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THE NORTH-SOUTH DIVIDE

How do we measure development around the world?
To what extent is the Brandt Line outdated?

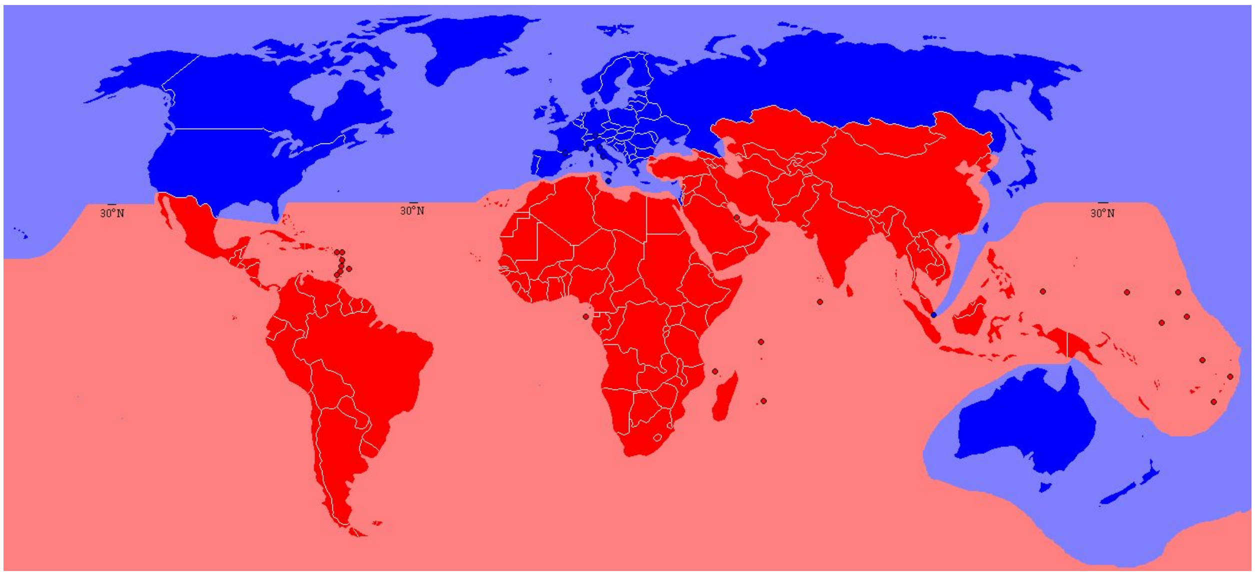


Image 1: The Brandt Line

Development and The Brandt Line

Development refers to a process of change that affects people's lives, exploring how the standard of living, wealth and quality of life of the global population varies across our planet. There are various development indicators which can be split into three categories. Health indicators measure statistics such as nutrition and life expectancy, social indicators include employment and education whilst economic indicators may examine poverty and GDP per capita figures.

The Brandt line, proposed by Willy Brandt (the German Chancellor) in 1980, created a partition between the 'developed' North and 'developing' South. Brandt came to the conclusion that more cooperation between countries could 'build a world in which sharing, justice, freedom and peace might prevail' (Willy Brandt, 1983). Around 130 countries were included in the South, whilst the North featured mainly continental Europe, the USSR and Australia.

Table 1: Characteristics of the Brandt Line

Characteristics of the North	Characteristics of the South
1/4 of the world's people	3/4 of the world's people
4/5 of world's income	1/5 of world's income
Average life expectancy more than 70 years	Average life expectancy of 50 years
Most people have enough to eat	1/5 or more suffer from hunger and malnutrition
Most people are educated	1/2 of the people have little chance of any education
Over 90% of the world's manufacturing industry	less than 10% of the world's manufacturing industry
About 96% of the world's spending on research and development	4% of the world's research and development

As Table 1 demonstrates, Brandt suggested that countries north of the division were more developed as they had been able to interact successfully with others, benefitting from higher levels of trade and thus boosting the quality of life for their population. However, global economic welfare has changed greatly over the last 30 years; urging today's leaders to question the relevance of Brandt's North-South division.

Development Around the World Since 1980

Following Brandt's report in 1980, several global shifts have defined development around the world. These changes have affected regions differently, whilst also blurring the established divide between the North and South.

Globalisation is a noticeable phenomenon which has changed the way that economies interact on the world stage at cultural, economic and political levels. Interdependence between countries and a considerable increase in cross-border activity has seen global trade levels soar. For many countries, such as the 'BRICS' (Brazil, Russia, India, China and South Africa), globalisation has brought great progress. These countries, which comprise over 40% of the world's population and account now for 25% of global GDP have seen increasingly high rates of economic growth (Image 2), suggesting that the cross-border activities of globalisation have brought clear benefits. This can be visualised most clearly by Brazil's ability to host the Football World Cup in 2014, a truly global event which helped secure the country's position as an important world player.

