

What is Economic Growth?

- Increase in the capacity to provide goods and services for people's final use
- Accomplished through
 - a. Increase in population growth
 - i. More consumers and producers=more consumption per/person or both.

Economic Growth Indicators

- Gross national product (GNP)
 - Market value in current dollars of *all goods and services* produced within and outside a country by the country's businesses during a year.
- Gross domestic product (GDP)
 - Market value in current dollars of all goods and services produced within a country during a year.
- Gross world product (GWP)
 - Market value in current dollars of all goods and services produced in world each year
- Per capita GNP
 - GNP divided by the total population.

Economic Development

- Improvement of living standards by economic growth.
- UN classifies the world's countries either
 - Economically *developed*
 - Economically *developing*
 - Based primarily on their degree of
 - Industrialization
 - Per capita GNP.

Developed Countries

- United States, Canada, Japan, Australia, New Zealand, and all countries of Europe (except for industrialized countries in eastern Europe and some in northern and southern Europe).
 - Most are highly industrialized
 - Average per capita GNP (above \$10,000 per year,
 - 1.2 billion people
 - 20% of the world's population (2000)
 - 85% of the world's wealth and income
 - Use about 88% of its natural resources
 - Generate about 75% of pollution and waste.

Lesser-developed Countries

- Africa, Asia, and Latin America
 - 4.9 billion people
 - 80% of the world's population in 2000
 - 15% of the world's wealth and income
 - Use about 12% of the world's natural resources
 - Some are middle-income, moderately developed countries with average per capita GNPs of \$1,000 \$10,000 per year.
 - South Africa, Mexico, Argentina, Brazil, Saudi Arabia, Malaysia, and Thailand.
 - Low-income countries per capita GNP less than \$1,000 per year.
 - India, China, Bangladesh, Pakistan, Vietnam, Nicaragua, Haiti, Bolivia, and most countries in western, eastern, and central Africa.
 - More than 95% of the projected increase in the world's population is expected to take place in developing countries
 - Where 1 million people are added every 5 days.
 - The primary reason for such rapid population growth in developing countries (1.7% compared to 0.1% in developed countries)
 - Large percentage people under age 15 (34% compared with 19% in developed countries).

Global Output of Goods

- Between 1900 and 2000
 - Global output of goods and services as measured by the global world product (GWP)
 - Increased from \$2.3 trillion to \$42 trillion
 - Projected to triple by 2050.
 - Most of this growth occurred after 1950
 - During this same period the global income per person rose from \$1,500 to \$6,700.
- Benefits of Economic Growth
 - Has allowed billions of people
 - Live longer (with average life expectancy increasing from 35 to 66 years)
 - Lead healthier lives
 - Enjoy many comforts that were unimaginable in 1900.
- Drawbacks of Economic Growth
 - Economic growth coupled with population growth
 - Has also led to the environmental problems face today and
 - Not removed poverty for more half the worlds people who must live on an income equal to \$3 per day (\$1,095 per year) or less.

What Is Environmentally Sustainable Economic Development?

- Shift from emphasis on traditional economic development fueled by economic growth of essentially *any* type
- Shift to emphasis on environmentally sustainable economic development.
 - Encourage environmentally sustainable forms of economic growth
 - Meet the basic needs of the current generations of humans and other species without preventing future generations of humans and other species from meeting their basic needs
 - Discourages environmentally harmful and unsustainable forms of economic growth.
- In other words, *environmentally sustainable economic* development is the *economic component* of environmentally sustainable societies.
 - Requires that governments, businesses, and individuals integrate social, economic, and environmental goals and policies in their decision-making. See Figure 1-8.

What Is the Wealth Gap?

- Since 1960, and especially since 1980
 - The gap between the per capita GNP of the rich, middle income, poor and acutely poor has widened.
- According to the World Bank
 - 20% (1.2 billion) of the world's 6.1 billion people have a high per capita income.
 - 25% (1.5 billion) have a moderate per capita income
 - 30% (1.8 billion) have a low per capita income of round \$2-3 per day.
 - 25% (1.5 billion) have a very low per capita income no more than \$1 per day.
- According to United Nations
 - About 1.2 billion people (1 in 5)
 - Are hungry or malnourished.
 - Lack access to
 - Clean water
 - Decent housing
 - Adequate health care
 - About two-thirds of humanity lacks sanitary toilets
 - One of every four adults (1.3 billion people) is illiterate.
- Poor have many children as a form of economic security
 - Help them grow food
 - Gather fuel (wood and dung)
 - Haul drinking water
 - Tend livestock
 - Work
 - Beg in the streets
 - Help them survive in their old age

- Poor people work for short term survival:
 - May deplete/degrade
 - Local forests
 - Soils
 - Grassland
 - Wildlife
 - Water supplies
 - Often live in areas with highest:
 - Levels of air pollution
 - Water pollution
 - Greatest risk of natural disasters
 - Floods
 - Earthquakes
 - Hurricanes
 - Volcanic eruptions
 - Spend 4-6 hrs/day searching for fuel wood
 - 4-6 hours/week drawing and carrying water
 - Must take jobs that subject them to unhealthy and unsafe working conditions at very low pay

According to the WHO

- 10 million (27,400/day--half are children under 5) of the desperately poor die prematurely of
 - Malnutrition
 - Increased susceptibility to infectious diseases (weakened condition from malnutrition)
 - Infectious diseases from drinking contaminated water