

Real-world issue 2

Why is economic development uneven?

Conceptual understandings

- Perceptions of the meanings of development and **equity** change over time and vary across cultures.

Conceptual understandings
<ul style="list-style-type: none"> Governments and other economic agents may intervene in an attempt to promote economic well-being and equity in societies. The pursuit of sustainability is subject to various constraints. Effective strategies should take account of the relevant social, economic, and political context.

Key concepts: scarcity, choice, efficiency, equity, economic well-being, sustainability, change, interdependence, intervention.

Note: All content is SL and HL unless otherwise stated. HL only topics, diagrams and calculations are in **bold**.

4.7 Sustainable development	Depth of teaching	Diagrams and calculations
The meaning of sustainable development	AO2	
Sustainable Development Goals	AO2	
Relationship between sustainability and poverty (HL only)	AO2	

4.8 Measuring development	Depth of teaching	Diagrams and calculations
The multidimensional nature of economic development	AO2	
Single indicators <ul style="list-style-type: none"> GDP/GNI per person (per capita) at PPP Health and education indicators Economic/social inequality indicators Energy indicators Environmental indicators 	AO2	
Composite indicators <ul style="list-style-type: none"> Human Development Index (HDI) Gender Inequality Index (GII) Inequality adjusted Human Development Index (IHDI) Happy Planet Index 	AO2	
Strengths and limitations of approaches to measuring economic development	AO3	
Possible relationship between economic growth and economic development	AO3	

4.9 Barriers to economic growth and/or economic development	Depth of teaching	Diagrams and calculations
Poverty traps/poverty cycles	AO2, AO4	Diagram: a poverty cycle showing any linked combination of factors that perpetuate poverty
Economic barriers <ul style="list-style-type: none"> Rising economic inequality 	AO2	

4.9 Barriers to economic growth and/or economic development	Depth of teaching	Diagrams and calculations
<ul style="list-style-type: none"> • Lack of access to infrastructure and appropriate technology • Low levels of human capital—lack of access to healthcare and education • Dependence on primary sector production • Lack of access to international markets • Informal economy • Capital flight • Indebtedness • Geography including landlocked countries • Tropical climates and endemic diseases 		
<p>Political and social barriers</p> <ul style="list-style-type: none"> • Weak institutional framework <ul style="list-style-type: none"> Legal system Ineffective taxation structures Banking system Property rights • Gender inequality • Lack of good governance/corruption • Unequal political power and status 	AO2	
Significance of different barriers to economic growth and/or economic development	AO3	

4.10 Economic growth and/or economic development strategies	Depth of teaching	Diagrams and calculations
<p>Strategies to promote economic growth and/or economic development</p> <ul style="list-style-type: none"> • Trade strategies <ul style="list-style-type: none"> Import substitution Export promotion Economic integration • Diversification • Social enterprise • Market-based policies <ul style="list-style-type: none"> Trade liberalization Privatization Deregulation • Interventionist policies <ul style="list-style-type: none"> Redistribution policies including tax policies, transfer payments and minimum wages • Provision of merit goods <ul style="list-style-type: none"> Education programs 	AO2, AO4	Diagrams: in this section students are expected to draw from the diagrams used in the other sections

4.10 Economic growth and/or economic development strategies	Depth of teaching	Diagrams and calculations
<ul style="list-style-type: none"> Health programs Infrastructure including energy, transport, telecommunications, clean water and sanitation • Inward foreign direct investment • Foreign aid <ul style="list-style-type: none"> Humanitarian aid/development aid Debt relief Official Development Assistance (ODA) Non-governmental organizations (NGOs) • Multilateral development assistance <ul style="list-style-type: none"> The World Bank International Monetary Fund • Institutional change <ul style="list-style-type: none"> Improved access to banking, including microfinance and mobile banking Increasing women’s empowerment Reducing corruption Property rights Land rights 		
Strengths and limitations of strategies for promoting economic growth and economic development	AO3	
Strengths and limitations of government intervention versus market-oriented approaches to achieving economic growth and economic development	AO3	
Progress toward meeting selected Sustainable Development Goals in the context of two or more countries	AO3	

Inquiry—possible areas to explore (not an exhaustive list)

- The patterns of economic development for countries in a region, using selected data.
- The relationship between economic growth and development, for chosen countries.
- The impact of a poverty reduction strategy, for a chosen country.
- The impacts of FDI in a chosen country on economic growth and development.
- The impacts of a microfinance project/debt relief/health programme/education programme in a chosen country/region.

Theory of knowledge questions

- Economic development draws from a set of values set out by Denis Goulet in 1971 (life sustenance, self-esteem and freedom). Does this make the pursuit of economic development unscientific?
- What knowledge questions might be encountered in constructing a composite indicator to measure development?
- Are the values on which development is based universal or do they depend on culture? Are there some goals among the Sustainable Development Goals that may not be acceptable to some cultures?