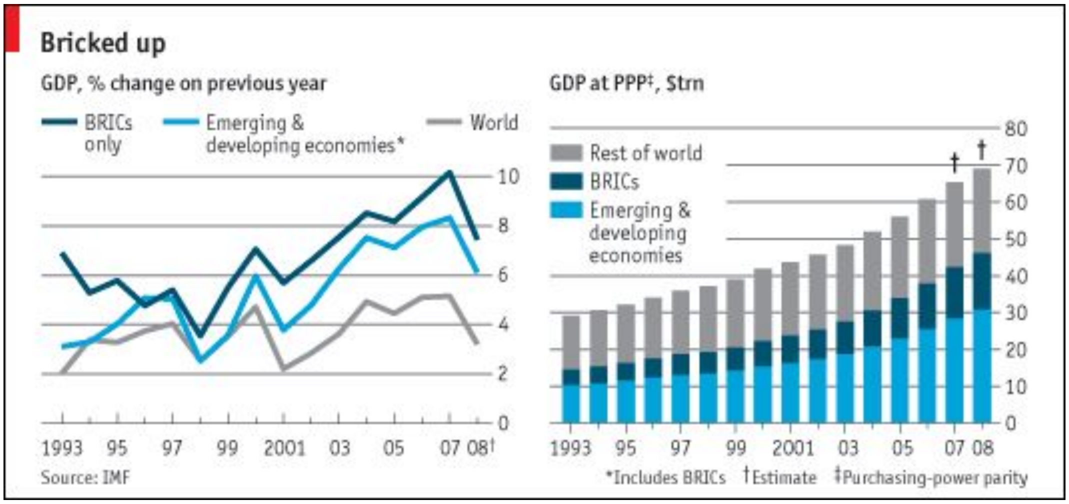


Image 2: *'Bricked Up', The Economist*

However, although they may offer cost-effective labour solutions, many LEDCs have not been able to benefit from the interconnected world we see today. World trade continues to be dominated by the wealthier economies, this has seen Transnational companies (TNCs) exploit poorer areas as profits are 'leaked' from less developed countries. Therefore many LEDCs suffer from a lack of inward investment, which is needed to allow future development, effectively making some countries poorer as a result of globalisation.

> *"Across the continent mobile phones are also bringing unprecedented levels of openness and transparency to the electoral process, empowering citizens from Cairo to Khartoum to Dakar to Lagos."*
>
> "Seven ways mobile phones have changed lives in Africa", CNN (September 2012)

Technology, most notably the birth of the mobile phone, has certainly been a factor that has defined global development since the 1980s. Nowhere has this been felt more so than in the isolated rural areas of the African continent. Farmers in Kenya are now able to access up-to-date commodity prices so they can get the pay they deserve, entrepreneurial businessmen in Malawi can communicate with experts to source advice and all over the continent citizens can stay connected with others. As the news article extract shows, advances in technology have empowered previously isolated communities, with mobile ownership increasing by 73% between 2002 and 2014 in Kenya.

However, in recent years it has become increasingly clear that development can be easily stifled by global change. In a more 'connected' world, the economic recession of 2008 and the following eurozone crisis impacted on a vast proportion of the world's population. As banks were bailed out by national governments and unemployment reached 12.2% across the Eurozone in 2013, the consumer wealth of the western population plummeted. This saw development halter in countries as inward investment from abroad declined, reducing income levels. Image 3 clearly shows how a selection of developing countries in Asia suffered a sharp fall in their influx of foreign direct investment following the 2008 economic downturn. This further enforces the idea that a developed and connected world brings about increased interdependency between nations, which can prove costly during times of economic slowdown.

