

ECONOMIC DEVELOPMENT

1. The USA and the UK are examples of *developed* countries. What are some examples of *developing* countries?

2. Try to give words for the abbreviations, then match features (1- 10) with the categories:

Classification of countries based on Gross Domestic Product + Human Development Index

MEDC

LEDC

NIC

- | | |
|---|--|
| 1. all levels of education available, free access to medical care | 2. economy based on primary industries (farming, fishing, mining) |
| 3. more people in rural areas than in towns | 4. secondary sector has started to grow |
| 5. life expectancy and literacy is increasing or has increased recently | 6. younger, growing population |
| 7. tertiary sector is starting to arise to provide services | 8. tertiary sector dominates (services, banking, information technologies) |
| 9. industrialization has not started | 10. primary sector highly mechanized, employs few people |

3. Which approaches are better for the growth of economy, why?

1. All decisions are made by one organization
2. There is a lot of competition among organizations
3. Prices and wages tend to be fixed
4. Prices vary depending on how much people need or want a product
5. All resources are collectively owned

4. AID TO DEVELOPING COUNTRIES

Role play: Take the roles of the aid defender and aid critic and discuss how it is possible to help economies of poor countries.

Video: Micro Hydro in Peru <https://www.youtube.com/watch?v=vKQ6t0000Kc>

How much does this help fit into the scheme of sustainable development?

<http://www.i-study.co.uk/Development.html>

Phrases used to express a personal point of view

- | | |
|--|--|
| • Podle mé zkušenosti In my _____ | • Řekl bych, že I'd say that... |
| • Co se mě týká As far as I'm _____ | • Jsem toho názoru, že I am of the opinion that... |
| • Mám-li mluvit za sebe Speaking for myself... | • Rád bych zdůraznil I'd like to _____ |
| • Můj osobní názor je My personal view is that | • Zastávám názor, že I take the view that. .. |
| • Osobně si myslím... _____, I think... | • Musím přiznat, že I must _____ that ... |

READING

1 In the 1980s, there was a movement towards more free market, supply-side-oriented governments in developed countries such as the USA and the UK, which saw a shift of emphasis in government policy. This resulted in a change in direction of thinking on the best way to achieve growth and development in developing countries. However, as we have moved into the new century, a number of concerns have been raised about the value of adopting a pure market-led approach.

2 Infrastructure is unlikely to be created through a market-based approach and developing countries simply do not have sufficient infrastructure to adopt a free-market approach. Thus, this requires planning for the future and government intervention.

3 Although the more developed countries promote trade liberalization, they themselves do not liberalize all their trade. Protectionism in developed countries makes it very difficult for the developing countries to compete on a fair basis. In recent years, led by the larger developing countries such as Brazil and India, developing countries have been cooperating with each other to have more influence in trade negotiations.

4 The success of the export-led Asian Tigers did not happen without government intervention. The governments in question were very interventionist in specific areas, especially in product markets that needed help and protection before they were able to export. They also were able to place great emphasis upon education and healthcare.

5 Although a more free market approach may lead to economic growth in the long term, there are without doubt short-term costs to the poorest people. In the short term, unemployment rises, as do the prices of essential products, and the provision of public services also falls. This will hit the poorest sector of the population more than anyone else, causing greater income inequality.

6 The adoption of free market strategies tends to concentrate attention and activities on the urban sectors of an economy. This tends to increase the divide between rural and urban areas, increasing the levels of poverty in rural areas and also leading to migration from rural to urban areas. This has created large areas of slums on the edge of many major cities in developing countries.

7 Governments may adopt the concept of liberalized flows of capital, but a lack of political stability means that many countries are not in a position to attract the foreign investment necessary to achieve growth.

8 In the end, it is clear that solutions will lie in a combination of the different approaches and that the combination will need to be tailored to suit the needs of each individual country. Adopting a 'one size fits all' policy will not be effective, as the IMF discovered in the 1980s.

Source; Blink, J. Dorton, (2006). IB Economics Companion. Oxford: Oxford University Press.

Task 1 The main idea of par. 1 is: *Opinions on how to achieve economic growth have changed over time.* Match paragraphs 2-8 to the summarizing ideas a-g.

- Developing countries need governments to help in transportation, energy supply, and health care.
- A free market economy can cause problems for the poorest people.
- A free market economy can cause different problems in cities than in rural areas.
- A combination of planned and free market policies is the most effective approach.
- It is difficult for developing countries to compete with developed countries.
- Other countries may not invest in a developing country for political reasons.
- Government intervention has helped some countries to be successful.

Task 2 AUTHOR'S STANCE

Complete the sentences to summarize the author's view in paragraphs 5 and 7.

(par.5) Free markets create social and economic divides, and are not always for the poorest sector of a society.

(par.7) Without political stability, it is more for governments to attract investment.

sources http://www.bbc.co.uk/schools/gcsebitesize/geography/development/contrasts_development_rev2.shtml
Oxford EAP, Edward de Chazal, Louis Rogers, OUP, 2013, p.27
<http://www.i-study.co.uk/Development.html>