Field Note  Geography, Trade, and Development

Walking down one of the major streets of Timbuktu, Mali (Fig. 10.1), I could hardly believe I was in the renowned intellectual, spiritual, and economic center of the thirteenth to sixteenth centuries. At that time, the place had a great reputation for wealth, which spurred the first European explorations along the African coast. What survives is a relatively impoverished town of some 35,000 people providing central place functions for the surrounding area and seeking to attract some tourist business based on its legendary name.

What happened to Timbuktu? The city’s wealth many centuries ago derived from its ability to control the trans-Sahara trade in gold, salt, ivory, kola nuts, and slaves. But when trade patterns shifted with the development of sea trade routes...
along the west coast of Africa, Timbuktu lost its strategic position and a long period of decline set in.

Timbuktu’s story serves as a reminder that where a place is located in relation to patterns of economic development and exchange can be as important as, or even more important than, the commodities found in that place. Indeed, there are many examples of places where the presence of a valuable commodity does not translate into improved economic lives for those living nearby. The people working on the oil booms in Gabon or Nigeria or workers chopping down rare hardwood trees in Thailand or Malaysia, for example, are not the ones who benefit from most of the wealth associated with demand for the goods they help produce. Instead, international corporations or the wealthiest families in a place, those who own the industry, are the principal beneficiaries.

To understand how the production of a good creates wealth for some and not for others, we must understand the concept of a commodity chain and the role of places in the chain of production. A commodity chain is a series of links connecting the many places of production and distribution and resulting in a commodity that is then exchanged on the market. The generation of wealth differs along the commodity chain. Each link along the chain adds a certain value to the commodity, producing differing levels of wealth for the place and the people where production occurs.

What Timbuktu had to offer was the ability to coordinate and facilitate trade based on its geographic site where the Niger River turned north at the edge of the Sahara Desert. The river was the last major water source for those crossing the Sahara from south to north across what is now Mali and Algeria. Timbuktu was a break-of-bulk location, where goods traded on one mode of transport, camel, were transported to another mode of transport, boat. The commodity chain the production of a good follows and the points along the chain where materials and goods are traded changes over time, directly impacting the economic situation of places.

Places along a commodity chain do not all benefit equally from the production of a good. The generation of wealth depends on how production occurs at each step. In Chapter 8 we introduced the concepts of core and periphery. Sophisticated technology, high skill levels, extensive research and development, and high salaries tend to be associated with the segment of global commodity chains located in the core. The segments located in the periphery, by contrast, tend to be associated with low technology, less education, little research and development, and lower wages.

The concept of development is both about being nodes along commodity chains and also about transforming peripheral processes into core ones, or redirecting the profit generated through core processes to improve the periphery. As the twenty-first century unfolds, countless governments, academics, nongovernmental organizations, and international financial institutions offer ideas about how to lift up the poorer parts of the world. The theories, methods, and recommendations vary, but they all focus on the illusive concept of development.

In this chapter, we review how development is defined and measured and some of the theories of development. We also examine how geography affects development, considering the structures of the world economy. We look at the geographical barriers to and costs of development within countries, and we ask why uneven development occurs not just across the globe, but within states.
How Is Development Defined and Measured?

The economic and social geography of the contemporary world is a patchwork of almost inconceivable contrasts. On the simple fields of shifting cultivators in equatorial American and African forests, farmers grow root crops using ancient methods and rudimentary tools. On the Great Plains of North America, in Ukraine, and in eastern Australia, farmers use expensive, modern machines to plow the land, plant seeds, and harvest grains. Toolmakers in the villages of Papua New Guinea still fashion their implements by hand, as they did many centuries ago; whereas, factory workers in Japan or South Korea produce automobiles by the shipload for distribution to markets thousands of miles away. Between these extremes, the range and variety of productive activities are virtually endless.

These contrasts point to a major issue in understanding development: wealth does not depend solely on what is produced; it depends in large part on how and where it is produced. People can grow agricultural commodities with rudimentary tools or with expensive combines. Is one or the other necessary for development to occur? The idea of development is everywhere, but rarely do we pause to ask exactly what development means or how we can measure it (Fig. 10.2).

Development implies progress, and in the modern world progress usually means improvements in technology and production, as well as improvements in the social and economic welfare of people. To say a country is developing, then, is to say progress is being made in technology, production, and socioeconomic well-being. Our modern notion of development is related to the Industrial Revolution and the idea that technology can improve the lot of humans. Through advances in technology, people can produce more food, create new products, and accrue material wealth. But these things do not necessarily bring happiness (see chapter 14), social stability, or environmental sustainability, which makes development a narrow, and sometimes controversial, indicator of the human condition.

Key Questions For Chapter 10

1. How is development defined and measured?
2. How does geographical situation affect development?
3. What are the barriers to and the costs of development?
4. How do political and economic institutions influence uneven development within states?

Gross National Income

Ways of measuring development fit into three major areas of concern: development in economic welfare, development in technology and production, and development in social welfare. Beginning with the 1960s, the most common way of comparing development in economic welfare was to use the index economists created to compare countries, the gross national product. Gross national product (GNP) is a measure of the total value of the officially recorded goods and services produced by the citizens and corporations of a country in a given year. It includes things produced both inside and outside the country’s territory, and it is therefore broader than gross domestic product (GDP), which encompasses only goods and services produced within a country during a given year.

In recent years, economists have increasingly turned to gross national income (GNI), which calculates the monetary worth of what is produced within a country plus income received from investments outside the country minus income payments to other countries around the world. GNI is seen as a more accurate way of measuring a country’s wealth in the context of a global economy. In order to compare GNI across countries, economists must standardize the data. The most common way to standardize GNI data is to divide it by the population of the country, yielding the per capita GNI. In Japan the per capita gross national income in U.S. dollars in 2008 was $34,600. In the United States it was $45,850. In Luxembourg it was $64,400. But in India it was $2740, in Nigeria it was $1770, and in Indonesia, the world’s fourth most populous country, it was $3580. This enormous range across the globe in per capita GNI reflects the often-searing contrasts between rich and poor.

Although the map of per capita GNI clearly shows the startling contrasts between rich and poor in the world, the statistic has several shortcomings. GNI is a limited measure because it only includes transactions in the formal economy, the legal economy that governments tax and monitor. Quite a few countries have per capita GNI of less than $1000 per year—a figure so low it seems impossible
that people could survive. A key component of survival in these countries is the informal economy, the uncounted or illegal economy that governments do not tax and keep track of, including everything from a garden plot in a yard to the black market to the illegal drug trade. The informal economy is a significant element in the economies of many countries, but GNI statistics omit the informal economy entirely.

GNI per capita also masks extremes in the distribution of wealth within a country. The Middle Eastern oil countries of Kuwait and the United Arab Emirates (UAE) have per capita GNIs over $24,000, a level higher than that of several European countries. These figures give us no hint of the degree of overall participation in the country’s economy, the average citizen’s material standard of living, or gaps between genders or among regions. Economic production and the wealth it generates are not distributed evenly across the seven emirates that make up the United Arab Emirates. Abu Dhabi, the emirate that dominates the petroleum industry, generated over half of the country’s GDP in 2010. Dubai, the next largest emirate, generated about a quarter of the GDP, and the Qaywayn emirate generated less than 1 percent of the country’s gross GDP.

