Measures of Development

A nation’s growth depends, among other factors, on whether and how it educates and integrates its talent.

**Essential Question:** What does development mean, how can it be measured, and how can it be encouraged?

The opening quotation highlights a key issue in making progress: using the talents of all members of society. Until the past century, many countries have restricted the opportunities of minority ethnic groups and women to help develop society. Development includes both economic advances, such as creating new jobs and improving incomes for people, and other cultural changes, such as improving health care and providing schooling for everyone. Having measurable data regarding the level of development allows people to make comparisons to evaluate the success of development attempts in various regions.

**Measures of Development**

Measurements of economic development focus on types of jobs, income, and economic output. In order to make the numbers from different countries comparable, the income and output figures are usually converted to U.S. dollars and stated as a certain amount of money per capita, which means “per person.” Three common measures describe the total output of the country (each with slightly different technical meanings):

- **gross national product (GNP) per capita**
- **gross domestic product (GDP) per capita**
- **gross national income (GNI) per capita**

Other common measures used to measure wealth are sectoral (job) structure of the labor force, consumption per capita, income distribution, and energy use per capita.

Measures of social or human development indicate the quality of life that people experience in a country and the level of equity that exists. The most common measures cover variables such as birth rate, death rate, fertility rate,
infant mortality rate, child mortality rate, life expectancy, literacy rate, caloric intake, gender inequality, school enrollment rate, and access to health care.

**Terms of Development**

Development is a continuum that reflects the relative wealth and development of countries. People use various sets of terms to categorize countries on this continuum. The table below summarizes some of these sets.

| COMPARING NAMES FOR LEVELS OF DEVELOPMENT |
|------------------------------|-----------------|-----------------|-----------------|
| **System**                   | **Low End**     | **Middle Range**| **High End**    |
| Economic Level               | Low Income      | Middle Income   | High Income     |
| (based on GDP)               |                 |                 |                 |
| Economic Development        | Less Economically Developed Country (LEDCC) | Emerging or Developing Economies | More Economically Developed Country (MEDC) |
| (focuses on economics)       |                 |                 |                 |
| Level of Industrialization  | Non-Industrialized Country | Newly Industrialized Country (NIC) | Post Industrial Economy |
| (based on amount of industry)|                 |                 |                 |
| Human Development Index     | Low HDI          | Medium HDI      | High and Very High HDI |
| (combines economic and social factors) |            |                 |                 |
| World Systems Theory        | Periphery Country | Semiperiphery Country | Core Country |
| (developed by Immanuel Wallerstein) |            |                 |                 |
| Stages of Economic Growth   | Stages 1+2      | Stage 3         | Stages 4+5      |
| (developed by W. W. Rostow)  |                 |                 |                 |

Please note that the stages used by Rostow in his analysis of economic growth are not the same as the stages in the Demographic Transition Model.

Since most wealthy countries are in North America and Europe, and most poor countries are in South America, sub-Saharan Africa, and southern Asia, some people divide the world into a more developed “North” and a less developed “South.” The imaginary line separating the two regions is sometimes called the Brandt Line, named for Willy Brandt, a German politician interested in development. Australia and New Zealand are considered part of the North economically, even though they are geographically located far south.
**Measuring Economic Development**

One way to measure economic development is by the sectoral distribution of the workforce. The least developed countries in the world have higher percentages of their labor force in the primary sector, while more developed countries have higher percentages in the tertiary sector.

A second way to measure economic development is by comparing either the annual incomes of people or the total accumulated wealth of people who live in various locations. This can be complicated by three problems:

- Countries have different currencies. This problem can be solved by converting all amounts to one currency, such as the U.S. dollar.
- The value of a currency changes over time. This problem can be solved by converting all amounts to their amount in a specific year.
- Prices vary from country to country. In 2016, the same collection of goods that cost $1,000 in the United States cost $590 in the Czech Republic, but $1,620 in Switzerland. This problem can be solved by converting amounts to their purchasing power parity (PPP), which is based on what an amount of money will buy.

