

Classifying parts of the world

The level of development of a country shows how economically, socially, culturally or technologically advanced that country is. The way in which countries are classified is changing:

- Low income countries (LIC) - these are countries with a GNI per capita of \$1,045 or less, e.g. Chad and Ethiopia.
- High income countries (HIC) - these are countries with a GNI per capita above US\$ 12,746, e.g. Germany and the USA.

Measures of development

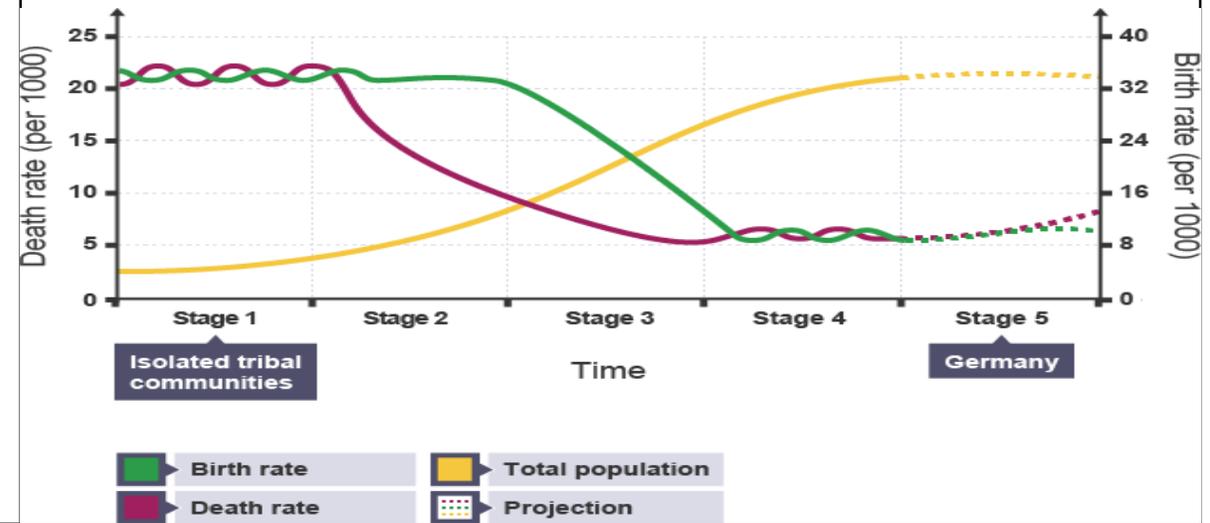
Development in countries can be measured in several different ways. Some are economic measures, and others are social measures.

Human Development Index (HDI)

Development is measured using the Human Development Index (HDI)). HDI is calculated by the United Nations. It measures average life expectancy, level of education and income for each country in the world. Each country is given a score between 0 and 1 - the closer a country gets to 1, the more developed it is.

The Demographic Transition Model and development

The Demographic Transition Model (DTM) shows population changes over time. There are five stages in the DTM and these stages can be linked to levels of development.



Development Indicators

Measure of development	Description
Access to safe water	The percentage of people who have access to safe, clean water.
Birth rate	The number of live births per 1,000 people. Birth rates are often high in a less developed country.
Death rate	The number of deaths per 1,000 people. High death rates can indicate a less developed country.
GNI per capita	Gross national income per person. The value of a country's income, divided by the number of people in that country.
Infant mortality rate	The number of babies who don't survive to the age of 1 per 1,000 live births.
Life expectancy	The average age that a person may live to.
Literacy rate	The percentage of adults who can read and write.
People per doctor	A ratio to show the number of people per doctor. A lower ratio can indicate a richer country.

Limitations of different measures of development

Using just one measure of development can be misleading, and it is often better to use more than one. For example, Zimbabwe is a low income country, but 84% of people living there can read and write.

Another example is China. The country has a very low birth rate, but it is not included in the World Bank's list of high income countries (HIC). Their previous policy of one child per family has reduced their birth rates considerably.

- Birth rate – this is a good indicator of social progress and the most developed countries have low birth rates. However, birth rates can be changed by government policies. These policies do not always mean that a country is developed.
- Death rate – this is effective as it shows how good a country's healthcare system is. It can also indicate a good standard of living. However, very rich countries have many older people, so death rates can be higher than expected.
- GNI per capita – this measure only shows economic development and says nothing about whether people in a country have a good standard of living. It is also an average and so it hides information about people who are very rich or very poor.
- HDI – this is widely recognised as a good measure of development. It takes into account economic measures, such as income, but also social measures, such as levels of education.

