

8 themes in development:

- 1. development + growth
- 2. measuring development
- 3. domestic factors (eg micro credit scheme)
- 4. international trade
- 5. FDI
- 6. Aid
- 7. indebtedness
- 8. aid or trade?

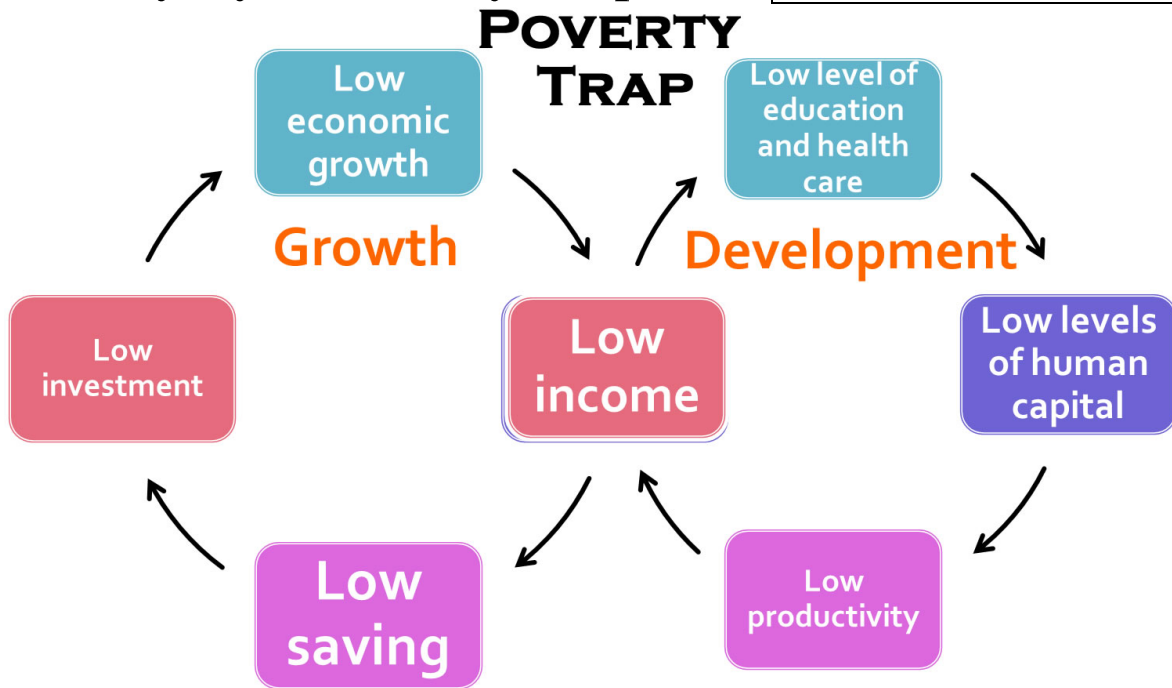
1-8 = Poverty Reduction

4.1 Economic Development

- 1. economic growth
- 2. economic development
- 3. physical capital
- 4. human capital
- 5. poverty
- 6. poverty cycle (+ diagram)
- 7. international development goals
- 8. millennium development goals
- 9. resource endowment

1

Poverty Cycle/Poverty Trap



Note: Blink shows these cycles moving in opposite directions with the development cycle moving anti clockwise. Probably just as effective to show them as above moving clockwise!

Millenium Development Goals

Source: <http://www.unmillenniumproject.org/goals/index.htm>

2



Goal 1: Eradicate Extreme Hunger and Poverty



Goal 2: Achieve Universal Primary Education



Goal 3: Promote Gender Equality and Empower Women



Goal 4: Reduce Child Mortality



Goal 5: Improve Maternal Health



Goal 6: Combat HIV/AIDS, Malaria and other diseases



Goal 7: Ensure Environmental Sustainability



Goal 8: Develop a Global Partnership for Development

Gender Gap Report: Income, social participation, health, political inclusion and economic participation.

<http://reports.weforum.org/global-gender-gap-report-2014/rankings/>

Sustainable Development Goals (Revised 2015)

