## The Role of Domestic Factors – 4.3

With reference to Zambia and the LEDC that you have chosen, we need to consider how the following domestic factors can contribute to economic development.

1) **Education**
2) **Health care**
3) **Infrastructure**
4) **Political stability/Lack of corruption**
5) **Legal System**
6) **Financial system**
7) **Taxation**
8) **The use of appropriate technology**
9) **Empowerment of women**
10) **Income distribution**

✚ Education

a) – Draw a diagram to illustrate the impact that education can have on a nation's **macroeconomy**.

Price
Level

Consumer
Goods

Real GDP

Capital Goods
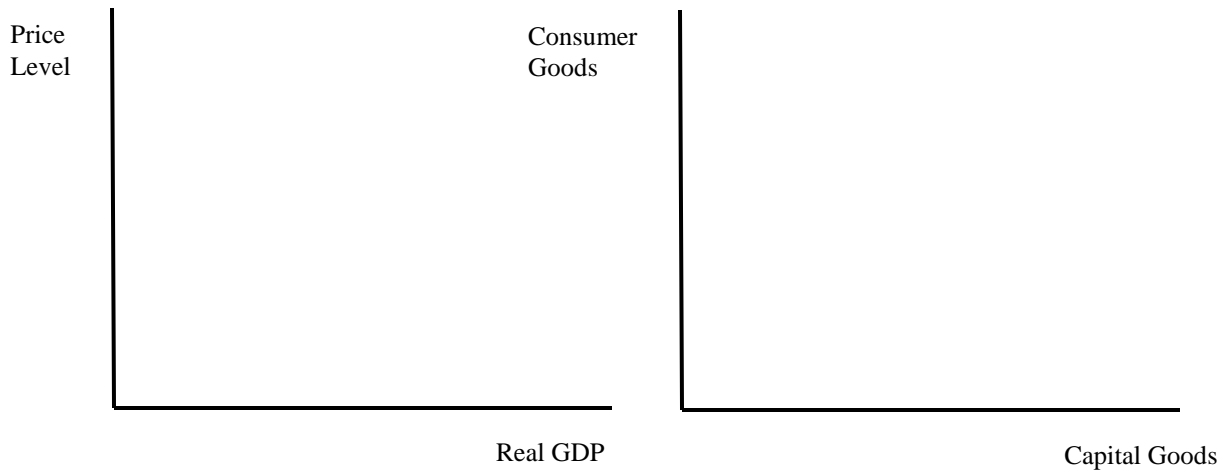
b) – Illustrate why education is beneficial for society as a whole, not just the individual concerned.

c) – How and why might education improve the role and conditions for women in society?

_____

_____

_____

_____

Price

Qty D/S
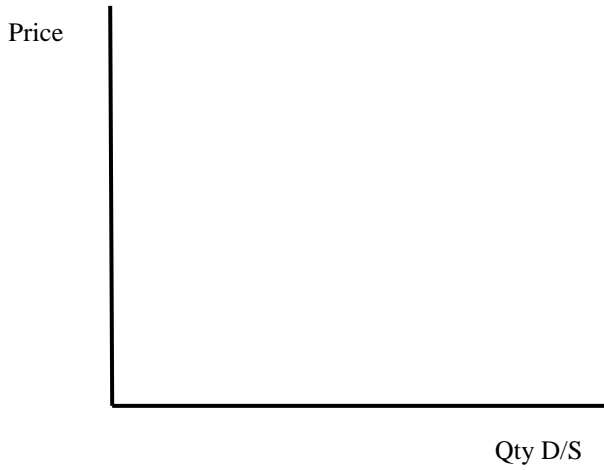
d) How does an increase in education levels, improve levels of health in society?

_____

_____

_____

e) What are the challenges facing an LEDC when trying to improve its education system?

Funding required	
Rural/Urban	
Family economic conditions	

➕ **Healthcare**

f) – What correlation would you expect to see between the proportion of national income devoted to healthcare and life expectancy?

_____

g) Why might this be the case?

