

Unit VI – Industrialization and Economic Development

Chapter 16 – Geographies of Production and Consumption

Introduction:

- After about 1800, a new mode of production based around factories and fossil fuel power began to change the quantity of things that could be produced, increasing manufacturing productivity 100 times over by expanding the productivity of every worker
- This system made goods cheaper, provided a huge number of jobs in the new factories, and completely reoriented the way people lived
- By 1839, Britain's position as an industrial powerhouse enabled it to defeat the Chinese Empire, with a population 20 times its size!
- The movement toward ever greater globalization, the development of high-technology industries, the creation of a predominantly service economy, and an increasing emphasis on consumer choice have transformed the world we live in

Module 16A – Growth of Mass Production and an Industrial World:

- **Production** – the process that creates an object that is more valuable than the sum of the raw materials going into it
- **Added value** – the difference between the price of the final product and the cost of raw materials, labor, and other inputs
- Mass production as the key outcome of **industrialization**, a process by which a greater proportion of a national economy is involved with manufacturing and that allowed more goods to be produced in greater quantity and at a lower price (industrial revolution was a long process which started in Great Britain and then later diffused slowly around the world)
- **Study Figures 16A.1 - .3**

Module 16B – Factors of Production and Changing Geographies of Industrial Location:

- Manufacturing is a **production chain** that transforms raw materials into a finished product, then distributes that product for consumption by households, government, or other industries
- While this process is fairly straightforward, it incorporates a number of direct and indirect **factors of production**
- Direct factors include:
 - Raw materials
 - Labor
 - Financial capital
 - Markets
- Indirect factors include:
 - Technology
 - Infrastructure
 - Financial system
 - Government role
 - Education/training
 - Entrepreneurial climate
- Each of these factors has a particular geography that must be considered, especially the factors of distance and transportation costs
- Economist **Alfred Weber** developed a model of industrial location in 1909
- He states that the **optimum location** of a manufacturing plant is a balance between the locations of the various raw materials, the labor force, and the markets where the final products would be sold
- Weber also distinguished between some raw materials, such as water, which are considered *ubiquitous* (available everywhere), which are *localized*
- Some raw materials, such as as metallic ores, lose a great deal of weight in their processing

- Better to try to reduce the weight close to the source
- Other raw materials gain a great deal of weight in process, often through the addition of a ubiquitous material, such as water
- It is cheaper to process the raw material as close to the market as possible
- These factors of production were undoubtedly important in determine industrial location in the past
- But are they as significant today?
- There have been some big changes:
 - 1. Transportation costs have steadily decline
 - 2. The costs and specialization of labor have increased
 - 3. Most production conducted transitionally, far beyond what existed before
 - 4. Government also plays a bigger role as countries lure attractive industries with incentives and trade polices help channel outsourcing arrangements
 - 5. Production processes have changed to become more nimble, specialized, and flexible
- **Study Figures 16B.1 - .3**

Module 16C – Industrialization and the Early Development of the US Space Economy:

- The US was a late bloomer to the IR, mainly because it was a prosperous agricultural country and many people wanted to keep it that way
- 1790 textile industry (**Study Figure 16C.2**)
- Early dependence on water power and charcoal gave way to coal
- By 1860, 72% of all manufacturing employment and 68% of all manufacturing profits originated in the Northeast
- Philadelphia alone had 7% of all US manufacturing employment
- New York City produced engineering works, iron products, and machinery – accounting for nearly 8% of manufacturing employment – as well as serving as the financial and commercial center of the country
- These outside regions were economically integrated into the American economy, but in a way, that strengthened the economic position of the **Anglo-American Manufacturing Belt (Study Figure 16C.3)**
- In this way, they might be considered economic peripheries in that provided raw materials to the core region but had very little independent economic power
- The South, for instance, was by far the poorest region of the US, with average incomes only a third that of the Northeast
- In general, this core region was able to rely on several important aspects of comparative advantage and a favorable relative location
 - Railroads
 - The proximity between places also enhanced communication
 - Main banks
 - Natural advantages prevailed in this region – ports, prime farmland, and abundant coal
 - Attracted skilled and unskilled labor
 - Most of the immigrants also settled in the core cities, especially with the closing of the frontier in 1890

Module 16D – Modern Shifts in US Manufacturing:

- By 1900, the US was producing one-third of the world’s industrial output, and nearly all of that capacity came out of the Anglo-American Manufacturing Belt
- But then things changed
- Due to shifting factors of production, manufacturing moved from the northeastern and midwestern states to the South and West
- At a smaller scale, manufacturing moved from the inner cities to the outer suburbs
- Furthermore, because manufacturing is a **base employment (Study Figure 16D.2)** sector, it supports a lot of jobs in the service sector and in other manufacturing industries

- With the movement of all of these job opportunities, it makes sense that people will migrate as well
- Much had to do with shifting comparative advantages
- The comparative advantages of the Anglo-American Manufacturing Belt diminished and the region began to experience a number of distinct disadvantages relative to the rest of the country
- Study Figure 16D.1 – relocation
 - **Shifting Labor Costs**
 - **Study Figure 16D.3**
 - **Car Ownership and Highways**
 - **Figure 16D.4**
 - Movement toward the car, truck, SUV, and motorcycle came at the expense of railroad, streetcar, and bus travel and undercut the Anglo-American Manufacturing Belt’s advantages of proximity to a well-integrated railroad web
 - The development of highways and auto travel began to spread more advantages to places outside the old industrial core
 - Cares started to be made in other parts of US and the world
 - **Petroleum**
 - **Figure 16D.5**
 - The shift to motor vehicles as the primary mode of transportation also affected the demand for certain resources, particularly petroleum
 - Found in the same regions as coal however, the focus of the petroleum industry would shift to South
 - **High Technology**
 - **Figure 16D.6**
 - *High technology* is a loose term for a variety of sectors, including computers, semiconductors, biotechnology, pharmaceuticals, and scientific, photographic, and the telecommunications equipment
 - Became a major sector of US manufacturing, accounting for 70% of new manufacturing jobs
 - High-technology industries are considered clean, high-paying, and immune from business cycles
 - **Role of Government**
 - **Figure 16D.7 and Table 16D.1**
 - The most significant redistributions of wealth from the Anglo-American Manufacturing Belt to the rest of the country took the form of big and small projects, including the following:
 - Agricultural production
 - Water polices
 - Military bases

Module E – The Geography of High Technology:

- The growth of **high-technology industries** has a special effect on the economic structure and geography of many societies (**Study Figure 16E.1**)
- High technology can be defined in several ways
- One definition considers it as a set of particular industries
- Another definition might consider the processes involved in high technology production
- For many high-technology firms, important factors include the proximity to some major universities, an entrepreneurial climate that includes a number of **venture capitalists** (financiers who are willing to risk their money on a risky, initial idea in hopes of great gains), environmental amenities that can attract the needed highly skilled labor, and excellent transportation and communications
- High technology benefits from agglomeration economies

- This occurs when the presence of a few similar industries created economic conditions that attract other related industries
- Some aspects of agglomeration economies (**Study Figure 16E.2**) include a specially trained labor pool, access to needed suppliers (backward linkages), access to nearby companies that wish to buy a firm's products (forward linkage), necessary infrastructure, and other items
- A similar concept is that of clusters, and **high-technology clusters** share the following attributes:
 - Specialized labor
 - Specialized inputs
 - Knowledge spillovers
 - Market/user accessibility
- **Study Figure 16E.3**

Module 16F – Globalized Manufacturing and the Rise of Transnational Corporations:

- **Globalization** is the elimination of national boundaries through ever greater integration of people, companies, and governments across the world (**Study Figure 16F.1 and Table 16F.1**)
- It includes some of the following aspects:
 - **Deterritorialization**
 - Social and economic interconnectedness
 - The increasing speed of communication and transactions
 - A multipronged process that includes political, social, cultural, and economic movements
- The transnational corporation is a prime example of how globalization has intensified with time
- A **multidivisional corporation** is corporation with many divisions based on product lines
- This becomes a **transnational corporation (TNC)** when these divisions cross international boundaries
- **Study Figures 16F.2 - .3**
- TNCs might establish a subsidiary to ease their entry into a country's market (**Study Figures 16F.4, .5**)
- Corporations seek new customers in other countries, thereby expanding their potential market and even getting a jump on the competition
- However, many countries put up tariffs or other forms of trade barriers to limit the number of imports into a country
- But if a corporation decides to produce goods from a foreign-owned subsidiary, those products are not exposed to tariffs
- In addition, potential customers may be more broadly receptive to items produced domestically
- TNCs can end reducing overall costs by producing goods in certain countries
- Corporations are utilizing locational advantages that may be found in one of the factors of production
- Very often, these locational advantages have to do with cheaper labor costs
- Other locational advantages result from the benefits of diversification in general
- Having an array of similar companies under one transnational corporate roof can enhance economies of scale by reducing costs related to duplicating technical support, marketing, administration, and so on
- The largest corporation in the world are all transnational corporations (**Study Figure 16F.6**)
- Their gross revenues exceed the GDP for most countries
- Production chains are no longer completed all in one place
- One way this occurs is through the production and transportation of various components in sites around the world, with the assembly in final factory – termed a **global assembly line**
- A second method worldwide production lies in a **global production line (Study Figure 16.F .7)**, another way to characterize a new international division of labor that transcends international boundaries

Module 16G – Geographies of Consumption:

- When discussing production, we must also consider **consumption**, since the two are so interlinked (**Study Table 16G.1**)
- **Luxury:** something that provides enjoyment beyond the necessities of life

- Mass production required **mass consumption** and, of course, this meant that more and more people would be consuming “luxuries”
- First, want became needs, as what were previously considered luxuries became necessities
- Luxury is now considered to be an item or a service of great cost – for instance, an automobile such as Rolls-Royce or Bentley
- The second thing that happened is that consumption became an end in itself
- **Conspicuous consumption**, in which people feel a need to display their status by ostentatiously consuming goods and services
- More recently, terms such *materialism* and *affluenza* have been used to describe an insatiable need to purchase
- **Figure 16G.1** – consumption exhibits geography at many different scales. Every product is the end result of a commodity chain that is all but invisible to the consumer
 - Design
 - Production
 - Marketing
 - Retail

Module 16H – Consuming Places: Geographies of Tourism:

- One of the most important features of modern consumption has been the ability to vacation by getting in a car or an airplane and traveling to another destination (**Tourism**)
- Tourism is something that many places rely on as the main engine of their economy
- While tourism is a service, it is also a basic industry that brings money in from the outside
- Places without a lot of intrinsic allure can help create their own attributes by developing a theme park, a casino, or a major shopping opportunity (Study Figure 16H.1)
- Tourism is probably the most geographically oriented
- Tourism also operates at various scales
 - International
 - Domestic
 - Local
 - Downtowns
- Places must offer motivators including a desire to escape a mundane environment, the pursuit of relaxation or recreational opportunities, the strengthening of family bonds, prestige, an opportunity for social interaction, educational opportunities, wish fulfillment, and shopping
- Places need to be able to offer at least one of these amenities to be viable, and they must provide a measure of safety, accessibility, reliability, and reasonable value

Unit VI – Industrialization and Economic Development

Chapter 17 – Distribution and Transportation

Introduction:

- When you consider some of the most important advances in the past two centuries, surely the ability to “shrink” the world would rank among the most significant
- Flows are often bound up in moving goods and services
- But flows are also essential to human activity that is not purely economic

Module 17A – Growth of Trade:

- Trade involves any exchange of a tangible good or a service
- These **barter** economies have persisted into the present day and are often a survival strategy for people who eke out a living
- **Cash exchanges** became more prevalent when the economy became more elaborate
- **Cash** is just a way to place an abstract value on a product or service that allows for relatively easy exchanges
- **International trade**, or the exchange of goods and services across country boundaries (**Study Figures 17A.2**)
- In the earlier trading economies, trade was bimodal – divided between short-distance, local trade in basic goods and long-distance trade in luxuries
- Asian countries have increased their share of both exports and imports, fueled largely by China and Japan
- North America has maintained its share of imports but lost ground in relation to exports, due mostly to a growing trade deficit on the part of the US
- Europe as a whole has increased its share of exports; although the UK’s share has declined markedly, that of Germany, Italy and France has increased
- The ever tighter economic integration of Europe has played a huge role in this development
- The share of exports and imports from South America has dropped considerably as well, possibly related to protectionist policies
- While individual economies vary, a number of factors have influenced the overall growth of trade
 - First factor is a general increase in global prosperity
 - Second factor can be pegged to the general decline in transportation costs
 - Third factor has been the most dramatic: expansion in communication technology, which has allowed suppliers and customers to communicate instantaneously across the world
 - Fourth factor has to do with increasing tendency of governments to adopt neoliberal policies that promote free trade (**Study Figure 17.3 – UE and WTO**)

Module 17B – Reasons for International Trade:

- A country is self-sufficient (*autarky*) when its residents produce everything they need for their own consumption, with no need to trade beyond national borders
- **Protectionism** – when a country seeks to limit trade through various mechanisms
- An advantage of an autarky is that it does not rely on an external source, which might choke off supplies of a critical resource – what is termed an embargo (**Study Figure 17B.1**)
- Another advantage is that it can help shield its own industries from foreign competition
 - Example – England and Brazil
- The advantages of trade stem from the fact that natural and human resources are distributed unevenly throughout the world (**Study Figure 17B.2 and .3**)
- Because of the above, the principle of comparative advantage is that one country will likely have a cost advantage over another country in growing, extracting, or producing a product or in providing service
- While comparative advantage was initially viewed with regard to resources, many other factors come into play, such as labor productivity, the presence of capital, necessary infrastructure, and a climate of entrepreneurship

- **Competitive advantage** – promoted by economist Michael Porter and others – takes into account the mix of infrastructure, skilled labor, government, domestic demand, levels of domestic competition, agglomeration economies, and other items
- Japan is often cited as an economy that has enjoyed tremendous success without benefiting from a great number of resources or cheap labor
- In this case, government policies (including an activist trade policy), steady increases in productivity, highly skilled labor, and necessary financing allowed Japan to become one of the world's largest economies by the latter half of the 20th century
- This also brings up another advantage of trade: **competition**
- Producers who need to compete with other producers from other countries are forced to upgrade the quality of their goods or risk being undercut
- Industries that have had to endure a great deal of internal domestic competition have been primed to compete successfully at the international level

Module 17C – What Determines the Flow of Trade?

- The main factors determining the flow of trade are
 - Supply
 - Demand
 - Barriers
- **Study Figure 17C.1 to understand the 3 concepts above**

Module 17D – Concepts in Transportation:

- Transportation is required for many activities, among them (**Study Figure 17D.1**):
 - Military
 - Freight
 - Personal mobility
- For military purposes, the demand is for speed
- For freight purposes, the demand is more often one of cost (**Study Figures 17D.2 and .3**)
- For daily personal transportation, time is of the essence
- **Transportation conveyances** are different from **transportation facilities**
- Conveyances involve modes of travel, including various boats, horses, trains, motor vehicles, streetcars, and air craft
- First and foremost, transportation allows us to bridge distances and to increase our accessibility

Module 17E – Developing Transportation Networks in the United States:

- In the newly independent US, transportation problems were compounded with the size of the country
- **Study Figures 17E.1 to 17E.4**
- Another problem was that – unlike England or France – the federal government did not want to pay for roads
- We can categorize transportation network development and its most important impacts into three eras:
 - Canals: 1700 to early 1800s
 - Railroads: mid-1800s to early 1900s
 - Cars and roads: early 1900s until now

Module 17F – Modern Urban Daily Transportation:

- When it comes to moving people, the bulk of transportation takes place at a smaller, local scale (**Study Figure 17F.1**)
- The impacts of urban, daily transportation are many and varied
 - Traffic congestion
 - Environmental impacts (especially in developing world)
- **Study Figure 17F.2**

Module 17G – Geographic Aspects of US Retailing:

- Today, the largest corporation in the world is a store, or rather, a vast network of over 7,000 stores (Study Figure 17G.1)
- Walter Christaller’s model of central place has been tested, modified, and tweaked since it was first introduced
- To some extent, the principles behind it – stores clustering in central places and the hierarchical distribution of towns or shopping centers based on a market hinterland – have borne out in rural areas, where it was first applied, and even in metropolitan areas, where one can see different orders of shopping areas, transitionally leading up to the downtown, or central business district
- **Study Figure 17G.2 and 17G.3**
- The nature of retailing has been changing for a long time, and never more quickly than today
- There are several major factors implicated in this change
 - First, most retail outlets have simply gotten bigger
 - Second factor is the change in retail locations
 - Finally, retailers began to see the development of stores as something more than just the direct purveying of goods
 - At a time when “shopping” has become perhaps the major form of recreation, stores need to create a more satisfying experience overall
 - A third factor was the growth of **retail chains**
- **Study Figure 17G.6**

Module 17H – Changing Geographies of Retailing in the Internet Age:

- One of the more intriguing developments in retail distribution has been the impact of information technologies, particularly the Internet
- While new, this also continues a long tradition of **nonstore retailing**
- Within the last three decades, mail-order retailing has continued its popularity, especially with **niche marketers**, such as Lands’ End
- The growth of e-tailing, first popularized in the mid-1990s with such online-only vendors as Amazon.com (**Study Figure 17H.3**), has continued into the 2000s (**Study Figure 17H.1**)
- This has spawned a number of new terms
 - “Brick and mortar” now describes traditional stores that exist in a physical space
 - “Cyber Monday”
- Retail commerce relies on customer familiarity and so, must develop interfaces that correspond with the culture
- While the web presence itself appears aspatial, behind the screen are networks of suppliers, distributors, and employees rooted in various localities
- With the exception of the few purely online retailers, most e-commerce has adopted a hybrid approach that combines online retailing (“clicks”) with the storefront retailing (“bricks”) that has the advantages of having developed and nurtured some of these local networks

Unit VI – Industrialization and Economic Development

Chapter 18 – Development and Geography

Introduction:

- In their Scientific American article “*The Geography of Poverty and Wealth*,” Jeffrey Sachs, Andrew Mellinger, and John Gallup ask, “Why are some countries stupendously rich and others horrendously poor?” Their answer relies to a great extent on geography
- Development is not distributed randomly but instead shows clear differences between broad regions of the world
- The disparities we witness today are actually pretty recent, meaning that the current patterns have been determined by several historical events and processes

Module 18A – Meanings of Development and Development Disparities Today:

- A discussion of **world development** usually means raising the **living standards** of the world’s poorest countries and, so, reducing disparities between countries in the world
- A variety of terms are used to designate poor countries: **Third World, less developed countries**, sometimes the developing world – always with the implication that these countries aspire to a level of development that the rich countries – labeled **First World, developed countries, or more developed countries** – have already attained
- However, development occurs everywhere, in countries rich and poor
- It is a process with several related aspects – political, social, human, and economic (**Study Figure 18A.1**)
- The term **economic development** probably began with Karl Marx
- Government agencies, nongovernmental organizations, and researchers all saw economic development as “a sustained, secular improvement in material well-being ... reflected in an increasing flow of goods and services,” to quote economist Bernard Okun and Richard Richardson
- In other words, increasing economic development was the same thing as increasing the gross national product
- Most examples of economic development incorporate some measure of national production (**Study Figure 18A.2**)
- Other refined measures also consider the economy’s structure
- The creation of a **Human Development Index** adds health, education, and welfare data to create a more balanced measure (**Study Figure 18A.3**)
- Other indices, like the World Happiness Index, seek to incorporate subjective information that show just how content or “happy” people are in different countries
- Another approach is to consider a country’s natural resources, especially its environmental richness, as a part of its wealth

Module 18B – Modernization and economic Development:

- While many academics and politicians have weighed in on the reasons behind **development disparities** in the world today, two basic approaches stand out
 - The first approach, stemming from the can-do mentality of the 1950s and 1960s
 - The second approach views underdevelopment as intrinsic to a global economic structure that began with colonialism and persists today with a pattern of **neocolonialism** – a term that reflects the sort of economic relationships that persist between the mother country and the former colony, even after independence
 - Some critics argue that world organizations such as the World Bank, the International Monetary Fund, and the World Trade Organization perpetuate neocolonialism
- Modernization theory is very much rooted in the experience of western Europe and North America and views these as models for the rest of the world to follow
- As a whole that, in order to advance, each society needs to adopt elements of Western society

- This capitalist transformation requires the right set of cultural conditions as well
- Western values, including rationalism, science (as opposed to religion), and a strong work ethic, must be adopted
- This also corresponds with particular social changes, including urbanization, greater separation of social roles, and the completion of the demographic transition
- Politically, modernization was thought to go hand-in-hand with Western-style democracy
- **Study Figure 18B.2 and Figure 18B.3 in detail**
- Neoliberalism involves the drive to enhance free markets, the development of capitalist transactions, and the elimination of barriers to trade
- Modernization theory promotes this line of thinking
- Sachs views development as overcoming a series of **development traps** that can cause economies to stagnate (**Table 18B.1**)
- Sachs and other development researchers have called for governments in the developed world to increase their foreign aid and to make it more effective as a way to jump-start development
- They have called for targeted investments needed to increase the amount of capital in a country to finance small businesses or to bolster the ability of farmers to increase yields
- The cancellation of debt would help many poor countries get on their feet, whereas now their debt service is greater than spending on health and education
- Two of the best-known agencies in the effort to promote development are the **World Bank** and the **International Monetary Fund (IMF)**
- World Bank exists as primarily a lending institution, making loans available to poorer countries and often provides advice about the “correct” course of development
- This has made it somewhat controversial
- The international Monetary Fund acts more as a credit union that provides monetary resources that can be used by all countries in its network
- **Study Figures 18B.4 and .5**