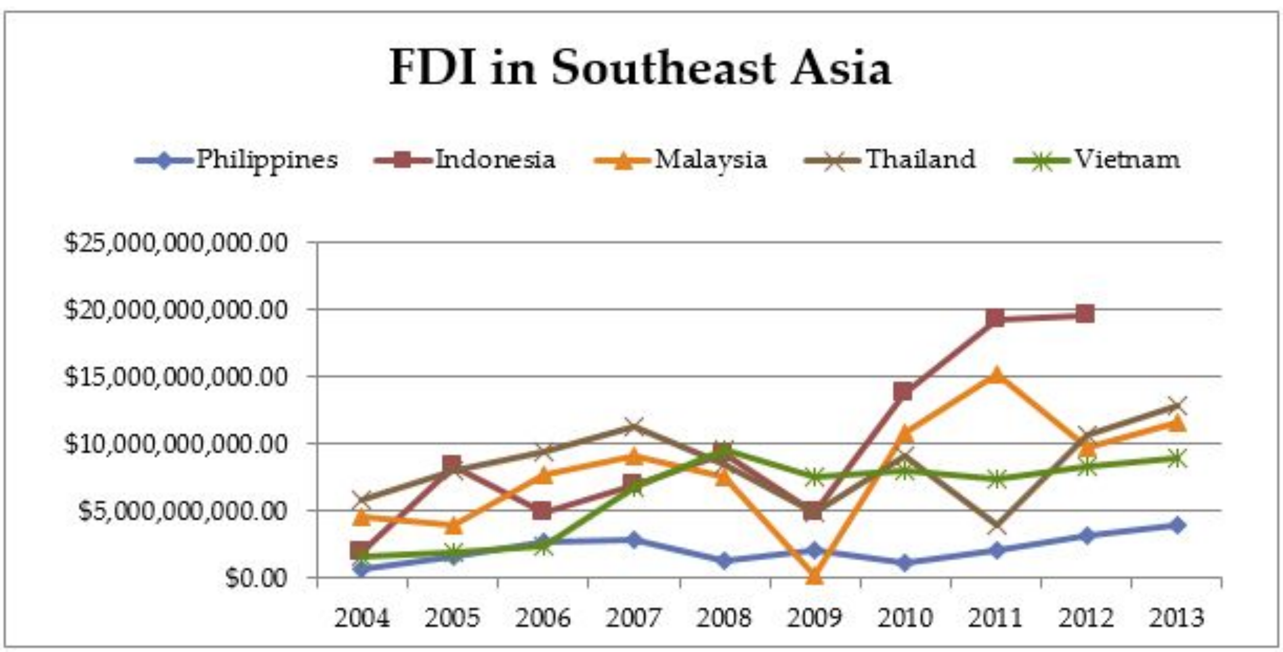
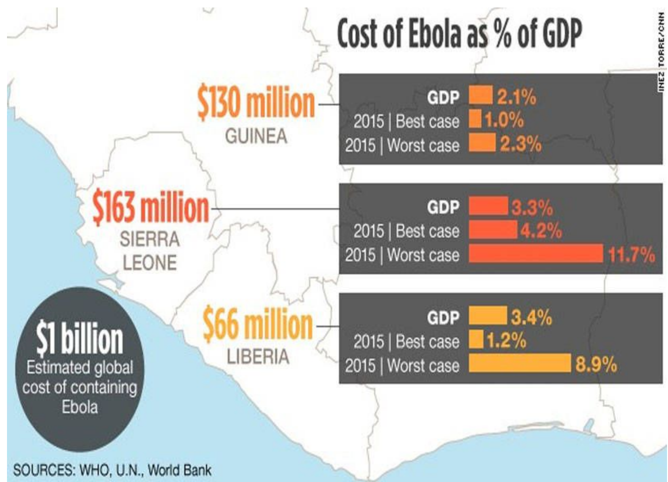


Image 3: *Foreign Direct Investment in Southeast Asia (Human Development Report 2014)*

Disease outbreaks can also massively impact development, this has been witnessed most recently in western-Africa as the Ebola virus has swept across vast areas, carrying a 90%

mortality rate. Naturally, governments have done all they can to curb the outbreak, however whilst providing medical care and protection, government money has been diverted from spending on social overhead capital and on other key investment projects which help to secure a country's future development. According to the World Bank, the Ebola crisis cost the countries of Liberia, Guinea and Sierra Leone a combined $815m during the latter part of 2015. These crucial funds had the potential to be used to aid the countries' development plans, showing how a medical outbreak can limit development.



Development Indicators

Bobby Kennedy described GDP (or Gross Domestic Product) as an indicator which 'measures everything except that which makes life worthwhile'. This measurement (although useful) ignores social costs, environmental costs and the costs associated with conditions such as income inequality- issues that are proving more relevant in a more connected and informed global society. Solely measuring the transactions that take place, many nations (arguably including our own) still focus on promoting GDP growth. As has been seen in Saudi Arabia, where only 13% of the workforce in 2015 comprised women, increased economic activity does not necessarily help in reducing issues such as inequality. Infact, it is widely understood that a focus solely on GDP can actually limit a country's development. If economic figures are believed to be the only targets for development then nations can find themselves developing economically, yet suffering environmentally and socially. Malaysia, for example, exports over 40% of the world's supply of palm oil (worth $12b) which acts as an important contributor to the country's overall GDP figure. However, this industry has come under scrutiny as it was revealed that the country saw its highest ever levels of hazardous atmospheric haze in 2013 and workers have been labouring in dangerous conditions, earning less than $240 each month. This suggests that the scramble for economic progress, and GDP, has brought about other issues which negatively impact on this nation.

