Cambridge AS & A Level · Geography 9696 · Notes

Economic transition A2

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Read first: **Migration**

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What you need to know

By the end of this topic you should be able to:

1. **Describe the primary, secondary, tertiary and quaternary sectors** and explain their **roles in economic development**.
2. **Describe and explain the nature, causes (physical and human) and distribution of global inequalities** in **social** and **economic wellbeing**.
3. **Critically evaluate measures and indices** of social and economic inequality.
4. **Describe global patterns of resources, production and markets.**
5. **Explain foreign direct investment (FDI)** and the **new international division of labour (NIDL)**.
6. **Explain the factors that affect the growth and spatial structure of transnational corporations (TNCs).**
7. **Know a case study of one TNC**: its global spatial organisation and how it operates.
8. **Explain the factors in the emergence and growth of newly industrialised countries (NICs).**
9. **Explain changes in the location of economic activity**, such as the **outsourcing** of manufacturing and the **offshoring** of services: their nature, causes and impacts.
10. **Describe and explain regional disparities** in social and economic development **within countries**.
11. **Explain the concept of core–periphery.**
12. **Explain cumulative causation**, starting from **initial advantages**, with **spread** and **backwash effects**, and regional **divergence** and **convergence**.
13. **Know a case study of one country's regional development policy**: its regional disparities, the **difficulties** of overcoming them, and an **evaluation** of the attempted solutions.

It is one of the options in Paper 4 (Advanced human geography options), where you answer two options. For this option you answer Question 10 (10 marks: a data part (a) worth 3 or 4 marks and an explain part (b) worth 6 or 7) and one essay, Question 11 or Question 12 (20 marks). Question 11 has always been about **TNCs, globalisation, NICs or global inequality and how to measure it**; Question 12 about **regional disparities within countries**, except twice (globalisation and global inequalities in June 2022, and the NIDL in June 2024). Read the migration note first: selective migration drives much of the regional story.

Understand it

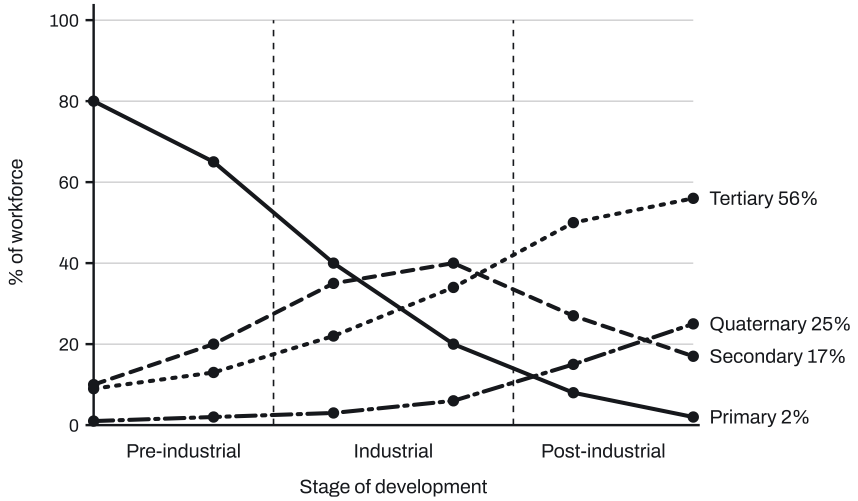
Economic sectors and their roles in development

Every job and every product belongs to a **sector**:

- **Primary**: taking resources from nature: farming, fishing, forestry, mining, quarrying, oil and gas.
- **Secondary**: making things: manufacturing (steel, cars, clothes, electronics) and construction.
- **Tertiary**: services to people and firms: shops, transport, health, education, banking, tourism, government.
- **Quaternary**: knowledge-based services: research and development (**R&D**), software and IT, data, consultancy, high-level finance.

The **Clark–Fisher model** (Fisher, 1939; Clark, 1940) describes how a country's workforce shifts between the sectors as it develops (Diagram 1). In a **pre-industrial** economy most people farm. With **industrialisation**, machines raise farm output per worker, so labour moves to factories in towns. In a **post-industrial** economy, manufacturing jobs fall (automation, and production moving abroad), while services and knowledge work grow with rising incomes. Across the world, agriculture's share of employment fell from about **44% in 1991** to about **26% in 2022**, while services rose to about half of all jobs.

Diagram 1. The Clark–Fisher model (model numbers)



Sector	Role early in development	Role later
Primary	Food; **raw materials** for industry; **export earnings**; **capital** (profits and taxes) to invest in industry; most jobs; a **market** for goods and services; a direct route to wealth where oil or minerals are rich (Saudi Arabia, Botswana)	Fewer workers as mechanisation raises productivity; risk of **dependence** on commodities whose prices swing
Secondary	**Adds value**; mass jobs that draw workers from farms; exports; a **multiplier** through suppliers; drives urbanisation	**Deindustrialisation** in HICs: jobs fall, though output may not

Sector	Role early in development	Role later
Tertiary	Supports the other sectors (transport, banking, trade); a large **informal sector** in LICs	About **80%** of jobs in the UK and USA; grows with income, tourism and ageing populations
Quaternary	Small	**Innovation** that keeps HICs competitive; clusters near universities (Silicon Valley; Bengaluru)

Reasons for the shifts: mechanisation of farming; rising incomes, spent first on goods and then on services; automation; manufacturing moving to MICs (the NIDL, below); more educated workers; ICT. **Not every country follows the model**: in many MICs (Brazil, South Africa) manufacturing's share peaked at a lower level than in HICs (**premature deindustrialisation**); India grew IT services before mass manufacturing.

Women's employment has shifted from farming to services, for reasons specific to women: more girls in education, smaller families, urbanisation, equality laws, and factories that hire mainly women (most of Bangladesh's garment workers). But women remain over-represented in low-paid and informal work.

Global inequalities in social and economic wellbeing

Wellbeing is how well people live. **Economic** wellbeing covers income, wealth and jobs; **social** wellbeing covers health, education, housing, safe water, safety, gender equality and freedom. **Inequality** is the uneven spread of these between countries, regions or groups.

Its nature: the richest 10% of the world's people receive about half of global income, and the poorest half under a tenth; life expectancy ranges from under 60 in several countries of sub-Saharan Africa to over 84 in Japan.

Its distribution (the World Bank sorts countries into four income groups by GNI per person; Key facts):

- **HICs** are mostly in the **northern hemisphere**: North America, Europe, Japan and South Korea, plus the Gulf states, Singapore, Australia, New Zealand and a few in South America (Chile, Uruguay). Very few are in Africa.
- **LICs** are **clustered** in **sub-Saharan Africa**; the few outside it include Afghanistan, Syria and Yemen.
- **MICs** cover most of Asia, Latin America and North Africa, and contain most of the world's poor people (India, Nigeria).
- The **Brandt Line** (1980) divided a rich "North" from a poor "South"; it is now too simple (South Korea, Singapore and the Gulf are rich).
- **Trends**: inequality **between** countries has fallen since about 1990, mainly because China and India grew fast; inequality **within** many countries has risen. Extreme poverty fell from about **38%** of the world's people in **1990** to about **9%** in **2019** (on the World Bank's former line of 2.15 US dollars a day).

Causes of global inequalities: physical and human

	Cause	How it works	Examples
Physical	**Landlocked location**	Higher transport costs; dependence on neighbours' ports	The UN counts **32** landlocked developing countries, **16** of them in Africa
	Climate and disease	Droughts and floods cut farm output; tropical diseases cut workers' health	Malaria kills about **600 000** people a year, about **95%** of them in Africa
	Relief and soils	Mountains raise transport costs; leached tropical soils are infertile	Nepal, Afghanistan
	Natural hazards	Disasters destroy years of development	Haiti's 2010 earthquake
	Resources	Wealth, but also price swings, corruption and conflict (the **resource curse**)	Botswana's diamonds against DR Congo's minerals
Human	**Colonial history**	Economies built to export raw materials; borders drawn by outsiders (the Berlin Conference, 1884–85)	Much of Africa
	Conflict and governance	War and corruption destroy infrastructure and drive out investors	South Sudan, Yemen
	Trade and debt	Primary exports with poor terms of trade; debt service crowds out spending	Zambia (copper)
	Population, health, education and gender	Fast population growth outruns services; excluding women wastes talent; a skilled, healthy workforce attracts investment	South Korea's education drive (below)
	Globalisation	Capital and skilled migrants move to places already rich (cumulative causation on a world scale)	FDI goes mostly to MICs and HICs

Evaluation: physical factors often set the **starting conditions**, but human factors decide whether they are overcome. **Switzerland** is landlocked and mountainous but rich; **Singapore** has no natural resources but is one of the richest countries; **Botswana** used diamond wealth well while DR Congo did not. Physical factors matter most where they combine with weak governance and poverty, as in the Sahel.

