Development and Globalization (Part I)

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Development and Globalisation I

- Defining and measuring development
- Patterns of uneven development
- Models of economic development
- Goals of development
Defining Development

‘One of the most complex words in the English Language’ (Watts, 2000)

‘Open to multiple definitions, subject to myriad interpretations’ (Rhiney, 2008)
Development: early understandings

- Conventional debates centered on income based indicators
- Development was juxtaposed with real per capita income and industrial output
- The Neoclassical paradigm: ‘growth = development’
Defining development (ii)

The meaning of development has evolved:

• Improved education, health and nutrition

• A cleaner environment
• Equal access to opportunities

• Guaranteed human rights
• Richer cultural life
Patterns of Uneven Development

- Global core-periphery patterns
- Regional patterns of development
Global Core-Periphery Patterns
(The Brandt Line)
The Stages of Economic Growth

(Walter W. Rostow)

**Traditional Society**

Limited technology; static society

**Preconditions for Take-Off**

Commercial exploitation of agriculture and extractive industry

**Take-Off**

Development of a manufacturing sector

**Drive to Maturity**

Development of wider industrial and commercial base

**High Mass Consumption**

Exploitation of comparative advantages in international trade

- Transition triggered by external influence, interests, or markets
- Installation of physical infrastructure (roads, railways, etc.) and emergence of social/political elite
- Investment in manufacturing exceeds 10 percent of national income; development of modern social, economic, and political institutions
Critiques of Rostow’s Model

- Rests on certain simplifying assumptions: but the real world is highly differentiated
- Assumptions fit some parts of the world but not others
- Model created for explicitly political purposes: a ‘non-communist manifesto’
- Based on data for 15 countries
- Does not identify motor of change to drive process
Measuring Uneven Development
Income-Based Indicators

**Gross Domestic Product (GDP):**
Estimate of the total monetary value of all materials, foodstuffs, goods and services produced within a country in a given year

**Gross National Product (GNP):**
Similar to the GDP, but includes the monetary value of goods and services that accrues to a country from abroad
Measuring Uneven Development
Income-Based Indicators

Variations in GNP:

Greater than US$24,000 per capita/pa: Austria, Switzerland, USA

US$3,200-US$7,000 per capita/pa: Barbados, South Africa, Botswana

Less than US$500 per capita/pa: Bangladesh, Rwanda, Sierra Leone

Other indicators: Lorenz Curve; Gini Coefficients (degree of personal income distribution)
Measuring Uneven Development
Shortfalls of Income-Based Indicators

• More accurate in countries where transactions are recorded
• Provide no information about income distribution
• Make no distinction between types of economic activities (informal vs. formal)
• Many important activities are excluded

Can incorporate Purchasing Power Parity (PPP)
Measuring Uneven Development
Social and Economic Indicators

- Life expectancy at birth
- Infant and child mortality
- Access to improved water and sanitation
- Access to adequate health care
- Calorie intake
- Energy consumption
Measuring Uneven Development
The Human Development Index

- Alternative measure of development developed by the United Nations Development Programme (UNDP)
- UNDPs annual Human Development Reports, since 1990

- Norway HDI ~ 0.944; Sierra Leone HDI ~ 0.275; Barbados HDI ~ 0.888; Jamaica HDI ~ 0.757
Understanding the HDI

• Assigns values between 0 and 1 for three essential elements of human life: longevity, knowledge, income
  - *Longevity* ~ life expectancy at birth
  - *Knowledge* ~ weighted average of adult literacy (2/3) and mean years of schooling (1/3)
  - *Standard of living* ~ real per capita income (PPP)

• Covers 177 countries
  - **Low development** (0.0 to 0.499)
    *Sierra Leone; Ethiopia; Angola; Malawi; Tanzania; Guinea; Haiti*
  - **Medium development** (0.50 to 0.799)
    *Bangladesh; India; South Africa; Nicaragua; Peru; Jamaica*
  - **High development** (0.80 to 1.0)
    *Kuwait; United Kingdom; United States; Canada; Norway; Barbados*
Millennium Development Goals

- Eight goals for development set by the United Nations
- Time-bound and measurable targets
- Recognize the interdependence between economic growth, poverty reduction and sustainable development
- Identify the importance of democratic governance, human rights, and security