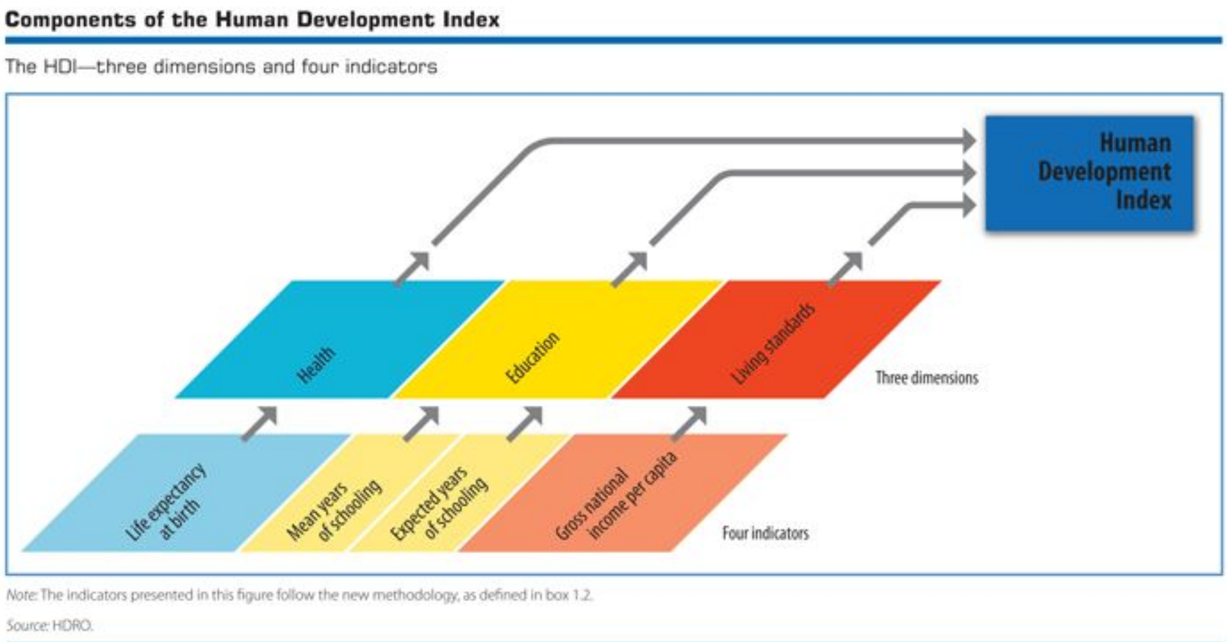


Image 4: Human Development Index

Image 4: The Human Development Index (or HDI) is a composite indicator, developed by the UN, which comprises several social and economic indicators in order to provide a more accurate and balanced idea of a country's level of development. Every country is given a 'score' between 0 and 1 which is generated from the range of factors that are shown in Image 4. HDI uses a 'real' rather than 'gross' GNP/capita figure. This subtle difference removes the effect of inflation from economic statistics, effectively suggesting what an income can actually purchase in a country. The use of 'real' economic figures is crucial, particularly when examining developing countries, as Zimbabwe for example reached 50% inflation per month in early 2007, with it being the first country to 'hyperinflate' in the 21st Century. However HDI figures may seem arbitrary to some, as there are many other ways of measuring standards of health and education. Also, this index is unable to show inequality, whether economic or social and doesn't highlight the geographical inequalities that often exist in modern nations.

A third indicator which is undoubtedly less well recognised is the GNH (Gross National Happiness) measurement. This was first introduced by Bhutan’s Fourth Dragon King in 1972. Although initially believed to be a way to protect the country’s Buddhist spiritual values, this phrase is now appearing all around the world as many find comfort in the use of an indicator that does not represent the materialistically-driven GDP type figures.

> *“Now, in a world beset by collapsing financial systems, gross inequity and wide-scale environmental destruction, this tiny Buddhist state's approach is attracting a lot of interest.”*
>
> Annie Kelly, The Guardian (1st December 2012)

Image 5: Bhutan’s 2015 Gross National Happiness Index

2015 GNH	Score Range:	Percentage of people who are:
Deeply Happy	77%-100%	8.4%
Extensively Happy	66%-76%	35.0%
Narrowly Happy	50%-65%	47.9%
Unhappy	0-49%	8.8%

However, an indicator such as this is understandably difficult to measure in a quantified way. Moreover, people have different perceptions towards what happiness really means. Although a valid substitution to GDP, it has been widely suggested that improvements need to be made to ensure that this indicator correctly represents a country’s level of development. In a world where sustainable and social issues are holding greater importance, this index may become more relevant in future years.