Another limitation of GNI per capita is that it measures only outputs (i.e., production). It does not take into account the nonmonetary costs of production, which take a toll on the environment through resource depletion and pollution of air and water. Per capita GNI may even treat such externalities as a plus. For example, the sale of cigarettes augments GNI. If cigarette use causes sickness and hospitalization is required, the GNI figure is boosted further. Conversely, the use of energy-efficient devices can actually lower GNI.

The limitations of GNI have prompted some analysts to look for alternative measures of economic development, ways of measuring the roles technology, production, transportation, and communications play in an economy.

To gain a sense of the role of technology in the economy, the occupational structure of the labor force can be measured using the percentage of workers employed in various sectors of the economy. A high percentage of laborers engaged in the production of food staples signals a low overall level of development, as conventionally defined, and a high percentage of workers involved in high-tech industries and services signals a high level of development. Productivity per worker is...
How Is Development Defined and Measured?

examined by summing production over the course of a year and dividing it by the total number of persons in the labor force. A more productive workforce points to a higher level of mechanization in production. To measure access to technology, some analysts use transportation and communications facilities per person, which reduces railway, road, airline connections, telephone, radio, television, and so forth to a per capita index and reflects the amount of infrastructure that exists to facilitate economic activity. Figure 10.3 highlights some of the extraordinary disparities in communications access around the world.

Other analysts focus on social welfare to measure development. One way to measure social welfare is the dependency ratio, a measure of the number of dependents, young and old, that each 100 employed people must support (Fig. 10.4). A high dependency ratio can result in significant economic and social strain. Yet, as we saw in Chapter 2, the aging countries of Europe have high dependency ratios and also very high per capita GNIs. We can employ countless other statistics to measure social welfare, including literacy rates, infant mortality, life expectancy, caloric intake per person, percentage of family income spent on food, and amount of savings per capita.

Looking through all of the maps that measure development, we gain a sense that many countries come out in approximately the same position no matter which of these measures is used. Each map and each statistic shares one limit with per capita GNI: they do not capture differences in development within countries, a question we consider at the end of this chapter.

Development Models

This discussion of ways of measuring development takes us back to another problem with terminology. The word developing suggests that all countries are improving their place in each of these indicators, increasing literacy, improving communications, or increasing productivity per worker. Beyond the problem of terminology, the very effort to classify countries in terms of levels of development has come under increasing attack. The central concern is that development suggests a single trajectory through which all countries move. The development model, then, does not take geographical differences very seriously. Just because Japan moved from a rural, agrarian state to an urbanized, industrial one does not mean that Mali will, or that it will do so in the same way. Another criticism of the development model is that the conceptualization of development has a Western bias. Critics argue that some of the measures taken in poorer countries that the West views as progress, such as attracting industry and mechanizing agriculture, can lead to worsened social and environmental conditions for many people in the poorer countries. Still others criticize the development model because it does not consider the ability of some countries to influence what happens in other countries, or the different positions countries occupy in the world economy. Instead, the development model treats countries as autonomous units moving through a process of development at different speeds.

The classic development model, one that is subject to each of these criticisms, is economist Walt Rostow’s modernization model. Many theories of development grew out of the major decolonization movements of the 1960s. Concerned with how the dozens of newly independent countries in Africa and Asia would survive economically, Rostow looked to how the economically powerful countries had gotten where they were.

Rostow’s model assumes that all countries follow a similar path to development or modernization, advancing through five stages of development. In the
Figure 10.4 Dependency Ratio. The dependency ratio is a measure of the number of people under the age of 15 and over the age of 65 that depends on each working-age adult. The working-age adults in the formal economy contribute to a country’s tax base, thereby supporting the young and old in the country. The higher the number, the more “dependents” (under 15 or over 65) each working age adult supports through taxes. Data from: World Health Organization, 2006.

first stage, the society is traditional, and the dominant activity is subsistence farming. The social structure is rigid, and technology is slow to change. The second stage brings the preconditions of takeoff. New leadership moves the country toward greater flexibility, openness, and diversification. These changes, in turn, will lead to the third stage, takeoff. Now the country experiences something akin to an industrial revolution, and sustained growth takes hold. Urbanization increases, industrialization proceeds, and technological and mass-production breakthroughs occur. Next, the economy enters the fourth stage, the drive to maturity. Technologies diffuse, industrial specialization occurs, and international trade expands. Modernization is evident in key areas of the country, and population growth slows. In Rostow’s model, some countries reach the final stage, high mass consumption, which is marked by high incomes and widespread production of many goods and services. During this stage, a majority of workers enter the service sector of the economy.
Another name for Rostow’s model (and other models derived from it) is the ladder of development. Visually, we can see his five stages of development as rungs on a ladder (Fig. 10.5), with each country climbing the ladder one rung at a time. In addition to the general criticisms of development models, the major problem with Rostow’s model is that it provides no larger context to development. Is a climb up the ladder truly dependent on what happens within one country? Or do we need to take into account all of the other countries, their places on the ladder, and how their actions as well as global forces affect an individual country’s movement on the ladder? The theory also misses the forces that can influence development decisions within an individual country, leaving us to wonder where cultural and political differences fit into the picture.

Because it is descriptive of the experiences of some countries, Rostow’s model is still influential, despite all of these criticisms. Even the notion of calling wealthy countries “industrialized” and saying poor countries need to “industrialize” implies that economic development can be achieved only by climbing the same ladder of development wealthier countries have already climbed. Yet if a poor country quickly industrialized today through foreign investment, it might not reap much economic benefit, but it could experience severe environmental consequences. It is also interesting to note that the “industrial” countries
Is the idea of economic development inherently Western? If the West (North America and Europe) were not encouraging the "developing world" to "develop," how would people in the regions of the "developing world" think about their own economies?

**Dependency Theory**

Structuralists have developed a major body of development theory called *dependency theory*, which holds that the political and economic relationships between countries and regions of the world control and limit the economic development possibilities of poorer areas. Dependency theorists note, for example, that colonialism created political and economic structures that caused the colonies to become dependent on the colonial powers. They further argue that such dependency helps sustain the prosperity of dominant regions and the poverty of other regions, even after decolonization occurs.

Many poorer countries tie their currency to a wealthy country’s currency, either by tying the value of their currency to the wealthy country’s currency or by completely adopting the wealthy country’s currency as their own, creating a significant link between the poor and wealthy countries’ economies. For example, El Salvador went through a process of *dollarization*, whereby the country’s currency, the colon, was abandoned in favor of the dollar (Fig. 10.6). For the people of El Salvador, dollarization made sense because the
How Does Geographical Situation Affect Development?

Economies of the two countries were tied long before dollarization occurred. Over 2 million Salvadorians live in the United States, and in 2010, they sent $3.5 billion in remittances to El Salvador. With this flow of American dollars to El Salvador, many transactions occurred in dollars long before the official switch. The United Nations Development Program estimates that 22.3 percent of families in El Salvador receive remittances. In addition, over two-thirds of El Salvador’s exports go to the United States. When the Federal Reserve Board in the United States controls the supply of dollars by altering the interest rates, the ramifications are felt directly in El Salvador.