**Income Equality**

The Gini coefficient, sometimes called the Gini index, measures the distribution of income within a population. The values range between 0 and 1. A 0 would mean everyone’s income was the same. The higher the number, the higher the degree of income inequality. In general, developing countries have the highest income inequality. Highly developed countries, such as those in Western Europe, tend to have lower income inequality.

**GINI COEFFICIENT BY COUNTRY**
Measuring Social Development

Noneconomic statistics that reflect a country’s development status typically focus on the conditions in which people live. Life expectancy measures the number of years a person is anticipated to live. Since life expectancy is usually calculated from the time of birth, high infant and child mortality rates greatly affect it. A low life expectancy suggests that people in a society do not have adequate nutrition and health care, which indicates a low level of development.

Before the 19th century, people who survived to adulthood often lived until they were 50 or more years old. But because so many people died as infants or children, life expectancy in most of the world was under 40 years.

As a result of the dramatic declines in infant mortality over the past two centuries, and particularly in the past 50 years, life expectancy has increased substantially. In 2015, nearly 70 percent of the world’s countries had a life expectancy above 70 years and 15 percent had a life expectancy of more than 80 years. However, there are still countries such as Angola, where more than one in ten babies dies before reaching a first birthday, and the life expectancy at birth is only 56 years.

Besides access to health care, access to education promotes a healthy population. Geographers use the literacy rate (the percent of population that can read and write usually at an 8th grade level) as another social measure. Literacy rates above 99 percent are common in highly developed countries, and according to UNESCO, more than 90 percent of the world population in 2015 was literate. This still leaves more than 730 million people who are not literate. Most are female, and most live in less developed countries.

The Gender Gap

Differences in the privileges afforded to males and females in a culture are referred to as the gender gap. These differences might appear in educational opportunities, or in employment, wages, voting rights, health care, political empowerment, property rights, the ability to drive a car, inheritance rights, or the right to make contraception decisions. The size of the gender gap varies tremendously among countries based upon different aspects of society. Over the past decade, the gap in education and health care has been reduced. The gap in political empowerment and economic participation remains significant.

Gender Inequality Index (GII)

One way to summarize the different opportunities open to males and females in a society is through the Gender Inequality Index (GII), a composite index for measurement of gender disparity. The GII considers the reproductive health, empowerment, and labor market participation of women to determine a country’s composite score. Maternal mortality rates and adolescent fertility rates are used as indicators of reproductive health. The indicators of empowerment are the share of government seats held by each sex and the proportion of adult females and males with at least some secondary education.
The labor market participation aspect of the index is indicated by the labor force participation rate of female and male populations aged 15 years and older.

The composite score is a measure of the percentage of potential human development lost due to gender inequality. For example, Guatemala has a composite score of 0.533 compared to Sweden's score of 0.055. This means that there is a 53.3 percent loss in potential human development due to gender inequality in Guatemala compared to only 5.5 percent in Sweden.

**The Human Development Index (HDI)**

In 1990, a group of researchers led by Pakistani economist Mahbub ul Haq released an alternative measure of development, one that considers more than just income. The Human Development Index (HDI) combines one economic measure (GNI per capita) with several social measures, such as life expectancy and the average education level:

- The rankings of countries by HDI and income are often similar. Norway ranks 1st in HDI and 6th in income. The United States ranks 11th in HDI and 8th in income.

- Countries that invest heavily in education and medical care rank higher in HDI than in income. Ireland ranks 6th in HDI but only 22nd in income. Cuba ranks 67 in HDI but only 114th in income.

- Some countries that are rich in oil or other natural resources rank higher in income than in HDI. Qatar ranks first in the world in income, but only 32nd in HDI.

**Analyzing Spatial Patterns of Development**

Regardless of the variables considered to classify the levels of development, certain spatial patterns emerge. North America, Europe, Australia, and Japan are more developed than most of Africa and parts of Asia and South America.