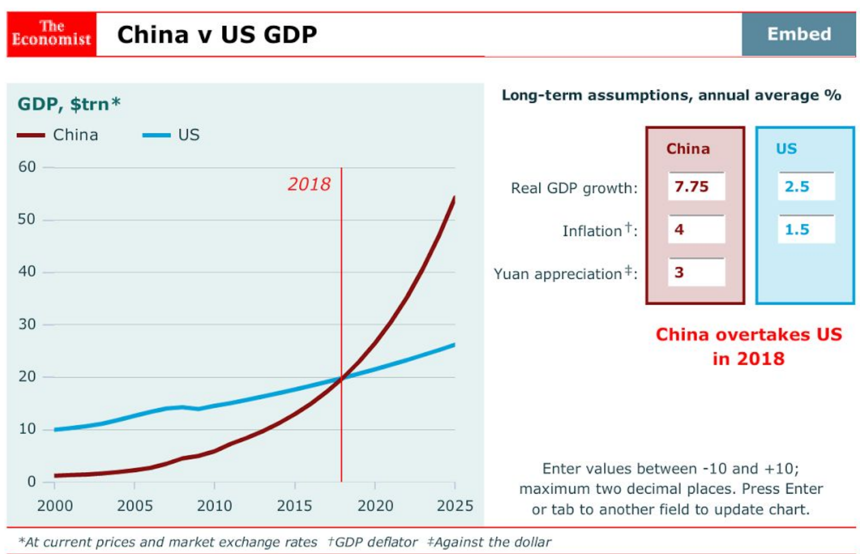


Image 5: China vs. US GDP, The Economist

China

As a Newly Industrialised Country (or NIC), China has seen great development in recent times, with the average life expectancy rising from 65 in 1980 to over 77 in 2015. Various factors have shaped this growth, which has been dubbed a 'miracle' by Li Yang, the prominent Chinese educator.

By 2012, China became the second largest global economy, by GDP (real terms) and was the world's number one exporting nation. Meanwhile remaining as the largest recipient of FDI (as seen in Image 3). These impressive figures clearly show the economic leap that China has made since the 1980s, a progression which has been praised as 'impressive' and 'lasting' by respected economists and organisations all around the world.

The main factor that has determined China's development is undoubtedly its economic growth. One way this has been achieved has been through the use of gradual economic reforms. Fiscal and monetary reforms have seen a proper tax system come into use, the People's Bank of China has now become a sole monetary authority and the adoption of a floating exchange rate in 1994 has seen foreign investment in the country become more attractive, boosting the economy's aggregate demand (AD) and encouraging further economic growth.

Constant 'opening up' has further allowed development to occur. A more market-based economy has seen private investment become allowed (in 1994) and a legal system has been established in the country. These changes can be shown through Image 6, which clearly shows the diminishing role that the state has played over time in an increasingly market-led economy. 2001 was believed to represent a key milestone for the country as it entered into the WTO. This proved that the relaxation of tight political restrictions and encouragement of market competitiveness attracts foreign investment, which can in turn be a great boost for development as the social, political and cultural benefits of international trade can be felt.

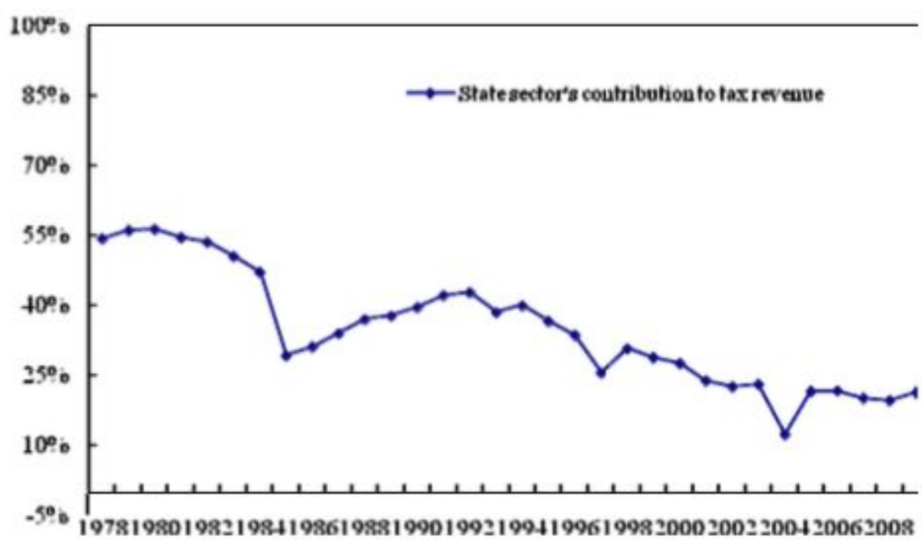


Image 6: Contribution of state-owned sector to the total tax revenue (%), China Industry Economy

Statistical Yearbook (2011)

An improved economic structure has also driven forward China's development. Through the processes of industrialisation and urbanisation, allocative efficiency has occurred as factors of production are able to maximise their outputs. Since the 1960s a clear structural change has occurred in the country's economy as the shares of the service and industrial industries have grown, partly due to a diminishing agricultural sector. For a developing country, it is believed that industrial development provides more jobs and better supports the urbanisation process. Thus, the growth of industry across China can be viewed as an advantage for the country's overall development.