Measuring inequality: measures and indices

A **measure** (or indicator) is one variable, such as life expectancy; an **index** combines several into one number, such as the HDI.

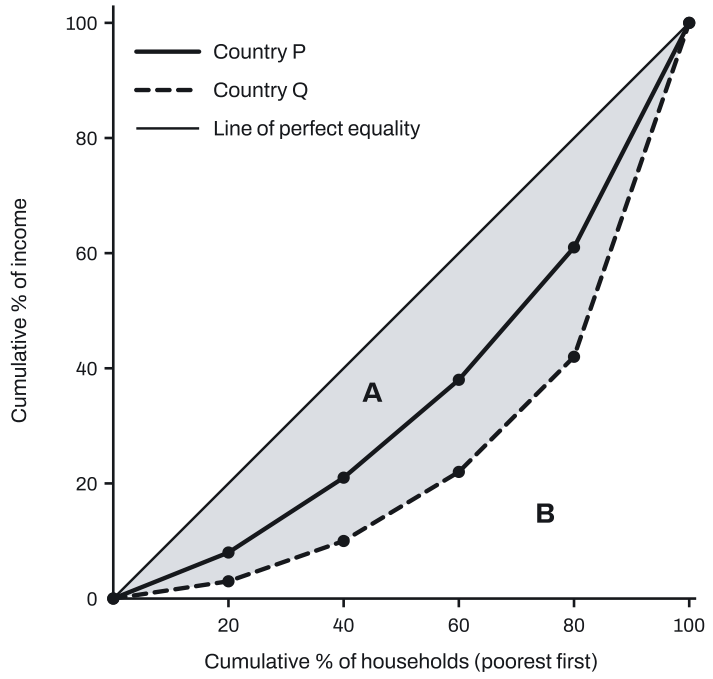
Type	Examples	Advantages	Disadvantages
Economic	**GDP** or **GNI per person** (in US dollars, or at **PPP**, purchasing power parity, which adjusts for local prices); income groups; % below a poverty line; the **Gini coefficient**	Simple numbers, easy to rank and compare; long time series for almost every country; income pays for health, food and schooling	**An average hides the distribution**: oil gave Equatorial Guinea one of Africa's highest GDPs per person in the 2000s, while most of its people stayed poor. **Hard to collect accurately**: the **informal** sector, subsistence and unpaid work are missed; Nigeria's GDP jumped by **89%** in **2014** when it was recalculated. **Ownership is unclear in a globalised world**: Ireland's GDP grew by about **a quarter** in **2015** when TNCs moved assets there, so Ireland created **GNI*** (2017) to remove such effects. Exchange rates distort; nothing on health or freedom
Social	Life expectancy; infant mortality (deaths under one year per 1000 live births); literacy; years of schooling; access to safe water	**People-focused** outcomes; show gaps between **groups** (gender, region, ethnicity); collected in standard ways by UN agencies, so comparable; help **target** support and **measure** whether it worked	Each shows **one aspect**; weak or old data in some LICs; some stop distinguishing at the top (literacy near 100% in all HICs)
Composite	**HDI** (UNDP, 1990): life expectancy, schooling and GNI per person (PPP), from 0 to 1; **IHDI** (2010): HDI adjusted for inequality inside a country; **GII** (2010): the Gender Inequality Index; **MPI** (2010): the Multidimensional Poverty Index, 10 indicators of health, education and living standards	Combine economic and social measures; one number is easy to rank and map	Still **national averages** (except the IHDI); **equal weighting** is a choice; leaves out freedom and the environment; data lag by two years or more

Education as a measure is useful because data are collected all the time (enrolments, exam results, tests such as PISA); gaps in **access** and **achievement** show inequality between rich and poor, girls and boys, town and country; and education predicts future income. Subjective measures (the World Happiness Report, with

Finland first every year since 2018) show how people feel, but are hard to compare.

The Lorenz curve and the Gini coefficient. Rank everyone from poorest to richest and plot the **cumulative share of income** against the **cumulative share of people** (Diagram 2). If everyone had the same income, the curve would be the straight **line of perfect equality**. The further the curve sags below it, the more unequal the country. The **Gini coefficient** is the area between the line and the curve (A) as a fraction of the whole triangle under the line (A + B): **0** means perfect equality and **1** means one person has everything. South Africa (about 0.63) is among the most unequal countries; Slovakia and Slovenia (about 0.24) among the least. Its weaknesses: it does not show **who** is poor (region, gender), two different curves can give the same value, it rests on household surveys taken every few years, and it usually measures income, not wealth.

Diagram 2. Lorenz curves for model countries P and Q



Which is best? No single measure: economic measures are simplest and most comparable, social measures show outcomes, and composite indices give a fuller picture but hide inequality inside countries. The best choice depends on the **purpose** (ranking countries, targeting aid, tracking gender gaps) and on **how reliable** the data are.

Global patterns of resources, production and markets

- **Resources**: about half of the world's proven oil reserves are in the **Middle East**; DR Congo mines about **70%** of the world's cobalt; China refines about **90%** of rare earth elements. Large, young **workforces** (South Asia, Africa) are a resource too.
- **Production**: manufacturing is concentrated in **East Asia** (China makes about **30%** of the world's manufactured output), high-value services in HICs and global cities, linked by **global production networks**.
- **Markets**: HICs still buy most high-value goods, but the fastest-growing markets are the **middle classes** of China, India and South-East Asia.

The pattern is a **global core–periphery**: raw materials flow to manufacturing centres and goods flow to markets, organised largely by TNCs.

Foreign direct investment and the new international division of labour

Foreign direct investment (FDI) is investment by a firm in one country in a business in another country, with a **lasting interest and control** (by convention, at least 10% of the voting shares). It takes the form of a **greenfield** investment (a new plant), a **brownfield** investment or **acquisition** (buying an existing firm), or a **joint venture** with a local firm. TNCs invest to reach **markets**, **resources** or **lower costs**, or to buy **technology**.

World FDI flows peaked at about **2 trillion US dollars** (2007 and 2015–2016) and were about **1.3 trillion** in **2023**. Most still flows between HICs, but MICs in Asia (China, India, Vietnam, with Singapore as a regional hub) receive large shares, the least developed countries only about 2%, and MICs' own TNCs now invest abroad (China in Africa; India's Tata).

Benefits of FDI for host countries	Disadvantages
Jobs, wages and **skills**	**Dependency** on **footloose** firms that may leave when costs rise
Technology transfer	**Profit repatriation** to the home country
Taxes and infrastructure	Local firms **outcompeted**; decisions taken abroad
Exports and a **multiplier** through local suppliers	Low wages, poor conditions; weak laws exploited (**pollution havens**)
Integration into world markets	Benefits concentrated in a few regions, widening regional gaps

The new international division of labour (NIDL). In the old division of labour, colonies and LICs supplied raw materials and the industrial countries manufactured. From the **1960s and 1970s**, TNCs split production between countries (the idea was named by Fröbel and others in 1980): **HQ, R&D and high-skill work** stay in HICs, while **labour-intensive assembly** moves to MICs and LICs. Its reasons:

- **Socio-economic**: **cheap labour**, often with suitable skills; lower land costs; growing markets near the new plants.
- **Political**: **special economic zones** (SEZs), tax holidays and an **open door policy** (China from 1978); trade liberalisation (GATT, the WTO); in HICs, strong unions and regulations.
- **Technological**: **containerisation** (from 1956) cut shipping costs; jet air freight; **ICT** lets a TNC manage distant plants; production split into stages.
- **Environmental**: resource exhaustion at home; new resource frontiers; stricter **pollution laws** in HICs.

The NIDL keeps changing: **services** are now offshored too; as China's wages rose, labour-intensive work moved on to Vietnam and Bangladesh; and after COVID-19 and US–China tariffs, some production moved closer to markets (**nearshoring**): in **2023 Mexico** overtook China as the largest source of US imports.

Transnational corporations: growth and spatial structure

A **transnational corporation (TNC)** is a firm that produces goods or services in **more than one country**, controlled from a headquarters.

How TNCs grow: building new plants; **mergers and acquisitions** (buying rivals, or **vertical integration**: buying suppliers or distributors); **economies of scale** (lower cost per unit); **brands and marketing**; **R&D** for new products; and access to cheap capital.

Spatial structure means where each part of a TNC is, and how the parts are linked:

- **Global headquarters**: control, finance and strategy, usually in a global city of the home country;
- **Regional headquarters**: running a continent;
- **R&D centres**: near universities and skilled workers, at home and in big markets;
- **Production plants** (**branch plants**): where costs are low or near markets;
- **Sales offices and suppliers**.