**Rostow's Stages of Economic Growth**

In 1960, American economist Walt W. Rostow developed a modernization model, one that focuses on the shift from traditional to modern forms of society, called the Stages of Economic Growth Model. He assumed that all countries wanted to modernize, and that all would, though at different speeds. He saw economic development as a linear progression in which countries moved from one stage to the next until they reached the fifth and final stage—high mass consumption.

Like the Demographic Transition Model (DTM), the Stages of Economic Growth model is a generalization based upon how the United States and western Europe evolved, and both identify distinct stages. However, the DTM is a population model and Rostow's model is economic, so they differ fundamentally.

Rostow suggested that different ingredients and levels of investment were required to allow countries to move from one stage to the next. The model
suggests a recipe for development: do this, then this, and eventually a country will become developed. There are key characteristics associated with each stage as outlined in the following chart.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Characteristics</th>
<th>Examples</th>
</tr>
</thead>
</table>
| 1. Traditional Society | • Depends upon primary sector activities (farming, fishing, hunting) for subsistence  
                    • Uses limited technology  
                    • Carries out local or regional trading  
                    • Enjoys limited socio-economic mobility  | • English colonies in North America in the 17th century  
                    • Medieval Europe  
                    • No entire country is at this stage today |
| 2. Pre-Condition for Take-Off | • Improves infrastructure (roads, electrical grid, water systems, etc.)  
                    • Improves farming techniques and shifts toward commercial agriculture  
                    • Exports agricultural and raw materials (international trade)  
                    • Diffuses technology more widely  
                    • Starts individual socio-economic mobility | • United States in the early 19th century  
                    • Nigeria today  
                    • Afghanistan today |
| 3. Take-Off            | • Open to major technological innovations  
                    • Starts industrialization and primary sector begins to shrink  
                    • Spreads entrepreneurial mentality  
                    • Begins to urbanize  
                    • Initiates self-sustaining growth | • United States, mid-19th century  
                    • Japan, late 19th century  
                    • Bangladesh today |
| 4. Drive to Maturity   | • Creates new industries while strengthening existing ones  
                    • Improves energy, transportation, and communication systems  
                    • Sees economic growth greater than population growth  
                    • Invests in social infrastructure (schools, hospitals, etc.) | • United States, late 19th century  
                    • Germany, early 20th century  
                    • Brazil today |
| 5. High Mass Consumption | • Spends money on nonessential goods (consumerism)  
                    • Purchases of high order goods become common  
                    • Desires to create an egalitarian society  
                    • Supports a strong tertiary sector | • United States, early 1920s to present  
                    • Japan, mid-1950s to present |

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Criticisms of Rostow’s Model

Some of the criticisms of Rostow’s model include:

- The model was based on American and European examples, so it did not fit countries of nonwestern cultures or noncapitalist countries.
- The model encouraged the exploitation of less developed countries (LDCs), and some LDCs could get trapped in a state of dependency with highly developed countries.
- The model suggested linear change, always in the direction of progress. However, LDCs often need the assistance, money, and technology of developed countries in order to develop. And in some cases, countries might regress in economic development.
- The model suggested all countries have the potential to develop, but there are significant differences among countries, such as the physical size, population, natural resources, relative location, political systems, and climate, which could affect their ability to develop.
- The model assumed that everyone could eventually lead a life of high mass consumption, but failed to consider sustainable development or the carrying capacity of the earth.
- The model failed to recognize that most of the countries that reached the stage of high mass consumption did so by exploiting the resources of lesser developed countries. Countries that were still developing would have difficulty finding other countries to exploit.

Despite these criticisms, the Stages of Economic Growth model continues to provide one way to view the changes countries have been going through over the past two centuries. Part of its value was that it prompted others to think about economic and social change in a global context, and it challenged them to provide their own framework.

Wallerstein’s World System Theory

In the 1970s, historian Immanuel Wallerstein proposed an alternative view to Rostow’s on economic development, which he called the World Systems Theory. It is a dependency model, meaning that countries do not exist in isolation but are part of an intertwined world system in which all countries are dependent on each other. Because the World Systems Theory includes both political and economic elements, it is sometimes viewed as a political theory and sometimes as an economic theory.