Although only currently at a level of around 35% (World Bank, 2010), China has proved that urbanisation has the potential to act as a real driver in supporting the country's future development. Urban dwellers are able to enjoy social security, insurance and educational benefits that are not accessible in much of the nation's rural areas. By increasing urban populations, China can boost the quality of life for its residents as a greater variety of services and goods are available to a larger proportion of the population. This is believed to have been a factor which has caused the country's HDI to reach 0.727 this year.

High levels of savings and investment are considered a major determinant of long-run growth by the well established economic frameworks that exist today. China, in particular, has exceptionally high levels of savings (as can be seen in Image 7). This allows the country to continue to invest in capital goods and crucial infrastructure which could help secure the future development of the Chinese economy. Investment will boost AD and improve the economy's productive efficiency- allowing goods and services to be produced at lower costs, important for a mass-exporter such as China.

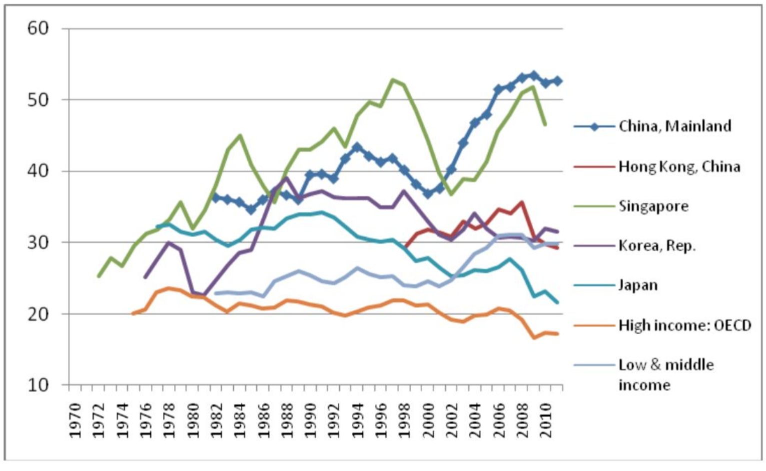


Image 7: International comparison: Gross savings (% of GDP), World Bank (April 2013)

However, many questions have been raised about whether China's rate of development is actually beneficial for the country in the long-run. The BBC's Robert Peston described the main sources of the country's growth as 'unsustainable' and that the longer development of this kind continues, the more damaging the eventual consequences will be for the citizens of this seemingly booming economy. The 2008 banking crisis saw a sharp fall in demand from Western countries and this damaged China's export-led economic model, revealing a worrying crack in the nation's financial architecture. Rather than reshaping the economy in response to this global event, the government instead boosted investment spending up to 50% of GDP. But this new productive capacity is believed to go beyond what the market demands, damaging in the long term as factors of production are left unused. Moreover, further concerns arose as this splurge in spending was driven by loans. Peston described it as 'debt-fueled investment' as banks lent money and the total debts reached twice the value of the country's GDP. In short, China's AD is believed to be unstable, as the share in investment expenditure outweighs any other instruments. This has raised uncertainty which, if nothing else, is sure to drive off the onlooking foreign investors who will aid this economy to continue to develop.

Pollution has become a major concern for many of the industrialised cities of China. Although wealth levels have risen, rising disposable incomes have led to an increase in car ownership which has worsened the air quality and seen, cloudy, toxic smog appearing daily over some of the nation's most bustling cities. As the regular Chinese citizen becomes wealthier, greater strains have been placed on the country's outdated energy network. Although attempting to harness the power of renewable sources, projects like the Three Gorges Dam have been criticised for causing irreparable damage to the fragile natural habitat, a further example of how overall development can be hampered by environmental factors.

A growing disparity between north and south seems to have emerged as a result of China's development over recent times. Economic growth has benefited south and eastern regions more (Image 8), whilst farmers and rural dwellers in the west have struggled to earn a living as they are unable to benefit from the newly-active international tourist industry or the urbanisation of populated cities in the east. The Chinese Government has struggled to cope with this growing divide and researchers suggest that this disparity must be tackled in order to ensure the nation’s future development.