Dependency theory contends that economic prosperity is extremely difficult to achieve in regions and countries that have traditionally been dominated by external powers. Yet some traditionally “dependent” regions have made economic gains. Like modernization theory, dependency theory is based on generalizations about economic change that pay relatively little attention to geographical differences in culture, politics, and society. Although both models provide some insights into the development process, neither is greatly concerned with the spatial and cultural situation of particular places—central elements of geographical analysis.

Geography and Context

As geographers, economists, and other social scientists came to realize that studying economic development divorced from political and social context did not reflect reality, geographers began to search for a development theory that encompassed geography, scale, place, and culture. Immanuel Wallerstein’s world-systems theory provided a useful framework for many. We discussed world-systems theory in Chapter 8, focusing on how the theory provides insights into the political organization of space. In this chapter, we focus on how world-systems theory helps us understand the geography of development.

Many geographers are drawn to world-systems theory because it is sensitive to the relationships among development processes that occur in different places. Specifically, Wallerstein’s division of the world into a three-tier structure—the core, periphery, and semiperiphery—helps explain the interconnections between places in the global economy. As discussed in more detail in Chapter 8, core processes generate wealth in a place because they require higher levels of education, more sophisticated technologies, and higher wages and benefits. When core processes are embedded in a place (such as the Telecom corridor in Richardson-Plano, Texas), wealth is generated for the people in that place. Peripheral processes, on the other hand, require little education, lower technologies, and lower wages and benefits. Core regions are those that have achieved high levels of socioeconomic prosperity and are dominant players in the global economic game. When peripheral processes are embedded in a place (such as banana growers in Ecuador), the processes often generate little wealth for the people in that place. Periphery regions are poor regions that are dependent in significant ways on the core and do not have as much control over their own affairs, economically or politically. The semiperiphery exhibits both core and peripheral processes, and semiperipheral places serve as a buffer between the core and periphery in the world-economy. Countries of the semiperiphery exert more power than peripheral regions but remain heavily influenced by core regions.

Dividing the world into cores, semiperipheries, and peripheries might seem to do little more than replace developed, developing, and underdeveloped with a new
set of terms. But the core–periphery model is fundamentally different from the modernization model because it holds that not all places can be equally wealthy in the capitalist world-economy. World-systems theory also makes the power relations among places explicit and does not assume that socioeconomic change will occur in the same way in all places. It is thus sensitive to geographical context, at least in economic terms.

Geographer Peter J. Taylor uses the analogy of a school of tadpoles to demonstrate these ideas. He envisions different places in the world as tadpoles and explains that not all tadpoles can survive to develop into toads. Rather, those who dominate survive, and the others perish. World-systems theorists see domination (exploitation) as a function of the capitalist drive for profit in the global economy. Thus, capitalists can move production quickly from one place to another around the globe to enhance profits, but places that lose a production facility can suffer. Moreover, their coping capacity can be small if, as is often the case, they earlier abandoned traditional ways and shifted to an export economy when external investment first arrived.

World-systems theory is applicable at scales beyond the state. A core–periphery relationship can exist within a region, a state (country), or a local area. For example, Los Angeles can be described as the core of the Southern California region; the Johannesburg area can be described as the core of the South African state; or the Central Business District can be described as the core of São Paulo, Brazil.

Compare and contrast Rostow’s ladder of development with Wallerstein’s three-tier structure of the world economy as models for understanding a significant economic shift that has occurred in a place with which you are familiar.

**WHAT ARE THE BARRIERS TO AND THE COSTS OF ECONOMIC DEVELOPMENT?**

International organizations and governments measure development and then create programs to help improve the condition of humans around the world, especially in the poorest countries of the world. By measuring human development, organizations and governments hope to discern how to break down barriers to development and improve the human condition globally.

One of the most widely referenced measurements of development today is the United Nations Human Development Index (Fig. 10.7). According to the United Nations, the Human Development Index goes beyond economics and incorporates the “three basic dimensions of human development: a long and healthy life, knowledge and a decent standard of living.” Several statistics, including per capita GDP, literacy rates, school enrollment rates, and life expectancy at birth, factor into the calculation of the Human Development Index.

In 2000, the United Nations held a high-profile summit, during which 189 world leaders adopted the United Nations Millennium Declaration, with the goal of improving the condition of the people in the countries with the lowest standards of human development. At the summit, world leaders recognized the principal barriers to economic development and identified eight key development goals to be achieved by the year 2015. They were:

1. Eradicate extreme poverty and hunger.
2. Achieve universal primary education.
3. Promote gender equality and empower women.
4. Reduce child mortality.
5. Improve maternal health.
7. Ensure environmental sustainability.
8. Develop a global partnership for development.

These **Millennium Development Goals** represent a fairly high degree of consensus about the key conditions that need to be changed if economic development is to be achieved. As 2015 approaches, however, it is becoming increasingly clear that many of the goals will not be met. For example, HIV infection rates remain high, and extreme poverty is still the plight of countless millions.

**Barriers to Economic Development**

As described in the last section of this chapter, the structures and geography of the world-economy inhibit economic development in the periphery. Numerous factors serve as barriers to the economic development of the periphery. In Chapter 1, we discussed the causes of malnutrition, and in Chapter 2, we examined how AIDS has ravaged Subsaharan Africa. In Chapter 13, we discuss the vulnerability to natural hazards that exist in many peripheral
countries, including the lack of infrastructure to cope with those hazards. It is clear that the world economic system often works to the disadvantage of the periphery but that the system is not the only obstacle that peripheral countries face.

Conditions within the periphery, such as high population growth rates, lack of education, foreign debt, autocratic (and often corrupt) leadership, political instability, and widespread disease hamper development. It is possible to get into the chicken-or-the-egg debate here: did the structures of the world-economy create these conditions, or do these conditions help to create the structures of the world-economy? Many think that neither argument can stand alone, but understanding both structures and conditions is important if you are to form your own opinion.

Regardless of which came first, numerous people throughout the periphery are burdened with familial, economic, cultural, and political hardships. In this section of the chapter, we discuss several of the conditions that affect the economic development prospects of people in the poorest countries of the world, including many factors outlined in the United Nations Millennium Development Goals.

Social Conditions
Countries in the periphery face numerous demographic, economic, and social problems. Most of the less well-off countries have relatively high birth rates and low life expectancies at birth (see Chapter 2). Across the global periphery, as much as half the population is 15 years old or younger, making the supply of adult, taxpaying laborers low relative to the number of dependents. Low life expectancies and high infant and child mortality rates stem from inadequate nutrition (protein deficiency is a common problem). Many in the global economic periphery also lack public sewage systems, clean drinking water, and access to health care, making economic development all the more difficult.

Lack of access to education is also a major problem in the periphery. In some places, even the poorest families pay for their children to attend school. As a result, large numbers of school-age children do not go to school, and illiteracy rates are high. Moreover, access to education in the periphery is often gendered, with boys attending school longer than girls. Girls often stop attending school and instead work in the city to pay for their brothers’ school fees.