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Factors influencing global development

- Levels of development are determined by several factors:
- Physical factors – some areas have a hostile or difficult landscape. This can make development more difficult. Examples of this are very hot climates or arid climates (with a lack of water) which make it difficult to grow sufficient food.
- Economic factors – some countries have very high levels of debt. This means that they have to pay a lot of money in interest and repayments and there is very little left over for development projects.
- Environmental factors – some places experience environmental issues, which can prevent them from developing. Examples might be extreme flooding or desertification.
- Social factors – some parts of the world have issues that are caused by people. These include low levels of education, poor water quality or a lack of doctors.
- Political factors – some countries are at war or the government may be corrupt. Therefore money does not reach the people who need it most and spending on areas such as education and infrastructure may be insufficient.
- Natural resources – some countries have an abundance of raw materials such as oil or precious minerals. These can be sold and the money invested into developing the country.

Consequences of uneven development

Uneven development creates differences between countries. Higher income countries (HICs) have a lot of money and so they have the power to make decisions that affect lower income countries (LICs).

Lower Income Countries

Many LICs have a shortage of safe, clean water and have low levels of health. They do not have factories or processing facilities and so they have to sell materials in their raw form. Raw materials usually sell for much less money than finished products and so these countries earn less. Some governments in LICs are corrupt. This means that money earned is not necessarily used to benefit the people that need it and disparities in wealth and health occur. Some LICs also have high levels of international migration, as people move to find work and a better standard of living. This results in fewer people of a working age and an increased proportion of dependent people.

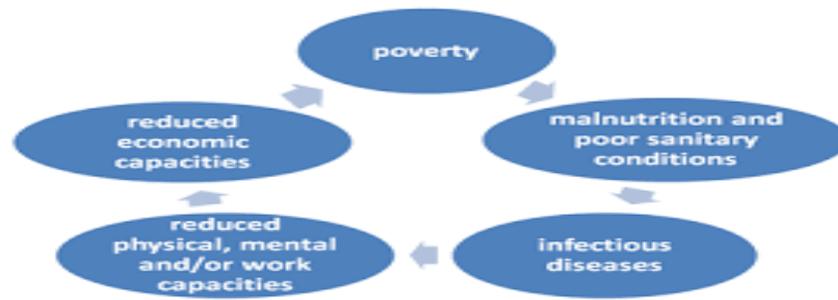
Higher Income Countries

HICs have good, clean water supplies and sanitation systems. They are able to buy raw materials for a low price and process them into a more expensive product. Their imports cost less money than their exports and so they have a good balance of trade. They are able to become wealthier as a result. HICs usually have stable governments and so any money earned is used to benefit the people in the country, so fewer disparities in wealth and health occur.

The Development Gap

The cycle of poverty

The factors influencing development are often linked and countries can find themselves in a cycle of poverty. For example, if a country is in a lot of debt, it cannot afford good schools. If people are poorly educated they are less likely to understand the causes of desertification. Desertification leads to poor crop growth and low incomes. This leads back to the country accumulating debt and the cycle continues.



Reducing the Development Gap

Investment

Large companies can locate part of their business in other countries. This helps a country to develop as the companies build factories, lay roads and install internet cables.

Aid

Aid is when one or more countries give money to other countries. The money has to be spent on things that will benefit the population.

Using intermediate technology

Intermediate technology is using equipment and techniques that are suitable for their country of use. Many poorer countries do not have the skills to maintain expensive equipment. Small-scale, basic solutions are usually more appropriate.

Fairtrade

Fairtrade is paying producers a reasonable price for the goods that they produce. Many farmers in LICs are paid very low wages. This means that they cannot escape poverty. Fairtrade gives farmers a better chance in life.

Debt relief

Many LICs owe money to other countries. Often the repayments and interest are so expensive that indebted countries have no money left to spend on development projects. Debt relief is when debts are either reorganised to make them more manageable, or reduced.

Microfinance loans

Microfinance loans are when money is lent to LICs to help them to develop. These are often small loans with reasonable interest rates. They are available to people and businesses who may normally struggle to get credit

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Reducing the Development Gap

Case study: Tanzania

Tourism can be a good way for countries to bring in money. Many low income countries (LICs) benefit from tropical climates, exotic ecosystems and beautiful landscapes. Tourists will travel to visit these locations. They spend a lot of money, which helps countries to develop.