Wallerstein divided countries into three types: core, semiperiphery, and periphery. As a result, his theory is sometimes referred to as the Core-Periphery model. The traits of each type of country are identified in the following chart.
### WALLERSTEIN’S WORLD SYSTEMS THEORY

<table>
<thead>
<tr>
<th>Category</th>
<th>Characteristics</th>
<th>Examples</th>
</tr>
</thead>
</table>
| **Core** | • Includes the economically advantaged area of the world and the center of world businesses and finances; headquarters of most large multinational companies are located in core countries  
• Focuses on higher skill, capital-intensive production  
• Promotes capital accumulation  
• Dominates periphery and semiperiphery economically and politically, and by paying low wages and exploiting weak environmental laws  
• Benefits greatly from international trade | • United States  
• United Kingdom  
• Japan  
• Australia  
• Germany |
| **Semi-periphery** | • Includes the middle-income countries  
• Sometimes known as the emerging economies  
• Provides the core with manufactured goods and services that the core once provided for itself, but no longer does | • India  
• Mexico  
• South Africa  
• Brazil  
• China |
| **Periphery** | • Includes the least-developed countries  
• Has a high percentage of jobs in low-skill, labor-intensive production and extraction of raw materials  
• Provides the core and semiperiphery with inexpensive raw materials, labor, and agricultural production  
• Receives jobs but few profits from manufacturing  
• Often have weak laws protecting workers and the environment | • Afghanistan  
• Zimbabwe  
• Peru  
• Kenya |

**Core Dominance** The core countries achieved their initial dominance through the industrial production of goods, which led to political control through colonization. As countries successfully won their political independence, the style of colonialism nearly vanished.

But core countries continued to maintain their supremacy by controlling the production of goods in countries in the semiperiphery and periphery. This new form of control, which relied on economic and cultural influence rather than political power, was called neocolonialism.

Private corporations worked closely with governments under both colonialism and neocolonialism. Large multinational companies, which are often headquartered in core countries, have had significant influence over the economies of periphery and semiperiphery countries.
**Changing Categories** Unlike Rostow’s model, Wallerstein’s model does not suggest that all countries can reach the highest level of development, nor does it explain how countries can improve their position. In contrast, it indicates that as a result of the nature of dependency, the world system will always include a combination of types of countries. But countries can change categories:

- In 1750, the British colonies in North America were part of the periphery. But by 1870, at least one former colony—which had become the United States—was part of the core.
- In 1900, Argentina was a core country. By 2000, it had become part of the semiperiphery.
- In the past few decades, the BRICS countries—Brazil, Russia, India, China, and South Africa—have challenged the dominance of the core countries. With new virtual and just-in-time business models transforming the world economy, predicting the change in economic power among countries is challenging.

![THE WORLD SYSTEM](image)

**Labor Trends** Wallerstein’s model provides a framework for analyzing where sectors of workers in new international division of labor live and work:

- Peripheral countries are often where primary sector workers engaged in the extraction of raw materials are located.
- Semiperipheral countries are often home to many workers in the secondary sector (such as factory workers) and in the tertiary sector (such as call center staff).
- Core countries include most quinary and quaternary sector workers, such as the senior managers and research staffs of transnational companies.
**Systems Theory at the Country Scale** While Wallerstein built his model for a global scale, geographers apply the concepts of core, semiperiphery, and periphery to smaller scales, such as a country. In the United States, the core would be the major cities, such as New York and Chicago. The semiperiphery would be the manufacturing belt in the Midwest and parts of the South. The periphery would be the rural areas of the Great Plains and the West.

**Criticisms of World Systems Theory** The World Systems Theory has its detractors. Criticisms of Wallerstein’s model include the following:

- It downplays the role of culture. For example, it focuses heavily on U.S. economic influence (investments and purchases of raw materials), but it pays little attention to the pervasive influence of U.S. culture (movies, music, and television).
- It is somewhat outdated. It was based on industrial production, but many countries are postindustrial. Core economies have transformed into high-tech, high-skilled tertiary economies.
- It is of limited practical use. It suggests that countries can change their status, but it does not explain how.
- It fails to recognize the role of nongovernmental organizations. It discusses countries, but not the role of influential UN agencies or private nonprofit charitable groups such as the ones in the chart below.

<table>
<thead>
<tr>
<th>TEN LEADING NGOS</th>
<th>Headquarters</th>
<th>Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brac</strong></td>
<td>Bangladesh</td>
<td>Promote economic development</td>
</tr>
<tr>
<td><strong>Medicins Sans Frontieres</strong></td>
<td>Switzerland</td>
<td>Provide health care and respond to emergencies</td>
</tr>
<tr>
<td>(Doctors without Borders)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Skoll Foundation</strong></td>
<td>United States</td>
<td>Promote economic development</td>
</tr>
<tr>
<td><strong>Danish Refugee Council</strong></td>
<td>Denmark</td>
<td>Protect human rights</td>
</tr>
<tr>
<td><strong>Ashoka</strong></td>
<td>United States</td>
<td>Promote economic development</td>
</tr>
<tr>
<td><strong>Mercy Corps</strong></td>
<td>United States</td>
<td>Distribute humanitarian aid</td>
</tr>
<tr>
<td><strong>Oxfam</strong></td>
<td>United Kingdom</td>
<td>Overcome global poverty</td>
</tr>
<tr>
<td><strong>Handicap International</strong></td>
<td>United States</td>
<td>Support for people with disabilities</td>
</tr>
<tr>
<td><strong>Landesa</strong></td>
<td>United States</td>
<td>Promote rural development</td>
</tr>
<tr>
<td><strong>Acumen</strong></td>
<td>United States</td>
<td>Promote economic development</td>
</tr>
</tbody>
</table>

*Source: Adapted from NGO Advisor, “Top 20 NGOs in the World,” ngoadvisor.net.*
The UN Millennium Development Goals

In 2000, the UN identified the most challenging barriers to development, as well as eight key development goals. The result of this process was the UN Millennium Declaration, the keystone of a movement to concentrate on improving the lives of those living in countries with the lowest standards of human development. These goals, known as the Millennium Development Goals (MDGs), were created to assist in overcoming the barriers. The goals had 21 very specific targets and a series of measurable indicators for each target that would allow for evaluating the success of the program.

According to the Millennium Development Goals Report of 2015, the global efforts to achieve the goals produced the most successful anti-poverty program in history. By focusing very specific and globally accepted goals, countries cooperated to lift nearly one billion people out of extreme poverty, reduce hunger, and increase the number of girls attending school. Some details on these successes are provided in the chart below.

<table>
<thead>
<tr>
<th>Goal</th>
<th>Example of Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Eradicate extreme poverty and hunger</td>
<td>The number of people in extreme poverty fell from 1.7 billion to 0.8 billion.</td>
</tr>
<tr>
<td>2. Achieve universal primary education</td>
<td>The number of children not in school fell from 100 million in 2000 to 57 million in 2015.</td>
</tr>
<tr>
<td>3. Promote gender equality and empower women</td>
<td>Gender disparity in education was eliminated in developing regions overall.</td>
</tr>
<tr>
<td>4. Reduce child mortality</td>
<td>The global mortality rate for children under the age of five dropped from 90 per 1,000 to 43 per 1,000 between 1990 and 2015.</td>
</tr>
<tr>
<td>5. Improve maternal health</td>
<td>Maternal mortality was reduced by 45 percent since 1945.</td>
</tr>
<tr>
<td>6. Combat HIV/AIDS, malaria, and other diseases</td>
<td>The number of projected new HIV cases was cut by 1.4 million between 2000 and 2013.</td>
</tr>
<tr>
<td>7. Ensure environmental sustainability</td>
<td>Ozone-depleting chemicals have been almost totally eliminated since 1990.</td>
</tr>
<tr>
<td>8. Develop a global partnership for development</td>
<td>Developed countries increased their development assistance by 65 percent, up to $135.2 billion since 2000.</td>
</tr>
</tbody>
</table>

Despite the success in meeting the MDGs, many challenges remained. In 2016, the UN launched the 2030 Agenda for Sustainable Development. It established a new set of goals in order to tackle problems facing countries as they develop.
Sustainable Development
In the list above, Goal 7 calls for “environmental sustainability.” Sustainable development is any economic development that serves the current needs of people without making it harder for people in the future to live well. Concern for sustainable development is a modern problem. With mass consumption and increased population density, people place greater burdens on the environment.

Resource Depletion
Development is not sustainable when people overuse resources. For example, if farmers grow crops in ways that cause extensive soil erosion, land that is fertile today will not be in the future, and food supplies will decrease. To protect the soil, many farmers have changed how they plow and plant.

Environmental Degradation
Sustainable development also includes reducing air and water pollution, reducing waste through recycling and composting, and fighting climate change. Shifts in climate patterns can cause dramatic problems for people:

- If climates get warmer, diseases once confined to areas around the equator could spread and devastate new areas.
- If ocean levels rise, people along coasts could be forced to move or spend huge sums to hold back the water.
- If storms and droughts become more extreme, people with the fewest resources to move or to protect themselves will be at greatest risk.

Ecotourism
One effort to promote sustainable development is ecotourism, tourism that attempts to protect local ecosystems and to educate visitors about them. For example, tourists who visit selected sites in Costa Rica’s Cloud Forest, Botswana’s wildlife habitats, and Australia’s coral reefs might be charged a fee to fund maintenance of these special areas and to create sustainable jobs.

Economic Development and Gender Equity
The status of females correlates to the level of development of a country. In general, higher status for females goes along with higher overall development.

World Gender Equity Statistics
The Gender Inequality Index (GII) uses indicators such as reproductive health, empowerment, and the labor market participation of women to measure the percentage of potential human development lost due to gender inequality in different nations. GII scores can be very telling from a development point of view. For example, Switzerland, with a GII of 0.028 is highly developed, while Niger, with a GII of 0.713, is among the least developed countries in the world.
As an increasing number of females gain employment outside the home or the agricultural sector, the economy of a country improves. The link between the level of equity in maternal health and empowerment and the level of development is not as obvious, but nonetheless it exists. The better maternal health care that women experience, the more capable they are of contributing to the economy; and the more educated they are, the greater contribution they can make.

The chart below shows the countries with the highest and lowest GII scores. The spatial distribution is clear. Gender equality is most advanced in Europe, and least advanced in West Africa and Southwest Asia.

<table>
<thead>
<tr>
<th>Highest Equality Countries</th>
<th>Highest Inequality Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>Country</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Cote d'Ivoire</td>
</tr>
<tr>
<td>0.016</td>
<td>0.679</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Afghanistan</td>
</tr>
<tr>
<td>0.028</td>
<td>0.693</td>
</tr>
<tr>
<td>Germany</td>
<td>Chad</td>
</tr>
<tr>
<td>0.041</td>
<td>0.706</td>
</tr>
<tr>
<td>Denmark</td>
<td>Niger</td>
</tr>
<tr>
<td>0.048</td>
<td>0.713</td>
</tr>
<tr>
<td>Austria</td>
<td>Yemen</td>
</tr>
<tr>
<td>0.053</td>
<td>0.744</td>
</tr>
</tbody>
</table>

**Source:** UN Development Report.

**More Jobs and Low Pay for Women**

The third Millennium Development Goal dealt specifically with gender equality and empowering women. Several programs enacted by governments and international non-profit agencies, known as **non-governmental organizations** (NGOs), helped women find jobs outside the home. As a result, employment opportunities for women have increased sharply in recent decades.

One reason for the expanded employment opportunities for women has been the efforts of transnational corporations. As these businesses have opened more factories in developing countries, they often employed women because they were available and because they would work for lower wages. Because of very low birth rates in countries such as Japan and Singapore, there would be severe labor shortages if women were not accepted as an integral part of the labor force.