Lack of education for girls is founded on and compounded by the widespread assumption (not just in the periphery but in most of the world) that girls will leave their homes (and communities) when they marry, no longer bringing income to the family. In parts of the periphery, trafficking in children, especially girls, is common. Mike Dottridge, a modern antislavery activist, explains that trafficking happens when “adults and children fleeing poverty or seeking better prospects are manipulated, deceived, and bullied into working in conditions that they would not choose.” This phenomenon is not considered slavery because the family does not sell a child; instead the child is sent away with a recruiter in the hopes that the recruiter will send money and the child will earn money to send home. The trafficked children are often taken to neighboring or nearby countries that are wealthier and in demand of domestic servants. Others are trafficked across the world, again typically to work as domestic servants. Dottridge explains that the majority of trafficked children are girls and that the majority of girls are “employed as domestic servants or street vendors,” although some girls are “trafficked into prostitution.”

Some countries are working to change access to primary education in order to make education universally available. In 2000, the Millennium Development Report prompted the government of Rwanda to improve access to education. In 2003, fees for primary education were eliminated, and two years later schools started receiving revenues based on the number of students they were educating. Rwanda’s goal was to make primary education available to all by 2010. Progress has been made, but it is difficult to assess whether the goal was achieved. Moreover, access and completion are two different things; of the almost two million children currently in primary schools, only half reach the sixth year of school. Moreover, without adequate funding to support the growing student population, some of Rwanda’s students meet under trees and many convene in swelling classrooms. Aid is flowing in from outside, but sustaining support for the country’s educational sector remains an ongoing challenge.

Foreign Debt
Complicating the picture further is the foreign debt crisis that many periphery and semiperiphery countries face. Shortly after the decolonization wave of the 1960s, banks and other international financial institutions began lending large sums of money to the newly independent states, money earmarked for development projects. By the 1980s and 1990s, the World Bank and the International Monetary Fund (IMF) were lending significant amounts of money to peripheral and semiperipheral countries, but with strings attached. To secure the loans, countries had to agree to implement economic or governmental reforms, such as privatizing government entities, opening the country to foreign trade, reducing tariffs, and encouraging foreign direct investment. These loans are known as structural adjustment loans.
Once peripheral countries owe money to the IMF, the World Bank, and private banks and lending institutions, they need to repay their debts. Spending a large part of the country’s budget on debt repayment makes it difficult for a country to invest in more development projects. For many countries the cost of servicing their debts (that is, the cost of repayments plus interest) exceeds revenues from the export of goods and services (Fig. 10.8). Meanwhile, in many countries, the returns on development projects have been much lower than
anticipated. These factors have created a global debt crisis for the poorest countries in the world.

Structural adjustment loans were part of a larger trend toward neoliberalism in the late twentieth century. Neoliberalism derives from the neo-classical economic idea that government intervention into markets is inefficient and undesirable, and should be resisted wherever possible. These ideas were at the heart of the conditions that were attached to loans and refinancing programs, but neoliberal ideas spurred a general turn toward the transfer
of economic control from states to the private sector. This development, in turn, fostered economic globalization while shrinking the size of the public sector in a number of countries. The trade-off, however, was the expansion of corporate control and the erosion of the ability of regional and state governments to control their economic destinies. Hence, the neoliberal turn has been highly contentious.

High debt obligations and related neoliberal reforms arguably contributed to the economic and political crisis in Argentina at the end of 2001—leading to overreliance
on a privatized export sector that left the country vulnerable when shifts in the global economy weakened the competitiveness of Argentinian exports. But government spending also was also unsustainably high, and corruption was rampant (Fig. 10.9).

By 2005, internal economic growth and aid from Venezuela put Argentina in a position to work out a complex debt restructuring plan that has pulled the country back from the brink. Argentina’s agricultural economy bounced back in 2010 with the rise of corn and soy prices.
Argentina’s economy is stabilizing, but in cases where countries are facing imminent economic, political, and social meltdown, the only alternative may be to default on loans. Defauling countries then find themselves in a severely disadvantaged position when it comes to attracting future external investment. And if a substantial number of countries were to default at the same time, a global economic crisis could ensue that would work to the disadvantage of almost everyone.

**Disease**

Those living in the global economic periphery experience comparatively high rates of disease and a corresponding lack of adequate health care. These circumstances directly affect economic development, making survival difficult for many people, orphaning children, and weakening the labor force.

As highlighted in Chapters 1 and 2, the high concentration of HIV/AIDS cases in parts of the periphery presents a significant obstacle to development—particularly in parts of Subsaharan Africa. Moreover, **vectored diseases**—those spread by one host (person) to another by an intermediate host or vector—are a scourge in warm, humid parts of the periphery and semiperiphery. The warm, moist climates of tropical environments enhance biological activity. Vectors abound in such environments, and infectious diseases spread rapidly through host populations.

Development experts look at malaria as a “silent tsunami” in the periphery, comparing its death toll to the tsunami that ravaged South and Southeast Asia in late 2004. That tsunami killed some 300,000 people (including children) at once. Malaria kills about **150,000 children in** the global periphery each month. **Malaria** is an infectious disease spread by mosquitoes that carry the parasite in their saliva. Scientists did not determine the role of mosquitoes in the diffusion of the disease until the late eighteenth century. Today, the sequence of the disease is well known. The mosquito stings an infected host and sucks up some of the disease agents. In the mosquito’s stomach, the parasites reproduce and multiply, eventually reaching its saliva. When the mosquito stings the next person, some of the parasites are injected into that person’s bloodstream. The person who has been stung develops malaria and becomes a host.

The disease manifests itself through recurrent fever and chills, with associated symptoms such as anemia and an enlarged spleen. Nearly one million people in the world die of the disease each year. Malaria is a major factor in infant and child mortality, as most of the victims are children age 5 or younger. If a person survives the disease, he or she will develop a certain degree of immunity. However, many infected by malaria are weak, lack energy, and face an increased risk of other diseases taking hold in their weakened body.

Malaria occurs throughout the world, except in higher latitudes and altitudes, and drier environments. Although people in the tropical portions of Africa suffer most from this disease, malaria is also prevalent in India, Southeast Asia, parts of southern China, and the tropical Americas.

Several types of malaria spread throughout these regions, with some being more severe than others. In addition to humans, various species of monkeys, rats, birds, and even snakes can be affected by the disease. In
Sub-Saharan Africa, malaria’s virulence results from the effectiveness of its vectors—three African mosquitoes (Anopheles gambiae, A. arabiensis, and A. funestus). Whole populations are afflicted, and entire regions have been abandoned because of the prevalence of the disease.

Antimalarial drugs exist, but to defeat malaria, afflicted regions must eliminate the vector: the mosquito. During the 1940s, the government of Sri Lanka (then Ceylon) launched a massive attack on the mosquito with the aid of a pesticide called dichloro diphenyl trichloroethane (DDT). The results were dramatic. The mosquito was practically wiped out, and the rate of deaths attributable to malaria fell markedly. In 1945, Sri Lanka’s death rate overall had been 22 per 1000; in 1972, it reported a death rate of only 8 per 1000. The figure was further reduced to 5 per 1000 by 2004 and then rose again to 7 in 2009, as reflected in Figure 10.10.