Tourism requires infrastructure-roads, railways, airports and hotels.

The more educated the workforce the better, i.e. ability to speak global languages like English.

Many tourists want to experience the local culture including food, but others demand global cuisine. This leads to the formation of a supply chain to source the ingredients and skilled personnel from abroad. Sports and other facilities are developed, so new products and services become available to local people, if they can afford them. This is the *multiplier effect*.

Negative impacts of tourism

- Environmental damage. Roads and tracks for safari jeeps can erode grass cover, damaging plants and animals and disturbing local habitats. The removal of trees and other vegetation for the construction of roads can lead to soil erosion.
- Inequality. Often the profits of tourism are reaped by wealthy landowners or the hotel and travel companies in HICs.
- Loss of traditional cultures. The local's way of life and traditional farming methods have been by the setting up of national parks.
- Water cycle damage. Diverting water for tourists can exploit local water reserves, leaving local people, plants and animals short of water. Tourist hotels sometimes dump waste into rivers.

Using Tourism to Reduce The Development Gap

Benefits

- Foreign currency enables a country to trade freely.
- Globally tourism represents 5% of GNI.
- And 1 in 12 jobs (11% in Tanzania).
- It is the first or second most important source of foreign earnings in 20 of the 40 poorest countries, reducing poverty.
- In Tanzania this sector is growing rapidly and was worth \$4.48 billion in 2013.

Tanzania offers high cost holidays to HIC tourists. For example a 7-day safari can cost £2000 per person.

There are two holiday experiences:

- The Northern Safari Circuit
- Climbing Mount Kilimanjaro

Sustainable management of the tourism

Conservation is the key to protecting the Serengeti for future generations. A sustainable future could be achieved if the following policies are adopted:

- Local people employed by investors.
- Respect for local cultures and customs.
- Local people should receive some financial rewards from tourism.
- Sustainable methods are used in order to protect the environment.
- Improved conservation education programmes for local communities and farmers.

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Location and Importance

- Malaysia is a Newly Emerging Economy (NEE)
- It is located in southeast Asia
- Malaysia's population is 31 million
- Malaysia's regional and global positions have grown in recent decades
- Malaysia's economy is the third largest in Southeast Asia and the 35th in the world
- It is one of the largest global producers of palm oil, rubber, timber and electronic goods
- The capital city is Kuala Lumpur
- Nearly 50% of the population live in urban areas

The Role of Trans National Corporations

Many transnational corporations (TNCs) have set up factories and offices in Malaysia. The country is an attractive location to TNCs because the population speak good English, they have strong IT skills, they work for lower wages than people in many other countries and there is opportunities given by the primary resources available. Companies like ConocoPhillips, Shell, Citibank and HSBC

Advantages of TNCs in Malaysia:

- TNCs have created jobs and offered education and training to employees
- The additional wealth has led to the multiplier effect
- Some TNCs have set up schemes to provide new facilities for local communities
- The infrastructure of the country has been improved, with new roads and internet cabling
- TNCs pay tax to the government, which can be spent on development projects

Disadvantages of TNCs in Malaysia:

- Some corporation leaders have taken advantage of the relaxed environmental laws in the country by creating lots of pollution
- The conditions for workers in factories can be very harsh
- Many TNCs are owned by foreign countries so economic leakage occurs, where profit is sent abroad
- The best jobs are often given to foreign workers from the TNC's country of origin
- TNCs use many of the country's natural resources

Case Study of Rapid Economic Development: Malaysia

The Changing Industrial structure in Malaysia

- Since the 1970s it has transformed from an LIC relying on the export of raw materials (such as rubber and palm oil) to an economy relying on manufacturing and services
- Malaysia has increasing international trade links
- People have more disposable income than 40 years ago
- The tourism industry has also grown and now makes up 14.9% of Malaysia's GDP (2014)
- In 2005 agriculture employed 18% of Malaysia's working population, dropping to 12.6% by 2015
- At the same time services grew from 50 % to 59%
- As the country industrialises, an increasing number of people are migrating from rural to urban areas

Aid Projects in Malaysia

In 2012, the USA donated \$10 091 376 to Malaysia. It was divided into:

- Economic support
- Refugee assistance
- Anti-terrorism strategies
- Grants for smaller economic projects
- Military assistance

The effects of economic development on the quality of life

- Education—an educated workforce supports a growing economy. Adult literacy rose from 88.7% in 2005, to 93.1% by 2015.
- Healthcare—the number of hospital beds rose from 1.8 per 1000 people in 2008, to 1.9 per 1000 people in 2015 and the number of doctors increased from 0.7 per 1000 people in 2008, to 1.2 per 1000 people in 2015

The Environmental Effects of Economic Development on Malaysia

- Polluted rivers and seas from tin mining and rubber and oil production, air pollution in urban areas due to increasing traffic and deforestation from palm oil plantations and illegal logging.

