CHAPTER 19

Development and Trade

Topics 7.5–7.6

Topic 7.5 Theories of Development

Learning Objective: Explain different theories of economic and social development. (SPS-7.E)

Topic 7.6 Trade and the World Economy

Learning Objective: Explain causes and geographic consequences of recent economic changes such as the increase in international trade, deindustrialization, and growing interdependence in the world economy. (PSO-7.A)

Globalization, the increasing integration and interdependence of domestic and overseas markets, has three sides: the good side, the bad side, and the ugly side.

—Panos Mourdoukoutas, "The Good, the Bad, and the Ugly Side of Globalization," *Forbes*, 2011

Source: Wikimedia Commons

The Three Gorges dam is an infrastructure project designed to generate hydroelectric energy for China. (See Topic 7.6 for factors that influence interdependence and the world economy.)

7.5

Theories of Development

Essential Question: What are the theories of economic and social development?

Why have some countries of the world become so much wealthier than others? Geographers and others have proposed several theories of development to answer this question. Underlying it is a more general issue about equality. Can all countries grow equally prosperous, or will the world always include a mix of more- and less-wealthy countries?

Theories of Development

Topic 7.3 described various social and economic measures of development and systems for grouping countries based on these measures. While the measures and systems vary, most show that Australia, New Zealand, Japan, South Korea, and most countries of North America and Europe are more developed than most of Africa, parts of Asia, and South America. Two of the best-known theories explaining these differences were developed by Walt Rostow and Immanuel Wallerstein.

Rostow's Stages of Economic Growth

In 1960, American economist Walt W. Rostow developed a *modernization theory* that focuses on the shift from traditional to modern forms of society. He called it the **Stages of Economic Growth model**. Rostow assumed that all countries wanted to modernize, and that all would, though at different speeds. He saw economic development as a linear progression in which countries moved from one stage to the next until they reached the fifth and final stage—high mass consumption.

Like the Demographic Transition Model (DTM), the Stages of Economic Growth theory is a generalization based upon how the United States and western Europe evolved, and both identify distinct stages. However, they differ fundamentally. The DTM is a population model that focuses on changes in the number of people in a country. Rostow's theory is an economic model that focuses on how people live.

Rostow suggested that different inputs and levels of investment were required to allow countries to move from one stage to the next. The theory suggests a system for development—do this, then this, and eventually the economy of a country will become developed. The key characteristics associated with each stage are listed in the chart on the following page.

ROSTOW'S STAGES OF ECONOMIC GROWTH		
Stage	**Characteristics**	**Examples**
1. Traditional Society	▪ Depends upon primary sector activities (farming, fishing, hunting) for subsistence ▪ Uses limited technology ▪ Carries out local or regional trading ▪ Enjoys limited socioeconomic mobility	▪ English colonies in North America in the 17th century ▪ Medieval Europe ▪ No entire country is at this stage today
2. Preconditions for Take-Off	▪ Improves infrastructure (roads, electrical grid, water systems, etc.) ▪ Improves farming techniques and shifts toward commercial agriculture ▪ Exports agricultural and raw materials (international trade) ▪ Diffuses technology more widely ▪ Starts individual socioeconomic mobility	▪ United States in the early 19th century ▪ Nigeria today ▪ Afghanistan today
3. Take-Off	▪ Develops major technological innovations ▪ Starts industrialization and primary sector begins to shrink ▪ Spreads entrepreneurial mentality ▪ Begins to urbanize ▪ Initiates self-sustaining growth	▪ United States, mid-19th century ▪ Japan, late 19th century ▪ Bangladesh today
4. Drive to Maturity	▪ Creates new industries while strengthening existing ones ▪ Improves energy, transportation, and communication systems ▪ Sees economic growth greater than population growth ▪ Invests in social infrastructure (schools, hospitals, etc.)	▪ United States, late 19th century ▪ Germany, early 20th century ▪ Brazil today
5. High Mass Consumption	▪ Spends money on nonessential goods (consumerism) ▪ Purchases of high order goods become common ▪ Desires to create a more egalitarian society ▪ Supports a strong tertiary sector	▪ United States, early 1920s to present ▪ Japan, mid-1950s to present

Notice the types of changes that have to occur to allow for a country to transition from one stage to the next. What would be a major concern if all countries reached the stage of high mass consumption?

Criticisms of Rostow's Model

In spite of being one of the most influential economic models of the 20th century, some experts have expressed concerns about Rostow's model. Critics of Stages of Economic Growth model argue it has several weaknesses.

Limited Examples The model was based on American and European examples, so it did not fit countries of non-Western cultures or noncapitalist economies.

Role of Exploitation Rostow's model led to poorer countries getting trapped in a state of dependency upon wealthier countries.

Bias Toward Progress The model suggested linear change, always in the direction of progress. However, developing countries often need the assistance, money, and technology of developed countries to develop. And in some cases, countries might regress in economic development.

Lack of Variation In his model, Rostow suggested all countries have the potential to develop, but there are significant differences among countries, such as physical size, population, natural resources, relative location, political systems, and climate, that affect their ability to develop.

Lack of Sustainability The model assumed that everyone could eventually lead a life of high mass consumption but failed to consider sustainable development or the carrying capacity of the earth.

Need for Poorer Countries Rostow's model failed to recognize that most of the countries which reached the stage of high mass consumption did so by exploiting the resources of lesser-developed countries. Countries that were still developing would have difficulty finding other countries to exploit.

Narrow Focus The model focused on domestic economies and did not directly address interactions between countries, specifically globalization.

Despite these criticisms, geographers, economists, and others continue to use the model to understand how countries have changed over the past two centuries. It has prompted people to think about economic and social change in a global context and challenged them to provide their own framework.

Wallerstein's World Systems Theory

In the 1970s, historian Immanuel Wallerstein proposed an alternative model to Rostow's, which he called the **World Systems Theory.** It is a **dependency model**, meaning that countries do not exist in isolation but are part of an intertwined world system in which all countries are dependent on each other. Dependency theory argues that colonialism and neocolonialism (see Topic 4.2) are the cause of global inequities. Both Wallerstein and Rostow attempt to explain the inequalities that exist between different countries and regions. World Systems Theory includes both political and economic elements that have significant geographic impacts.

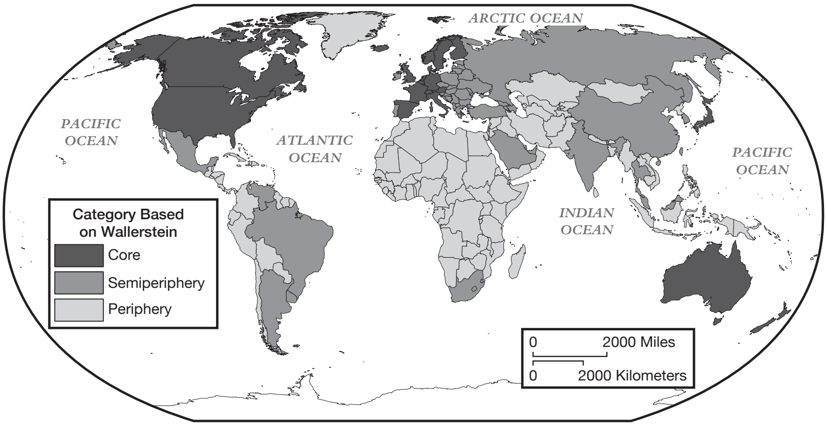
As mentioned in Topic 7.2, Wallerstein divided countries into three types—core, semiperiphery, and periphery. As a result, his theory is sometimes referred to as the **Core-Periphery model**.

WALLERSTEIN'S WORLD SYSTEMS THEORY		
Category	**Characteristics**	**Examples**
Core	▪ Includes the economically advantaged countries of the world ▪ Includes the headquarters of most large multinational companies and banks ▪ Focuses on higher-skill, capital-intensive production ▪ Promotes capital accumulation ▪ Dominates semiperiphery and periphery economically and politically ▪ Locates factories and service centers in semiperiphery and periphery countries ▪ Benefits greatly from international trade	▪ United States ▪ United Kingdom ▪ Japan ▪ Australia ▪ Germany
Semiperiphery	▪ Includes most middle-income countries, sometimes called emerging economies ▪ Provides the core with manufactured goods and services that the core formerly provided for itself ▪ Shares characteristics of both core and periphery	▪ China ▪ Mexico ▪ Brazil ▪ South Africa ▪ India
Periphery	▪ Includes the least-developed countries ▪ Maintains many jobs in low-skill, labor-intensive production and extraction ▪ Provides the core and semiperiphery with inexpensive raw materials and labor ▪ Receives jobs but few profits from manufacturing ▪ Attracts jobs by having weak laws protecting workers and the environment	▪ Afghanistan ▪ Zimbabwe ▪ Bolivia ▪ Kenya ▪ Laos

Core Dominance Multinational companies, financial institutions, and centers of technology are mostly based in core countries, but they have signficantly influenced the economies of semiperiphery and periphery countries. Businesses and governments in non-core countries borrow money to finance large-scale projects and purchase technology from core countries. Both processes increase the *dependency* of the periphery on the core.

Changing Categories Unlike Rostow's model, Wallerstein's model does not suggest that all countries can reach the highest level of development, nor does it explain how countries can improve their position. In contrast, it indicates that the world system will always include a combination of types of countries. But countries can change categories, moving in or out of the core. For example, in 1950, South Korea and Singapore were part of the periphery. By 2020, they were core countries. In 1900, Argentina was a core country. By 2000, it had become part of the semiperiphery.

THE WORLD SYSTEM



The majority of the core countries are in close proximity to each other. How can you account for the core status of Australia and New Zealand that are so distant from the other core countries?

Labor Trends Wallerstein's model provides a framework for analyzing the international division of labor by sector and location:

- Periphery countries are often where primary sector workers engaged in the extraction of raw materials and agriculture are located.
- Semiperiphery countries are often home to many workers in the secondary sector (such as factory workers) and in the tertiary sector (such as call center staff).
- Core countries include many tertiary sector workers and most quinary and quaternary sector workers.

Systems Theory at the Country Scale Wallerstein built his model for a global scale. However, geographers also apply it to smaller scales by identifying centers of power and dependency relationships. In the United States the core would be the major cities, such as New York and Chicago. The semiperiphery would be the manufacturing belt in the Midwest and parts of the South. The periphery would be the rural areas of the Great Plains and the West.

Criticisms of World Systems Theory

Much Rostow's model, the Wallerstein's model has its detractors.

Little Emphasis on Culture It focused heavily on economic influence—investments and purchases of raw materials—but it paid little attention to the pervasive influence of culture—movies, music, and television.

Emphasis on Industry It was based on industrial production, but many countries have postindustrial economies based on providing services.

Lack of Explanation It is of limited practical use, suggesting that countries can change their status, but it does not explain how.

Limited Roles It focused too much on the role of countries, governments, and corporations. As a result, it failed to recognize the role of organizations such as UN agencies and private, nonprofit charitable NGOs.

Commodity Dependence

Core countries have diversified export economies that rely on a variety of goods and services. In contrast, some semiperiphery and many periphery countries rely heavily on the export of **commodities,** raw material such as coffee, cocoa, and oil, that have not undergone any processing. A country has **commodity dependence** when more than 60 percent of its exports are raw materials.

Since the value of commodities rise as the degree of processing increases, the businesses and countries exporting unprocessed raw materials receive relatively low returns. As a result, there is a very strong correlation between commodity dependence and low levels of economic development.

More than half of the countries in the world are commodity dependent. They are most common in sub-Saharan Africa, Latin America, and the Caribbean region. Commodity-dependent countries (CDCs) are vulnerable to fluctuating commodity prices. Prices can suddenly drop for many reasons:

- a large, new supply of the commodity becomes available
- manufacturing companies finds a less-expensive substitute product
- consumer demand for the product made from the commodity falls

Some commodities, such as oil, are much more valuable than others. Even valuable commodities are vulnerable to wide, rapid price fluctuations. Between 2012 and 2020, the price of a barrel of oil dropped from $109 down to $41, then rose up to $70 before falling to $42.

The countries that have best weathered a downturn in oil prices have been those that have diversified their exports. For example, the United Arab Emirates was very dependent on oil revenues in the 20th century. The country's leaders recognized the risk in this and began to diversify its economy by expanding its transportation, financial, and tourist sectors, particularly in its major city, Dubai. When oil prices crashed around 2014, the country's economy was varied enough to withstand the potentially disastrous decline.

REFLECT ON THE ESSENTIAL QUESTION

Essential Question: *What are the theories of economic and social development?*

Development Theory	Explanation of Theory

KEY TERMS

Stages of Economic Growth model
World Systems Theory
(Core-Periphery model)
dependency model
non-governmental organization (NGO)
commodities
commodity dependence

7.6

Trade and the World Economy

Essential Question: What are causes and geographic consequences of recent economic changes such as the increase in international trade, deindustrialization, and growing interdependence in the world economy?

In the 21st century, countries are becoming increasingly interconnected. Vast improvements in transportation and communications over the past few decades have linked people throughout the world. The political, cultural, and economic processes of each region are linked with those of other regions, resulting in a degree of global interdependence not seen before. But as Panos Mourdoukoutas indicated in the chapter opening quote, globalization includes the good, the bad, and the ugly. Consider the impact of moving manufacturing jobs from core countries to semiperiphery and periphery countries:

- The good might be that in core countries, corporations can increase their profits and consumers can purchase goods at lower prices, resulting in more jobs in non-core countries.
- The bad might be that in core countries, factory workers often lose their jobs and, as a result of the multiplier effect, other people do as well.
- The ugly might be that in semiperiphery and periphery countries, laborers suffer from poorly regulated working conditions and entire populations are endangered by weak environmental regulations.

Trade and Interdependence

Trade occurs when one party desires a good or service that it does not have or cannot produce and another party has the desired good or service with which it is willing to part. Trade sometimes occurs through **barter**, a system of exchange in which no money changes hands. This is most common between individuals. In the book-turned-movie *To Kill a Mockingbird*, the main character, a lawyer, provides legal services to a poor farmer in exchange for bags of food.

Comparative Advantage and Complementarity

Trade usually occurs with an exchange of money. Parties tend to trade goods or services in which they have a **comparative advantage,** or the ability to produce a good or service at a lower cost than others. For example, China's workers recieve lower wages than do U.S. workers, so Chinese companies can manufacture goods at a lower cost. This gives them a comparative advantage.

When a country has the income, goods, or services that the another country desires, they have **complementarity**. For example, Canada, with its cold winters and forests of maple trees, is a leading producer of maple syrup but it produces no coffee. Costa Rica, with its tropical climate and rugged terrain, is famous for its coffee, but it produces no maple syrup. Canadian merchants import coffee from Costa Rica while Costa Rican merchants import maple syrup from Canada.

When complementarity does not exist, trade is heavily weighted in one direction. For example, U.S. consumers desire and can afford to purchase many products made in China, yet Chinese consumers desire and can afford far fewer U.S. products. This trade imbalance has created political tensions.

Technology and Trade

One of the most significant changes in the world in the past several decades has been the increase in international trade. In the United States, trade increased from 5 percent of the total economy in 1960 to 28 percent in 2018. Globally, in 1970, trade accounted for about 27 percent of global GDP. In 2019, it accounted for 60 percent. A combination of changes in technology and changes in policies have promoted trade.

Larger and faster ships, containerization, improvements to major canals and new port facilities, and increases in air cargo have made moving goods less expensive. These transportation advancements have helped overcome the spatial barriers and distances that, for many years, minimized trade among distant countries. (See Topic 7.2.) They have had the effect of making the world seem smaller and people more interconnected.

The Internet increased the efficiency of trade and transportation information systems. Online sales have expanded markets for both consumers and producers resulting in increased demand and trade.

Government and Trade

Like improved technology, government influences trade. Over the past century, governments have increasingly taken steps to influence trade.

Policies Increasing Trade In the late 19th century and early 20th century, most industrializing countries, including the United States, imposed trade barriers to protect their young industries from foreign competition. As these countries grew wealthier, they adopted **free trade** policies, or laws, that reduced barriers to trade. Since the end of World War II in 1945, most core countries have promoted freer trade because of its benefits to corporations and consumers. Support for free trade was a cornerstone of **neoliberal policies,** a set of reforms that reduced government regulations and taxation. In the 1980s, U.S. President Ronald Reagan and U.K. Prime Minister Margaret Thatcher were leading advocates of neoliberalism.

Countries that industrialized in the late 20th century, such as China and other countries in East Asia, followed the pattern of the United States and

Europe. While developing, they restricted imports and promoted exports. As these countries developed, they reduced trade barriers.

Factors Decreasing Trade In recent years, trade barriers have often reflected political and economic decisions. Since 2016, the United Nations has used economic sanctions more than 30 times, mostly to pressure countries to reduce human rights abuses.

In 2018, the U.S. government increased tariffs on many Chinese-made goods sold in the United States. By making these goods more expensive for U.S. consumers, the government hoped Americans would buy more U.S.-made goods and China would relax its barriers on U.S. imports. China responded by reducing its purchases of U.S. farm products and increasing tariffs on U.S. goods. In 2019, the gap between U.S. imports from China and exports to China was almost identical to what it had been in 2016.

Another factor that can decrease trade is health problems. Just as globalization made trade of goods easier, it also provides pathways for diffusion of disease. In 2020, global trade decreased sharply because of COVID-19. The dangers of the virus caused factories to shut down, disrupted transportation networks, and reduced consumer demand for many products.

Government Development Initiatives

Because of the desire for economic development, governments at all levels provide various incentives to encourage the expansion of existing economic activities or the creation of new ones. The type of incentive varies depending upon the nature of the economic development and what level of government is supporting the development. In most cases, the government that provides the incentives insists the company which receives the incentive must achieve certain targets such as providing a certain number of full-time jobs. There are several common incentives used to stimulate economic development that are shown in the table below.

GOVERNMENT EFFORTS TO PROMOTE ECONOMIC GROWTH	
Type of Incentive	**What Businesses Receive**
Tax Breaks	▪ A tax holiday (a temporary exemption from some taxes) ▪ A tax break for money invested in research and development
Loans	▪ Forgivable loans (part or all of the loan doesn't have to be repaid) ▪ Money to borrow at below-normal interest rates
Direct Assistance	▪ Land or building use free of charge ▪ Infrastructure such as roads and sewers paid for by government ▪ A subsidy for each full-time job created
Changes in Regulations	▪ Legislation that weakens unions ▪ Legislation that reduces environmental rules
Tariffs	▪ Taxes imposed on imported products make these products less attractive and domestically produced goods more attractive

These government incentives may be applied at different scales. For example, national, state, and county governments all may offer their own version of incentives.

Supranational Trading Blocs

Because of the increasing importance of trade, many countries have strengthened their relationships with their most important trading partners. This resulted in the formation of **trading blocs,** groups of countries that agree to a common set of trade rules. (See Topic 4.9.) Some examples include the U.S.-Mexico-Canada Agreement (USMCA), the Organization of the Petroleum Exporting Countries (OPEC), and **Mercosur** or *Southern Common Market*, which includes several South American countries.

The European Union (EU) is also a trading bloc, but it is unlike most othe ones. It also has *open borders,* which means it allows free movement of people as well as goods from one country to another.

Most trading blocs occur within regions. However, the **World Trade Organization (WTO)** is a global organization. It was created in 1995 to monitor the rules of international trade by providing a forum for negotiating trade deals, settling disputes between its members, supporting the needs of developing countries, and helping companies follow similar international trade policies. As of 2020, the WTO included 164 member countries that accounted for 98 percent of global trade. Another 20 countries have applied for membership.

Manufacturing in Semiperiphery Countries

One aspect of globalization and trade has been that companies have moved industrial production from core countries to semiperiphery countries. The speed of phone and Internet communications means that decision makers of transnational corporations can easily maintain contact with the management of new processing plants in the semiperiphery world. The ease of transportation results in frequent travel between the head offices and the factories in the semiperiphery. The manufactured goods can also be easily shipped to markets in core countries and the rest of the world.

Impacts of Economic Interdependence

Increased interdependency has strengthened the links among the countries' economies. Growth in one country can result in new economic opportunities in other countries. For example, as China grew wealthier, it purchased more grains and meat from U.S. farmers, bought more cars from companies headquartered in the United States, and sent more students to U.S. colleges and universities. However, China's growing industries also competed with U.S. manufacturers, and many companies layed off U.S. workers and moved jobs to China.

Similarly, an economic downturn in one country can lead to economic challenges elsewhere. When the price of oil dropped in mid-2014, consumers everywhere enjoyed lower gas prices and manufacturers lowered their production costs on every product that used oil. However, economies in all oil-producing regions suffered:

- Oil companies lost revenue. For example, Royal Dutch Shell, based in the Netherlands, saw its earnings fall 80 percent from 2014 to 2015.
- Workers in oil related industries lost jobs. About 250,000 people across several occupations became unemployed.
- Governments in oil-dependent countries, such as Venezuela, lost tax revenue, forcing them to lay off employees and reduce services.
- Investors in energy industry companies saw the value of the holdings plummet. In the second half of 2014, the 24 energy producers in the Fortune 500 lost $263 billion in market value.
- Workers for coal companies lost jobs. As coal could not compete with lower-cost oil, mines reduced production and laid off workers

Responses to Global Financial Crises

Numerous international financial institutions (IFIs) assist struggling countries with financing and provide professional advice on development. Most IFIs are partnerships among several countries. While all encourage development opportunities, some focus on particular regions or types of projects.

International Monetary Fund (IMF) The best known IFI is the **International Monetary Fund (IMF)**, which was created in 1945 to aid countries caught in need of financial assistance. Recognizing how quickly a financial crisis can lead to social and political instability, the IMF promotes economic stability for countries dealing with financial struggles. The assistance can take several forms from new, more manageable loans to assistance in overhauling the country's economic system. With 190 member countries, the IMF also works to promote monetary cooperation, facilitate international trade, increase employment, encourage sustainable growth, and reduce poverty.

Two recent examples of IMF interventions involve the destabilization of the Argentinian economy in 2018 and the COVID-19 crisis of 2020. In the case of Argentina, the IMF provided $57 billion worth of loans to the country. In response to the COVID-19 pandemic, much needed emergency funding was provided to 76 countries.

Large-Scale Projects Many projects funded by IFIs involve multimillion- or even multibillion-dollar deals to build big projects, such as hydroelectric dams or new transportation systems When successful, these projects can be extremely beneficial to a country's economy and to thousands of people.

However, large-scale projects are risky, and some do not work as planned. Failures can create additional problems for an already struggling country as it now must repay an even larger debt. Dependency theorists criticize periphery countries for borrowing money from the core. High debt-to-GDP ratios make periphery countries more dependent on core countries and defaults on loans increase potentially resulting in a debt crisis and larger economic problems.

Small-Scale Projects In contrast to these big loans, some NGOs focus on *microlending*. (See Topic 7.4.) Microloans are designed to help entrepreneurs with small-scale businesses by providing small loans, usually less than $2,000.

REFLECT ON THE ESSENTIAL QUESTION

Essential Question: *What are causes and geographic consequences of recent economic changes such as the increase in international trade, deindustrialization, and growing interdependence in the world economy?*

Causes of Economic Changes	Consequences of Economic Changes

KEY TERMS

trade	neoliberalism
barter	trading blocs
comparative advantage	Mercosur
complementarity	World Trade Organization (WTO)
free trade	International Monetary Fund (IMF)

GEOGRAPHIC PERSPECTIVES: *THE NEW GLOBAL WORLD*

In an age of globalization, every problem affects multiple countries. In particular, the economic policies of the financially powerful core states have large spillover effects on semiperiphery and periphery economies. Geographers study how these effects diffuse from one place to another, and how globalization can make them more or less damaging.

Thailand's Fragile Prosperity

In 1997, a crisis in the periphery country of Thailand threatened first that country, then its neighbors, and eventually the rest of the world. Thailand's economy had been growing an impressive 10 percent per year for over a decade. However, it relied heavily on foreign investments, particularly from the United States and Japan, and high exports.

When the Thai economy started to slow, concern quickly spread. The Thai stock market crashed, and the currency lost its value. Many companies had trouble paying their employees and laid off numerous workers.

Diffusion and Distance Decay

What followed was the runaway hierarchical and contagious diffusion of market disturbances from one country to another. In line with the concept of distance decay, the ripple effect of Thailand's financial crisis hit its neighbors the hardest—Indonesia, Malaysia, Singapore, the Philippines, and South Korea. The interdependent economies of these countries then faced similar financial woes. This crisis threatened to spread beyond Asian markets and create a global economic panic.

The Role of Globalization

This crisis—made worse by globalization—ended when the International Monetary Fund (IMF) stepped in and offered loans to the weakened countries. With these loans, confidence was restored and the economies began to grow again.

1. Applying the concepts of distance decay and diffusion, describe the patterns of impacts on other countries.
2. What are some of the impacts that could be expected if a Toyota Corolla manufacturing assembly plant in Mississippi shut down?

THINK AS A GEOGRAPHER: *ANALYZE TARIFF INFORMATION*

Geographers study patterns of interaction among people who live in different places. One of these interactions is trade in goods and services. Many non-core countries hope that trade will provide them an opportunity to create jobs and improve the lives of their citizens. The experience of the United States in economic development might provide a model for some countries to follow.

Use the graph showing average U.S. tariffs (taxes on imports) to answer the questions about the role of trade in economic development.

AVERAGE TARIFF RATE IN THE UNITED STATES, 1792 TO 2010

1. Describe the general level of tariff rates between 1792 and 1860.
2. How did tariff rates between 1860 and 1910 compare to earlier and later tariff rates?
3. Describe the trend in tariff rates since 1942.
4. Explain why the post-1990 data supports the adoption of neoliberal policies in the United States.

CHAPTER 19 REVIEW
Development and Trade

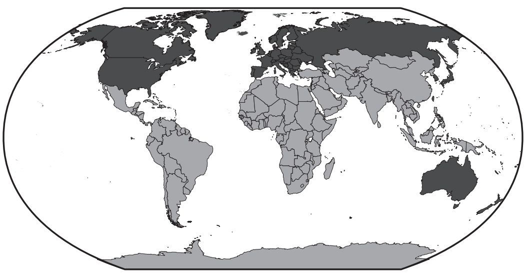
Topics 7.5–7.6

MULTIPLE-CHOICE QUESTIONS

1. A developing country that exports nearly 75 percent of all its raw materials has
(A) a comparative advantage
(B) complementarity
(C) commodity dependence
(D) neoliberal policies
(E) locational interdependence

2. Based upon Wallerstein's World Systems Theory, which of the following countries best fits the description of a periphery country?
(A) Brazil
(B) Germany
(C) Mali
(D) China
(E) Japan

Question 3 refers to the map below.



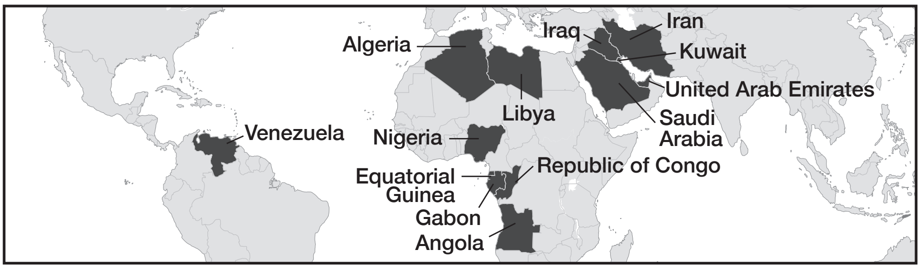
3. Which phrase best describes the countries shown in the darkest shade?
(A) Periphery countries
(B) Semiperiphery countries
(C) Core countries
(D) Least-developed countries
(E) Developing countries

4. Which stage of Rostow's Stages of Economic Growth model does the United States best fit today?
   (A) Preconditions for take-off
   (B) Drive to maturity
   (C) High mass consumption
   (D) Take-off
   (E) Traditional society

5. Modernization models such as Rostow's suggest that
   (A) there will always be a combination of more developed countries and less developed countries
   (B) owners of industries will always try to locate plants to take advantage of agglomeration economies
   (C) geographic factors, such as the availability of natural resources, determine a country's level of development
   (D) it is possible for all countries to reach a high level of economic development
   (E) governments should not provide stimulus for economic development

6. Which of the following changes most directly increased globalization?
   (A) Greater use of tariffs and other trade restrictions
   (B) More frequent political disputes among world leaders
   (C) Greater time-space compression
   (D) Decreased use of containerization
   (E) Decreased complementarity among countries

Question 7 refers to the map below.



7. Which organization illustrating globalization is shown on the map?
   (A) Mercosur
   (B) USMCA
   (C) OPEC
   (D) IMF
   (E) NATO

FREE-RESPONSE QUESTION

1. Two theories of economic development are Rostow's Stages of Economic Growth and Wallerstein's World Systems. Rostow's theory argues that all countries can attain higher levels of development by progressing through a five-step process. Wallerstein argues that the world will remain divided among periphery, semiperiphery and core regions.

(A) Identify TWO countries or regions of the world on which Rostow's model was based.

(B) Using the Rostow model, explain why improving a country's infrastructure is a precondition for economic development.

(C) Describe the types of economic products that the periphery supplies to the core and semiperiphery.

(D) Explain the economic role that semiperiphery countries often provide for core countries.

(E) Explain why world systems theorists often argue that multinational corporations act as a neocolonial economic force.

(F) Describe ONE change that has increased gender equality in the past 20 years.

(G) Describe ONE challenge that societies still face in achieving gender equality.