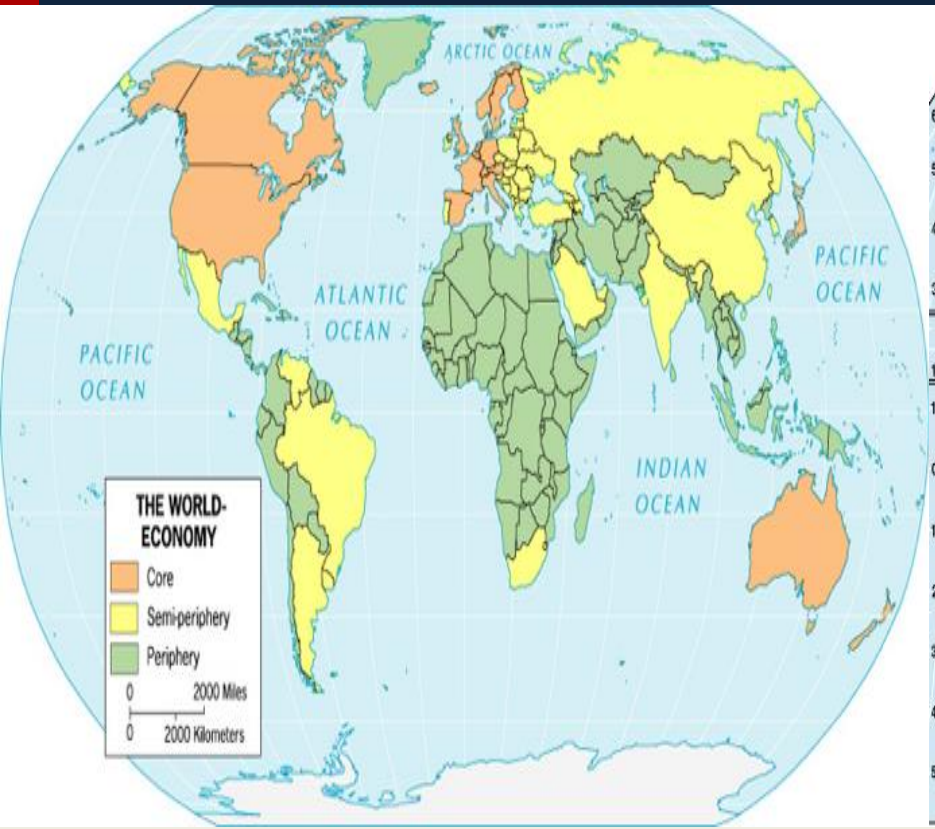


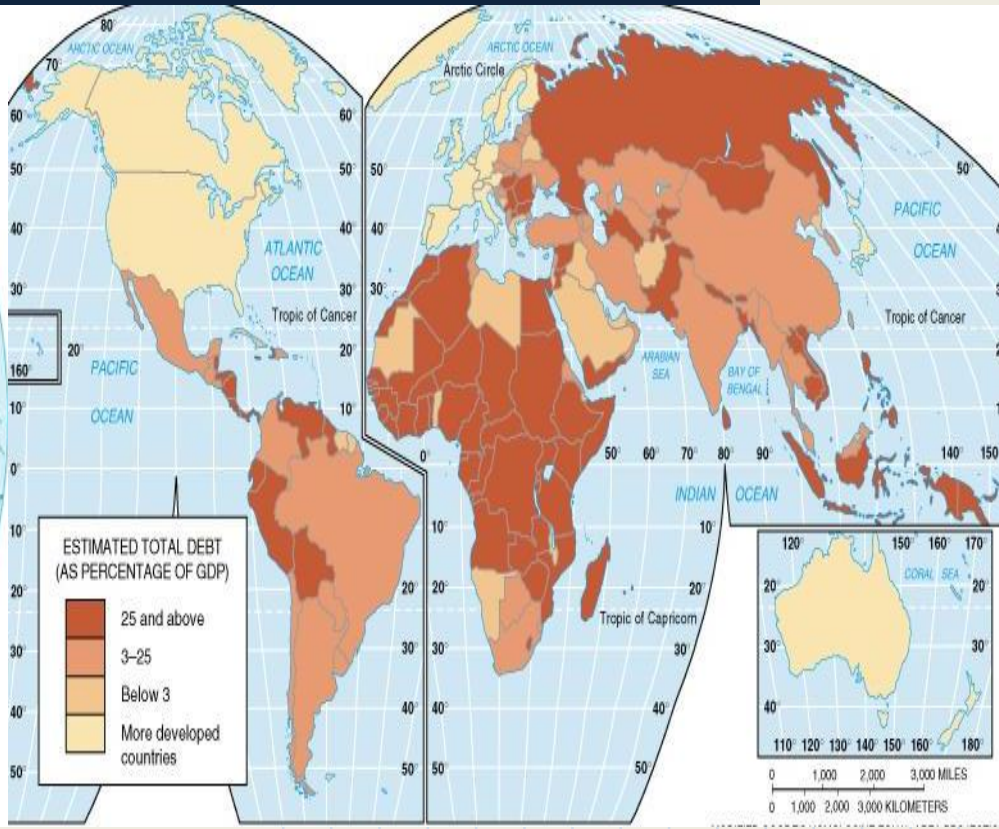
1.Dependency Ratio





2.Foreign Debt





2.Foreign Debt

Both the IMF (International Monetary Fund) and The World Bank lend money to the periphery and semiperiphery