The conquest of malaria produced a new set of problems, however. DDT proved to be highly carcinogenic and to have negative health and environmental consequences of its own. Also, the lowered death rate through malaria eradication led to a substantial rise in the population growth rate, creating new problems for Sri Lanka. By the time the birth rate dropped (it is 19 per 1000 today), the island had experienced a population explosion.

Success in combating major vectored diseases often is only temporary. Following the Sri Lankan experiment, India initiated a massive assault against the malaria mosquito, and the number of new cases of malaria declined dramatically. But ten years after the program was introduced, India reported that 60 million people were infected with malaria, more than half the number who had the disease before the antimalarial campaign began. This example proved the mosquito population’s ability to rebound quickly after even the most intensive application of pesticides.

Today the war against malaria is taking a new tack: genetic interference with the mosquito so that its capacity to transmit the malaria parasite, Plasmodium, is destroyed. By introducing “engineered” mosquitoes into the general population, health experts hope that the number of nonvirulent mosquitoes will rise significantly. A number of programs also focus on distributed insecticide-laden mosquito nets to surround sleeping quarters and protect people from the mosquitoes that are most active at night (Fig. 10.11).

**Political Corruption and Instability**

Although not addressed in the Millennium Development goals, political corruption and instability can greatly impede economic development as well. Establishing a stable, legitimate government that can maintain control over and lead a low-income country can be a daunting task. In peripheral countries, a wide divide often exists between the very wealthy and the poorest of the poor. In Kenya, for example, the wealthiest 10 percent of the population controls nearly 50 percent of the country’s wealth, and the poorest 10 percent control less than 1 percent of Kenya’s wealth. The disenfranchisement of the poor and the competition among the rich for control of the government (and the potential spoils that go along with that) can lead to extreme political instability within a state—as Kenya experienced in 2007–2008. Add to these factors involvement from outside the country, especially by powerful countries, and the political instability can easily escalate, yielding horrid conditions in which military dictators, selfish megalomaniacs, and corrupt governments can come to power.

Countries of the core have established democracies for themselves; since World War II, they have held regularly scheduled democratic elections. But countries in the periphery and semiperiphery have had a much harder time establishing and maintaining democracies. In the process of decolonization, the colonizing countries typically left governments that reflected political and social hierarchies during the colonial period. Some failed, some were overthrown by military coups, and some saw the consolidation of power around a dictatorial strongman. Many countries in the periphery and semiperiphery have alternated repeatedly between quasi-democratic and military governments. Some argue that without considerable wealth, maintaining a liberal democracy is all but impossible.

Opening the homepage of any major newspaper on any given day will reveal a story somewhere in the world that demonstrates the link between economic stability and political stability. In post-Taliban Afghanistan, economic woes represent one of the greatest threats to the stability of the United States-supported government in Kabul. More than half of the population is impoverished, and the government lacks the funds to invest in development. Foreign aid—much of it from the United States—has provided some help, but the flow of aid has been variable and its amount insufficient to address the country’s searing economic problems. Many analysts see this as a key impediment to achieving stability in Afghanistan. As the Economist put it in 2006, “poverty helps the Taliban.”

In places where poverty is rampant, politicians often become corrupt, misusing aid and exacerbating the plight of the poor. In Zimbabwe, the year 2002 left many people starving, as poor weather conditions created a meager harvest. The country’s ruling party, ZANU-PF, headed by Robert Mugabe, demanded cards from Zimbabweans who registered for the “food for work” program—cards demonstrating membership in the ZANU-PF political party. As conditions worsened in subsequent years,
the Mugabe government faced increasing resistance. A potential challenger, Morgan Tsvangirai, emerged in 2008. Members of his opposition party were killed and the challenger was harassed, but after a contested election that many believe Tsvangirai won, a power-sharing agreement came into effect that kept Mugabe as president and made Tsvangirai the prime minister. Some stability returned to the country, but continuing tensions make it difficult to address Zimbabwe’s enormous economic problems.

The Zimbabwe case shows that in low-income countries, corrupt leaders can stay in power for decades...

Figure 10.10
because the people are afraid to rise up against the leader's extreme power or because those who have risen up have been killed or harmed by the leader's followers. Circumstances and timing need to work together to allow a new government to come to power. When governments become excessively corrupt, other countries and nongovernmental organizations sometimes cut off development aid to the country. Yet when this happens, everyday people often bear the brunt of hardship. Even when the global community cuts off the corrupt government's aid, core countries and nongovernmental organizations often try to provide food aid to the people. All too frequently,
when this type of aid reaches its intended beneficiaries, it is rarely sufficient to meet basic needs or reverse the trajectory of hardship in the country.

### Costs of Economic Development

Economic development changes a place. To increase productivity, whether industrial or agricultural, people transform the environment. When a country goes through intensification of industrial production, air and surface water are often polluted. Pollution is not confined to industry. With intensification of agricultural production, the introduction of pesticides and herbicides can have deleterious impacts on the soil and groundwater. Tourism can be just as difficult on the environment—taxing the existing infrastructure beyond its capacities. The costs of tourism often stretch far beyond the environment, affecting ways of life and fundamentally altering the cultural landscape.

### Industrialization

In their efforts to attract new industries, the governments of many countries in the global periphery and semiperiphery have set up special manufacturing export zones called export processing zones (EPZs), which offer favorable tax, regulatory, and trade arrangements to foreign firms. By the early 2000s, more than 60 countries had established such zones, and many of these had become major manufacturing centers (Fig. 10.12). Two of the best known of these zones are the Mexican maquiladoras and the special economic zones of China (discussed in Chapter 9). Governments locate such zones in places with easy access to export markets. Thus, the maquiladora zone in Mexico is situated directly across the border from the United States, and the special economic zones of China are located near major ports. These zones typically attract a mix of manufacturing operations, depending on the skill levels of the labor force and the available infrastructure.

The maquiladora program started in 1965 when the Mexican government designated the region of northern Mexico as a maquiladora district, making it a place where raw materials could be shipped into Mexico, manufactured into goods, and then sent back to the United States free of import tariffs. U.S. corporations relocated manufacturing plants to Mexico to take advantage of the program. Although the maquiladora phenomenon started in 1965, it did not really take off until the 1980s. During the 1980s, American companies recognized the expanding wage and benefit differences between the United States and Mexican worker and began relocating to the maquiladora district in northern Mexico. Although competition from other parts of the world has led to the closing of some plants, today some 3000 maquiladoras continue to function, employing 1 million workers and accounting for 50 percent of Mexico’s exports. The maquiladora plants produce goods such as electronic equipment, electrical appliances, automobiles, textiles, plastics, and furniture. The plants are controversial both in Mexico and the United States, as corporations that have relocated there avoid the employment and environmental regulations that are in force just a few miles to the north. Many maquiladora factories hire young women and men for low pay and few if
any benefits, putting them to work in repetitive jobs, often in environmentally questionable conditions.