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Causes of economic change

The UK is experiencing a period of economic change. This is happening as a result of several factors, including globalisation, government policies and deindustrialisation.

Globalisation describes the way in which the world has become more interconnected. Globalisation has led to an increase in world trade, foreign investment, communication between different countries and the sharing of ideas.

In the past, the UK economy was based on activities that took place within the country and within Commonwealth countries. The growth of globalisation has meant that the UK economy is now more dependent on other countries. An example of this is the manufacturing industry. In the 1900s, 55% of the UK population worked in secondary jobs. The 2011 census showed that this figure had dropped to just 9%. Globalisation has allowed people to connect with other countries - it is possible to send orders abroad, locate factories abroad and get products shipped in to UK ports.

The recent Recession

In 2008, there was a global financial crisis and the UK entered a period of recession. Many of the UK's banks, e.g. RBS and Lloyds Banking Group, were helped out using government money. This was very expensive for the country and the level of national debt grew.

Since 2010, a programme of austerity has been in place. The government has made spending cuts to save money and has carried out quantitative easing, which involves creating more money. There are attempts to improve productivity so that the UK can earn more money. There are 24 Enterprise Zones across the UK, e.g. Birmingham and Manchester. These locations have incentives for businesses to locate themselves there, such as reduced taxes and relaxed planning rules.

Economic Change in the UK

Government policies

The government manages the UK economy through the Treasury. Each year a budget is produced, which sets out things such as the minimum wage, spending on public services and levels of tax.

During the 1980s the UK was performing better than most other European countries.

Several things helped this growth:

- Many state-owned businesses in the UK were privatised, e.g. British Telecom and British Gas. They had been owned by the government, but they were sold to individuals or other companies. This made a lot of money for the government.
- Markets were deregulated. This means that the government became less involved in running things and some companies had to find better ways to make a profit.
- Lots of factories and coal pits were closed. The government said that they could no longer compete with foreign countries where wages are lower. This is when UK jobs first began to go overseas.
- The service sector grew. Wages in the service sector are generally very good.

The UK economy continued to grow into the 1990s. The government had decided to keep taxes low so people had more money and could afford to buy more things.

Deindustrialisation

The UK has experienced deindustrialisation. There has been a decrease in the amount of manufacturing taking place in the country and a growth in the tertiary and quaternary sectors. Traditional industries, such as ship building and textiles, have declined. This has happened for two main reasons:

- A global shift in manufacturing to new emerging economies (NEEs), where wages are lower, working hours are longer and trade unions are sometimes banned.
- An increase in the number of machines used to carry out work. This is called mechanisation.

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Moving towards a post-industrial era

The UK has now entered a post-industrial era. This is a time when traditional industries have declined and new jobs have had to take their place.

The development of IT

The IT industry in the UK is worth £58 billion a year:

- Around 100,000 software companies operate in the UK, e.g. Microsoft and IBM.
- The UK has the largest mobile device market in Europe, with around 80 million mobile subscriptions. This is worth an estimated £14 billion a year.
- Cloud-based storage systems are a fast growing part of the UK economy.
- Many UK companies are looking to locate data centres closer to home and so this is a growth area.
- The UK's cyber security market has grown, due to increased threats. This is worth about £2.8 billion a year.

Finance and research

Financial jobs are to do with money. In the UK, these types of jobs include accountancy, working in banks and building societies, financial planning, insurance, investments and pensions. Large financial employers in the UK include Barclays, Aviva and KPMG.

The government believes that science and research are important for the UK's growth because they help discover new ways for the country to move forward in a sustainable way. Science and research takes place through government research councils, such as the Medical Research Council, higher education, like universities, and other organisations, such as the UK Space Agency.

Economic Change in the UK

The growth of service industries

The service sector makes up about three-quarters of the UK's economy. Services can include a range of job types, e.g. healthcare, IT support and entertainment. The UK exports services too, examples of this are tourism and education. People from other countries travel to the UK for these services and the money generated from this counts towards UK exports. The UK is the second largest exporter of services globally.