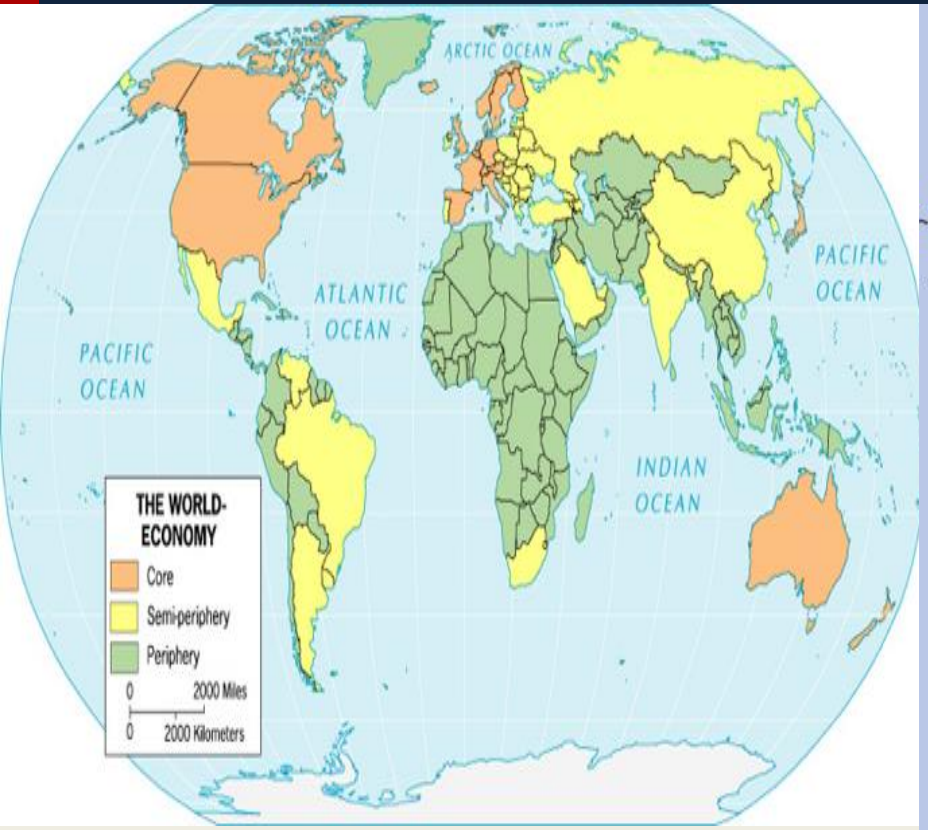
Structural Adjustment Loans- lending money in exchange for reforms, reduction of tariffs, allow direct foreign investment, and open up to foreign trade