In 1992, the United States, Mexico, and Canada established the North American Free Trade Agreement (NAFTA), which prompted further industrialization of the border region. NAFTA took effect January 1, 1994. In addition to manufacturing plants, NAFTA has facilitated the movement of service industries from the United States to Mexico, including data processing operations. Most of the new plants are located in two districts: Tijuana on the Pacific Coast—linked to San Diego across the border—and Ciudad Juarez on the Rio Grande across from El Paso, Texas. In recent years the socioeconomic and environmental contrasts between cities on either side of the U.S.-Mexico border have become increasingly stark. Violent crime has become a particularly serious problem in Juarez, even as El Paso remains comparatively safe, and the slums of Tijuana are a world apart from much of San Diego. Although NAFTA was designed to foster increased interaction in North America, cross-border disparities have worked together with growing U.S. concerns over illegal immigration and the infiltration of foreign terrorists to make the U.S.-Mexico border more tightly controlled and more difficult to cross than in prior decades.

Agriculture

In peripheral countries, agriculture typically focuses on personal consumption or on production for a large agricultural conglomerate. Where zones of larger-scale, modernized agriculture have developed in the periphery, foodstuffs are produced for the foreign market and often have minimal impact on the impoverished conditions of the surrounding lands. Little is produced for the local marketplace because distribution systems are poorly organized and because the local population is typically unable to pay for foodstuffs. If the local population owns land, their landholdings are usually fragmented, creating small plots of land that are difficult to farm in a manner that produces much income. Even on larger plots of land, most farmers are equipped with outdated, inefficient tools and equipment. The main crops tend to be grains and roots; farmers produce little protein because high-protein crops typically have lower yields than grain crops. On the farms in the periphery, yields per unit area are low, subsistence modes of life prevail, and many families are constantly in debt.

Impoverished farmers can ill afford such luxuries as fertilizers, and educational levels are typically too low to achieve widespread soil conservation. As a result, soil erosion is commonplace in most peripheral areas. Severe soil erosion in areas with dry or semiarid climates around deserts results in extreme degradation of the land and the spread of the desert into these lands. Although the expansion and contraction of deserts can occur naturally and cyclically, the process of desertification is more often exacerbated by humans destroying vegetation and eroding soils through the overuse of lands for livestock grazing or crop production.
Figure 10.13

**Areas Threatened by Desertification.** Deserts expand and contract cyclically, but nature’s cycles can be distorted by human intervention. This map shows areas threatened or affected by desertification. *Data from several sources, including J. Turk et al., Environmental Science, Philadelphia: Saunders, 1984, p. 305.*

Desertification has hit Africa harder than any of the other continents (Fig. 10.13). More than half of Africa is arid or semiarid, and many people farm the marginal, dry lands of the continent. Land ownership patterns, the need for crops and protein sources (both for local consumption and for export), and power differences among groups of people lead some farmers and ranchers to turn marginal, semiarid lands into farm and ranch lands. Lands that are available for farming or ranching may be used more intensively in order to increase agricultural production (see Chapter 13). In semiarid regions, the decision to farm more intensively and increase agricultural production has the unintended consequence of eroding the land, encouraging out-migration, and creating conflict.

In Subsaharan Africa over the last 50 years, more than 270,000 square miles (700,000 square kilometers) of farming and grazing land have become desert, extending the Sahara Desert to the south. Some of the African
desertification may be caused by climatic fluctuations, but overgrazing, woodcutting, soil exhaustion, and misuse have undoubtedly accelerated the process.

**Tourism**

All development strategies have pros and cons, as is well illustrated by the case of tourism. Peripheral island countries in the Caribbean region of Middle America and in other parts of the world have become leading destinations for millions of tourists from richer states. Tourism is now one of the major industries in the world and has surpassed oil in its overall economic value, and it sometimes brings some wealth and employment to these countries (see Chapter 12). Tourism may also have serious negative effects on cultures and environments.

In economic terms, to develop tourism the “host” country must make a substantial investment. Sometimes
imports of building materials and equipment strain the country’s supply system, and funds are diverted to hotel construction that could have been spent on other needs such as housing for citizens. Moreover, many hotels and other tourist facilities are owned not by the host country but by large multinational corporations. These corporations earn enormous profits, most of which are sent back to owners, shareholders, and executives.

Countries that do earn substantial income from tourism include Thailand, Kenya, Barbados, and Fiji. Much of the income a country receives from tourism revenues are reinvested in the construction of airports, cruise ports, and other infrastructure that supports more tourism. Tourism can create local jobs, but they are often low-paying and have little job security. In tourist zones, many employees work two or three jobs in order to break even. Tourism can bring wealth to owners, shareholders, and executives outside of tourist destinations.

Tourism frequently strains the fabric of local communities as well. The invasion of poor communities by wealthier visitors can foster antipathy and resentment. Tourism can also have the effect of altering, and even debasing, local culture, which is adapted to suit the visitors’ taste. In many instances tourism fosters a “demonstration effect” among locals that encourages them to behave in ways that may please or interest the visitors but that is disdained by the larger local community. Some tourism workers consider employment in the tourist industry dehumanizing because it demands displays of friendliness and servitude that locals find insulting.

A flood of affluent tourists may be appealing to the government of a poor country whose elite may have a financial stake in the hotels where they can share the pleasures of the wealthy, but local entrepreneurs often take a different view. Indeed, powerful multinational corporations and national governments may intervene to limit the opportunities of local, small-scale operators in favor of mass, prearranged tourist destinations (“exclusive” resorts) that isolate the tourist from local society. Overreliance on tourism can also leave an economy vulnerable if shifting economic circumstances cause a sharp decline in the number of tourists or if natural disasters hit. Because many tourist destinations in poorer countries are beach attractions, natural hazards such as the 2004 tsunami in Southeast Asia can destroy the lynchpin of a country’s economy (we discuss the tsunami and other natural hazards in greater detail in Chapter 13). Suffering the loss of thousands of people; dealing with the after-effects of sewage, homelessness, orphans, and the destitute; and coping with rebuilding the tourist destinations must occur while the flow of tourist-related income has stopped.

The cultural landscape of tourism is frequently a study in harsh contrasts: gleaming hotels tower over modest, often poor housing; luxury liners glide past poverty-stricken villages; opulent meals are served in hotels while, down the street, children suffer from malnutrition. If the tourist industry offered real prospects for economic progress in low-income countries, such circumstances might be viewed as temporary, unfortunate by-products. However, the evidence too often points in the other direction.

Think of a trip you have made to a poorer area of the country or a poorer region of the world. Describe how your experience in the place as a tourist was fundamentally different from the everyday lives of the people who live in the place.

**HOW DO POLITICAL AND ECONOMIC INSTITUTIONS INFLUENCE UNEVEN DEVELOPMENT WITHIN STATES?**

In our globalized world, poverty is not confined to the periphery. Core countries have regions and peoples that are markedly poorer than others. On the Pine Ridge Indian Reservation in the northern Great Plains of the United States, unemployment hovers at 80 percent, and more than 60 percent of the people live in poverty with a per capita income of just over $6000. Other countries of the core have similar regions where peoples’ economic lives do not improve when the country’s economy grows. In Europe, areas of isolation and stagnation persist—particularly in the east. At the same time, some places in peripheral countries are experiencing rapid economic growth. The local conditions in these places differ sharply from those prevailing in surrounding areas. Recent economic growth on the Pacific Rim of East Asia has created huge regional disparities in economic conditions between some coastal provinces of China and distant interior provinces. Such regional economic contrasts have significant political as well as social consequences.