_____

_____

_____
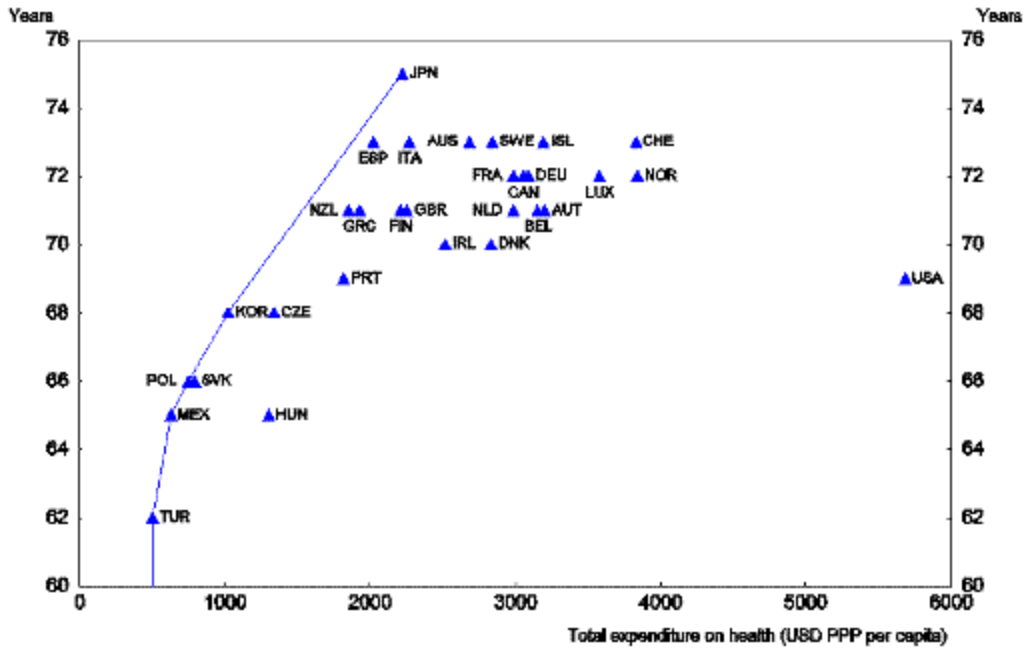
h) What progress has been made, as regards healthcare, in LEDCs?

Doctors/Nurses _____

Hospitals/Clinics _____

Water _____

Immunisations _____

Infant mortality _____

i) – Compare and contrast the following healthcare indicators for Zambia and an LEDC of your choice.

	Public Health Expenditure per capita	One year olds immunized against measles (%)	Births attended by skilled health personnel (%)	Population using improved drinking water sources (%)	Population using improved sanitation facilities (%)
Zambia					

🞣 Infrastructure

j)   – How would you define infrastructure?

_____

_____

k)   – Give examples of the four main categories of infrastructure using the terms below

Transport	Utilities	Public Services	Communication

Postal service	*Telecommunication*	*Seaports*	*Internet*
Roads	*Waste Management*	*Water Supply*	*Sewers*
Electricity	*Railways*	*Radio/Television*	*Airports*
Judiciary	*Gas*	*Public Transport*	*Police Service*
Sidewalk/Cycle paths	*Health Service*	*Fire Service*	*Education system*

l)   - Take one example from each of the four categories and identify **how** they contribute towards economic development.

Transport –

_____

_____

Utility -

_____

_____

Public Service

_____

_____

Communication Service

_____

_____

✚ **Political Stability/Lack of corruption.**

As you can see from the map below, there appears to be a negative correlation between the level of corruption in a nation and its level of development.

m) .Identify some of the issues caused by corruption.

Electoral Corruption	
Corrupt Legal System	
Allocation of Resources	
Bribery in Business	
Corrupt Officials	
Capital Flight	

Legal System

A fully functioning and effective legal system is crucial for a country wishing to achieve economic development. First and foremost, it enables **property rights** to be upheld.

A property right can be defined as the exclusive authority to determine how a resource is used.

n) These rights have five main components:-

1. _____

2. _____

3. _____

4. _____

5. _____

o) – Why are property rights so essentially for a dynamic market economy?

_____

_____

_____

_____

Financial System

p) – Why are developed and independent financial institutions so essential for economic growth and development?

Saving_____

_____

Investment_____

_____

q) – What will often occur in countries with weak financial institutions?

_____

_____

_____

r) – Why do poor people within LEDCs struggle to gain access to official financial markets?

_____

_____

s) – Use the table below to summarize how '**microcredit**' schemes are providing development opportunities in LEDCs.

Origin	
Purpose of micro-credit loan	

Examples	
Main recipients	

Taxation

t) – Taxation revenue enables a government to_____

u) – Collecting sufficient tax revenue is problematic in LEDCs due to the fact that:-

- *Income tax_____*

- *Corporation tax_____*

- *Excise duties_____*

_____

- *Administration _____*

- *Informal markets_____*

v) – What are the **drawbacks** for workers of operating in informal markets?

_____

_____

The use of appropriate technology

w) – How might one describe the factor endowment of a typical LEDC?

_____

x) – What type of technology would therefore be appropriate in order to encourage economic development?

_____

_____

_____

y) – How might decisions about which consumer goods to buy also have an impact upon economic development?

_____

_____

_____

The empowerment of women

In many LEDCs women face higher death rates, lower levels of literacy and lower incomes, not mention other forms of discrimination. This is largely due to the fact that the role of women is secondary to that of men.

Improving the health and education of women will benefit not only the individual women concerned but will generate additional positive externalities.
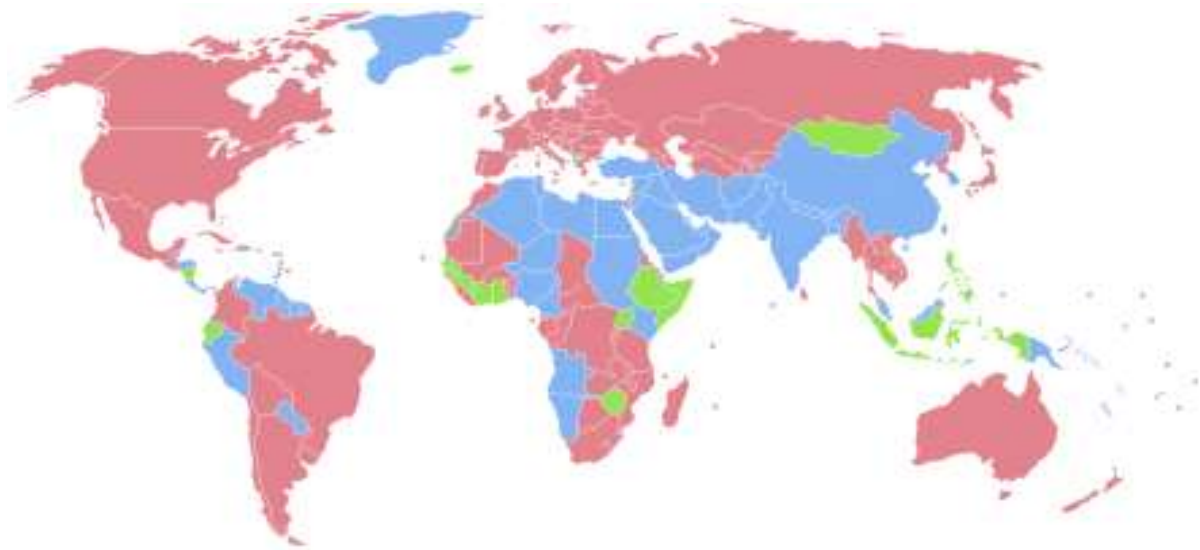
Family health

_____

_____

_____

_____

Education

_____

_____

_____

Income

_____

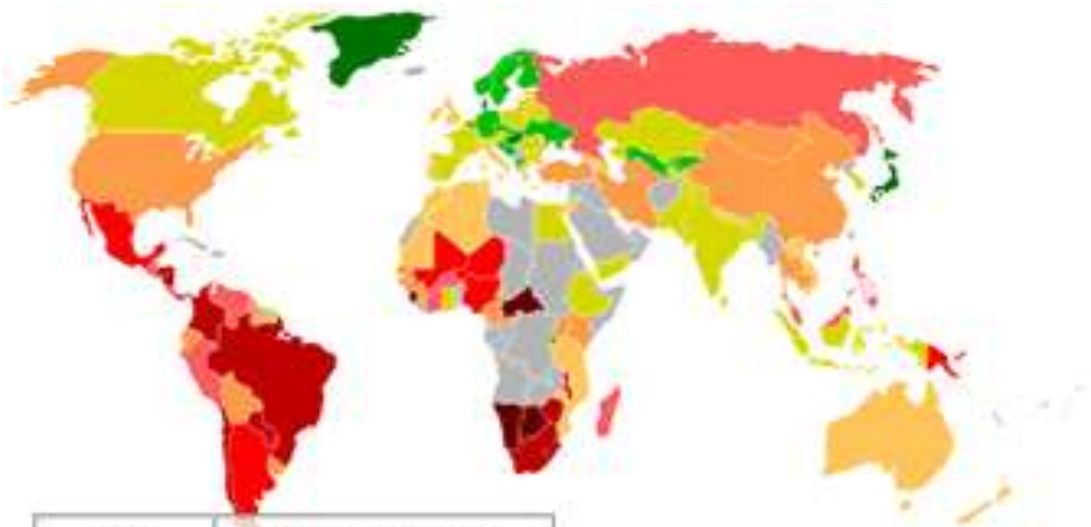_____

Population

_____

_____

- Pink = More women than men
- Green = Equal
- Blue = More men than women

Income distribution

z) – How is income generally distributed across the population of an LEDC?

_____

_____

aa) – Why does a high level of income inequality have a detrimental impact upon the development of a nation?

_____

_____

_____

_____

_____

Color	Gini coefficient		
■	< 0,25	■	0,45 - 0,49
■	0,25 - 0,29	■	0,50 - 0,54
■	0,30 - 0,34	■	0,55 - 0,59
■	0,35 - 0,39	■	> 0,60
■	0,40 - 0,44	■	NA

bb) – What is the Gini Coefficient in Zambia and your chosen LEDC?

_____

_____

_____