The Changing Economic World

There is a global development gap

- ✓ How to measure development - *birth rate; literacy rate etc*
- ✓ The development gap - *some countries are more developed than others: HICs; LICs and NEEs*
- ✓ **DTM** – what is it and how can it be linked to development
- ✓ Causes and consequences of uneven development – *physical; historical; economic*

There are strategies that can reduce the development gap

- ✓ Investment
- ✓ Industrial development
- ✓ Tourism
- ✓ Aid
- ✓ Intermediate technology
- ✓ Fair trade
- ✓ Debt relief
- ✓ Microfinance loans

Case study: *How the growth of tourism has helped to reduce the development gap:* ***Jamaica***

The Changing Economic World

Economic development in an NEE: Nigeria

a) The **location** and **importance** of Nigeria, both regionally and globally

b) The wider **political, social, cultural** and **environmental context** within which Nigeria is placed

c) The **changing industrial structure** of Nigeria. The balance between different sectors of the economy. How manufacturing industry can stimulate economic development in Nigeria

d) The role of transnational corporations (**TNCs**) in Nigeria's industrial development. The advantages and disadvantages of TNC(s) to Nigeria

e) The changing **political** and **trading relationships** with Nigeria and the wider world

f) **International aid**: types of aid and impacts of aid on Nigeria

g) The **environmental impacts** of economic development in Nigeria

h) The effects of Nigeria's economic development on quality of life for the population.

Economic development in the UK

a) **Causes of economic change**: de-industrialisation and decline of traditional industrial base, globalisation and government policies

b) Moving towards a **post-industrial economy**: development of information technology, service industries, finance, research, science and business parks

c) Impacts of industry on the physical environment.

Case Study: How modern industrial development can be more environmentally sustainable

d) Social and economic changes in the **rural** landscape in one area of population growth and one area of population decline

Case Study: two rural settlement one experiencing population growth and one population decline

e) Improvements and new developments in **road** and **rail** infrastructure**, port** and **airport** capacity

f) The **north–south divide**. Strategies used to try and resolve regional differences

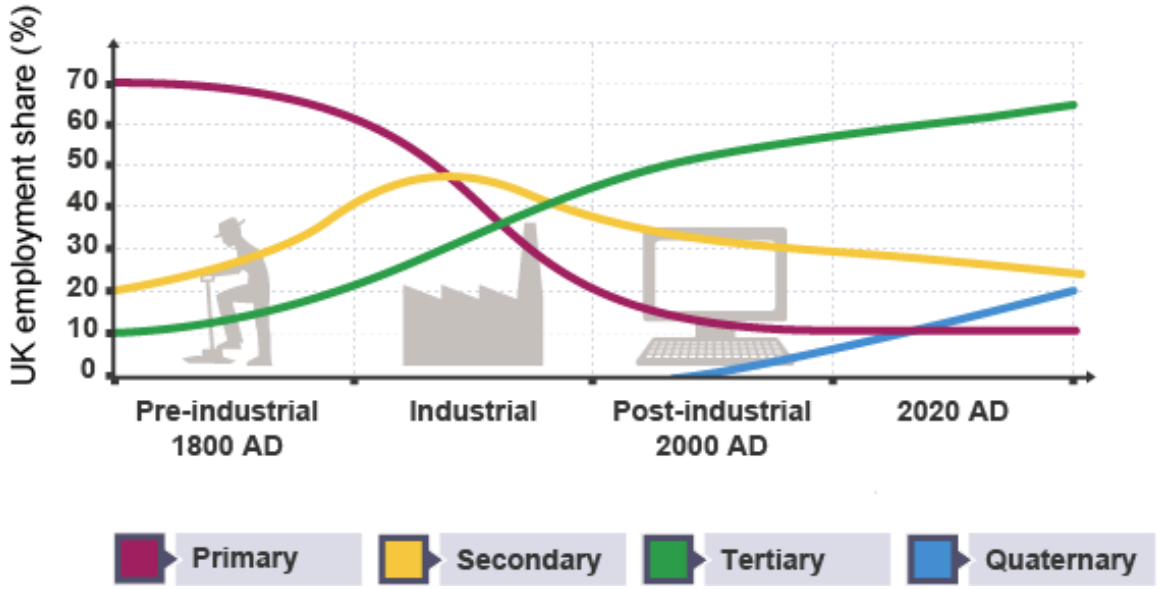
g) **UK in the wider world**. Links through trade, culture, transport, and electronic communication. Economic and political links: the European Union (EU) and Commonwealth

Economic development in the UK

Coal mining was very important to the UK economy in the past…….

…..now finance is very important to the current UK economy

a) Causes of economic change



The graph above shows how the UK employment structure has changed over time. Primary industry declined in importance as the economy grew, replaced by secondary (manufacturing industry) In the UK post industrial era secondary industry is being overtaken by the tertiary and quaternary sectors as you would expect for an HIC. These changes have occurred due to several factors, including:

1) Deindustrialisation
2) Globalisation
3) Government policies.

a) Causes of economic change

De-industrialisation

(*the decline of a traditional industrial base*)

- The UK has experienced **de-industrialisation**.
- This is a **decline** in **traditional industries**, such as *ship building* and *textiles* but also a decline in general manufacturing (*not so many factories making things!*) this is due to **cheaper overseas competition in NEEs** – lower wages etc and increased **automation** of factories so machines rather than people do the work.
- The decline in manufacturing has been replaced by a growth in the **tertiary** and **quaternary** sectors.

a) Causes of economic change

Globalisation

Globalisation describes the way in which business has become **more international**. This has led to an increase in world trade, foreign investment, and the sharing of ideas across the world.

For example in the UK:

- Many UK based companies such as **Dyson** have moved their production overseas to countries like Malaysia, where labour costs are lower

- Some TNCs e.g **Apple** have moved their tertiary and quaternary jobs to the UK. Apple employs nearly 6000 people in the UK.

- **Foreign trade** makes up 62% of the UK's GDP (2017)

a) Causes of economic change

Government policies

These are **policies pursued by the government** to try and improve the economy of the country for all people to benefit:

- In the 1980s the government sold off many government run industries to private firms. This was known as **privatisation**. It created large scale job loss but was seen to improve efficiency, saving the government money to invest elsewhere.

  Markets were **deregulated**. This means that the government became less involved in running things and encouraged investors to move to the UK by removing restrictions and certain taxes.

  The **service sector grew**. Wages in the service sector are generally very good. This helped the UK economy to grow into the 1990s. The government decided to keep taxes low so people had more spending money to improve the economy further.

  In the last decade the government has shifted its focus on **improving productivity** and **connectivity** so that the UK can earn more money. There are 24 Enterprise Zones across the UK, eg Birmingham and Manchester. These locations have incentives for business such as reduced taxes and relaxed planning rules. (more information Slide)

b) Moving towards a **post-industrial economy**

The UK has now entered a post-industrial era. This is a time when traditional industries have declined and new jobs have had to take their place.

Services: The service sector makes up 75% of the UK economy. This includes a range of job types, eg healthcare, retail and entertainment. The UK also exports services. An example of this is tourism to overseas visitors. The money generated from tourists counts towards UK exports. The UK is the second largest global exporter of services.

b) Moving towards a **post-industrial economy**

Information technology:

- The IT industry in the UK is worth £58 billion a year
- Around 100,000 software companies operate in the UK, e.g. Microsoft and IBM.
- The UK has the largest mobile device market in Europe, with around 80 million mobile subscriptions.
- Cloud-based storage systems are a fast growing part of the UK economy.
- The UK's cyber security market has grown, due to increased threats. This is worth about £2.8 billion a year.

Finance

Financial jobs are to do with money e.g. jobs include working in banks, insurance and investments. Large financial employers in the UK include HSBC and Aviva.

b) Moving towards a **post-industrial economy**

Research:

Research helps the UK economy grow and attracts overseas investment. Science and research takes place through government research councils, such as the Medical Research Council, at universities, and through other organisations, such as the UK Space Agency.

Science & Business Parks

- Quaternary industries are often found on science and business parks.
- They are often found on the edge of cities, like Bristol and Cambridge and Oxford, where there is good accessibility to the motorway/A roads and university graduates.
- Science and business parks are designed to be pleasant environments for people to work in. They are often low-rise, with plenty of parking and green spaces. This is to attract top candidates to work in companies located on these special parks.
- The growth of science and business parks has helped IT, service, finance and research businesses to work together.

C) Industry has impacts on the physical environment:

- Industry can have negative impacts on the environment. Factories can cause air, water and noise pollution. They can also contribute to global warming or destroy natural habitats.

- Modern industrial development has to be more environmentally sustainable due to better awareness and the increasing cost of energy use and waste disposal costs.

C) <u>Case Study</u>: How modern industrial development can be more environmentally sustainable

- **The London Sustainable Industries Park (London SIP)**
  - The London Sustainable Industries Park is located on the Thames Gateway to the east of the city
  - It was built on the site of the former Dagenham Ford car factory (a brownfield site)
  - It provides space for nine different businesses. The park is well-connected by the underground network, the national rail network.

- **Sustainability**
- The aim is that the companies work together to share recycling and sharing resources and ideas, and exchanging waste and by-products.