As noted at the beginning of this chapter, regional contrasts in wealth are a reminder that per capita GNI does not accurately represent the economic development of individual places. Any statistic that is derived for an entire country or State hides the variety of economic situations within. Peripheral countries are notoriously marked by severe regional disparities. In Chapter 9 we discussed the stark contrasts between wealthy and poor within Latin American and African cities. When viewed at the scale of the State, major cities (particularly capitals) and their surroundings often look like islands of prosperity, with
modern buildings, factories on the outskirts, and modern farms nearby. In some cases roads and rails lead to a bustling port, where luxury automobiles are unloaded for use by the privileged elite and raw materials or agricultural products from the country are exported to points around the world. In these core areas of countries, the rush of “progress” may be evident. If you travel a few miles into the countryside or into a different neighborhood in the city, however, you will likely see a very different picture. The contrasts between rich and poor areas are not simply the result of differences in the economic endowments of places. Government policy frequently affects development patterns as well. Hence, in this section of the chapter we turn to how governments collaborate with corporations to create islands of development, and consider how people try to generate growth in the periphery of the periphery.

The Role of Governments

The actions of governments influence whether, how, and where wealth is produced. This is because the distribution of wealth is affected by tariffs, trade agreements, taxation structures, land ownership rules, environmental regulations, and many other manifestations of governmental authority. Government policies play an important role at the interstate level, but they also shape patterns of development within States—not just between urban and rural areas, but within each of these sectors.

Of course, governments alone do not determine patterns of wealth and poverty, but they are almost always part of the picture. Consider the case of the Ninth Ward in New Orleans, which was devastated by Hurricane Katrina in 2005. On its surface, what happened to the Ninth Ward was the result of a natural disaster. But the flooding of that part of New Orleans was also the result of government decisions decades ago to build levies and settle flood-prone areas. The concentration of people living there was also the product of innumerable policies affecting housing, the construction of businesses, and the like. Once the hurricane hit, many looked to government to rebuild the devastated section of the city. The limited nature of the governmental response is evident in the landscape today (Fig. 10.14).

At a somewhat larger scale, consider the contrasts between parts of rural Wisconsin and rural Appalachia in the United States. In rural Wisconsin, many of the surviving family farmers are educated at land-grant universities in plant and animal sciences and in agribusiness. They may well be running a highly mechanized dairy farm. On such farms, the farmer equips each cow with a barcode

Field Note

“Walking through New Orleans’ Lower Ninth Ward more than two years after Hurricane Katrina, it seemed as if the natural disaster had just happened. Street after street of devastated, vacant buildings was all the eye could behold—many still bearing the markings of the emergency crews that had moved through the neighborhood in the wake of the hurricane, showing whether anyone had died inside. It struck me that reconstruction would require a public commitment on the order of what occurred in Europe after World War II, when cities reduced to rubble by bombing were rebuilt almost from scratch. No such commitment ever materialized, but some progress has been made in recent years. Recent census data shows a city that is slightly smaller and slightly richer than the pre-Katrina city, with a somewhat reduced black population, and a modestly expanding number of Hispanics.”

Figure 10.14
and keeps a range of data about that particular cow. The data include any medical attention the cow has needed, how much milk the cow is producing, and when the cow last calved. The farmer then feeds the cow a diet geared toward improving or maintaining milk production. When the cow ambles over to the trough to feed, a sensor reads the cow’s barcode and automatically mixes the correct balance of proteins, carbohydrates, and nutrients for the cow, dispensing them into the trough for the cow to eat. If the cow has already eaten that day, the computer dispenses nothing into the trough, and the cow is left to amble away.

In parts of rural Appalachia, by contrast, hardscrabble farming is the norm. Farmers have limited education, and there is little mechanization. In short, life in some of the poorest parts of rural Appalachia is a world apart from life on a modern Wisconsin dairy farm. Some of those differences can be attributed to geographic situation and economic swings. But others are the product of government policies that influence educational opportunities, provide subsidies for particular agricultural pursuits, and promote the development of particular technologies. Every policy has a geographical expression, meaning that some regions are favored whereas others are disadvantaged as a result of the implementation of that policy. When policies come together to favor some regions over others, uneven development is the result. And uneven development can easily be exacerbated over time as the wealthy grow wealthier.

Government policy can also help alleviate uneven development. In the case of Appalachia, the U.S. Congress created an Appalachian Regional Commission in 1965 to address poverty in the region. The Commission has orchestrated a program of government investment in roads, schools, health-care facilities, and water and sewer systems that has fostered development in parts of the region. Significant parts of Appalachia have benefited from these policies, although pockets of deep poverty remain.

Looking at commodity chains can also help us understand the role of governments in uneven development both within and between states. In her 2005 book *The Travels of a T-Shirt in the Global Economy*, economist Pietra Rivoli described the significant influences governments have on the distribution of wealth between and within states. Rivoli grabs a T-shirt out of a bin at a Walgreens in Florida, buys it, and then traces its production back through the commodity chain to see how it ends up in her hands. The cotton for her T-shirt was grown in West Texas, where the cotton lobby (the political arm of America’s cotton producers) has effectively politicked for governmental labor programs and price supports that help the lobby grow cotton and sell it at predictable prices.

From West Texas, the cotton bale reaches China by ship. There it is spun into thread and woven into fabric. Women from rural China work in state-owned factories set up in regions that are slated for economic development—cutting and sewing T-shirts and keeping the textile machines in good repair. The women are considered cheap labor at the global scale, earning about $100 per month. Rivoli reports that over 40,000 garment factories operate in China alone.

The T-shirts are then shipped to the United States for sale. In an attempt to protect T-shirts produced in America with higher labor costs from those produced in China, the U.S. government has established quotas on how many items from various clothing categories can be imported into the United States from China and other countries. An unintended consequence of the quota system has been a “quota market” that allows countries to buy and sell their U.S. quota numbers to producers in other countries (an illegal but rampant practice). Instead of trading in quotas, some production facilities have moved to places where quotas and cheap labor are available—places such as Sri Lanka, Poland, and Lesotho. Rivoli describes how one producer of cotton shirts has moved around the world:

*The Esquel Corporation, today the world’s largest producer of cotton shirts, started in Hong Kong in the late 1970s, but, unable to obtain quota to sell to the United States, shifted production to mainland China. When the United States tightened Chinese shirt quotas in the early 1980s, Esquel moved production to Malaysia. When Malaysian quota also became difficult to obtain, Esquel moved yet again, this time to Sri Lanka. The globe hopping continued, with the Chinese shirt producer setting up operations in Mauritius and Maldives.*

The point is that quota laws, like other policies made by governments, regional trade organizations, and international political regimes (such as the World Trade Organization and the International Labor Organization), affect whether and how regions can produce and exchange goods on the world market.