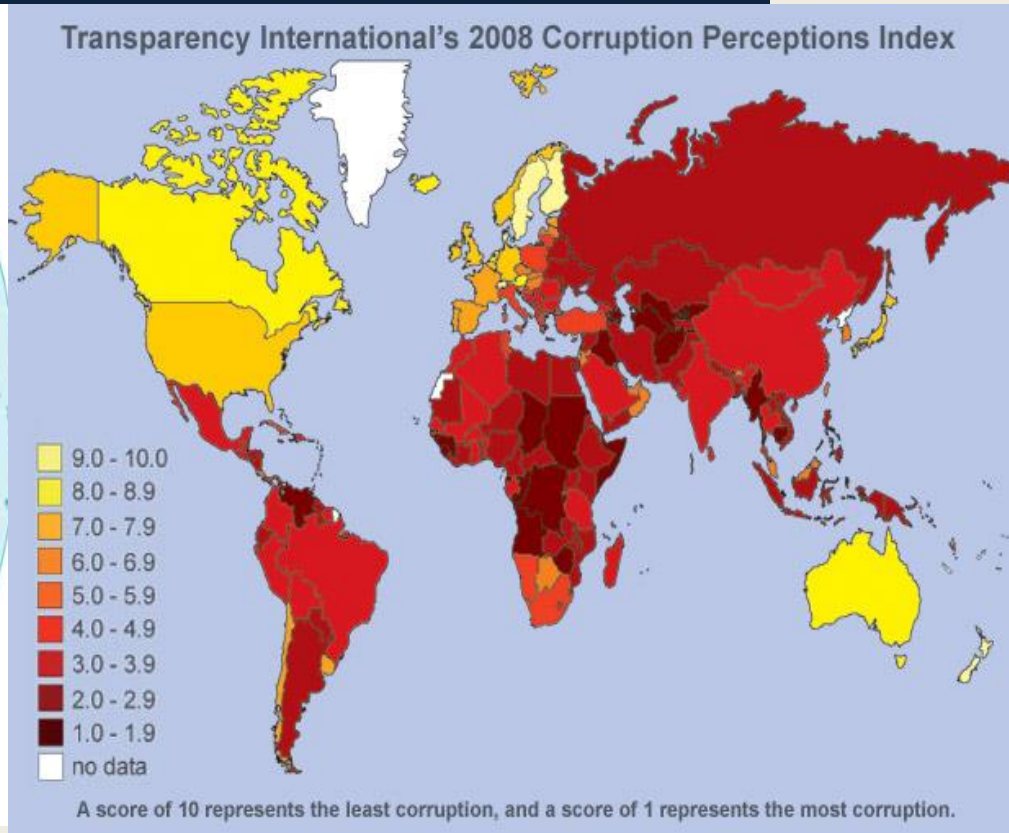
Debt for Nature Swap- forgiving foreign debt in exchange for preserving nature like forests etc

Foreign Debt Stats: (How does this hurt development?)

