

34. Globalization – development gap

Economically LDCs:

- 75% of the world's population
- 30% of the world's food supplies
- 18% of world export earnings
- 17% of the world's GNP
- 15% of the world's energy production
- 11% of the world education spending
- 8% of world industry
- 6% of the world health expenditure
- 5% of world science and technology

Historical factors

The slave trade = slaves from West Africa = labour in American continent. Slaves were exchanged for guns, alcohol and textiles => strong effect on the region's development.

Colonisation = since the 1500s. Before that most of the countries were self-sufficient. National boundaries ensured the provision of raw materials for European industrialization. Influence of the Europeans included:

- opening of mineral wealth of a country
- creating farms and plantations
- construction of roads, railways, schools and hospitals

But many see the colonisation and slavery as sources of many African problems.

Debt – an economic factor

Many LDCs have borrowed money from other governments and world banks but interest repayments are high => difficult to reduce the *debt*

Examples:

- Mexico and Nigeria have to pay > 30% of their incomes from export in debt repayments
- each person in Tanzania owes the West about 130 GBP

=> *it's almost impossible to progress or improve the standard of living under these circumstances*

Political factors

Some LDCs have inefficiently-run governments = dictatorships with poor civil rights and freedom of speech + bribery (corruption), tribal loyalty, bureaucracy and promotion of relatives => expansion of a *country's vulnerability*.

Environmental factors

Most of LDCs = harsh, extreme climatic conditions (droughts, hurricanes, flooding, fires), but no resources and technology to cope with them + rapidly growing (expanding) population = *vulnerability of a country and negative effects*.

Economies of LDCs are based on primary industries: agriculture (coffee, tea or rubber plantations) and raw materials extraction (oil, timber, copper). Commodities are sold to MDCs for processing and sold back to the original country at increased rates ⇔ *historical factors and trade barriers*.

Trading bloc = a group of countries which have grouped together and removed tariffs and trade barriers = free and easy trade between countries within the bloc.

Examples:

- EU, NAFTA, OPEC, ASEAN, OAU – explain the globalizing trade pattern!

Keywords

slave trade, colonisation, debt, dictatorship, trade barriers, trading bloc