Science and business parks

Science and business parks are special places for company offices. They are often found on the edge of cities, like Bristol and Cambridge, where there is good accessibility. Many are located close to universities to attract graduates. Science and business parks are designed to be pleasant environments for people to work in. They are often low-rise, with plenty of parking and green spaces. The growth of science and business parks has helped IT, service, finance and research businesses to work together.

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Impacts of industry

Traditional UK industries often caused a lot of pollution. Modern industrial development aims to be more environmentally sustainable. Some developments are leading the way with new ideas and technologies.

Teeside

- Heavy industrialised region
- Located in north-east England and centred around the towns of Middlesbrough and Stockton-on-Tees
- 58% of UK's chemical industry
- Steel making is still important here
- The north-east contributes £26 billion to the UK economy, but these industries plus electrical generation from fossil fuels produce significant air pollution
- Teeside is home to five of the UK's worst offending 25 companies in terms of carbon dioxide emissions
- 5.6% of UK emissions come from the region's industries resulting in a huge carbon footprint

Carbon Capture and Storage (CCS)

This process could help the region by:

- Saving 5 million tonnes of carbon dioxide annually by the 2020s – this represents 90% of emissions
- Contributing to the UK meeting its target of reducing carbon output by 80% by 2050
- Maintaining the region's competitiveness while securing 12 000 jobs and creating 2600 new ones between 2025 and 2025; this should generate greater spending power in the region

Teeside remains a less well-off region. However, the growing University of Teeside with over 20 000 students has increased employment and retail potential. Guaranteeing Teeside's heavy industry should enable new retail and leisure projects to be developed.

Impact of Economic Change Case Studies

Making Teeside's industries cleaner

- Permits to output high volume pollution will soon become so expensive that these businesses will lose their competitive edge
- Millions of tonnes of carbon dioxide can be saved by retro-fitting carbon capture technology to chemical, steel and processing industries
- The extracted carbon dioxide must be stored. So far this has been placed in containers and stored under the bed of the North Sea

Changes in rural landscapes

Traditionally, economic activity has taken place in UK towns and cities. However, rural landscapes are also increasingly being used for, or being affected by, economic activity.

Commuter Village – Alvechurch, West Midlands-a growth area

- Alvechurch is located in the West Midlands green belt
- It has an expanding population
- It serves Birmingham, as a commuter village
- New build houses are medium to large, highly priced and aimed at families
- Village services have prospered

Truthwall, Cornwall-a declining village

- The economy used to be tin mining, but is now reliant on dairy farming and very small amounts of tourism
- These jobs are no longer available or seasonal
- The village is very isolated
- Many public services have declined
- The growth of holiday homes in the area means that locals are priced out of buying new homes
- There has been a lot of out migration amongst young people

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New developments

The UK government is investing in infrastructure developments. These include new road, rail, port and airport facilities. The Department for Transport is the part of the government that oversees all forms of transport within the UK.

Roads

The Highways Agency are responsible for any new major roads in the UK. They are part of the government and they collect money through Vehicle Excise Duty (VED). Smaller roads are managed by local councils and roads in Scotland and Wales are managed by either Transport Scotland or the Welsh Assembly.

The Highways Agency have an ongoing programme of resurfacing roads and building new roads. In December 2014, the government announced that they would be spending £15 billion on improving and expanding UK roads. This money involves building smart motorways that use technology to manage congestion. Smart motorways are planned for busy routes between London, Birmingham, Manchester and Yorkshire.

Ports

- The importance of UK sea ports has declined over time.
- Many people now travel by air and the Channel Tunnel has meant that lorries no longer need to drive to a port to travel between the UK and France.
- Cargo ships do still arrive into UK ports, but containerisation has meant that fewer workers are needed to load and unload them.
- Larger ships are now used, which has made less accessible ports redundant.
- UK ports remain the largest in Europe, in terms of volume of goods handled.
- UK ports are modern and work well, and so the government are not currently planning any major redevelopments.

New UK Infrastructure

Rail network

Network Rail is responsible for running, maintaining and developing Britain's railways. The number of rail journeys made have doubled over the last twenty years. As a result of this, £25 billion is being spent to upgrade the network by 2019. Improvements will include:

- Longer platforms that can cope with bigger trains and better stations.
- High Speed 1 (HS1) is a fast train link between London and Paris.
- HS2 is a planned fast train link between London and the North of England (Manchester and Leeds).
- HS2 is planned to be completed in 2026, at an estimated cost of at least £43 billion.
- It will dramatically cut journey times, for example the current journey time from London to Birmingham will be cut from an hour and a half to just 49 minutes.
- A further extension of high speed rail to Scotland is possible in the future.