**Islands of Development**

In both periphery and core, governments often prioritize the creation of wealth in the seat of governmental authority: the capital city. In most states, the capital city is the political nerve center of the country, its national headquarters and seat of government. Capital cities are home to government buildings and jobs; they often house universities, museums, heritage centers, convention centers, and the headquarters of large corporations. After gaining independence, many former colonial states spent lavishly on their capitals, not because such spending was essential to political or economic success but because the states wanted to showcase their independence, their futures, and create a national treasure. The European colonizers who focused their wealth and treasures on their capital cities, such as Great Britain’s London, France’s Paris, and the Netherlands’
Amsterdam, served as models for the newly independent states (just as the state system itself did).

In many countries of the global economic periphery and semiperiphery, the capital cities are by far the largest and most economically influential cities in the state (i.e., primate cities, discussed in Chapter 9). Some newly independent states have built new capital cities, away from the colonial headquarters. Their goals in doing so are to separate themselves from their colonizers, to bring together diverse groups into one state with a city built to reflect their common culture, to extend economic development into the interior of the state, or to help establish control over a region with a population whose loyalties might not be to the state.

Nigeria, for example, moved its capital from Yoruba-dominated Lagos along the coast to an ethnically neutral territory in the center of the state: Abuja. Malawi moved its capital from Zomba, deep in the south, to more central Lilongwe. Pakistan moved the capital from the colonial headquarters of Karachi to Islamabad in the far north to symbolize the country’s reorientation toward its historically important interior and north. Brazil moved its capital from coastal Rio de Janeiro to centrally located Brasilia in order to direct attention to the huge, sparsely populated, yet poorly integrated interior. More recently, Kazakhstan moved its capital from Almaty in the south to Astana in the north, partly to be closer to Russia and the center of the possibly restless Russian population. Malaysia has also recently moved its capital from the colonial capital of Kuala Lumpur to a completely new center called Putrajaya, about 25 miles (40 kilometers) to the south. The Malaysian government decided to build a new, ultramodern seat of government to symbolize the country’s rapid economic growth (Fig. 10.15).

Corporations can also make cities focal points of development by concentrating corporate activities in a particular place. Often, corporations build up the cities near the resources they are extracting or near manufacturing centers they have built. Multinational oil companies create subsidiaries in countries of the periphery and semiperiphery, creating or expanding cities near oil reserves. For example in Gabon, Elf and Shell, two oil companies based in Europe, run ElfGabon and ShellGabon in the Central African country. The oil companies took the small colonial town of Port Gentile in Gabon and turned it into a city that the locals call “oil city.” The oil companies built housing, roads, and stores, and provide much of the employment in the town (Fig. 10.16).

When a government or corporation builds up and concentrates economic development in a certain city or small region, geographers call that place an island of development. In Chapter 3, we identified islands of development in the periphery and semiperiphery and discussed why people migrate to these cities from rural areas and other poorer cities. The hope for a job drives many migrants to move to these islands of comparative prosperity.

Creating Growth in the Periphery of the Periphery
One of the greatest challenges to development is creating development opportunities outside of islands of development. In the most rural, impoverished regions of less prosperous countries, some nongovernmental organizations
try to improve the plight of people. **Nongovernmental organizations (NGOs)** are not run by state or local governments. Rather, NGOs operate independently, and the term is usually reserved for entities that operate as non-profits. Thousands of NGOs operate in the world today, from churches to charities such as Heifer International. Each NGO has its own set of goals, depending on the primary concerns outlined by its founders and financiers.

Some countries have so many NGOs operating within them that they serve as what the *Economist* calls “a parallel state, financed by foreigners and accountable to nobody.” For example, more than 20,000 NGOs operate within the country of Bangladesh at any time, focusing mainly on the rural areas and villages of the state. But the NGO phenomenon can be a bit of a mirage, masking the depth of problems some places face. In the wake of the 2010 earthquake in Haiti, one respected British newspaper, the *Guardian*, reported that there was approximately 1 NGO per 1000 people in Haiti, but that much of the money funneled through these NGOs was misappropriated.

One particular kind of program by NGOs that has found success in South Asia and South America is the microcredit program. The idea behind a **microcredit program** is simple: give loans to poor people, particularly women, to encourage development of small businesses. Programs either have women in the village guarantee each other’s credit, or they make future lending to others contingent on repayment by the first borrowers. With repayment rates hovering at 98 percent, microcredit programs can finance themselves, and many NGOs offer the programs (Fig. 10.17).

By providing microcredit to women, NGOs can alter the gender balance in a region, giving more fiscal power to women. Some microcredit programs are credited with lowering birth rates in parts of developing countries and altering the social fabric of cultures by diminishing men’s positions of power. Successful microcredit programs also help alleviate malnourishment, as women with incomes can feed themselves and their children.

Microcredit programs have been less successful in places with high mortality rates from diseases such as AIDS. If the borrower is unable to work or if the family has medical and funeral bills, the borrower is much more likely to default on the microcredit loan. When people in the periphery of the periphery (the poorest regions of peripheral countries) experience a multitude of challenges, such as disease, corrupt governments, high mortality rates, high fertility rates, and disruptions from natural hazards, the goal of economic development takes a backseat to daily survival.

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**Field Note**

“Before the 1970s, Gabon’s principal exports were manganese, hardwoods, and uranium ores. The discovery of oil off the Gabonese coast changed all that. This oil storage tank at the edge of Port Gentil is but one reminder of a development that has transformed Gabon’s major port city—and the economy of the country as a whole. Oil now accounts for 80 percent of Gabon’s export earnings, and that figure is climbing as oil prices rise and new discoveries are made. But how much the average citizen of Gabon is benefiting from the oil economy remains an open question. Even as health care and infrastructure needs remain unmet, the French publication *L’Autre Afrique* listed Gabon’s recently deceased ruler as the African leader with the largest real estate holdings in Paris.”

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**thinking**

Find something in your house (an item of clothing, an electronic device, etc.) and, using the Internet, try to trace the commodity chain of production. What steps did the item and its components go through before reaching you? Consider the types of economic processes that were operating at each step and consider the roles governments and international political regimes played along the way.
Summary

The idea of economic development is relatively new; it implies a sense of progressively improving a country’s economic situation. The idea took hold in the wake of the Industrial Revolution. Geographers focus on the spatial structure of the economy, assessing how that structure influences the ability of states and regions to reach greater levels of economic development. Geographers also recognize that economic development in a single place is based on a multitude of factors, including the situation within the global economy, the link the place plays in commodity chains, the efficacy of government, the presence of disease, the health and well-being of the population, the presence and amount of foreign debt, the success or failure of government policies, and the influence of nongovernmental programs. Geographers also realize that all of these processes are operating concurrently across scales, making a country’s journey toward economic development much more complicated than climbing a ladder.

Geographic Concepts

- commodity chain
- developing
- gross national product (GNP)
- gross domestic product (GDP)
- gross national income (GNI)
- per capita GNI
- formal economy
- informal economy
- modernization model
- context
- neo-colonialism
- structuralist theory
- dependency theory
- dollarization
- world-systems theory
- three-tier structure
- Millennium Development Goals
- trafficking
- structural adjustment loans
- neoliberalism
- vectored diseases
- malaria
- export processing zones
- maquiladoras
- special economic zones
- North American Free Trade Agreement (NAFTA)
- desertification
- island of development
- nongovernmental organizations (NGOs)
- microcredit program
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About Gabon
http://www.learner.org/resources/series180.html#program_descriptions
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