2



3

PPC: GROWTH + DEVELOPMENT

Webnote 004

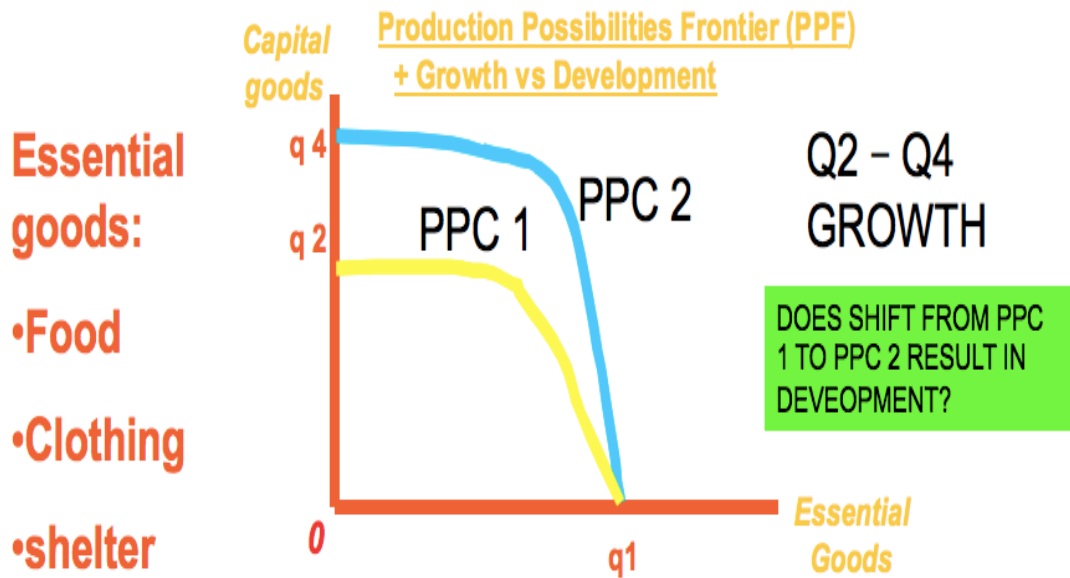
HOW TO MEASURE DEVELOPMENT?

hdi = human development index (blink p160)
 Hpi = human poverty index (blink p165)
 Hsi = human suffering index

The diagram shows a fisherman on the left labeled 'Growth' and a hiker on the right labeled 'Development'. A Venn diagram in the center has a grey circle for 'Wealth creation' and an orange circle for 'Way of life'. The intersection contains 'G + S'. The 'Way of life' circle also lists 'health', 'hdi', 'hpi', and 'literacy'. A diagonal banner at the bottom left says 'Introduction Webnote 004' and a small circle at the bottom right contains the number '8'.

PPC: GROWTH (MORE OUTPUT) +
DEVELOPMENT (BETTER QUALITY OF LIFE)

Webnote 004



Assessment for Section 4: Data Response

Webnote 411- grade weight 5

Sample Data Response Test

Source: SPEC/3/ECONO/HP2/ENG/TZ0/XX

This data response connects with:

- **Section 4.1 Development**

3. Study the extract and data below and answer the questions that follow.

Data Response: United Nations secretary-general outlines Laos' progress

1

“Laos has made considerable progress towards reaching the Millennium Development Goals (MDGs), but the nation must continue its efforts to reduce child malnutrition and mortality rates to make the country more competitive in the global economy,” said United Nations (UN) secretary-general Ban Ki-moon.

2

“There have been steady improvements in health, education, living standards and life expectancy, with progress having been made in literacy rates and access to safe drinking water”, Mr Ban said. “These gains are supported by greater macroeconomic stability and increasing integration with the global economy,” he added.

3

However, Mr Ban warned that much remains to be done if the country is to achieve the MDGs. “Poverty is widespread, especially in the countryside,” he said. “Income inequality is getting worse.” Mr Ban expressed his particular concern over the high rates of child malnutrition. Additionally, the country’s education level is the lowest among the countries belonging to the Association of Southeast Asian Nations (ASEAN). “This is not only a human tragedy; it will have serious implications for the future of this country’s workforce and its ability to compete economically at the international level,” he said.

4

Laos intends to develop its economy based on the price mechanism, following the example of its neighbours Malaysia and Thailand, but with some state regulation to ensure the production of essential services. It will encourage foreign direct investment (FDI) and domestic investment, in order to encourage further industrialization. In 2008, the government of Laos was successful in stabilizing its macroeconomy and maintaining its 7.9 % economic growth rate, while the percentage of households living in **absolute poverty** was reduced

to 15.8 %. From 2001 to 2008, Laos attracted US\$7.1 billion worth of FDI from 36 countries in the **Pacific:**

regional data from the World Development

Indicators (WDI) database, 2009

[Source: adapted from *UN News Service*, 13 April 2009, *Nhan Dan*, 3 May 2009 and *WDI database (Wo Development Indicators 2009)*, 3 May 2009

	Gross national income (GNI) <i>per capita</i> (US\$) (purchasing power parity (PPP) 2007)	Primary education completion rate (%) (2007)	Carbon dioxide emissions (<i>per capita</i> metric tonnes, 2005)	Internet users (per 1000 people, 2007)
Laos	2080	77	0.3	1.7
Malaysia	13230	98	9.3	55.7
Thailand	7880	100	4.3	21.0

(a) (i) Outline **one** of the Millennium Development Goals (MDGs) (*paragraph 1*). [2 marks]

(ii) Define the term *absolute poverty* indicated in bold in the text (*paragraph 4*). [2 marks]

(b) Using an appropriate diagram, describe the change in the distribution of income in Laos (*paragraph 3*). [4 marks]

(c) Explain the likely impact of the low education level on the economic development of Laos (*paragraph 3*). [4 marks]

(d) Using information from the text/data and your knowledge of economics, to what extent would you support the view that Laos should develop its economy “based on the market mechanism” (*paragraph 4*)? [8 marks]