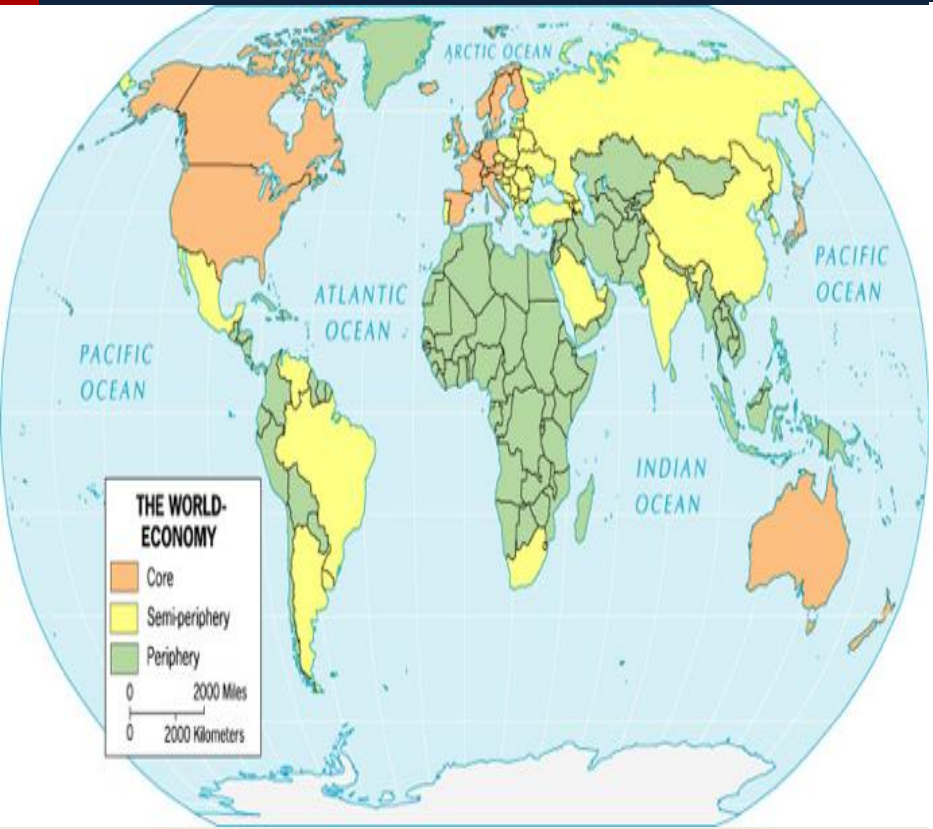
- The developing world now spends $13 on debt repayment for every $1 it receives in grants.
- For the poorest countries (approximately 60), $550 billion has been paid in both principal and interest over the last three decades, on $540bn of loans, and yet there is still a $523 billion dollar debt burden.

