

Chapter 13: Economic Disparity in the World

Knowledge and Understanding

Question 1 a) Summarize the causes of the large economic disparities that exist among countries in the world.

Question 1 b) Suggest how each of these causes can be addressed in the future.

Answers are provided in Table 4 below. A range of answers is possible, but those given here are based on information in this chapter.

Table 4 Causes of Large Economic Disparities Among Countries	
Summary of Each of the Causes	Ways the Causes May be Addressed in Future
1. Colonialism Has distorted the economies of countries that were former colonies because their economies were tied to, and developed according to, the needs of the mother country.	The economies of these countries are based on low-paid factory labour, or rely upon only a few exports. New ways must be found to help their people improve their standard of living.
2. Population Control The populations of developing nations are growing rapidly. Economic growth cannot keep pace, and their standards of living do not improve.	As demographic transition lowers population rates, developing countries should see better living standards, unless affected by AIDS.
3. Foreign Debt After paying interest on huge debts, developing nations are left with very little money to spend on economic and social development.	Most experts agree that current debt levels are not sustainable, and have mounted efforts to either reduce or eliminate these debts.
4. War Long-lasting civil wars and tribal conflicts in some of the world's poorest nations have resulted in large military spending and general destruction.	Students may suggest there is a need for more effective UN interventions and peacekeeping or arms-sales restrictions.
5. Leadership Many poor countries have had leaders who have used their power not to improve the nation, but to steal from it.	Developing nations need leaders who will work for the national good instead of their own self-interest.
6. Trade Inequities The G8 countries used trade and tariff barriers to shut out imports, while subsidies gave their own farmers competitive advantages.	Larger amounts of development assistance and more effective forms of aid will be necessary (in addition to fairer trade terms).
7. Local Control Developing nations feel controlled by outside forces, such as the World Bank/IMF, developed countries, the UN, and transnational business.	Developing nations demand a greater voice, through membership in economic and political blocs such as the African Union, modelled after the European Union.

Question 2 Give evidence to support the statement that since World War II, “The rich get richer and the poor get poorer.”

Students may support either side of the issue.

Question 3 Give two different reasons why it is more helpful for foreign aid to be given as cash than as material goods.

It is generally more helpful that foreign aid be given as cash than as material because

- Aid given as material is often tied to the donor, requiring the recipient country to use or purchase goods from the donor—e.g., Saskatchewan wheat, Ontario transportation equipment, or supplies to build a dam that may prove socially and environmentally detrimental.
- Food aid can distort the local market for agricultural products, driving down food prices and reducing local production. Sometimes the food is not suited to local tastes and causes sickness.
- Local people are best able to decide how to spend the money. This also increases their sense of empowerment since they have more control of the situation than otherwise.

Question 4 Examine the editorial cartoon in Figure 13–15. What is the significance of the images chosen by the cartoonist? List the main ideas from this chapter that the cartoon expresses.

The images in the cartoon are significant. The traditional “horn of plenty” shows the rich food supply enjoyed by the Western nations at Thanksgiving: turkey, pumpkins, corn, fruit, and vegetables. At the same time, our televisions carry video clips of starving children in the poorest developing nations. They try to survive on bowls of meal supplied by relief agencies. This cartoon expresses the main theme of the chapter: economic disparity. The developed nations enjoy a rich harvest while other people go without.

Even within our own country (and often within the countries of the poorest people) there are great differences between family living standards. This chapter explores how the policies and practices of the developed nations are actually responsible for many aspects of economic disparity.

Question 5 Give at least three reasons why US aid to Western Europe and Japan at the end of World War II was so much more generous than any aid that was given to the rest of the world.

The Marshall Plan met its goals—Western Europe and Japan were successfully rebuilt as firm allies of the United States and were kept out of the sphere of influence of the Soviet Union. This was largely because the amount of aid was immense. There were several reasons for the choice to do this.

- The United States was anxious to ensure that as much of Europe (and Japan) as possible would remain democratic, and not be taken over by Russian communists.
- Producing goods for Europe and Japan helped US industries convert from wartime supplies to peacetime goods, thus avoiding an economic slowdown.
- Economically rebuilt Europe and Japan would be valuable customers for the US. Unlike many developing countries, both Europe and Japan had had an infrastructure for economic growth, together with plenty of experience in industrialization.