

Rags and Riches: The Dimensions of Development

► INTRODUCTION

Huge differences in human welfare and standards of living now separate the countries of the world. For instance, Italy has 1 physician for every 238 people; Chad has 1 for every 25,000. The United States has 1.27 persons per motor vehicle; Afghanistan has 167 persons per vehicle. In Norway, 100 percent of the rural population has access to clean drinking water in their homes or nearby; only 30 to 40 percent have it in Somalia and Papua New Guinea. Indeed, many indicators of development show that the gap between the rich and the poor is increasing over time. In 1900, the ratio between the average income of the typical rich country and typical poor country was 4 to 1. In 2000 that ratio was 16 to 1!

More careful analysis of national differences in well-being requires that we define more precisely what we mean by rich and poor. Generally, countries are seen as falling along a continuum of **development**. Development, which implies modernization and progress, was once defined in strictly economic terms, but human progress cannot be measured in monetary terms alone. The usual indicators of development (see the *Area and Demographic Data* online) include variables such as **gross domestic product (GDP)** per capita (Figure 7.1), percent of the workforce in nonagricultural activities (Figure 7.2), infant mortality rate (deaths of children less than 1 year of age) (Figure 7.3), and female literacy rate (Figure 7.4). To geographers and others, *development* has come to mean the extent to which a society is making effective use of its resources, both human and natural. This definition recognizes that different regions have different resources with which to work and, indeed, different societies may aspire to different goals.

Although the income gap between the very richest and very poorest countries has widened, the middle has become more muddled. In much of the twentieth century, the distinction between more-developed countries (MDCs) and less-developed countries (LDCs) was relatively clear. The MDCs consisted of the northern tier of countries (United States, Canada, Europe, the Soviet Union, and Japan) plus Australia and New Zealand. All other countries and regions were classified as LDCs. Although this classification system always had snags (Israel and South Africa, for example, are more-developed than other countries in their regions), it was a useful starting point in discussions of world patterns of development.

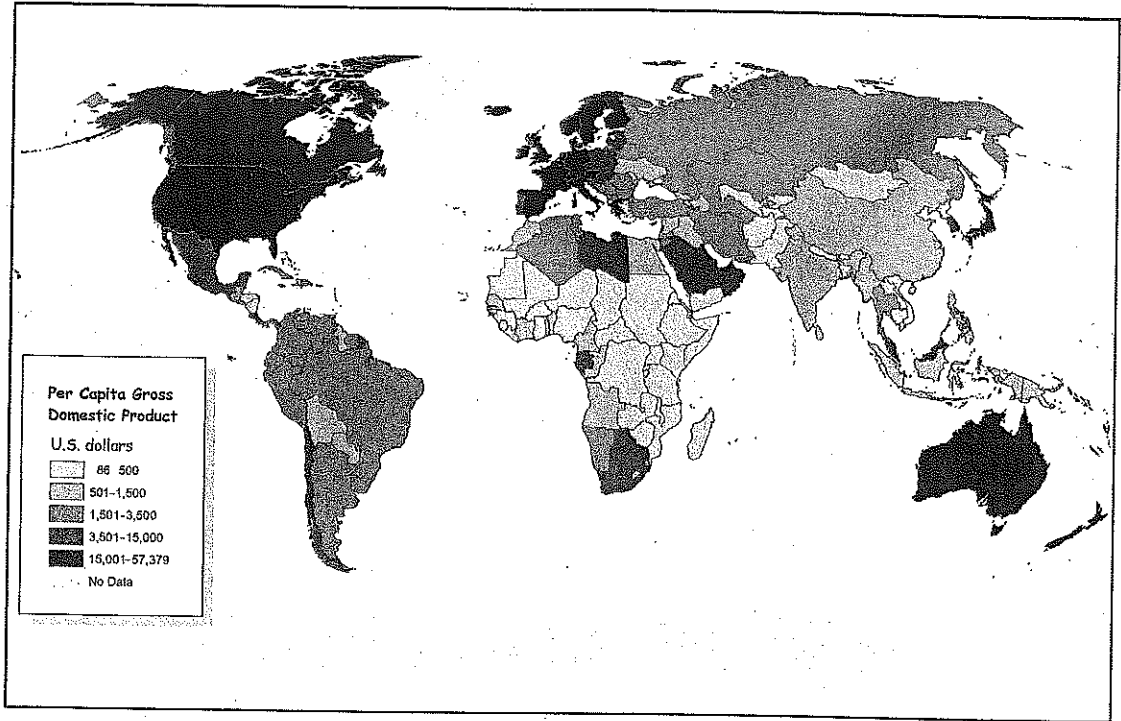


Figure 7.1 Per capita gross domestic product, 2003.
Source: United Nations (<http://unstats.un.org/unsd>)