Increased educational opportunities for females during the past two decades also prepared more women to work outside their homes. Globally, more than 250 million additional women joined the paid workforce between 2006 and 2015. Many of the women who previously had low-paying jobs began earning significantly more in manufacturing jobs.

Despite these significant increases in the number of women working and the wages of women, globally there remains a large wage gap between men.
and women, even when they are doing comparable work. In the United States, if a man and a woman do the same type of job, a man would typically make a salary that is 17.5 percent higher than a woman.

Another trend reflecting employment discrimination toward women is that women rarely obtain upper-level jobs in companies, particularly in developing countries. The situation has been improving in recent years in developed countries, but the glass ceiling remains.

**Microloans and Opportunities for Women**

In recent years nongovernmental organizations (NGOs) such as the Grameen Bank, based in Bangladesh, have initiated microcredit or microfinance programs. These programs provide small loans to start or expand a business to entrepreneurs who would not normally qualify for credit from traditional sources. These loans have been particularly active in South Asia and South America. The vast majority of the entrepreneurs taking advantage of microcredit loans are women, many of whom are quite poor. While the idea of lending money to very poor people is unusual, the repayment rate is unusually high—more that 98 percent.

The success of microcredit programs has resulted in several changes to societies where the loans are available. The increased financial clout of women has given them more influence in their homes and communities. And as working women have more voice in child-bearing decisions, more money to pay for contraceptives, less time to raise children, and less need for additional children, birth rates have decreased. Women’s increased wealth also allows for the children to be better nourished, which has helped to reduce child mortality.

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**GEOGRAPHIC PERSPECTIVES: ARGENTINA AND KOREA**

The economic fortunes of Argentina and South Korea have been influenced by their physical locations as well as their roles within global trading networks. Argentina is situated along the Atlantic Coast of South America, so trade with the East Coast of the United States is convenient. Korea is between China and Japan, two large markets.

**Conditions in the Early 20th Century**

A century ago, Argentina was wealthy and Korea was poor. Argentina’s income per worker made it one of the top ten economies in the world. Its industrial growth created significant pull factors, and migrants poured in from Europe, particularly Italy. Korea was a heavily agricultural country, and its income per worker ranked it toward the bottom quarter of all countries.
Conditions Today
Currently, about 60 percent of the workers in each country are employed in the service sector. Beyond that, the economies differ greatly.

Argentina, like many countries in Latin America over the past half century, suffered periods of massive inflation, military dictatorships, and heavy foreign debt. These combined to severely limit overall economic growth. Today, Argentina is a semiperipheral state that relies heavily on agricultural exports such as beef, fruit, and grains.

In contrast, Korea, along with much of East Asia, has been one of the success stories of modern economic development. Through a combination of intense education, heavy government subsidies, tough trade restrictions, and strong corporations, Korea focused on making products it could export. The plan worked: today, Korea is a high-tech industrialized economy. Exports—mostly manufactured goods—account for nearly half of its GDP. Its levels of health, wealth, and education rank it as a core state, with about 2 percent of its population involved in primary activities and about 40 percent in secondary activities.

| KEY TERMS |
|-----------|-------------------------------------------------|
| per capita | gender gap                                      |
| gross national product (GNP) per capita | Gender Inequality Index (GII)                   |
| gross domestic product (GDP) per capita | Human Development Index (HDI)                   |
| gross national income (GNI) per capita | W. W. Rostow                                    |
| purchasing power parity (PPP)         | Stages of Economic Growth model                 |
| Gini coefficient or Gini index        | modernization model                             |
|                                      | Immanuel Wallerstein                            |
|                                      | World Systems Theory                            |
|                                      | dependency model                                |
|                                      | Core-Periphery model                            |
|                                      | core                                            |
|                                      | periphery                                       |
|                                      | semiperiphery                                   |
|                                      | sustainable development                          |
|                                      | NGOs                                            |
|                                      | microcredit or microfinance                     |