

### Evaluate the effectiveness of strategies designed to reduce disparities

Disparities can be referred to differences, bias and unequal in gender, jobs, wealth, or contrast between rich and poor. Scales of disparities can be classified into regional, national or global. In recent years, inequalities in wealth and economic growth have increased both between and within countries – from one area to another and among different groups of people. However, various ways to reduce disparities are introduced in different countries, consisting of government investment on social development, foreign investment that mainly focuses on economic integration, different kinds of aid, structural adjustment policies and easier access to markets.

Papua New Guinea is an example to demonstrate how government aid and foreign investment have reduced disparities. It is the eastern half of the island of New Guinea, which situated to the north of Australia. Before European colonization, most people earned a living by small-scale subsistence farming. However, when machinery was developed in 1850s, the indigenous technology for producing the oil was made redundant and eventually led to village producers working on plantations established by the Europeans. After the World War II, Australian aid led to the growth of an extremely large government sector of employment, stimulating a rapid increase in the rate of urbanization. Manufacturing industries expanded, although they remained a small sector in Papua New Guinea's economy. Foreigners also had an influence in terms of economic development as its economy is largely owned and managed by foreigners. Wealth is also generated by foreign companies due to the employment opportunities, technology, training and management expertise provided. Economic and social advances have been made in Papua New Guinea since 1970, including about 43,000 nationals employed by the government, earning on average double or triple the national average income.

Overall, government aid and foreign investment has helped to reduce regional disparities in Papua New Guinea, to a large extent, by encouraging economic growth and social development. However, inequality still exists in respect of income distribution, health and educational status. Income is distributed unevenly while provinces with large towns gain a larger average income. Health status is lowest in highlands but highest in island provinces as people are richer. Most deaths occur in remote villages or at home are due to pneumonia, gastroenteritis or malaria. There is a large gap between highlands and islands in terms of educational status. Highlands are disadvantaged due to their geographical reason whereas coastal ports retained advantage they gained from earlier contact with outside world. Therefore, government aid and foreign investment are able to reduce disparities but not eliminate it as various aspects of regional difference can still be found.

Aid is regarded as another effective way to reduce disparities. It is the help or support given by a relatively wealthy country or organisation to another country that is less wealthy. There are two approaches including 'top down', which is a large-scale aid and 'bottom up' that is in a smaller scale. 'Top-down' development means that most of the government investment is focused on urban areas or growth poles, as the Myrdal theory states. With the hope of the government that growth will spread throughout the country by the 'trickle down' effect. 'Bottom-up' approach, on the other hand, is not often done by government but charities where the focus is on grass roots projects including improving livelihood through education and health-care provision, and empowering people to take control of their own lives and fulfill their ambitions.

The ODA's aid programme for Ghana is an example of the 'bottom up' approach, which specifically targets the poorest groups in the country including health care, education, agriculture and industry. The emphasis is on the involvement of local people. The projects aim to make small but significant improvements in people's quality of life. This involves local people work to improve roads, repair public buildings and dig wells. The technology used is simple, and the skills needed are those which the people already have. Education is also an important part of the Ghanaian aid programme. It aims to provide basic literacy for 15,000 people. Foreign aid provides educational experts and local training for teaching staffs as well as vehicles, materials and equipment.

However, some aid projects have been criticised that they are inappropriate to local needs. They are generally considered as tied aid, whereby the donor provides the aid on the condition that the receiver uses the donor's raw materials. One example is the Pergau Dam in Malaysia, which is the most costly aid project ever funded by the British government. £ 234 million of British aid money was spent on the dam in Kelantan in northern Malaysia. It has been controversial due to three main reasons. Firstly, the electricity produced will not benefit the poorest Malaysians but the booming capital city Kuala Lumpur. Secondly, the fact that it is a tied aid allowed the British government to secure a huge arms contract to supply military aircraft to Malaysia, which would provide jobs and exports for the UK. Thirdly, the projects would lead to harmful environment effects. It has devastated large areas of rainforest, which threatened rare animals and led to erosion as rainwater has stripped away the topsoil. The opening of inaccessible areas to commercial logging caused further environment destruction.

The drawbacks of tied aids can be explained by Frank's Dependency theory. It is mentioned that the more underdeveloped countries have been linked with advanced capitalist countries, the more underdeveloped they have become. The main problem is that poor countries are being exploited due to the reason that 'the rich are getting richer because the poor are getting poorer'. In this case, Malaysia is the underdeveloped country which was linked with UK, the advanced capitalist country. Malaysia is exploited to a relatively large extent as jobs and exports are provided for UK, suggesting that a leakage of profits back to country of origin and the exploitation of local labour force, raw materials and resources, as well as the destruction of environment mentioned, which have a great negative influence on Malaysia's development.

Nevertheless, the gap between rich and poor regions and their people can be bridged by structural adjustment policies (SAP). In 1987, a structural adjustment programme was introduced in Uganda because of its growing debt, as well as the fact that inflation was accelerating and economic growth was virtually absent. SAP in Uganda has been relatively successful. By 1997 inflation was under control and the GDP per capita was growing at rates similar to those experienced then by the Asian Tier economies. However, there is also evidence to suggest not all the SAP was positive. Small farmers in remote areas do not always benefit from this system as they lack up-to-date information about prices and the market. In addition, human development did not progress at the same rate as economic development mainly because people living in remote rural areas suffer from a lack of access to information, resources and to the main urban centers. This suggests that structural adjustment policies are capable to encourage specifically economic development in certain important areas of a country but are unable to spread the development or growth throughout the whole country especially remote rural areas.

Moreover, disparities can be reduced through the integration of regional of national economies, meaning the free flow of people, goods and capital between nations. This is dominated by the integrated global production systems of TNCs, global markets and global finance. International organizations such as the IMF, World Bank and World Trade Organization (WTO) contribute to the integration of economies by encouraging the liberalization of trade and the free movement of capital. The process of integration has also been facilitated by development of trading blocs, international trade agreements and the technological improvement in transport and communications.

To conclude, strategies such as government and foreign investment, different types of aid including the 'top down' and the 'bottom up' approaches, structural adjustment policies, as well as free trade and easier access to markets are considered useful and effective ways to reduce disparities. They have provided employment opportunities, improved technology and business expertise, infrastructure development, financial support and local economic growth. However, considerable regional variations in development also exist between or within countries no matter how wealthy the country is. It is apparent that not every one in each country has benefited. Particularly for people in remote rural areas, development efforts need to be geared towards alleviating poverty throughout the whole country. More attention needs to be focused on the provision of better sanitation systems and also the improvements of general infrastructure, which can further enhance the quality of life in the country.