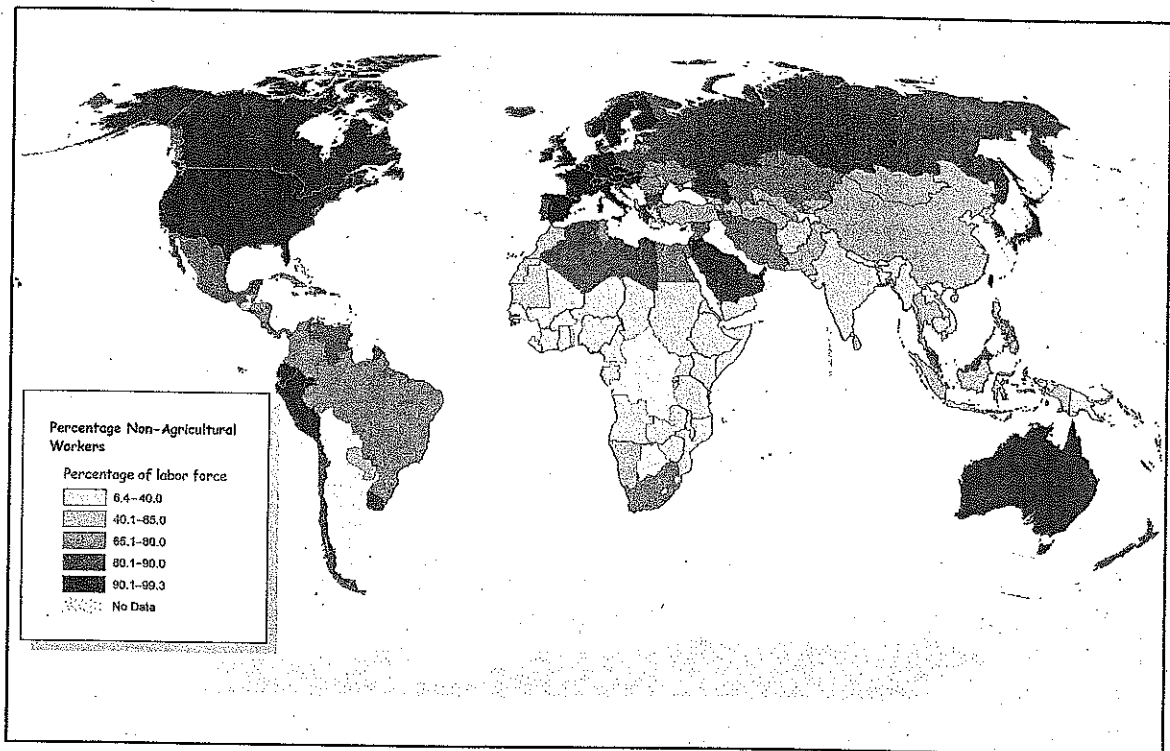


Figure 7.2 Percentage of workforce in nonagricultural jobs.
Source: U.S. Central Intelligence Agency World Factbook 2005 (<http://www.odci.gov/cia/publications/factbook>)

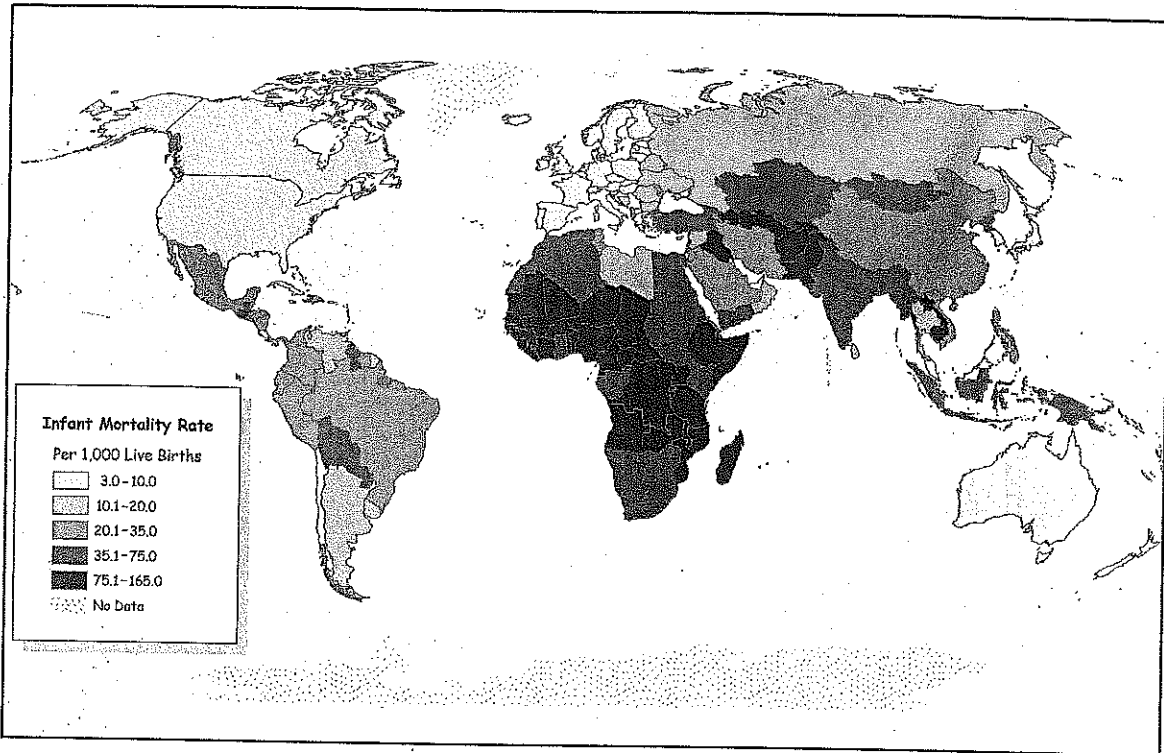


Figure 7.3 Infant mortality rate, 2005.

Source: United Nations (<http://unstats.un.org/unsd>)

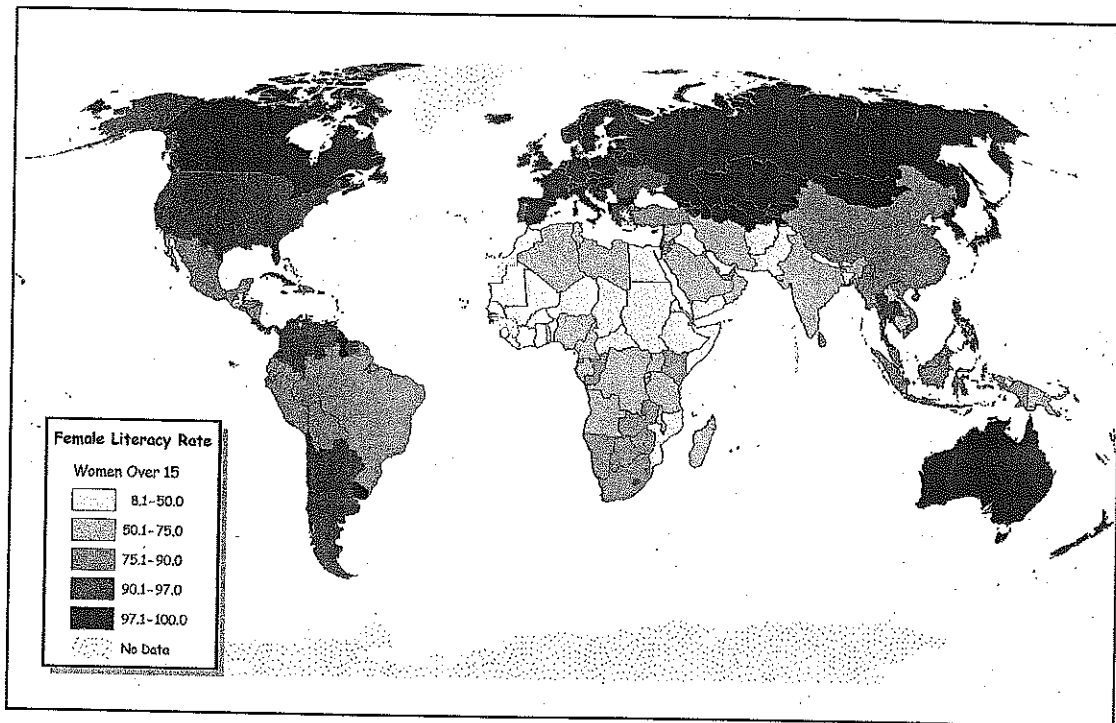


Figure 7.4 Female literacy rate, women over 15 years of age, 2004.

Source: United Nations (<http://unstats.un.org/unsd>)

Economic collapse of the former Soviet Union and its allies; dynamic growth among the newly industrializing East Asian countries such as Taiwan, South Korea, and Singapore; and rapid income growth among the oil-rich countries of the Middle East have blurred the distinction between more-developed and less-developed. South Korea, traditionally a less-developed country, today has a per capita income of more than \$24,750 per year, an overall life expectancy of 79 years, and an infant mortality rate of 4 infant deaths per 1,000 live births, a profile more similar to the southern European countries of Spain, Portugal, and Greece than to LDCs such as Indonesia or Peru. Russia, traditionally a more-developed country with the capability of putting a space station into permanent orbit, now has a per capita income of \$14,400, an overall life expectancy of 67, and an infant mortality rate of 9, a profile more like Mexico or Brazil than Europe or North America. Saudi Arabia, with a per capita income of \$23,000, is creating as much wealth per person as are many European countries but has not made similar progress in women's rights or education; almost one-third of all women there are unable to read and write. Meanwhile, Chile, Argentina, and Mexico are following in the footsteps of the East Asian dynamos, and China quadrupled the size of its economy from 1980 to 2000. Clearly, many of the old stereotypes no longer apply.

During the last half of the twentieth century, the way social scientists think about development evolved, and so did the real-world strategies to combat poverty (Table 7.1). Development of poor countries first became a major international issue after World War II as they began to declare their independence from their colonial rulers, starting with India and Pakistan in 1947. The **modernization** school of thought dominated the postwar era. The predominant idea was that the former colonies should follow the path taken by Western Europe and North America during the Industrial Revolution. According to economists, the MDCs progressed through **structural change** in the makeup of their economies. The MDCs passed through a series of stages from a traditional, **subsistence economy** dominated by agriculture to a modern, commercial economy dominated first by industry and later by the service sector. The modernization of the MDCs was made possible by building (1) the physical infrastructure of transport, energy, and water systems and (2) the social institutions needed for capitalism, such as currency, private property, taxes, banks, insurance, and a legal system. The keys to creating wealth were seen as mass production, specialization, and **substitution of capital for labor** (Figures 7.5 and 7.6). The World Bank, the International Monetary Fund, the U.S. Agency for International Development (USAID), and other agencies were created to facilitate investment and **technology transfer** from rich to poor countries. Many of the first development projects were huge, Western-style power plants, factories, roads, and port facilities. These projects were expected to jump-start an industrial economy, the benefits of which would eventually trickle down to the masses.

After several decades of modernization policies in which few LDCs progressed linearly from stage to stage as had been expected, a new school of thought began to take root (Table 7.1). The **dependency** school of the 1970s argued that the *dynamic* between the developed and developing worlds kept the latter poor and economically "dependent." Central to this thinking is the **core-periphery** model, a spatial framework for how economies develop over time and space. The model says that the preindustrial order is characterized by small inequalities in wealth and development with regions that function in relative isolation from each other (Figure 7.7a). The beginnings of industrialization bring the concentration of investment into a single strong center, or core. Growth in the modern, dynamic core is distinguished

TABLE 7.1 A Brief History of Ideas and Strategies in Development

School of Thought	Time Period	Main Ideas	Real-World Strategies
Modernization	1940s–1960s	<ul style="list-style-type: none"> • Progressive stages of economic growth • Economic structural change • Trickle-down economics 	<ul style="list-style-type: none"> • Investment • Substitution of capital for labor • Technology transfer • Large-scale industrialization projects
Dependency	1970s	<ul style="list-style-type: none"> • Human welfare • Core-periphery model • Circular and cumulative causation • Neocolonialism • Bottom-up economics 	<ul style="list-style-type: none"> • Small-scale and rural enterprises • Import substitution • Nationalization
Neoliberal Counterrevolution	1980s	<ul style="list-style-type: none"> • Free-market economics • Transition economies 	<ul style="list-style-type: none"> • Privatization • Foreign direct investment • Reduced role of the state • Free trade • Currency devaluation
Sustainable Development	1990s	<ul style="list-style-type: none"> • Global environmental change • Environmental economics • Women and development • Children and development 	<ul style="list-style-type: none"> • Partnership with developed countries • Market mechanisms for environmental regulation • Resource conservation • Renewable resources • Loans to women and very poor (microcredit) • Women's and children's rights • Appropriate technology



Figure 7.5 In less-developed countries, where labor is cheap and capital expensive, goods are produced in some of the most labor-intensive ways imaginable. Here, unskilled workers (mostly women, children, and the elderly) in Trivandrum, India, are manufacturing gravel by chipping away at rocks with hammers. In more-developed countries, one worker operating a large piece of heavy machinery could conceivably do the work of a thousand workers with hammers—and maybe more.



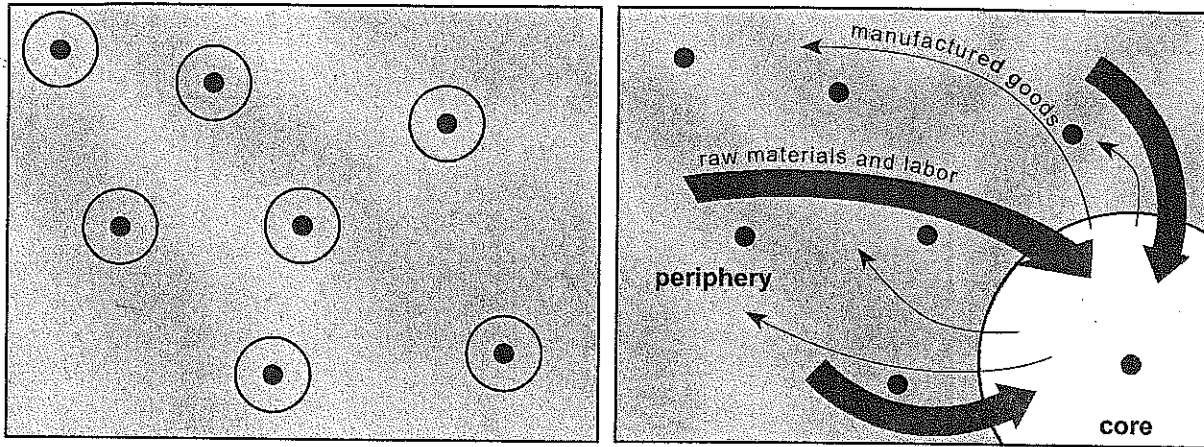
Figure 7.6 The expense of getting around aboard the Train à Grand Vitesse (TGV, or high-speed train) can be justified only in a very high-income country such as France. These trains represent a massive substitution of capital and energy for labor compared with walking. The office buildings in the background represent the service economy.

by secondary, tertiary, and quaternary activity, and it occurs at the expense of a more traditional periphery dominated by primary economic activities (see Chapter 6 for definitions of primary, secondary, tertiary, and quaternary activities). The periphery supplies raw materials at cheap prices to the urban-industrial core, and the core supplies expensive manufactured goods back to the periphery (Figure 7.7b). Regional inequalities in development are greatest in this stage. Later, the simple core-periphery structure is transformed into a multinuclear structure with strong subcenters emerging in the periphery (Figure 7.7c). Ultimately, according to the model, a mature and functionally interconnected national economy should arise in which the periphery has been absorbed into nearby metropolitan economies (Figure 7.7d). Regional inequalities in wealth are again small at this stage of development.

The growth and then decline of inequalities between rich and poor regions are driven by processes of concentration and deconcentration. The forces of concentration are called **polarization effects**. Polarization effects reinforce growth in the core at the expense of the periphery. One way this works is through **circular and cumulative causation** in which forces set into motion a sequence of other forces that create a self-sustaining “snowballing” effect. There are four pathways to this: capital, labor, innovation, and services. First, capital investment is attracted to the core, retarding growth in the periphery. Second, young, educated workers migrate to the core, leaving an older, less dynamic labor force behind. Third, more innovation in the core leads to the creation of new or enlarged industries, which in turn breed more innovation, and so on. Fourth, faster growth in the core is multiplied into a more service-rich support environment, thus making it more attractive for future economic activity.

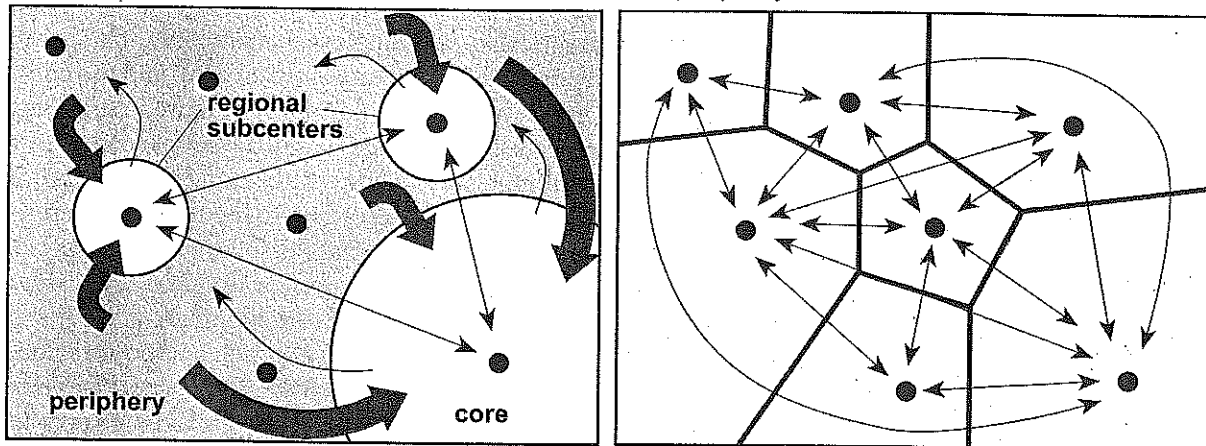
Forces of deconcentration are called **spread effects**. Eventually, growth in the core stimulates demand for goods and services from the periphery, and regional subcenters emerge to lead the peripheral areas. High density, congestion, high labor costs, and environmental decay in the core and the diffusion of technology to the periphery also encourage the outward dispersion of growth.

The core-periphery model has been used to explain both national and international differences in economic development. At the national scale, stage 1



a. **Stage One:** The preindustrial structure of independent local centers with small market areas and little interaction.

b. **Stage Two:** Early industrialization brings concentration of investment, wealth, and power into a single, strong core. The periphery provides raw materials and labor to the core, and the core provides manufactured goods to the periphery. The net result is a draining of wealth from the periphery to the core.



c. **Stage Three:** As industry develops, the core remains the dominant center, but regional subcenters begin to emerge. The core and regional subcenters exchange manufactured goods and services while continuing to receive raw materials and labor from the periphery.

d. **Stage Four:** Ultimately a mature and functionally interconnected space economy emerges in which the periphery has been absorbed into nearby metropolitan economies.

Figure 7.7 The core-periphery model shows changing spatial inequalities that occur during the process of industrialization. Many countries remain in stage 2 or 3, seemingly stalled in the global periphery and lacking a strong internal economy.

corresponded to the American colonial period of relatively isolated port towns from Virginia to Massachusetts. In stage 2, the East Coast ports evolved into industrial cities, and all areas west of the Appalachians and much of the South were an agricultural periphery. In stage 3, peripheral cities such as Chicago, Dallas, and Atlanta developed into regional subcenters, but surrounding areas still lagged far behind. Finally, by stage 4, most of the United States and Canada had achieved high levels of economic development. Many LDCs are still in stage 2 or 3, with capital/port

cities (for example, Bangkok, Thailand, and Lagos, Nigeria) that are often far more advanced than their interior regions.

The same process can be seen internationally. More-developed core regions are in North America and Western Europe, and less-developed peripheries are in Asia, Africa, and Latin America. At this scale, polarization forces continue to concentrate growth and development in the core, and inequalities between rich and poor countries grow. We can also see some trickle-down effects, however, as labor-intensive industries such as footwear, clothing, toys, and electronic assembly disperse outward from the high-wage core to the low-wage periphery.

The dependency school of thought invokes the existence of core-periphery relationships at the global scale to explain the persistent lack of development in the periphery. Most of today's LDCs were colonized during the nineteenth century to supply cheap and/or exotic raw materials to European factories in the core and to serve as peripheral markets for the output of these factories. Education lagged, little industrial base was developed, and export-oriented transport systems were constructed with the sole purpose of funneling the products of forests, farms, and mines to coastal ports (Figure 7.8). Taxes frequently were imposed to force subsistence farmers to produce crops that could be sold for cash, which could then be used to pay the colonial tax. When most Third World countries became independent, their economies depended heavily on the former colonial rulers to purchase the raw materials they produced, they lacked economic and political leadership, and their transport networks were woefully inadequate for independent economic development. Their initial dependence on colonial mother countries set into motion a type of economic development that continues to render them economically dependent, a process called **neocolonialism**. Production and trade are now controlled by multinational corporations rather than by colonial governments, but former colonies

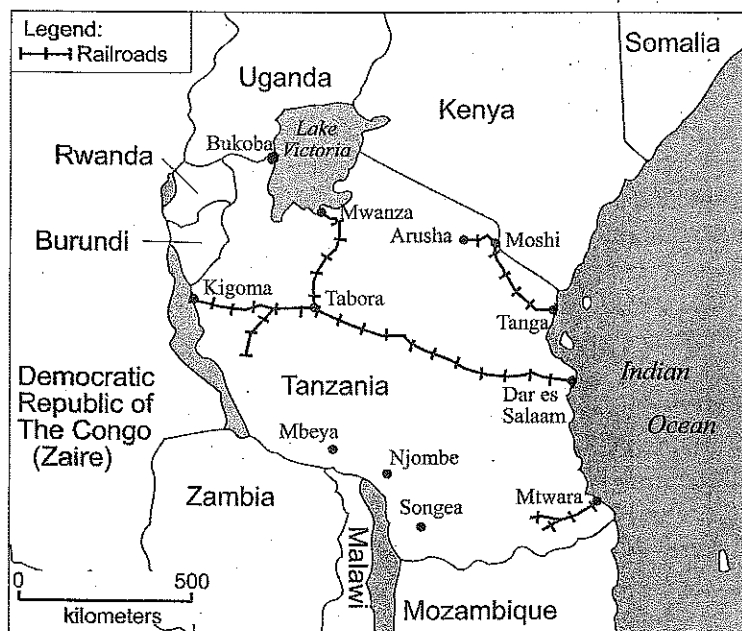


Figure 7.8 Railroads in Tanzania, 1965. Patterns show that the transportation system left by the British colonial government was designed to funnel raw materials to the ports for export rather than to foster a strong local economy by connecting the Tanzanian urban centers together.

remain locked into an overdependence on exporting unprocessed raw materials at cheap prices to rich countries. Countries that rely on single-commodity primary material exports include São Tomé and Príncipe (93 percent from cocoa, or cacao), Iran (85 percent from oil), Chad (76 percent from cotton), Zambia (50 percent from copper), and Martinique (40 percent from bananas).

To rectify this dependency, one popular development policy during the 1970s was **import substitution**. Countries were encouraged to produce internally what they previously had relied on from the mother country, especially basic, low-tech consumer goods. Often, high import tariffs were imposed on foreign goods to protect infant home-grown industries, a policy called protectionism. Another widespread practice in the postcolonial period was nationalization of foreign-owned assets, such as the Mexican oil industry. Some LDCs adopted socialist economic philosophies, in light of what they saw as a historic pattern of exploitation by the West.

Apart from the purely economic development strategies of the dependency school, a central concern was also to improve human welfare by providing the basic physical and social needs of citizens. The goal was to improve the overall quality of life for the masses. Unlike the top-down, structural-change model of the postwar era, the approach to development of the 1970s argued for a bottom-up strategy. More resources were directed toward traditionally poor sectors of society, such as day laborers and agricultural peasants, to meet their education, health, food, water, and shelter needs. Emphasis on human welfare concerns represented a deliberate effort to redistribute capital more evenly, in order to generate a strong middle class that would have the buying power to purchase the nationally produced goods that import substitution encouraged. Many governments in the developing world, dissatisfied with persistent poverty, took an active role in trying to raise standards of living. The choice to focus on human welfare needs rather than strictly economic development directly affects the **human welfare indicators** used to measure development, as you will see in this chapter's activities.

The next stage in development thinking was the **neoliberal counterrevolution** (Table 7.1), which dovetailed with the free-market approaches of the 1980s and the end of the Cold War. These policies were championed by Ronald Reagan in the United States and Margaret Thatcher in the United Kingdom. They advocated that protectionism and state-owned industries perpetuated dependency rather than cured it. Protected state-owned industries were not forced by the market to be competitive in price and quality. International agencies like the World Bank and International Monetary Fund (IMF) imposed economic reforms such as selling of government-owned industries to the private sector and free trade as conditions for getting economic assistance. Instead of protectionism to keep out foreign competition, the neoliberal approach advocates that countries allow their own currencies to devalue relative to other currencies in order to make their exports more attractive. With the 1980s and 1990s came the creation of the General Agreement on Tariffs and Trade (GATT), the World Trade Organization (WTO), and the North American Free Trade Agreement (NAFTA). Developing countries competed to attract foreign direct investment: China, for example, attracted investment from Boeing, and Vietnam from Nike. Neoliberal reforms are not only economic phenomena but also social ones. Social welfare programs from health care to education have been opened up to market competition by cost-cutting governments.

The People's Republic of China has undergone a dramatic makeover under neoliberalism. The change began in 1976 after the death of Mao Zedong, who led the

Communist Revolution in 1949 and later organized hundreds of millions of Chinese peasants into agricultural communes and state-owned factories with little contact with the outside world. The ideological Mao was succeeded by the pragmatic Deng Xiaoping, who declared that “to get rich is glorious” and “it doesn’t matter if the cat is black or white, as long as it catches mice.” Deng initiated a series of step-by-step and place-by-place reforms. Individual farmers were granted long-term allotments of land and permitted to sell their surplus produce to anyone for any price they could get. China established four special economic zones in coastal cities near Taiwan and Hong Kong where foreign investors could co-own factories with Chinese companies, using cheap local labor and foreign technology and management. Gradually, economic reforms were widened to other places and deepened to other sectors. Competition was permitted in a variety of industries, and subsidized prices were scaled back. State-owned factories were given smaller subsidies and more freedom to make decisions; the factories also were forced to compete based on price, quality, and timeliness. Banks have more freedom in making and turning down loans instead of just giving money to projects approved by the government. Many young people now leave the security of the “Iron Rice Bowl” of government employment to “jump into the sea” and work for foreign companies or as entrepreneurs. The result of two decades of reform is officially known as “Socialism with Chinese Characteristics” and unofficially as “Market Leninism.” The effect of China’s neoliberal reforms has been nothing short of spectacular: China’s GDP per capita has reached \$5,400, and its total GDP now ranks second in the world after the United States and ahead of Japan and Germany.

Countries converting from socialist to capitalist economies are known as **transition economies**. Regardless of whether the transition is step-by-step as in China or overnight “shock therapy” as in Russia, the transition is guaranteed to be both painful and exciting and to create winners and losers. With the improving business conditions and the lure of the world’s largest consumer market, China in 1995 attracted 38 percent of the foreign investment for the entire developing world, yet the transition has also created huge disparities of wealth between the rich coastal provinces and the poor interior. Air pollution and traffic congestion plague most cities, political reforms have failed to match the economic reforms, drugs and crime are increasing, and many Chinese complain of the loss of the old Confucian and Communist value systems.

The latest thinking among development specialists focuses on the idea of **sustainable development**—that progress should not come at the expense of future generations by warming the climate, reducing biodiversity, depleting forests, increasing pollution, and reducing the resource base (Table 7.1). Most LDCs would like to protect their environments, but not at the cost of reducing their standard of living. Sustainability proponents argue that development and environmental protection are not necessarily conflicting goals: efficient energy and water use, renewable resources, pollution reduction, and protection of forests and wetlands actually make long-term economic sense. The sustainable development movement aims to help the LDCs skip the inefficient dependency on fossil fuels that the MDCs experienced and vault right to efficient, renewable technologies. Popular sustainable policies include ecotourism, partnerships with developed countries to introduce clean technologies, and Western pharmaceutical companies paying royalties on drugs developed from rain-forest species. New kinds of statistical indicators include air and water quality, percentage of land in nature preserves, deforestation rate, energy efficiency, and number of threatened species.

Coincident with sustainable development, the idea of **appropriate technology** has regained favor. Instead of the large-scale technology suited to the capital-rich, labor-scarce industrial world, what are needed are technologies appropriate to the capital-poor, labor-abundant, predominantly agricultural developing world—production by the masses rather than mass production. These ideas have been debated and practiced since the 1970s, when E. F. Schumacher, the economist who coined the phrase *appropriate technology*, said that the LDCs needed small-scale industries for “Two Million Villages.” Appropriate technology goes hand in hand with the renewed emphasis that sustainable development places on ecologically and culturally sensitive development strategies. Appropriate technology is not a return to the primitive technology of the past but involves tools that are inexpensive and simple enough to be widely adopted and maintained by peasants, do not degrade the environment or human dignity, and are in keeping with the local culture. Examples of appropriate technology include looms for weaving, efficient cooking stoves, simple clay-pot water filters, electric irrigation pumps, composting systems, bicycle rickshaws, easy-to-read paper strips for testing for diseases and pregnancy, and technology for extracting usable fibers from pineapple leaves (Figures 7.9 and 7.10). Technologies that have been criticized as inappropriate are oil-fired power plants, automated factories, infant formula replacement for breast milk, combine harvesters, and chain saws.

The concept of sustainability has been broadened to include sustainability in a social sense. During the 1990s the focus on the roles of women and children in development increased (Figure 7.11). For example, the widespread use of child labor in the oriental carpet industry in Asia is not considered sustainable because these children have had their educations cut short. As they get older, their fingers are not as nimble as they once were; but without an education, they could be unable to get a decent job. Gender issues also have moved to the forefront of the development debate. Gender differences exist throughout the world, but they tend to be more pronounced in LDCs. Inequalities exist not only in political and social freedoms but also in the allocation of resources such as education, health care, food, and bank credit. The pattern of inequality begins at an early age, with female infanticide in countries such as India and China that favor male children and the practice of having boys stay in school longer and visit doctors more frequently

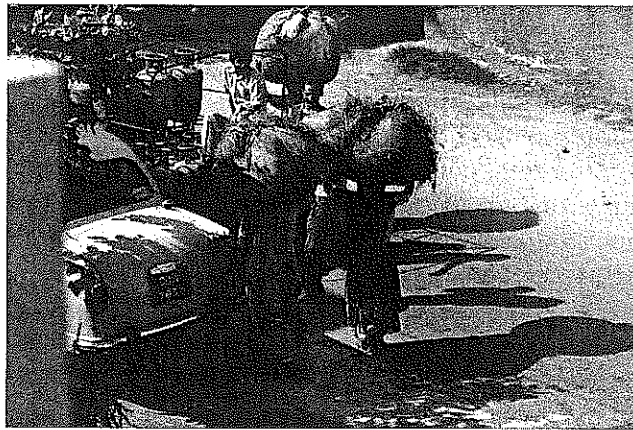


Figure 7.9 Women all over the developing world can be seen carrying heavy loads on their heads, as these women in New Delhi, India, are doing.

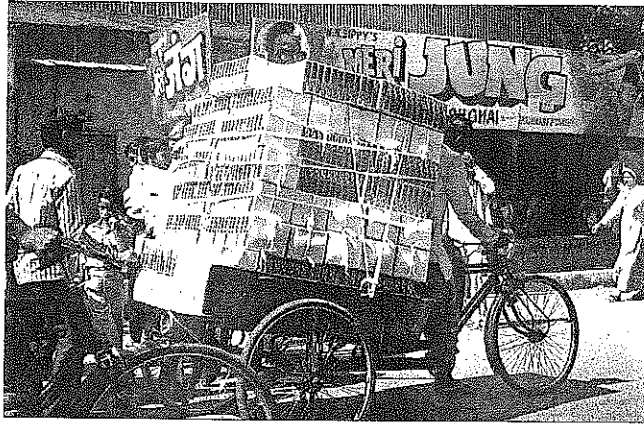


Figure 7.10 A bicycle rickshaw is a classic appropriate technology. This man, also in New Delhi, can do the work of 10 people carrying loads on their heads as in Figure 7.9. The capital investment is affordable with a small loan, repairs are cheap and simple, and the health benefits are many.

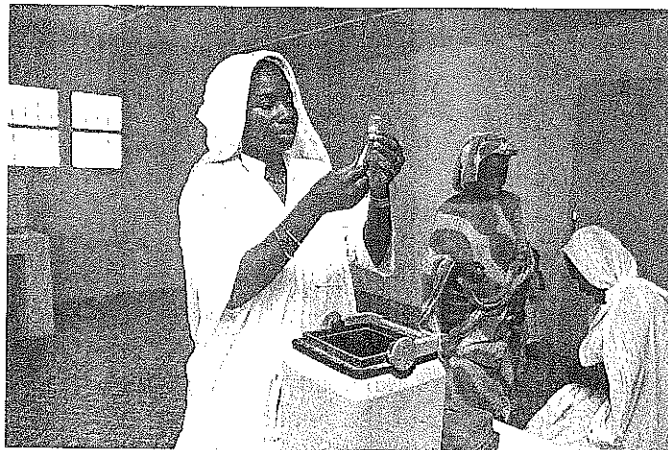


Figure 7.11 Health clinics are a successful strategy for delivering basic health care to children, women, the elderly, and the infirm in rural areas. Here a health care worker prepares a tetanus syringe in a clinic in Mauritania.

than girls. In South Asia, female literacy rates are 20–30 percentage points below male rates, which translates into fewer employment opportunities for females outside the home. Overall, in MDCs there are about 8 women for every 10 men in the labor force, but there are only 4 women for every 10 men in the Middle East and North Africa labor markets. African women perform about 90 percent of the work of processing food crops, providing household water and fuelwood, hoeing, and weeding. Women who do get jobs usually must continue to bear the brunt of household chores (Figure 7.12).

The Grameen (or “Village”) Bank in Bangladesh is a successful and widely imitated program to integrate women into the development process. The bank was founded in 1976 by a professor of rural economics at the University of Chittagong, who has been awarded the Nobel Peace Prize for his work. The Grameen Bank offers “microcredit” loans averaging \$160 (but as low as \$1) to people with no collateral (e.g., assets that banks seize if debtors fail to repay their loans). The bank has 2.3 million borrowers, of which 94 percent are women. An astonishing 95 percent repay their loans. More than 223 similar banks have been opened in 58 countries.

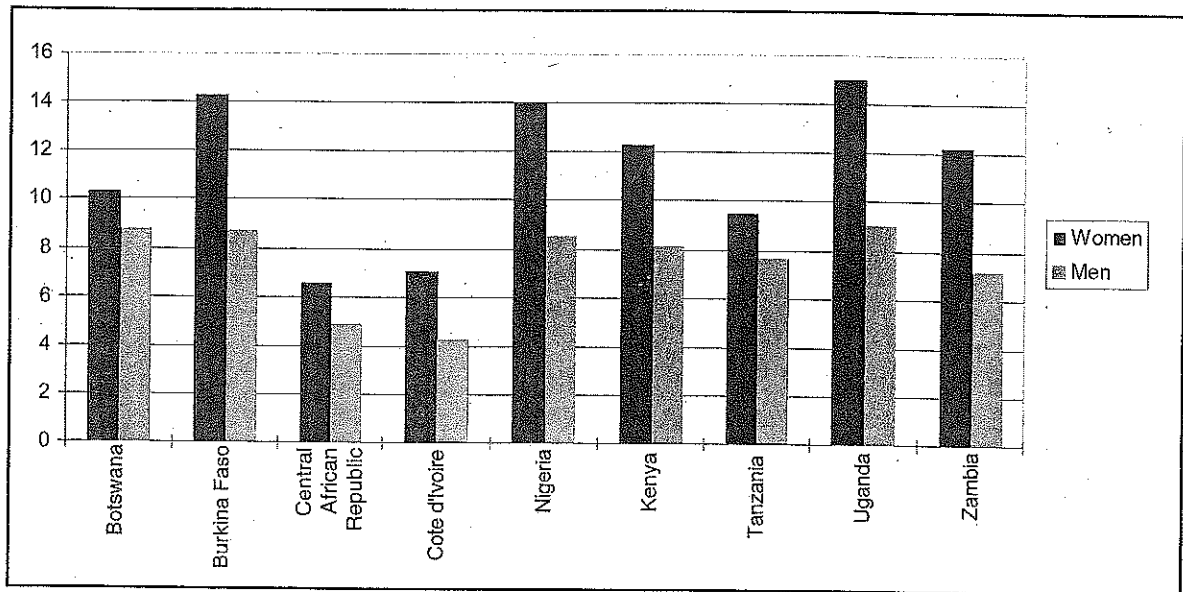


Figure 7.12 Daily productive hours (home and work) for men and women in selected African countries.

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The sustainability paradigm holds that until women have equal access to resources and assets, have equal say in household and governmental decisions, and their unpaid household work is valued as highly as men's paid labor, society will not be making full productive use of its human resources.

In Mexico, the social sustainability advocates have raised gender issues regarding the free-trade policies of the neoliberal school. To promote industrialization, Mexico established export assembly plants called *maquiladoras* that rely on cheap labor to assemble imported components that are then reexported as finished goods. Initially restricted to the border region with the United States, today these plants are located throughout Mexico. The labor used in such plants is overwhelmingly female. Corporate rationale is that women are more dexterous and better suited to perform detailed work in such fields as garment production and electrical component assembly. Critics believe the emphasis on hiring women exists because employers know they can pay women lower wages and believe that they are more "moldable" to rigid work schedules and policies and less likely to join militant unions than men are. These assembly plants provide desperately needed jobs, but often the wages are well below what is needed to support a family. Also, women in Mexico are usually still required to perform the traditional roles of cooking, housework, and child care in addition to their newly found jobs in manufacturing. The result places great stress on traditional gender roles for both men and women in a society known for *machismo* (male emphasis on masculine traits). Compounding these changes is the reduction in social services such as day care and health care provided by the state as the Mexican government evolves from a protectionist institution to a neoliberal one.

In the latter half of the twentieth century, many LDCs accumulated crippling amounts of debt on money they borrowed from banks and governments in the MDCs to finance development. The total debt owed by LDCs has increased 25 times from around US\$100 billion in 1970 to more than US\$2500 billion in 2000.

Since 1984, the interest payments on loans plus the scheduled repayments of the principal have exceeded new loans, resulting in a net transfer of money *from the LDCs to the MDCs*. Many LDCs owe more than their entire GDP, and their annual interest payments alone can exceed one-quarter of their total earnings of foreign currency from exports. Advocates in both LDCs and MDCs consider the debt situation unsustainable and are calling for banks and other lenders to forgive interest payments.

Because neoliberal development policies tear down global protection barriers, advocates of sustainable development (and many others) question the growing global inequalities. Protesters have rallied against the World Trade Organization, the World Bank, and the International Monetary Fund (Figure 7.13) all over the world against policies that seem to benefit corporations at the expense of citizens and MDCs at the expense of LDCs. Central to the complaints about neoliberal globalization (see Chapter 8) are the undemocratic policies of these international trade organizations. Countries that enter into neoliberal trade agreements often find national or local interests at odds with “fair” trade practices that interfere with corporate profit making. For instance, Californians voted to ban a carcinogenic gasoline additive, causing a Canadian corporation that manufactures the product to sue the United States for violating the free-trade accords. Mexican fishermen complain that U.S. dolphin-safe restrictions on tuna nets inhibit their ability to sell tuna in the United States. The European Union sued the United States for allowing corporations to avoid taxes by locating headquarters “offshore” on Caribbean islands (thereby gaining an unfair competitive advantage). A U.S. company that wanted to open a toxic dump next to an impoverished neighborhood in northern Mexico was even awarded \$16 million compensation after local citizens stopped the landfill! Should a country agree to international trade agreements, it could be forced to overrule local rules



Figure 7.13 Protests erupted against the World Trade Organization, the World Bank, and the International Monetary Fund.

put in place by the democratic process. In a further affront to democratic decision making, NAFTA-related lawsuits are heard by a closed-door tribunal without input from or responsibility to citizens. Protesters see this as favoring the right of global corporations to make money over the right of local citizens to decide what's good for their own country or community. Who should have the final say about local environmental, labor, or financial rules?

Sustainability and globalization are not always at odds, however, because the global economy can bring better-paying, badly needed jobs to an LDC. Better jobs reduce child labor and increase literacy when parents make enough money to send their children to school, not work. Jobs attributed to the global economy may also be the only source of employment for women, thereby increasing their economic independence and social status.

As development theory has evolved, many of the problems, solutions, policies, and institutions from older schools of thought remain important. Development is a highly complex phenomenon with no easy explanations. In the activities in this chapter, you will explore that complexity by producing different measures and rankings of development.