Airports

The Airports Commission is the part of the government that deals with UK airports. The Airports Commission produced a report in 2015, which recommended that the expansion of UK airports was important for the country's prosperity. This is a controversial issue because many people living close to airports don't like the noise and some lose their homes to make space for runways. Airport expansion can lead to a reduction in house prices in nearby areas.

Case study: Heathrow Airport, London

- A new runway has been proposed for Heathrow.
- The development will generate an estimated £147 billion over 60 years and 70,000 new jobs by 2050.
- Flights will run to 40 new destinations.
- The cost of the scheme is estimated to be £18.6 billion.
- The proposal has largely been backed by business groups.
- However, some special interest groups are unhappy as there are concerns about the impact on noise and air quality on the surrounding areas and are considering actions such as a ban on night flights and a guarantee that a fourth runway will not be built.

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The North-south Divide

It has long been recognised that there is a North-South divide in the UK.

What is the divide?

Although government spending on public services is roughly even across the country, many businesses are choosing to set up in the south. This creates a large wealth divide and those living in the north of the country experience lower incomes, higher unemployment and a lower standard of living than those living in the south.

The Centre for Cities is a charity that measures economic growth and change in 64 UK cities. In 2015, it found that for every 12 jobs created since 2004 in southern cities, only one was created in cities elsewhere. Cities like London and Milton Keynes in the south have seen a large growth in the number of jobs available, whilst Blackpool and Hull in the north have seen a large decline.

UK and the wider world: trading partners

The UK has undergone many changes and its position in relation to other countries is changing. As new emerging economies (NEEs) continue to grow, where will the UK fit in to the global economy?

The place of the UK in the wider world

- The UK has strong political links with many countries.
- As a member of the European Union (EU), the UK works closely with 27 other countries.
- For example, the UK is a member of the Commonwealth, which is one of the world's oldest political groups.
- The Commonwealth is a group of 53 countries and it began when those countries were ruled by Britain. Current membership is optional.
- The UK also has other political links, such as the Group of Seven (G7). The G7 is made up of the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom. They meet yearly to discuss global economic issues.

The North-South Divide and the place of the UK in the World

Strategies to resolve regional differences

Resolving regional differences is a difficult task. The government have agreed devolution measures, which gives additional power and money to councils in the north. An example is the election of the Mayor for Greater Manchester, who has been given £1 billion of devolved funds to spend on improving the city and attracting new businesses. This will mean that fewer decisions about the city are made in London and more decisions are made by the people of Manchester. Other local councils are demanding the same control.

Some people believe that professional jobs need to be created in the north. The popularity of universities such as Manchester and Leeds have encouraged professionals to settle in the north. The relocation of some businesses and organisations can also help. For example, the BBC moved many of its offices to the newly built MediaCity UK in Salford in 2011. Since then, the multiplier effect has led to other companies locating close by, e.g. the Holiday Inn.

The links that the UK has with other countries are based on a variety of factors:

- Trade – the UK imports and exports goods from many countries. Over 50% of UK trade is with EU countries. The UK's next biggest trading partners are found in Asia and Oceania. Foreign exports also include money spent by tourists visiting the country. The UK's biggest exports are machinery and transport equipment.
- Culture – UK literature, music, cinema, sport, television, history and architecture are important globally. Books, such as the Harry Potter series, are sold worldwide. UK sports are showcased through events such as the Olympics, the World Cup, Wimbledon, the Premier League and the London Marathon. UK architecture can be seen in many commonwealth countries. Tourists visit the UK to experience the culture and many UK cities have been labelled 'cities of culture'.
- Transport – increasing air travel is strengthening the UK's links with other countries. In addition to this, the UK has modern port facilities and a high speed rail link to Europe.
- Communications – the UK is linked to the rest of the world via the internet. Internet cables beneath the sea provide a fast connection to countries globally.

The North-south Divide

It has long been recognised that there is a North-South divide in the UK.

What is the divide?

UK and the wider world: trading partners

The UK has undergone many changes and its position in relation to other countries is changing. As new emerging economies (NEEs) continue to grow, where will the UK fit in to the global economy?

The place of the UK in the wider world

The North-South Divide and the place of the UK in the World

Strategies to resolve regional differences

The links that the UK has with other countries are based on a variety of factors: