

6.1.1. How is economic development measured and what are the contemporary global patterns?

What is development?

Traditionally, people would measure development by focusing on wealth only. This would be done by using indicators such as:

- GDP – Gross Domestic Product – the total value of the economy per year.
- GNI – Gross National Income – the total value of all services and goods produced in a country per year (including earnings from abroad).
- The poverty line – the percentage of people who earn less than a certain amount per day (in 2015, this was set at \$1.90 per day by the World Bank).

What are the limitations of using the indicators above as a measurement of wealth?

Being wealthy as a country does not necessarily mean that the country spends its money in away that promotes development.

What is a continuum of economic development?

- Dividing countries into categories of rich or poor only is too simple and is not a reflection of the current changing wealth of countries. Therefore, it is better to use the term 'development continuum' which refers to the scale of wealth from the poorest to the wealthiest
- The wealth of countries can change over time.
- The World Bank recognises that countries should be split in order to show their wealth by using the following categories:
 - ◇ High Income Countries (Countries with a GNI of more than \$12,736).
 - ◇ Upper Middle Income Countries (Countries with a GNI between = \$4,126 and \$12,735).
 - ◇ Lower Middle Income Countries (Countries with a GNI between \$1,026 and \$4,125).
 - ◇ Low Income Countries [LICs] (Countries with a GNI of less than \$1.025).

What is the development gap?

- There is a development gap between the richest and poorest countries.
- This development gap was first noted in a report from 1980 by a German politician named Willy Brandt.
- Brandt's research lead to the creation of a line which split the rich and poor countries (see the map below).
- The rich countries were placed to the north of this line and the poor countries to the south.
- This is one simple measurement, traditionally used. However, it's important to note that the situation is far more complex than this. This is why we now refer to development as a continuum of economic development.

