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and efficient use of capital and labour resources-Lead to high level of unemployment and underemploymentLow levels of technological progress and labour productivity -Low rates of economic growth -Sourced from the use of labour intensive and traditional methods of agriculture and manufacturing. High population growth rates-High dependency ratios and increases the demand for education, health, housing, employment and transport services-If population growth outstrips economic growth, living standards can fall and increase the incidence of povertyDemand inflation-Volume of domestic supply does not satisfy the economy??™s level of aggregate demand-Economic growth and progress in HD will fall if inflation reduces real incomes and misallocates resourcesLack of foreign exchange and high levels of foreign debt-High debt servicing costs-CAD are often recorded because of reliance on agriculture and low labour intensive manufactured goods and high dependence on imports of energy and capital goodsEconomic dualism -An urban elite in a formal commercial economy, alongside a traditional rural economy (agriculture)The ??? demonstration effect??™ -Rural peasants migrate to cities for employment -If unable to find job they live in shanty towns with inadequate water, power, education, health, sanitation, housing and employment. -Extra demands on public resources and servicesInstitutional problems -Corrupt and inefficient governments which undermine domestic and international confidence needed to support and finance the process of economic development -Traditional cultures can impede the adoption of new technologies ? Effects of globalisation Integration has led to increased growth in world GDP, trade and financial flows and flows of portfolio and FDI until the GFC. The globalising

economies such as China, India, Malaysia, Brazil and Mexico grew on average by 5% in the 1990s compared to an average of 1.

4% per year for ??? non-globalising??™ countries. Grew faster than developed economies and closed the income gap them, by achieving higher rates of economic growth and development. –International convergence of economic systems as more countries adopt market capitalism and democracy as preferred types of economic, govt or political systems. –The increased risk of ??? international contagion??™ as financial crises can be transmitted quickly from one region to another (GFC).–Reinforce the existing income disparities –Rise of environmental problems such as global warming- Depletion of resources-Spread of similar technologies and growth in trade and investment-Increased migration-HDI levels reversing in some countries like Sub Saharan Africa (Impact of HIV/AIDS)? Trade, investment and transnational corporations World Trade in goods and services grew by an average of 8% per annum between 2003 and 2008 Exports of advanced economies grew by 5. 6% per annum and emerging economies grew by 9. 7% per annum. However, in 2009 World Trade contracted by 12%. Global foreign direct investment (FDI) grew strongly between 2003 and 2007 reaching a total of US\$2 trillion in 2008. Invest in primary sector (agriculture, petroleum, mining and timber), manufacturing (chemicals, machinery) and services (transport, communications).

–More trade in Elaborately Transformed Manufactured Goods (ETMs), (high technology goods), services and intellectual property-Trade in components and parts? Environmental sustainability As global activity increases and

overpopulation puts pressure on natural resources, resulting in:-Climate change-Loss of biodiversity-Deforestation-Desertification-Environmental health of the seasThe Earth Summit (2002) in Johannesburg addressed some of these problems. -High levels of CO₂ emissions caused by industrial pollutions and energy consumption-Expanding agricultural production-Urbanisation and industrialisationRio Earth Summit 1992 response Strategies to reduce climate change are-putting a price on carbon emissions-changing technologies and behaviour to low carbon emissions-encourage developing countries to adopt similar policies to reduce greenhouse emissions-Disagreements in Kyoto Protocol and the acceptance of emission targets for greenhouse gases. Therefore, climate change is an environmental issue with implications for reduction on poverty, sustaining economic growth and preserving world ecosystems.? The international business cycle. Changes in the business cycle will have effects upon economic growth and development in all countries. Changes in world demand will affect the growth in world output, trade and investment flows.

With the majority of world output and change investment accounted for by the rich advanced countries and other advanced economies this affects the international business cycle which then quickly spreads to other regions such as China, India and East Asia. Impact of IBC (GFC)-Between 2004 and 2007 the world growth averaged 5% per annum because of a global resource boom from China and higher oil prices increased inflation-2007 US housing industry developed into a global credit cr