Image 8: Chinese Development Map, Global Sherpa (2005)

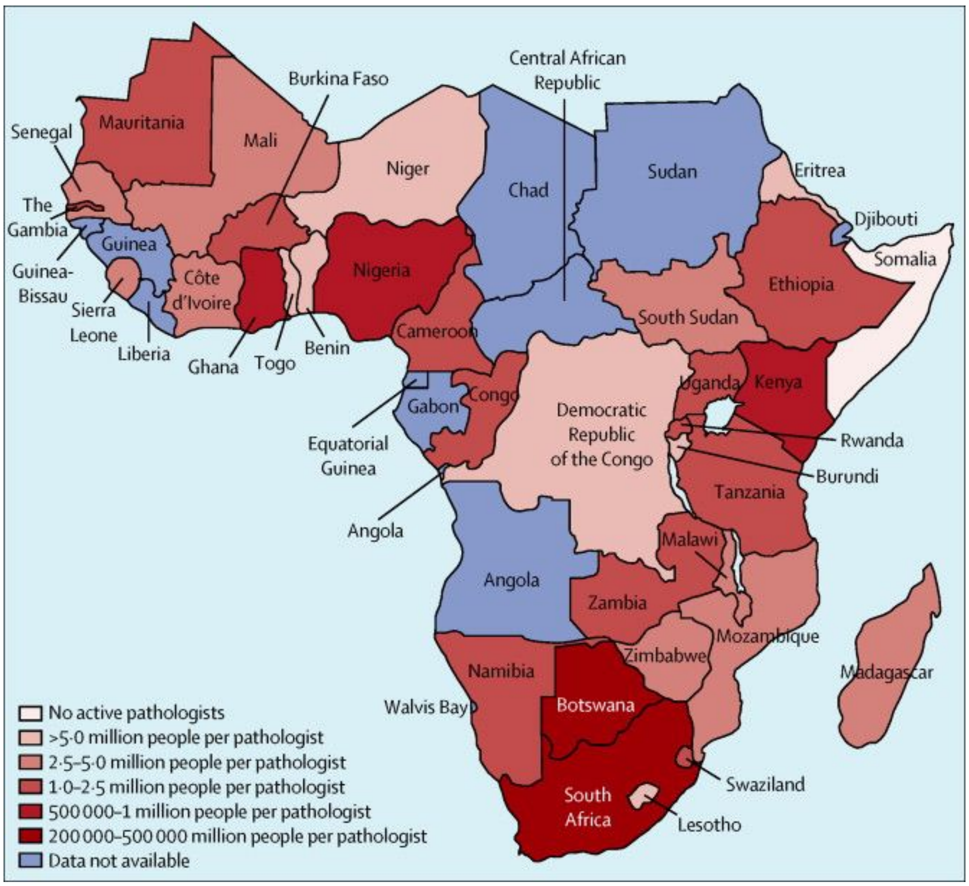
Sub-Saharan Africa

As a region of political complexity that has faced corruption, civil war and famine, in Sub-Saharan Africa various barriers have historically hindered development. One of which is clearly conflict. As many as 20% of Africans live in countries defined by war or civil violence (Nnadozie: 2003). The economic cost of conflict is wide-ranging and includes the costs of lost trade and investment, damage to social overhead capital and the increased military spending that countries face- all in all diverting much needed funds from the development process. Wars bring political instability, which brings uncertainty, which will ultimately discourage foreign investment from African countries plagued by war, as governments will lack the the ability to implement the policy reforms required to aid future development. Trading infrastructure is easily disrupted by conflict, roads are directly damaged whilst transport costs soar due to increasing military absorption. Important agricultural industries can also suffer, Rwanda for example saw vandalism leave over 70% of tea and coffee factories unusable, a crushing blow to an economy so centred on these exports.

Educational difficulties have also presented difficulties for developing Sub-Saharan countries, with the system being blamed as the root cause of minimal economic development across much of the continent. Out of the 115m illiterate 15 year olds across the region in 2005, the majority were women, reminding many of the inequality which still impacts on lives in this part of the world. Moreover, a long term lack of educational investment has left many countries without the funds to provide education. Sub-Saharan countries have become increasingly reliant on the support of foreign NGOs, which do provide educational support in some areas, but this is irregular and limited, leaving many without any primary schooling. Although potentially rich in human resources, worker’s abilities are under-utilised from a young age, creating the unfortunate consequence of a state with low labour productivity and a lack of competition to stimulate much-needed economic activity. With little competition and a lack of entrepreneurial spirit amongst young people, educational funding in the future may not be any more present in the Sub-Saharan cultures as governments are unable to obtain the funds from a functional workforce in order to provide education for young people.

However, recent progress has suggested that the tides may be beginning to turn for much of Sub-Saharan Africa. A significant rise in intra-regional trade has proved promising and has encouraged diversification across the region, suggesting that these export-led economies could become more responsive, allowing them to meet the demands of the consumer-driven Western world. Health conditions have also improved dramatically, with the help of NGOs and diverted government spending, the average life expectancy at birth across the region has increased by 5.5 years between 2002 and 2012. Although still only two of the SSA countries reach the 'high HDI' category, some of the most improving countries have been Mozambique, DRC and Angola (previously worst), showing that the impacts of historical civil war may be easing, allowing areas to continue on the development pathway.

Image 9: 'population/pathologist'... an alternative indicator?, thelancet.com



Emerging industries, such as tourism, are presenting new opportunities for many nations in the SSA area. Although traditional destinations such as Kenya and Mauritius have served wealthy tourists for many years, new and emerging destinations including Rwanda and Sierra Leone are now beginning to benefit from Western tourist arrivals. This presents an opportunity not only for economic development, but also social and cultural development. Through increased Western media exposure, misconceptions and sweeping generalisations which surround this area have been challenged. Countries have been able to develop their own identities in some areas, urging the influx of more aid from abroad which helps to encourage the development process.

Although only producing 2% of the world's GDP, SSA comprises over 12% of the global population. As industries grow and market competition arises, geographers and economists alike are appreciating the potential for this developing region, which has seen great progression occur, just over recent years.

Conclusion

By observing the global changes that have occurred across the world since 1980 and examining how areas such as China and Sub-Saharan Africa have dealt with the process of development, it becomes clear that the world today is no longer simply defined by 'rich' and 'poor'. It seems that the Brandt line has become blurred today, and that a north-south divide is not necessarily the most effective way to map global development.

As Image 10 shows, various factors should be considered when examining global development. The World Bank's 'high income economies', the NICs and the N-11 (Next 11 countries) are all shown on the new map. This clearly shows that instead of a single line, development is now much more spread out, showing the extent to which global development has occurred since Brandt's work.

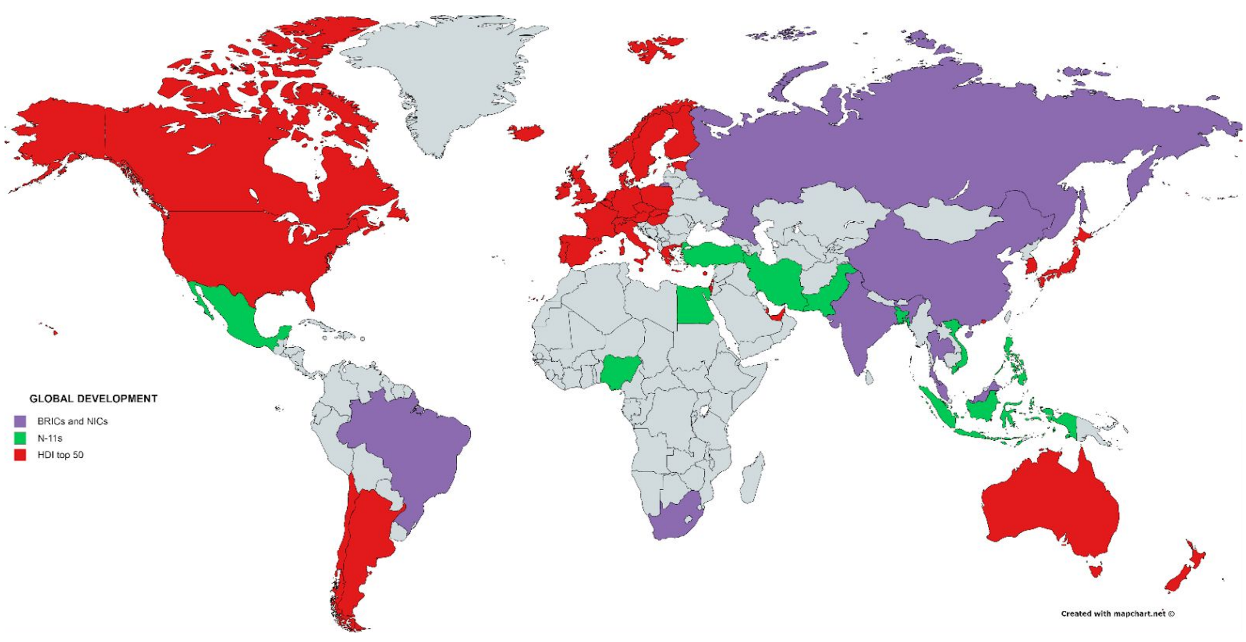


Image 10: Development Map

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