TNCs organise **production** in four main ways:

1. **Globally concentrated production**: everything made in one place and exported (early Japanese carmakers).
2. **Host-market production**: a plant in each country making goods for that country.
3. **Product specialisation** for a global or regional market: each plant makes one product for a wide area.
4. **Transnational vertical integration**: each plant makes one part or stage, and final assembly is elsewhere (electronics).

Factors affecting growth and spatial structure:

Factor	Effect	Example
Labour	Assembly goes where labour is **cheap**; R&D where it is **skilled**; also numbers, productivity and unions	Garments in Bangladesh; R&D in California
Markets	Plants near big markets cut transport costs and adapt products to local tastes (**glocalisation**)	Car plants in China and the USA
Resources	Mining and oil firms must go to the deposits	Brazil's Vale mines in Canada and Indonesia
Trade barriers	Tariffs and quotas push firms to build **inside** the market (**tariff-jumping**)	Japanese carmakers in the USA in the 1980s
Government policy	Incentives (tax holidays, grants, SEZs) attract plants; rules can force joint ventures	China required foreign carmakers to have a Chinese partner until 2022

Factor	Effect	Example
Regulations and taxes	Weaker environmental or labour laws cut costs; low taxes attract regional HQs	Many US tech firms' European HQs in Ireland
Currency	A strong home currency makes exports dear, so production moves abroad	The yen's rise after 1985
Transport and ICT	Cheap transport and fast communication let firms spread out; just-in-time needs suppliers close	Container shipping
Competition, risk and inertia	Firms follow rivals, spread risk, and keep old sites where skills and suppliers are	Car clusters

Profit is the underlying motive: almost every factor changes costs or revenue. But firms also seek **market share** and **reduced risk**, and each factor's importance differs by **industry** (labour for garments, markets for cars, deposits for mining) and by **function** (HQ, R&D, assembly).

Case study: the global spatial organisation of one TNC, Toyota

Background. Toyota was founded in **1937**; its global HQ is in **Toyota City**, Aichi Prefecture, Japan. It has been the world's largest carmaker by sales every year since **2020** (the group sold about **11 million** vehicles in 2023), with about **380 000** employees. About **two-thirds** of its vehicles are now made **outside Japan**.

Spatial organisation:

Function	Where	Why there
Global HQ, main R&D, "mother" plants that develop new models	Toyota City and the Aichi region	Control; skilled engineers; a dense cluster of suppliers (Denso, Aisin) for **just-in-time** delivery; inertia
Regional HQs	Plano, Texas (North America, moved there in 2017); Brussels (Europe)	Managing each continent close to its market
R&D abroad	Michigan (near Detroit's car industry); Belgium; the Toyota Research Institute in California (artificial intelligence, from 2016)	Skilled workers; adapting cars to local tastes and laws
Assembly for host markets	USA (Kentucky from **1988**, its largest plant outside Japan; also Indiana, Texas, Mississippi), Canada, UK (Burnaston, **1992**), France (Valenciennes, **2001**), Czech Republic, Türkiye; China (joint ventures with FAW and GAC); India (near Bengaluru, **1999**); Brazil (its first overseas production, **1959**)	Large markets; trade barriers; government rules

Function	Where	Why there
Regional export hubs	**Thailand**, the main base for the **Hilux** pickup, also made in South Africa and Argentina (the IMV project, from **2004**)	Product specialisation: each hub supplies a whole region (Asia, Australia, the Middle East, Africa, Europe)
Suppliers	Japanese parts makers followed Toyota abroad	Just-in-time needs suppliers near each plant

How it operates: the **Toyota Production System**: **just-in-time** (parts arrive only as needed, so little stock is held), **kaizen** (continuous improvement) and strict quality control. It is **lean**, but vulnerable when supply is cut.

How its organisation changed, and why:

1. **1950s–1970s: globally concentrated production.** Cars were made in Japan and exported.
2. **1980s: host-market production.** In **1981** Japan agreed to limit car exports to the USA (a "voluntary" limit of 1.68 million a year), and after the **1985 Plaza Accord** the yen rose sharply, making exports dear. Toyota built inside its markets: a joint venture with General Motors in California (**1984**), then Kentucky (**1988**); the UK plant (**1992**) gave access to the European market.
3. **1990s–2000s: emerging markets and specialisation.** Joint ventures in China (the law required a Chinese partner) and India; the IMV project made Thailand a regional export hub.
4. **2010s–2020s: risk and resilience.** The **2011** Tōhoku earthquake and the **2011 Thai floods** cut parts supply, so Toyota mapped its suppliers and stockpiled key parts. A plant in **Mexico** (Guanajuato, **2019**) makes pickups for the US market at lower cost, while Toyota keeps about 3 million vehicles a year of production in Japan to protect jobs and suppliers.

Evaluation of factors: for Toyota, **markets** (and the **trade barriers** and **government rules** that protect them) explain most of where cars are **assembled**; **labour cost** matters less, because car plants are highly automated and cars are expensive to ship. **Skilled labour** and **suppliers** explain where R&D is, and **control** keeps the HQ in Japan. **Profit** links them all. Its host regions (Kentucky, Derbyshire) gained jobs, suppliers and lean methods, while Japan feared a **hollowing out** of its industry.

Newly industrialised countries: emergence and growth

A **newly industrialised country (NIC)** is one whose economy has shifted rapidly from primary production to **manufacturing** (and later services), with fast growth in output, exports and incomes. Groupings:

- **First generation** (from the **1960s**): the four **Asian Tigers**: Hong Kong, Singapore, South Korea and Taiwan;
- **Second generation** (from the **1980s**): Malaysia, Thailand, Indonesia, the Philippines;
- **Later**: China, India, Vietnam, Mexico, Brazil, Türkiye; groupings such as **BRICS** (Brazil, Russia, India, China, South Africa; enlarged in 2024) and **MINT** (Mexico, Indonesia, Nigeria, Türkiye).

Emergence is the early, rapid shift from farming to industry, usually led by **government**. **Growth** is the later stage: export-led growth, rising wages, urbanisation, high-tech goods and services, and the country's own TNCs.

Factor	How it helps	Examples
Physical	Coastal location on shipping routes; deep harbours; resources	Singapore on the Strait of Malacca; but South Korea has few resources and is about 70% mountainous
Social	A literate, hard-working, adaptable workforce; rural–urban migration supplying factory labour; high savings	South Korea's education drive
Economic	Cheap labour; capital from savings, aid and **FDI**; a shift from agriculture to industry; export markets in HICs	Samsung's phone factories in Vietnam
Political	Stable, growth-focused government (a **developmental state**); five-year plans; **import substitution** then **export-oriented industrialisation**; SEZs; investment in infrastructure and education; subsidies and cheap loans to key industries	South Korea; China's open door policy
Historical	Rebuilding after war; Cold War aid; colonial ports and trade links	US aid to South Korea and Taiwan; Hong Kong and Singapore as British trading ports

Example: South Korea. Emergence: after the Korean War (1950–1953) it was one of the poorest countries, with GDP per person of about **160 US dollars in 1960**. After General **Park Chung-hee** took power (1961), the government launched **five-year plans** from **1962**, directed cheap credit to family-owned conglomerates (**chaebol**: Samsung, Hyundai, LG), and turned to **exports** (first textiles, wigs and plywood, using cheap labour). **US aid**, payments linked to the Vietnam War, and grants and loans from Japan after relations were normalised (**1965**) supplied capital. The **Heavy and Chemical Industry** drive from **1973** built steel (POSCO at Pohang), ships (Hyundai at Ulsan), chemicals and cars. **Growth**: heavy spending on **education** produced engineers for electronics and semiconductors; it joined the **OECD** (**1996**), recovered from the **1997 Asian financial crisis** by restructuring, and by **2023** GDP per person was about **33 000 US dollars**.

China and Vietnam. China's growth began with **Deng Xiaoping's** reforms (**1978**): four **SEZs** in **1980** (Shenzhen, Zhuhai, Shantou, Xiamen), 14 coastal cities opened in 1984, and WTO membership in **2001**; Shenzhen grew from a small border town to over **17 million** people by 2020. Vietnam's **Đổi Mới** reforms (**1986**) and WTO entry (2007) drew FDI: Samsung began making phones in **Bắc Ninh** in **2009**, and its Vietnamese factories now make about half of its phones.

Evaluation: in the Asian NICs, **government** was the leading factor in **emergence**: it chose industries, controlled capital and built the workforce. But it worked **through** other factors: an educated workforce, cheap labour, US support during the Cold War, and the timing (the 1960s–1970s NIDL and open HIC markets). In the

growth stage, **FDI**, **TNCs** (including the NICs' own) and **global markets** matter more. Counter-examples help: **Hong Kong** grew with little state direction; **Nigeria**, rich in oil, has not industrialised, so resources without policy are not enough.

Changes in the location of economic activity: outsourcing and offshoring

- **Outsourcing**: a firm **contracts another company** to do part of its work, at home or abroad. **Apple** designs iPhones in California, but the Taiwanese firm **Foxconn** assembles most of them in China (Zhengzhou), and increasingly in India.
- **Offshoring**: a firm moves part of **its own** operations to another country and **keeps control** of them. Many US and European banks and tech firms run their own IT and service centres in Bengaluru, Hyderabad and Pune.
- **Offshore outsourcing** combines the two (contracting Indian IT firms such as Infosys); **reshoring** brings work back home; **nearshoring** moves it to a nearby country (Mexico for the USA).

Nature and causes: manufacturing moved first (1960s onwards); **services** followed from the 1990s (call centres, back-office work, software, now R&D): India's IT and business services employ about **5 million** people. Causes: lower **wages** and costs; many **English-speaking graduates**; **time zones** that allow 24-hour working; **ICT** (fibre-optic cables, cloud computing); government support (India's software technology parks from 1991); and firms focusing on their **core business**.

Benefits to TNCs: lower costs and higher profits; **flexibility** (a contractor carries the cost of factories and staff); **specialist expertise** and economies of scale; **skilled** workers; lower **taxes** and fewer regulations; a presence in **new markets**. With **offshoring**, the TNC also keeps **control** of quality and know-how. **Risks**: poor quality, damage to the brand when a supplier's workers are harmed, and supply chains cut by disasters or pandemics.

Impacts:

	Source countries (HICs)	**Host countries (NICs, MICs, LICs)**
Positive	Cheaper goods; higher profits; growth of high-skill services; cleaner air as heavy industry leaves; old sites **regenerated** (Manchester's former cotton mills turned into flats)	Jobs and regular wages (about 4 million garment workers in Bangladesh); skills; export earnings; a **multiplier**; infrastructure
Negative	**Deindustrialisation**: UK manufacturing jobs fell from about **7 million** in **1979** to about 2.5 million; regional decline (Detroit's population fell from about 1.85 million in 1950 to about 640 000 in 2020); derelict **brownfield** sites; low-skilled unemployment	Low wages and poor conditions: the **Rana Plaza** factory collapse in Bangladesh (**2013**) killed over 1100 workers; pollution; **footloose** firms leave as wages rise; profits leave

Regional disparities, core–periphery and cumulative causation

Regional disparities are differences in social and economic development between regions of the **same country**. They are measured with the same indicators as global inequality, by region: GDP per person, incomes, unemployment, life expectancy, infant mortality, literacy, out-migration. **Social** and **economic** gaps need not move together: spending on schools and clinics can narrow social gaps while incomes stay far apart.

The core–periphery concept (Friedmann, 1966). A **core** is a dominant region with wealth, power, industry, innovation and good infrastructure, usually around the capital or a major port. The **periphery** is poorer and dependent on the core. Between them are:

- **Upward transition regions**: growing, near the core or along transport corridors;
- **Resource frontiers**: new areas opened up for minerals, energy or farming;
- **Downward transition regions**: old industrial or farming regions in decline.

Friedmann suggested four **stages**: (1) **pre-industrial**: many small, independent centres and little inequality; (2) **transitional**: one strong core forms and drains the periphery (**divergence**); (3) **industrial**: **sub-cores** grow in the periphery; (4) **post-industrial**: an integrated national system in which disparities narrow (**convergence**).

Cumulative causation (Myrdal, 1957) explains why a core keeps growing (Diagram 3):

1. A region has an **initial advantage**: a port, a resource, fertile land, a capital city, or an early industry.
2. Firms locate there and create **jobs**; **migrants** arrive.
3. Wages are spent and suppliers grow: the **multiplier effect**; taxes rise.
4. Better **infrastructure and services** attract still more firms, so growth feeds on itself: an **upward spiral**.

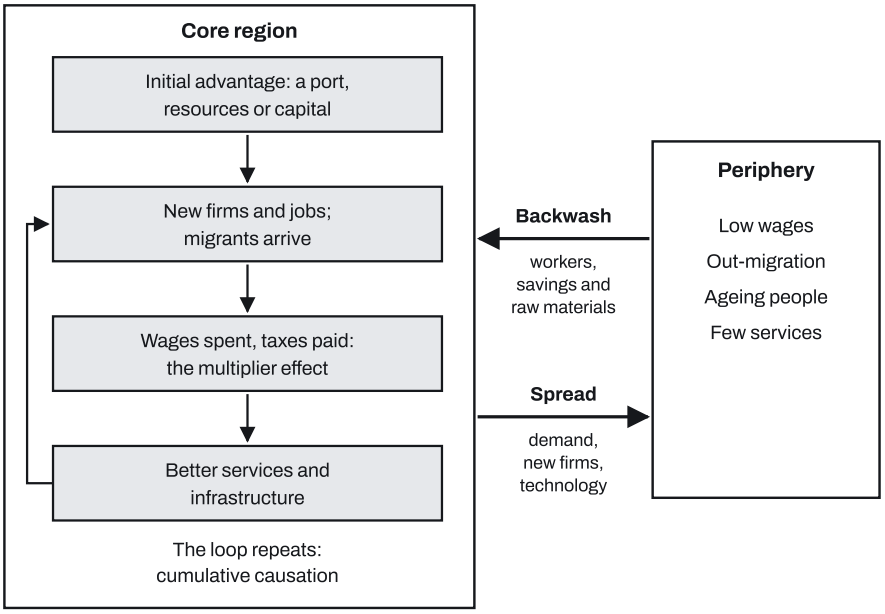
The periphery meanwhile suffers a **downward spiral**, through **backwash effects** (flows **from** the periphery **to** the core):

- **Selective out-migration** of young, skilled and enterprising people (a brain drain), leaving an ageing population;
- **Capital**: savings and investment flow to the core, where returns are higher;
- **Raw materials and food** go to the core, where value is added;
- **Competition**: the core's large firms undercut small periphery producers.

Spread effects (Hirschman, 1958, called them **trickle-down**) flow **from** the core **to** the periphery: the core's **demand** for food and raw materials; firms **decentralising** to cheaper land and labour; **technology and ideas** spreading; and governments spending **taxes** raised in the core on the periphery.

When backwash is stronger than spread, regions **diverge**; when spread wins, they **converge**. Convergence often begins when the core suffers **diseconomies**: congestion, high land prices and wages, and pollution (negative externalities) push firms out. Williamson (1965) suggested that regional inequality **rises** in early development and **falls** later (an inverted U).

Diagram 3. Cumulative causation, core and periphery



Evaluating the models: they explain the start of many disparities (Brazil, Italy, the UK) and why the free market alone widens gaps. But they are **Western-based** and **descriptive**; convergence is **not inevitable** (southern Italy's GDP per person is still only a little over half the north's); **government policy** can create cores (Brasília); a **resource frontier** can grow fast (soy in Brazil's Centre-West); **globalisation** links regions straight to world markets, bypassing the national core (Shenzhen); and many countries have **several cores** (Germany).

Managing regional development

Governments reduce disparities for **equity**, to use idle resources, to hold the country together and to relieve **congestion** in the core.

Tool	How it works	Example
Infrastructure	Roads, railways, ports, power and internet reduce **remoteness** and costs	China's high-speed rail network
Growth poles (Perroux, 1955)	Concentrated investment in one centre, meant to spread to its hinterland	Suape port and industrial complex, north-east Brazil
SEZs and incentives	Tax breaks and grants attract firms to lagging regions	The Manaus Free Trade Zone (1967)
New capitals, moving government	Draw people and spending to the interior	Brasília (1960); Indonesia's planned new capital, Nusantara, on Borneo (law passed 2022)
Education, health and cash transfers	Build human capital and reduce poverty directly	Brazil's Bolsa Família (2003)

Tool	How it works	Example
Land reform, irrigation, rural development	Raise farm incomes in the periphery	The São Francisco water transfer, Brazil
Regional agencies and funds	Plan and finance development	SUDENE (Brazil); the EU's Cohesion Policy, about a third of the EU budget

Difficulties (why disparities are hard to overcome):

- **Cost and scale**: huge gaps need money for decades;
- **Physical constraints**: drought, poor soils, rugged relief, remoteness;
- **Backwash continues**: the core draws away the people that schemes train;
- **Footloose firms** leave when incentives end;
- **Political change** drops projects; **corruption** inflates costs; **recessions** cut budgets;
- **Environmental costs**: roads into forests bring deforestation;
- **Measuring success** takes decades, and gaps can narrow in **relative** terms while widening in **absolute** terms (Quick check 2).

Case study: regional development policy in Brazil

The disparities. Brazil (about **203 million** people in **2022**) has five official regions:

Region	Share of population, 2022	Character
Southeast (São Paulo, Rio de Janeiro, Minas Gerais)	About **42%**	The **core**: over half of GDP; industry, finance, HQs, the port of Santos
South	About 15%	Prosperous farming and industry
Centre-West	About 8%	Brasília; soy and cattle **resource frontier**, growing fast
North (Amazonia)	About 9%	Forest, remoteness, mining (iron ore at Carajás), the Manaus Free Trade Zone
Northeast	About **27%**	**Periphery**: only about **14%** of GDP; the semi-arid **sertão**, poverty, out-migration

São Paulo state's GDP per person is around **three times** that of Maranhão, in the Northeast; adult illiteracy in the Northeast (about **11%** in 2023) is several times the Southeast's (about **3%**).

Causes:

- **Historical**: the Northeast was the colonial **core**, based on sugar, **slavery** and huge estates, with the capital at **Salvador until 1763**; then the capital moved to **Rio**, and in the 19th century **coffee** made São Paulo rich, paying for railways, the port of Santos and banks. European immigrants came after slavery ended (**1888**). Concentrated **land ownership** still holds back the Northeast.

- **Physical**: the **sertão** has recurring droughts (a severe one from **2012 to 2017**) and poor soils; the Amazon is remote; the Southeast has fertile soils, minerals in Minas Gerais and hydroelectric power.
- **Political and cumulative causation**: 20th-century industry, including cars from the 1950s, concentrated in São Paulo, starting an upward spiral; millions of Northeasterners (**nordestinos**) migrated south, a **backwash** of young workers; and the Northeast's schools and clinics were underfunded for generations.

Attempts to reduce the disparities, and their success:

Attempt	What it did	Success	Problems
SUDENE (1959)	A development agency for the Northeast, using tax incentives to attract industry	Industry grew in Recife, Salvador and Fortaleza; shoe and textile firms moved to Ceará for incentives and cheaper labour	Firms clustered in coastal cities, not the sertão; misuse of funds; abolished in 2001 and re-created in 2007
Brasília (1960)	A new capital in the interior	The Centre-West grew; the Federal District has Brazil's highest GDP per person	Wealth is from government salaries; poor satellite towns around it; did little for the Northeast
Manaus Free Trade Zone (1967)	Tax breaks for factories in the Amazon	Hundreds of factories (motorcycles, electronics); a growth pole far from the core	Assembles imported parts at high tax cost; extended to **2073**
Growth poles and infrastructure	Suape port and industrial complex; the Transnordestina railway (from 2006); the Ford plant at Camaçari, Bahia (**2001**)	Suape attracted shipyards and a refinery; the Petrolina–Juazeiro irrigated area exports mangoes and grapes	Suape's refinery ran years late and far over budget and was caught up in the "Car Wash" corruption inquiry (from 2014); the railway is unfinished; **Ford closed** Camaçari in **2021** (BYD took over the site in 2023)
São Francisco water transfer (begun 2007)	Canals carry river water to the dry sertão	Water reached Paraíba in 2017	Costly, delayed; benefits depend on local pipes
Bolsa Família (2003)	Monthly cash for poor families if children attend school and are vaccinated	Reaches about 20 million families, about half of them in the Northeast; poverty, hunger and school drop-out fell	Reduces poverty more than it creates jobs; depends on federal budgets

Evaluation. Social disparities narrowed more than **economic** ones: literacy, schooling and infant mortality improved fastest in the Northeast, and some migrants returned there in the 2000s. But the Northeast's share of GDP has hardly changed (about 13–14% since the early 2000s), and the Southeast remains the core. The **difficulties** were **scale**, **cost**, **drought**, the pull of the core, **footloose** firms, **corruption** and **recessions** (GDP fell by over 3% in both 2015 and 2016). Brazil fits **core–periphery** and **cumulative causation** well for its early history; policy, resource frontiers and globalisation have made the recent pattern more complex.

Comparisons: China's coastal SEZs first **widened** the gap with the interior; the **Western Development Strategy** (from **2000**) brought some convergence, but Beijing's GDP per person is still about four times Gansu's. **Italy** spent decades on the south (the Cassa per il Mezzogiorno, 1950–1984), but the gap remains.

Key facts and formulas

There is no formula list in Paper 4, so learn all of these.

Formula	Status
Percentage change $= \dfrac{\text{new} - \text{old}}{\text{old}} \times 100$ (negative for a fall)	Learn it
Share of a total $= \dfrac{\text{part}}{\text{total}} \times 100$; a share of a share: $\dfrac{a}{100} \times \dfrac{b}{100} \times 100$	Learn it
GDP per person $= \dfrac{\text{GDP}}{\text{population}}$	Learn it
Gini coefficient $= \dfrac{A}{A+B}$, where A is the area between the line of equality and the Lorenz curve and B the area below the curve (0 = perfect equality, 1 = complete inequality)	Learn it
Gini from five quintile shares: $G = 1 - 0.2\sum_{k=1}^{5}(L_{k-1} + L_k)$, with L_k the cumulative income share (as a decimal) of the poorest k fifths and $L_0 = 0$	Learn it
Quintile ratio $= \dfrac{\text{share of income of the richest } 20\%}{\text{share of income of the poorest } 20\%}$	Learn it
HDI $= \sqrt[3]{I_{\text{health}} \times I_{\text{education}} \times I_{\text{income}}}$; each dimension index $= \dfrac{\text{actual} - \text{minimum}}{\text{maximum} - \text{minimum}}$ (the income index uses logarithms; education averages two sub-indices); health index $= \dfrac{\text{life expectancy} - 20}{85 - 20}$	Learn it
Value after n years of growth at $r\%$ a year $= \text{value} \times \left(1 + \dfrac{r}{100}\right)^{n}$	Learn it
World Bank income groups by GNI per person (2024 list): LIC 1145 US dollars or less; lower-middle 1146–4515; upper-middle 4516–14 005; HIC over 14 005	Learn it

Term and meaning	Status
Primary, secondary, tertiary, quaternary sectors: extracting resources; manufacturing and construction; services; knowledge-based services (R&D, IT)	Learn it
Deindustrialisation: the decline of manufacturing's share of jobs and output	Learn it
Wellbeing: how well people live, economically (income, jobs) and socially (health, education, freedom)	Learn it
Purchasing power parity (PPP): converting incomes into a currency that buys the same goods in every country	Learn it
HDI: the UN's index of life expectancy, schooling and income per person, from 0 to 1	Learn it
Foreign direct investment (FDI): investment by a firm in a business in another country, with lasting control	Learn it
Transnational corporation (TNC): a firm that produces goods or services in more than one country	Learn it
New international division of labour (NIDL): the split of production in which HQs and R&D stay in HICs while assembly moves to MICs and LICs	Learn it
Glocalisation: adapting a global product to local markets	Learn it
Newly industrialised country (NIC): a country whose economy has rapidly shifted from primary production to manufacturing and services	Learn it
Outsourcing: contracting another firm to do part of the work; **offshoring**: moving part of the firm's own operations abroad, keeping control	Learn it
Special economic zone (SEZ): an area with lower taxes and fewer rules, to attract investment and exports	Learn it
Regional disparity: a difference in social or economic development between regions of a country	Learn it
Core: a dominant, wealthy region; **periphery**: a poorer region dependent on the core	Learn it
Cumulative causation: a region's initial advantage attracting more growth, which attracts more growth in an upward spiral	Learn it
Backwash effects: flows of people, capital and resources from the periphery to the core; **spread effects**: benefits flowing from the core to the periphery	Learn it
Divergence: regional gaps widening; **convergence**: regional gaps narrowing	Learn it

How to do it

We have tagged 87 questions for this topic (2021–2025, all Paper 4), 60 different (the variants 41, 42 and 43 often share questions). Every Question 10 (29 of them) has a data part (a) and an explain part (b), so it counts under two types and the counts add up to 116. For essays, the count in brackets is of different questions.

Question type	Questions
Describe or compare trends, changes or a relationship in a graph or table	19
Explain measures or indices of inequality	17
Essay: overcoming regional disparities in one country	12 (8 different)
Essay: causes of regional disparity in one country	10 (7 different)
Essay: factors affecting where TNCs locate and how they organise	7 (5 different)
Essay: what drives the globalisation of economic activity	7 (4 different)
Describe a distribution or spatial organisation on a world map	6
Essay: impacts of TNCs and globalisation	6 (4 different)
Essay: factors in the emergence and growth of NICs	6 (5 different)
Use a photograph or satellite image as evidence	4
Explain benefits to TNCs of outsourcing or offshoring, or reasons for the NIDL	4
Explain impacts of changes in the location of economic activity or of FDI	4
Explain reasons for changes in sectors, exports or employment	4
Essay: the best way to measure global inequality or development	4 (3 different)
Essay: convergence and divergence over time	4 (3 different)
Essay: causes of global inequality in wellbeing	2 (1 different)

Marking: Question 10(a) gives **1 mark for each accurate point**, with a cap (usually 2) without **data**, and only 1 mark for going category by category without comment; some schemes **reserve** a mark for the overall trend or relationship. Question 10(b) is marked in **three levels**: Level 3 (the top 2 marks) needs two reasons, advantages or impacts, each **clearly explained**, with examples; explaining only one well caps it at 4 (5 for a 7-mark part). The 20-mark essays are marked in **four levels** (Level 4, 16–20 marks: sustained evaluation and a sound conclusion, detailed examples integrated), with a **maximum of 8 without examples**. Where one country or TNC is asked for and you write about two, both are marked and the better one counts.

1. Describe or compare trends, changes or a relationship in a graph or table (19 questions)

Figures: pie charts of FDI by source country; line graphs of GDP growth or export shares; stacked bars of employment by sector; scatter graphs; a well-being dashboard; a cumulative (Lorenz-type) curve; tables of income share or GDP by sector.

1. **The overall trend, change or relationship first** (rising or falling; **positive**, **negative** or no clear relationship): a mark is often reserved for it.
2. **Then detail with data**: start and end values, **turning points**, the fastest change, **crossovers** (services overtaking agriculture). Ranking the highest and lowest alone earns at most 2.
3. **Manipulate**: differences, ratios ("about four times as large"), **group** categories into totals ("group the European sources"), and a **share of a share** (60% of a 15% slice is 9% of the total).
4. **Anomalies**: name them and say **why** each is one.

Variants:

- **"Compare"** or **"contrast"**: every point links two or more items ("whereas", "both"); separate descriptions earn 1 mark at most. "Contrast the **level of development**" means **rank** the countries and justify it from the data (the largest tertiary and smallest agriculture share = most developed).
- **"Trends"**: phases with years and values, then the overall change; not year by year.
- **Stacked, percentage or cumulative graphs**: values are **shares** of a total; read the gaps **between** lines; on a Lorenz curve, further from the line of equality means more unequal.
- **Cover all the categories** in the key when the question is about the whole figure.

2. Explain measures or indices of inequality (17 questions)

Asked: advantages of social measures; why two social indices are effective; why education is a useful measure; how two measures show social or economic inequality; disadvantages of economic measures; advantages of economic indicators; how economic measures show wellbeing; advantages of a figure's way of showing well-being.

1. **Name a specific measure** (life expectancy, years of schooling, GNI per person at PPP, the Gini coefficient, the HDI).
2. **Explain why** it is useful or not: the **mechanism**, not just "it shows inequality". Infant mortality depends on clean water, nutrition and health care for the poorest, so it falls only when development reaches ordinary families, and split by region or income group it shows **who** is left behind.
3. **An example** with a place or number (Equatorial Guinea; Ireland's 2015 GDP), and **two points**, each developed.

Variants:

- **Advantages of social measures**: people-focused, show gaps between groups, comparable, help target and evaluate support, combined in the HDI, GII and MPI, and show what economic averages hide.
- **Disadvantages of economic measures**: averages hide the **distribution**; data **hard to collect** and **inaccurate**; **ownership unclear** in a globalised world; exchange rates. Keep to the economic measures' own weaknesses, not a social-against-economic comparison.
- **Advantages of economic measures**: objective, easy to calculate and compare, long histories; income pays for health and schooling.
- **A figure's way of showing well-being** (a dashboard): several measures at once, relative to an average, with arrows for direction.

3. Essay: overcoming regional disparities in one country (12 (8 different) questions)

Asked: the success of attempts or solutions; how far disparities have been solved by regional policy; the relative importance of the difficulties; how far the difficulties have been overcome; "social and economic disparities are both difficult to overcome"; "attracting FDI is important".

1. **One country** (Brazil), **at least two named regions** and **evidence** of the gap (population and GDP shares, GDP per person, literacy).
2. **Briefly why** the gap exists (cumulative causation, backwash), so you can judge whether policies tackled the causes.
3. **At least two specific attempts**, each with what it did, **evidence** of success and its problems.
4. **Judge against criteria**: has the gap narrowed in **social** and **economic**, **relative** or **absolute** terms, for **whom**, and **lastingly**? Conclude on "how far".

Variants:

- **"Difficulties"**: cost, scale, drought, remoteness, the pull of the core, footloose firms, political change, corruption, recessions; rank them, and say whether they existed before or **arose** as attempts went on. Examiners report essays that ignored the difficulties.
- **"Both social and economic"**: social gaps close with spending on schools and clinics; economic gaps need jobs that follow the core, and better-educated young people may **leave** (backwash).
- **"FDI is important"**: capital and jobs (Ford at Camaçari), but footloose and drawn to the core; weigh it against labour, resources, infrastructure and social policy.

4. Essay: causes of regional disparity in one country (10 (7 different) questions)

Asked: evaluate the causes, or their relative importance; how far physical factors cause it; how far cumulative causation caused it; whether core–periphery explains it in one country, or "in all countries".

1. **One country, at least two named regions**, each with place-specific detail: Brazil's Southeast and Northeast.
2. **Sort the causes**: physical, location (ports, markets), historical (colonial economy, land ownership), political, migration, social.
3. **Show how one cause leads to another**: an initial advantage starts **cumulative causation**; **backwash** and **spread** decide whether gaps widen.
4. **Weigh them** (which started it, which keeps it going, which policy can change), and conclude.

Variants:

- **"Physical factors"**: a **range** (climate, soils, relief, water, resources, remoteness, disease) with regional detail, plus at least one other factor.
- **"Cumulative causation"**: the **initial advantages** and the self-sustaining spiral, then the political and social factors the model leaves out.

- **"Core–periphery in all countries"**: test the model on several countries (polycentric Germany, resource frontiers, Brasília); it is a simplified, Western-based **model**.

5. Essay: factors affecting where TNCs locate and how they organise (7 (5 different) questions)

Asked: the relative importance of factors affecting spatial organisation; for one TNC, how far organisation is influenced by markets, or an evaluation of the factors; "labour is the most important factor in growth and spatial structure"; "profitability is the most important factor for FDI location".

1. **Name one TNC** and describe its **spatial organisation**: HQ, regional HQs, R&D, plants, suppliers, and its **form** (host-market production, product specialisation). Answers about **location** only stay in Level 2.
2. **The named factor first, in depth** (markets: Toyota's host-market plants; labour: cost **and** skills, numbers, flexibility).
3. **Other factors**, each linked to a **part** of the TNC, with **change over time** and **growth** (joint ventures, economies of scale).
4. **Judge**: which factor matters most, for **which function** and **which industry**; profit as the underlying driver.

6. Essay: what drives the globalisation of economic activity (7 (4 different) questions)

Asked: assess the role of TNCs; how far TNCs' organisation caused changes in the location of economic activity; assess the role of FDI; how far the global pattern of production is caused by the NIDL.

1. **Define** economic globalisation: economies becoming linked into one world system as trade, investment, firms and information cross borders.
2. **The named driver in depth**, with named TNCs and places (Toyota, Apple and Foxconn, Samsung in Vietnam).
3. **Other drivers**: containerisation, air freight, ICT, trade blocs and lower tariffs, liberalisation and SEZs, mobility of capital and labour; show how they **interact** with TNCs (mid-Level 3 upwards).
4. **Conclude**: TNCs and FDI as the **agents**, technology and policy as the **enablers**. Keep to **economic** globalisation, and to FDI when FDI is named.

7. Describe a distribution or spatial organisation on a world map (6 questions)

Maps: a TNC's operations by country; HICs or LICs by income group; countries with high FDI inflows.

1. **Overall**: **uneven** or widespread; **clustered** or dispersed; which **continents**, **hemispheres**, north or south of the Equator.
2. **Where most and least**, with **counts** from the map ("17 of the 22 are in South Asia").
3. **Clusters and isolated cases**; regions with **none**.
4. For a **TNC**: the share in the **home country** against abroad, the main cluster, the number of countries with one operation, continents with none.

Use continents and regions; individual country names are not needed. Without data the maximum is 2 or 3; a category-by-category list earns 1.

8. Essay: impacts of TNCs and globalisation (6 (4 different) questions)

Asked: evaluate the impacts of changes in TNCs' spatial organisation; "TNCs bring more advantages than disadvantages to countries"; "the impacts of globalisation are mostly positive"; "globalisation has done little to reduce global inequalities".

1. **Impacts by place** (**source** HICs, **host** MICs and LICs, NICs, the **TNC** itself) and **by type** (economic, social, environmental, political), with examples (Rana Plaza, Detroit, Bangladesh's garment jobs).
2. **Balance**: examiners report essays that list only negatives; some advantages turn into disadvantages **over time**.
3. **Conclude**: for **whom**, **where** and **when**.

"Done little to reduce global inequalities": link globalisation to inequality **between countries** (falling since 1990; extreme poverty down from about 38% to 9%) and within them (rising), not a list of pros and cons.

9. Essay: factors in the emergence and growth of NICs (6 (5 different) questions)

Asked: the relative importance of factors; whether the role of government was the main factor; the role of political factors; the importance of economic factors.

1. **Define** an NIC and name examples (South Korea; China; Vietnam).
2. **The named factor in depth** (government: five-year plans, chaebol, export-oriented industrialisation, education, SEZs), then **other factors**, not dominating when one is named.
3. **Emergence and growth separately** (expected from mid-Level 3), and **interrelationships**: political factors often **drive** the others.
4. **Conclude**. "Importance" means **how much it caused** emergence and growth, not the positives and negatives of being an NIC.

10. Use a photograph or satellite image as evidence (4 questions)

Asked: evidence of social inequality between two areas of a city (satellite images); how a disused factory beside new flats shows the impact of globalisation; how a city shows it is an emerging NIC.

1. **Observation + meaning**: something you can see → what it shows. A derelict factory → **deindustrialisation**, manufacturing moved abroad; new flats in old buildings → **regeneration**; cranes, high-rise offices and new roads → **investment** and FDI; dense informal housing beside towers → **inequality**; in satellite images, building density, green space, pools and road layout.
2. **Link to the question** every time ("evidence of globalisation"); describing features alone earns nothing.

11. Explain benefits to TNCs of outsourcing or offshoring, or reasons for the NIDL (4 questions)

1. **Benefits to the TNC**, not just reasons for moving: lower costs → higher profit; flexibility; specialist expertise; skilled workers; new markets; lower taxes and fewer regulations; specialisation.
2. **Keep to the activity asked**: offshoring of **services** (call centres, IT, the TNC keeping control) is not outsourcing of manufacturing; answers about the wrong one stay in Level 1.
3. **NIDL reasons**: political (open door, SEZs, incentives), technological (containers, air freight, ICT), socio-economic (cheap and suitably skilled labour, markets), environmental (resource frontiers, pollution laws), including **push** factors from HICs.

12. Explain impacts of changes in the location of economic activity or of FDI (4 questions)

Asked: two socio-economic impacts on HICs; two positive impacts on NICs; two disadvantages for countries of high FDI.

1. **Two clearly different impacts**, each a cause → effect chain with a place (manufacturing moved to Asia → factory closures in Manchester → long-term unemployment and derelict brownfield sites), using the FDI and offshoring tables.
2. **Set it in the context asked** (an HIC; an NIC); identification alone earns 1 mark.

13. Explain reasons for changes in sectors, exports or employment (4 questions)

Asked: reasons for HICs' falling and MICs' rising share of manufactured exports; reasons for trends in female employment by sector; the role of the primary sector in development.

1. **Explain the change shown**, not the pattern at one date: deindustrialisation, outsourcing and FDI, the NIDL, MICs' SEZs; historical reasons are not enough.
2. **Female employment**: cover **each sector**, with reasons that apply to **women**, or the answer stays in Level 2.
3. **Role of the primary sector**: food, jobs, raw materials, export earnings, **capital** for industry, a **multiplier**, a **market**, and how the role changes with development and between places (oil states); not a description of the stages.

14. Essay: the best way to measure global inequality or development (4 (3 different) questions)

Asked: "social indices are the best way"; "economic indices are the best way"; whether variations in development are best measured by economic indices.

1. **Define** inequality or development and the type of index named.

2. **At least two named indices** of that type, evaluated as a **group** against social, composite, environmental and political measures, not each index described in turn.
3. **"Best"**: accuracy, ease of collecting data, comparability (PPP), what is missed (informal sector, distribution), and purpose. Conclude: often a **mix** (the HDI, IHDI or MPI), but for which purpose?

15. Essay: convergence and divergence over time (4 (3 different) questions)

Asked: "at first there is regional divergence, and then convergence always follows"; whether one country will always have regional disparities; whether its regional development is characterised by convergence.

1. **Explain the theory**: core–periphery stages, cumulative causation (backwash then spread), Williamson's inverted U.
2. **Test it on named regions over time**: Brazil (social convergence since 2000, little economic convergence); China (divergence after 1980, some convergence since the mid-2000s); Italy (a persistent gap); with the role of policy, globalisation and recessions.
3. **"Always"**: past changes **and** the future: can the causes be removed? Conclude.

16. Essay: causes of global inequality in wellbeing (2 (1 different) questions)

Asked: how far global inequalities in social and economic wellbeing are caused by physical factors.

1. **Global scale**: inequality **between countries**, not within.
2. **Physical factors** in depth (the causes table), then **human** ones: colonial history, conflict, governance, debt, trade, education.
3. **Evaluate**: physical factors set the stage, human factors decide outcomes (Switzerland, Singapore, Botswana against DR Congo); conclude.

Worked examples

Example 1

Diagram 2 shows Lorenz curves of household income for two model countries, P and Q.

(a) Compare the distribution of income in P and Q. **[4]**

(b) Explain two limitations of the Human Development Index (HDI) as a way of comparing wellbeing between countries. **[6]**

(a) One mark for each comparison; data needed for full marks.

- Both curves lie below the line of equality, so income is unequal in both, but Q's curve sags much further from it, so Q is more unequal **(1)**.
- The richest 20% of households receive 58% of income in Q, whereas in P they receive 39% **(1)**.

- The poorest 20% receive only 3% in Q, less than half the 8% in P, and the poorest 40% receive 10% in Q against 21% in P **(1)**.
- The richest fifth's share is about 19 times the poorest fifth's in Q, but under 5 times in P **(1)**.
- A similarity: the second-richest fifth receives a similar share in both (23% in P, 20% in Q) **(1, if a point above is missing)**.

(b) A model answer.

The first limitation is that the HDI is a **national average**, so it hides inequality **inside** a country. Two countries with the same life expectancy, schooling and GNI per person get the same HDI, even if one has a distribution like P and the other like Q. South Africa's high income inequality means its HDI overstates how well most of its people live; the UN's **inequality-adjusted HDI** cuts its score by far more than that of a more equal country.

The second limitation is that it measures only **three dimensions**. It leaves out gender equality, political freedom, security and the environment, and GNI per person does not show who receives the income. Qatar is in the "very high" HDI group largely because of gas wealth, yet most of its residents are migrant workers, many of them on low pay. So countries can rank close together while ordinary people's lives differ greatly.

Level 3 (5–6 marks): two limitations, each clearly explained (why it misleads, with an example).

Example 2

The table shows indicators for the five regions of a model country.

Region	GDP per person (US dollars)	Infant mortality (per 1000 live births)	Adult literacy (%)
A (capital)	24 000	8	98
B (industrial coast)	18 000	11	96
C (farming interior)	7 500	24	85
D (mining north)	21 000	31	79
E (dry north-east)	5 000	38	74

(a) Describe the relationship between GDP per person and infant mortality in the regions. **[4]**

(b) Explain two ways in which backwash effects may widen the gap between region A and region E. **[6]**

(a)

- Overall a **negative** relationship: regions with higher GDP per person tend to have lower infant mortality **(1)**.
- A has the highest GDP per person (24 000 dollars) and the lowest infant mortality (8), whereas E has the lowest GDP per person (5000 dollars) and the highest infant mortality (38) **(1)**.
- E's infant mortality is 4.75 times A's, while its GDP per person is about a fifth of A's **(1)**.

- D is an **anomaly**: it has the second-highest GDP per person (21 000 dollars) but the second-highest infant mortality (31), higher than C, whose GDP per person is little more than a third of D's **(1)**.
- Without D, the other four regions are in exactly the same order on both measures **(1, if a point above is missing)**.

(b) A model answer.

The first way is **selective out-migration**. Few jobs and low wages in E push young, educated and enterprising people to the capital, A. E loses the workers, taxpayers and business founders it needs and is left with an older, less skilled population, so services close and new firms have even less reason to come. In Brazil, millions of young people moved from the Northeast to São Paulo in the second half of the 20th century, adding to the core's labour force while the sertão stagnated.

The second way is the **flow of capital and the competition of core firms**. Savings deposited in E's banks are lent where returns are highest, to firms in A, which already has suppliers, skilled workers and markets. Meanwhile large firms in A sell cheap goods into E's towns, undercutting its small workshops. So capital and profit drain to the core, and E stays dependent on low-value farming: each round of backwash leaves it less attractive than before.

Level 3 (5–6 marks): two backwash effects, each clearly explained as a process that widens the gap, with an example.

Example 3

With reference to one country, assess the extent to which its regional disparities are the result of historical factors. **[20]**

Introduction. Regional disparities are differences in social and economic development between regions of a country. In **Brazil**, the **Southeast** has about 42% of the people and over half of GDP, while the **Northeast** has about 27% of the people but only about 14% of GDP, and several times the Southeast's adult illiteracy. Historical factors are past events and structures: the colonial economy, the capital's location, slavery and land ownership. I will weigh them against physical and political factors and cumulative causation.

The case for historical factors. The Northeast was Brazil's first **core**: sugar plantations worked by enslaved Africans made it rich, and Salvador was the capital until 1763. But that economy left **huge estates** owned by a few families, a population with little land or schooling, and dependence on one crop. When the capital moved to **Rio** and the 19th-century **coffee** boom made São Paulo rich, the advantage shifted south: coffee profits paid for railways, the port of Santos and banks, and European immigrants arrived after slavery ended in 1888. History **created** the Southeast's initial advantage and the Northeast's lasting inequality.

The case against: physical factors. The **sertão** is semi-arid, with recurring droughts (2012–2017) and poor soils, so farming is risky. The Southeast has fertile soils that suited coffee, iron ore in Minas Gerais and rivers for hydroelectric power. Physical geography decided **where** coffee and industry could thrive, and explains why the sertão, not the Northeast's coast, is the poorest part.

Cumulative causation and politics. Once São Paulo had its start, **cumulative causation** took over: industry, including the car industry from the 1950s, clustered there; the multiplier attracted more firms; and millions of **nordestinos** migrated south (**backwash**). Later policies tried to reverse this (SUDENE, Brasília, the Manaus Free Trade Zone, Bolsa Família): **social** gaps narrowed, yet the Northeast's share of GDP has hardly changed, so the processes set going by history still operate.

Evaluation and conclusion. Historical factors were the **trigger**: they decided which region had the initial advantage and left the Northeast with unequal land ownership and weak human capital. Physical factors **reinforced** the pattern, and cumulative causation and political choices **sustained** it. The factors interact: history placed coffee on the Southeast's fertile soils, and coffee wealth started the spiral. So history explains **much** of the disparity, especially its origin, but the **continuing** causes are economic and political, and policy shows the gap is not fixed.

Level 4 (16–20 marks): one country with detailed knowledge of two named regions; historical factors examined in depth and weighed against physical and political factors and cumulative causation, showing how they interact; and a conclusion that answers "to what extent".

Common mistakes

- **Describing measures instead of explaining** why they are useful or limited; mixing up social and economic indices.
- **Regional essays without regions**: regions named with no place-specific detail, rural and urban areas with no named regions, or the national economy (FDI into the whole country) instead of gaps between regions.
- **Ignoring the "difficulties"** when asked about them, or writing about the success of schemes when asked whether disparities will **always** exist.
- **Knowing core–periphery but not spread and backwash**, and forgetting the **diseconomies** that push growth out of the core.
- **TNC essays about "cheap labour" only**, or about **location** instead of spatial organisation.
- **NIC essays that describe an NIC** instead of the factors behind it, or ignore **emergence** against **growth**.
- **Globalisation essays without global inequality**, or with **only negatives** for TNCs, FDI or globalisation.
- **Photograph answers that only describe**, without using the image as **evidence**.
- **Data answers** that describe each country separately instead of contrasting, or read shares as totals.
- **Vague examples** ("for example, Africa"): name a country, and a region in a large country.

How to get the marks

- **Command words. Describe** = what the figure shows, with data, no reasons. **Compare** = linked similarities and differences; **contrast** = differences. **Explain** = reasons and processes, cause and effect. **Suggest** = apply what you know to the figure. **Assess**, **evaluate**, **how far**, **to what extent** = weigh both sides and reach a judgement.

- **Question 10(a)**: the overall trend, pattern or relationship first; then turning points, extremes, groupings and anomalies with **values, units and dates**; manipulate the data; never list.
- **Question 10(b)**: Level 3 needs **two** points, **each developed** (what → how → effect) with a **named example**; naming without explaining stays in Level 1.
- **Essays**: define the key terms; the **named factor or idea** in depth first; **other factors** and how they **interact**; vary by **place**, **scale**, **stakeholder** and **time** (emergence and growth; divergence then convergence); **detailed, located examples**; evaluate as you go, and conclude by answering the question directly.
- **Case studies**: Toyota for "one TNC" essays; Brazil, with at least two named regions, for every regional essay; South Korea and China for NICs. **Models** (core–periphery, cumulative causation, Clark–Fisher, the NIDL): use them to **explain** your example, and judge where they fit.
- **Time**: give the 20-mark essay about twice as long as Question 10.

Quick check

1. Using the quintile shares in Diagram 2, calculate the Gini coefficient of countries P and Q with the formula in Key facts.
2. In Example 2, how many times greater is region A's GDP per person than region E's? If A's GDP per person then grows by 2% a year and E's by 6% a year for 10 years, find each value, the new ratio and the new gap in dollars. Have the regions converged?
3. A country's workforce of 12 million has 3.0 million in the primary sector, 3.6 million in the secondary sector and 5.4 million in the tertiary and quaternary sectors. Calculate each share, and say which stage of the Clark–Fisher model (Diagram 1) it is closest to.
4. A model country has a health index of 0.8, an education index of 0.6 and an income index of 0.7. Calculate its HDI, and the life expectancy that gives a health index of 0.8.
5. Explain the difference between outsourcing and offshoring, with an example of each.

Answers

1. P: cumulative shares 0.08, 0.21, 0.38, 0.61, 1, so $G = 1 - 0.2 \times (0.08 + 0.29 + 0.59 + 0.99 + 1.61) = 1 - 0.2 \times 3.56 = 0.288$. Q: cumulative shares 0.03, 0.10, 0.22, 0.42, 1, so $G = 1 - 0.2 \times (0.03 + 0.13 + 0.32 + 0.64 + 1.42) = 1 - 0.2 \times 2.54 = 0.492$. Q is much more unequal. (Using five groups slightly underestimates the true Gini, because it ignores inequality inside each fifth.)
2. $\dfrac{24\,000}{5000} = 4.8$ times. After 10 years: A $= 24\,000 \times 1.02^{10} = 29\,256$ dollars; E $= 5000 \times 1.06^{10} = 8954$ dollars. The ratio falls to $\dfrac{29\,256}{8954} = 3.27$, but the gap grows from $19\,000$ to $29\,256 - 8954 = 20\,302$ dollars. So the regions **converge** in relative terms but **diverge** in absolute terms: faster growth in the periphery does not quickly close the gap in money.
3. Primary $\dfrac{3.0}{12} \times 100 = 25\%$; secondary $\dfrac{3.6}{12} \times 100 = 30\%$; tertiary and quaternary $\dfrac{5.4}{12} \times 100 = 45\%$. Services are the largest sector, but the primary sector is still a quarter of jobs. This is closest to the fourth point in Diagram 1 (20%, 40% and 40%), at the end of the **industrial** stage, with fewer factory jobs and more services than the model at that point.
4. $\text{HDI} = \sqrt[3]{0.8 \times 0.6 \times 0.7} = \sqrt[3]{0.336} = 0.695$ (a little below the simple average, 0.7, because the geometric mean penalises a weak dimension). Life expectancy: $\dfrac{\text{LE} - 20}{65} = 0.8$, so $\text{LE} = 20 + 0.8 \times 65 = 72$ years.
5. **Outsourcing** means contracting **another firm** to do part of the work: Apple contracts Foxconn to assemble iPhones in China and India. **Offshoring** means moving part of the firm's **own** operations to another country while keeping control: a European bank running its own IT and service centre in Bengaluru. Outsourcing can be at home or abroad; offshoring is always abroad.

Past questions to try

- **9696/42/O/N/25 Q11**: essay evaluating the relative importance of the factors in the emergence and growth of NICs.
- **9696/42/O/N/24 Q12**: essay on whether core–periphery can explain regional disparity within all countries.
- **9696/43/M/J/25 Q10**: describe the distribution of HICs on a world map, then explain two advantages of social measures of inequality.
- **9696/43/M/J/24 Q12**: essay on how far the global pattern of production is caused by the NIDL.