Module 18C – World Systems Perspective on Development:

- A number of problems are associated with modernization theory
 - First, because it uses the Western experience as a model, it assumes similar conditions among countries, when, in fact, the culture and historical experience vary greatly
 - Second, it examines the economic development of one country as an isolated phenomenon
 - The **World systems perspective** views the economic system as a whole
 - Colonization and neocolonialism created inequalities in the development of regions (**Study Figure 18C.1**)
 - The regions under the domination of the European countries were developed, but in a manner benefiting their mother countries
 - At the same time, many colonizers actively discouraged any sort of domestic economic development
 - Postcolonialism led the way to a neocolonial relationship in which the same economic patterns applied
 - Immanuel Wallerstein, has categorized the world in terms of core, periphery, and semi-periphery (**Study Figure 18C.5**)
 - Third, in the modern world economy, many countries have tried to shift away from the export of raw material alone as a mainstay
 - In addition, several of these countries have turned toward the advantages of cheap labor in manufacturing production
 - Fourth, this model of a world system is intended to be dynamic
 - The significance of the semi-periphery is that these countries contain aspects of both core and periphery
 - They also demonstrate a transitional stage

- Several Southeast and East Asian countries, once part of the periphery, have entered the semi-periphery (China and India)
- Countries such as South Korea and Singapore have arguably moved into the ranks of the core
- **Study Figure 18C.6**

Module 18D – Profiles of Development: The Bottom Billion:

- According to economist Paul Collier, there now exists a three-way stratification of the world's population
- There is a fortunate 1 billion people who live in affluent societies, where they enjoy tremendous material luxuries
- There is a much larger group of 4 billion people living in societies that are truly developing
- Many of these people are quite poor, to be sure, and work in sometimes horrific conditions but generally see their lives improving
- Finally, there is a group of countries that have averaged period of very small growth and periods of negative growth, as well as period of stagnation
- There is no improvement from one generation to the next
- There is almost no foreign investment
- The population in these economies belongs to the bottom billion (**Study Figure 18D.1**)
- 73% of people living in countries of the bottom billion also suffer or have suffered through civil war
- Civil war leaves a legacy of killing and causes the economy to contract about 15% (**Study Figure 18D.2 and 18D.3**)

Module 18E – Possible Solutions to the Development Crisis:

- Every society has its own set of problems, and the development of societies and economies is intertwined
- Moreover, since development involves so many different dimensions – including population, politics, urbanization, and industrialization – the challenge grows even greater (**Study Figures 18E.1 - .3**)
- Possible solutions involve efforts to accelerate economic growth, mainly by way of industrialization, but proposals have become increasingly focused on promoting human capital and environmental sustainability

Module 18F – Export-Led Approaches to Development:

- The export market school of development views production, perhaps aided by government, as the key to economic development (**Study Figure 18F.1**)
- East Asia has shown the most success in following the export-led approach
- What marks these new **tiger economies** has been a strong reliance on exports, sometimes accounting for over half of gross domestic product (**Study Figures 18F.2 and .3**)
- For many of the established “tigers,” their small land areas and relatively small populations mean that exports are vital for companies to have sufficient market share
- China is a special case, of course
- It has the largest internal market in the world and was long guided by a communist ideology that promoted self-sufficiency
- Yet in the last couple of decades, China has emphasized exports
- China also has an overall positive trade balance
- When that internal market fully awakens, nearly every analyst expects China to become the world's number one economy

Module 18G – Structuralist and Sustainable Development Models:

- The alternative development models do not fall nearly into one type, but represent some reasonable alternatives to the export-led model and have been tried with varied degrees of success
- Many of these approaches fit under the **structuralist school of development**, which vies the intervention of government as key to economic development (**Study Figures 18G.1**)

- This approach is implemented in several ways
- Under communist regimes, this can mean total government control of most of the means of production, labor transactions, and consumption
- In noncommunist countries, this might involve more of a mix of these policies
- For example, **import substitution** might be used to shelter young domestic industries from foreign competition by providing them with a secure market (**Study Figure 18G.2**)
- One other development model that has been practiced has not let to tremendous gains in income but has shown itself effective in improving the well-being of the population
- This sort of development, sometimes dubbed **sustainable development**, is primarily interested in evening out the distribution of wealth and providing decent health care, adequate shelter, and a solid education for citizens (**Study Figure 18G.3**)