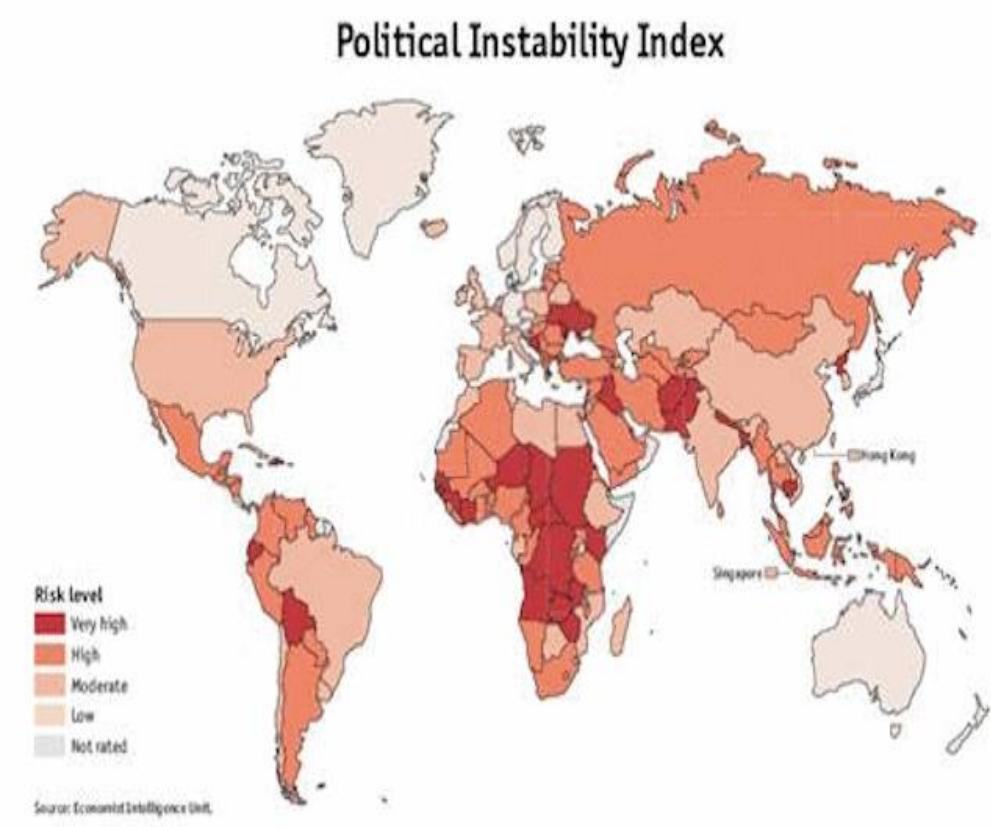
3.Political Corruption





3.Political Instability





ARCTIC OCEAN
ATLANTIC OCEAN
PACIFIC OCEAN
PACIFIC OCEAN
INDIAN OCEAN
Equator
Tropic of Capricorn
20°
0°
20°
120°
100°
0°
80°
40°
160°
FLOW OF FOREIGN-DIRECT-INVESTMENT
Largest Host Economies
From United States
From Europe
From Japan
0 1,500 3,000 MILES
0 1,500 3,000 KILOMETERS

How to help countries develop?

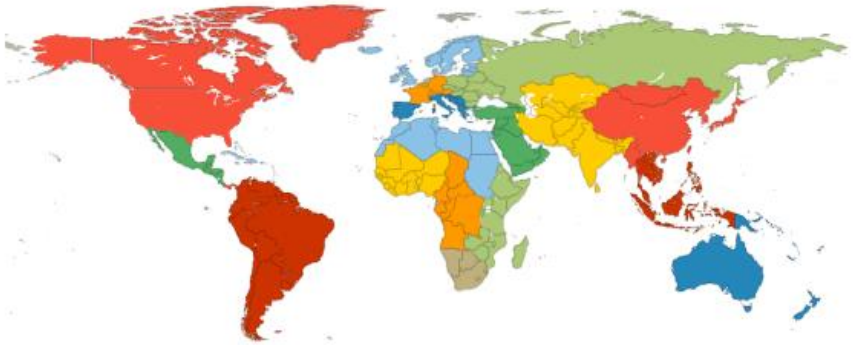
Gov’ts can set up

1. Export Processing Zones (EPZ’s)
    a. Examples
        i. Mexican Maquiladoras
        ii. SEZ’s in China
2. Enter into trade agreements
    a. NAFTA
    b. ASEAN
3. NGO’s (Nongovernmental Organizations)
    a. Microcredit Program in S. Asia/Am.
        i. given mostly to women to start small businesses

Worldwide NGO Directory

Browse by Region | Search

Click on the region on the map, or click on the region name below the map to list organizations.



South America Oceania Western Africa Central America Eastern Africa Northern Africa Middle Africa Southern Africa Northern America Caribbean Eastern Asia South-Eastern Asia Southern Europe South-Central Asia Western Asia Eastern Europe Northern Europe Western Europe

Activity:
Use your phone to find a NGO. Read about what it does, where/who it helping, etc.
Be prepared to share what you find.

**Google “NGO’s in _____”

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Review Rostow's Model

What are the five stages?
Give a brief description of each.

1. What are some assumptions that the model makes?
2. What are some potential problems?
3. Are there any limitations to this model? Explain.

Problems/Limitations

- **Developmentalism**: the idea that every country and region will eventually make economic progress toward "high mass consumption". This is not likely and is hard on the planet.
- Increased dependence on MDCs and their markets. Undue influence on many global policies, including those of the U.N. and World Bank.
- **Market Stagnation**: the MDCs have very limited population growth. Markets for low-cost manufactured goods grow slowly today. Undervalues the obstacles and competitive disadvantages faced by late starters versus those in the Core.