- The government have invested money into the park because they believe that this is a good model for the future of industry in the UK.

D) Changes in **rural** areas due to economic activity

Traditionally, economic activity has taken place in the UK's towns and cities. However, rural landscapes are increasingly being used for, or being affected by, economic activity. This can cause **population growth** or **decline** in these rural areas and have economic and social impacts.

Elmbridge, Surrey

Tibenham, Norfolk

You can read about the two examples on the next slides (from BBC bitesize) or use the examples in the Revision guide or given to you by your Geography teacher.

Elmbridge, Surrey

Elmbridge is a semi-rural area containing the settlements of Weybridge, Cobham, Walton-on-Thames and Esher. It is a **25 minute commute from London** and is well connected with the M3 and M25, making it an ideal place for commuters to live away from the hustle and bustle of the city.

The influx of people into the area has led to many **social** and **economic changes**:

- Many people in their 30s have moved into the area, many of whom have young children. This has reduced the average age of residents and led to a **greater demand for school places.**
- Over 20% of people living in Elmbridge commute into London, leaving many towns and villages **empty during the daytime.**
- **House prices are more expensive** than anywhere else in the county of Surrey. Average house prices have risen to over £591,000 (in 2015). Many poorer people cannot afford to pay these prices.

Tibenham, Norfolk

Tibenham is a rural area in Norfolk, which is a very rural county. It has **no major motorways** and few major roads nearby. The mechanisation of farming has led to fewer jobs. This has led to **depopulation** as people have moved away to find work. The movement of people from the area has led to many social and economic changes:

- Many people in their 30s have **moved away** from the area. The only school left is a primary school with just a few teachers and pupils between the ages of 5-11.
- The average **age of residents is much higher** than national averages. The largest age group of residents is the 45 – 59 bracket.
- The **population has declined** from a peak of over 600 in the 1900s, to around 450.
- **Local shops and services have closed**, leaving just one pub in the village.

e) Improvements and new developments in **road** and **rail** infrastructure**, port** and **airport** capacity

New developments in infrastructure

The UK government is investing in infrastructure developments. These include new road, rail, port and airport facilities. Investing in the transport infrastructure improves **connectivity** and helps the **UK economy to develop.**

e) Improvements and new developments in **road** and **rail** infrastructure**, port** and **airport** capacity

Roads

The government is upgrading to smart motorways with extra lanes like the M4. Highways England plan to improve busy routes between London, Birmingham, Manchester and Yorkshire. They are also creating over 400 miles of new road capacity to improve the flow of goods and services and benefit business

e) Improvements and new developments in **road** and **rail** infrastructure**, port** and **airport** capacity

Rail network

- £25 billion is being spent to upgrade the rail network. Improvements will include longer platforms that can cope with **bigger trains** and better stations.
- **High Speed 1** (HS1) is a fast train link between London and Paris.
- **HS2** is a planned fast train link between **London** and the **North of England** (Manchester and Leeds). HS2 is planned to be completed in 2026. It will dramatically cut journey times. **Crossrail** will increase London's rail capacity by 10% A further extension of high speed rail to Scotland is possible in the future.

e) Improvements and new developments in **road** and **rail** infrastructure**, port** and **airport** capacity

Ports

- The importance of UK sea ports has declined over time. Many people now travel by air and the Channel Tunnel has meant that lorries no longer need to drive to a port to travel between the UK and France. Cargo ships do still arrive into UK ports, but **containerisation** has meant that fewer workers are needed to load and unload them. Larger ships are now used, which has made less accessible ports redundant.
- **London Gateway** opened in 2013 at the mouth of the River Thames. It can handle the worlds largest container ships so it I hooped it will become a hub for **global trade**
- Other major ports such as **Felixstowe** are increasing their capacity

e) Improvements and new developments in **road** and **rail** infrastructure**, port** and **airport** capacity

Airports

- In 2015 an expansion of UK airports was recommended as it was seen as important for the country's prosperity. This is a controversial issue because many people living close to airports don't like the noise and some lose their homes to make space for runways. **Airport expansion** can lead to a reduction in house prices in nearby areas.

- A new runway has been proposed for **Heathrow**. The development will generate an estimated £147 billion over 60 years and **70,000 new jobs** by 2050. Flights will run to 40 new destinations. The cost of the scheme is estimated to be £18.6 billion. The proposal has largely been backed by business groups. However, some special interest groups are unhappy as there are concerns about the impact on noise and air quality on the surrounding areas.

f) The **north–south divide**. Strategies used to try and resolve regional differences

The north/south divide in the UK

It has long been recognised that there is a North-South divide in the UK.

The **decline of heavy industry** has had a negative impact on the North of the UK, including Wales, Scotland and NI. **Growth of the post industrial service sector** has in contrast mainly benefited the south east of England.

As many businesses choose to set up in the south of England, this creates a wealth divide. Those living in the north of the country experience **lower incomes, higher unemployment and a lower standard of living than those living** in the south. For example:

- The average **weekly wage** in Huddersfield was 40% lower than in London (2014)
- **Health** is generally worse in the north than south. In Glasgow **male life expectancy** is 73 years and in Dorset it is 83 years.
- **GCSE results** ae regularly better in the south than north

There are exceptions and not everything is worse in the north! There ae pockets of wealth in the north e.g. parts of Cheshire and areas of deprivation in the south.

f) The **north–south divide**. Strategies used to try and resolve regional differences

Delivering more powers

Scotland, Wales and NI and some local councils have their own devolved governments to use money on schemes they feel will best benefit the local community. For example **better public transport** schemes to get people to work or **regeneration projects** to generate money through the conversion of **brownfield sites** into commercial use.

Example: The Mayor for Greater Manchester has been given £1 billion of devolved funds to spend on improving the city and attracting new businesses. This will mean that fewer decisions about the city are made in London and more decisions are made by the people of Manchester. Other local councils are demanding the same control.

Creation of Enterprise Zones

There are over 50 EZs in the UK. Companies are given a range of incentives to locate their in an EZ which then helps to combat high unemployment in the area and reduce the impact of the N/S divide:

- Reduced taxes like business rates
- Relaxed planning rules to allow a greater range of industrial development
- Improved infrastructure – i.e. superfast broadband

*See example of Sheffield City Region EZ (New revision guide P.94)

The Northern Powerhouse

This is the governments plan to improve investment into the north and **improving transport links between northern cities**. The plan includes spending £70million on schools and proving more superfast broadband

Some critics have criticised the plan for being to focussed on some of the big cities like Manchester at the cost of smaller northern cities and towns

UK in the wider world.

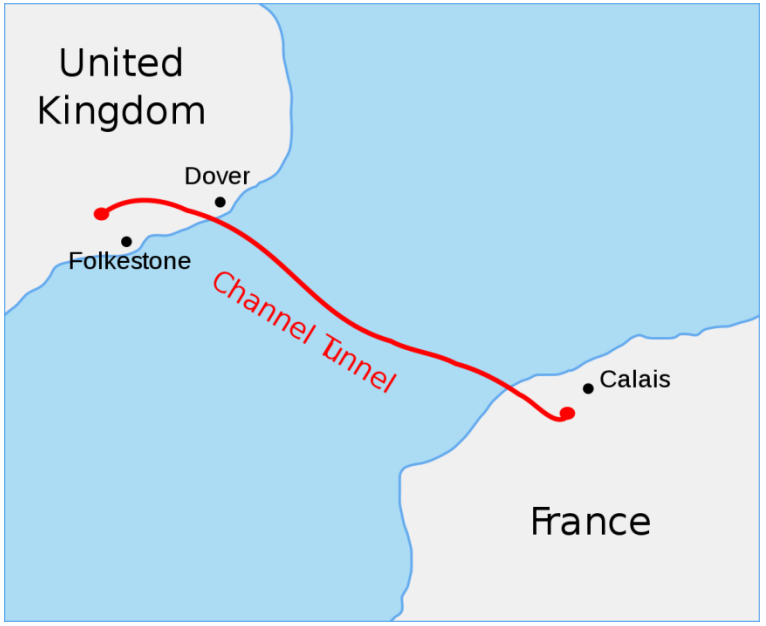
The UK is connected to the wider world in many ways:

Trade – the UK is a ***global trader***. Exports are worth over £160billion each year. **Europe, the USA** and **Asia** are all significant trading partners

Culture – **immigration** has helped shaped UK culture and the UK has a strong creative industry so many TV productions are exported world wide *e.g. Shaun the sheep is shown in 170 countries!*

Transport – the UK has many ports and airports linking the UK to the wider world for trade and business. The Channel Tunnel is also a vital link to mainland Europe

Electronic communication – telephones and the internet provide us with links too all other countries in the world, **Transatlantic cable technology** is routed via the UK



UK in the wider world

The UK has formed economic and political links:

In the past goods and people have moved freely within the **European Union** (EU) The UK has now officially left the EU (Jan 2020) but some arrangements will still exist for trade and movement of people

The **Commonwealth** –an association of 53 states including the UK and many of its former colonies. It promotes cooperation between member countries through trade, aid and sport. For a full list of commonwealth states try this link