Discuss the differences in economic development and policies for Niger and Norway

Xi Bai^{1,*}, Xinyue Li²

¹The high school affiliated to Xi'an JiaoTong University, Xian, China

²Chengdu No.7 Middle School International Department, Chengdu, China

*Corresponding author: 13875990882@163.com

Abstract. Economic development is an important indicator of a country's progress. A high degree of development shows the happiness of the country's people, the development of the industrial aspect, and the improvement of the social level, while a low degree of development shows the opposite. In order to propose some recommendations for Niger and Norway that are relevant to their national context, we start with the analysis of their economic development. We start with the analysis of the reasons for the differences in their economic development and end with the proposed policies.

Keywords: Climate, Industry, Supply policy, Natural resources.

1. Introduction

Norway's impressive HDI value of 0.957 in 2019 can be attributed to its successful economic development policies including: the decisions of the main industry's factors within the country, and the climate. Niger, on the other hand, is the polar opposite with a HDI value of 0.377 in 2019, with high levels of malnutrition and widespread absolute poverty. This essay will aim to discuss the causes of the stark differences in economic development between the two countries, as well as exploring the policies that Niger could adopt in order to reach a higher level of economic development, and the policies that Norway can adopt to further enhance the country's level of economic development.

2. Differences in economics development

2.1 The impact of natural factors on the Norwegian economy

First of all, the climate and geographical locations are the main reasons for the huge difference between the two countries. The Nordic country of Norway is located in the western part of Scandinavia, bordering Sweden to the east. The general climate of Northern Europe is characterized by long winters and therefore relatively low average temperatures. So, every February and March, Norway's high latitudes and elevations remain a paradise for skiers. In winter, people can enjoy polar nights and experience long nights. In the summer, when travelers visit northern Norway, they can also experience the phenomenon of extreme daylight - the sun doesn't set and they can play golf at midnight. More and more tourists come to Norway for their holidays, so tourism has grown greatly. This is an important part of the Norwegian economy. Norway is also rich in oil, gas, water, forests and fisheries. The north coast is rich in water resources and is a world famous fishing ground. The rich Marine resources provide convenient conditions for Norway's fishery production, and its fishing and breeding area is 6 times the size of the Norwegian mainland. 95% of its aquatic products are exported, making it the world's second largest exporter of aquatic products. The offshore oil industry, which emerged in 1970s, has become an important pillar of the national economy. Countries can export oil, because oil plays an important role in life, it is used every day for gasoline, transportation, heating, factories... Exporting a lot of oil can boost the economy and make the country very rich. When a country is rich enough, it can spend more money on education and health care. So people will be more knowledgeable and literate, and they can live longer. Thus, improving economic development.

2.2 The impact of natural factors on Niger's economy

As the hottest country in the world, Niger has a tropical desert climate in the north and savanna climate in the south, with an average annual temperature of 30 degrees and an average temperature of 40 degrees in May. The landlocked country, south of the Sahara desert, is 80% desert and has harsh natural conditions. This has contributed to Niger being one of the least developed countries in the world and having the lowest human happiness in the world. Unfortunately, most desert countries have oil under the ground, but Niger has only sand. This has a big impact on Niger's economic development, because sand does nothing for the economy, and oil is the source of most African countries' economy. However, Niger has a dry climate, underdeveloped agriculture and low level of economic development. As a precious resource, oil is an important economic source for African countries. Niger, which has no oil, is at a disadvantage compared with other desert countries that have oil. This has a big impact on Niger's economic development, because oil is the source of most African countries' economy. Every country has sand, but oil, as a precious resource, is an important economic source for African countries. Large parts of Niger are simply uninhabitable because of the heat. So the population is mainly distributed in the Niger River basin. The people of Niger grow crops and develop agriculture around the river. This is an agricultural country, and agriculture is the most basic productive sector of the economy. But Niger is very dry all year round, which hampers crop growth. And as a very basic sector, agriculture is very volatile. Weather determines the conditions in which crops grow, but Niger is one of the poorest countries in the world due to its harsh natural environment. But Niger's livestock industry is also relatively well developed. More than 1 million people are engaged in animal husbandry. The country's livestock population is 3.76 million cattle, 17.32 million sheep and 1.2 million camels. Hence, beef and mutton are eaten all year round. In Niger, vegetable prices are very high. It was difficult to see vegetables in the market because of the extreme drought. On the streets of Niger, almost all stalls are barbecue, beef, lamb and even camel meat. It has also reduced the income of many fruit and vegetable farmers and prevented them from sending their children to school. The loss of income not only affects children's educational attainment, but also prevents more children from finding high-paying jobs. As a result, an individual economy will not develop well, and finally the economic development of the country will be restricted.

2.3 The impact of types of industries on the Norwegian economy

Moreover, the main sectors of the industries also led the two countries into very different economic patterns. For Norway, it is a country with a mixed economic system, where private enterprise forms part of its economy, but where there is also government intervention and influence. Government (state) regulation is mainly in the form of taxes, customs duties and subsidies, as a way to constrain and regulate some private companies.

For the main sectors of industry, agriculture makes 1.9% of GDP and occupied 2% of the workforce. There are benefits to having a small share of agriculture. Agriculture is not stable enough and depends heavily on the weather, which is not a stable industry compared to manufacture industry. Fishing, for Norway, is an important activity as Norway is the world's second biggest seafood exporter. For the industry, it employs 19.1% of the workforce and contribute to 29.1% of GDP. And it started to increase after 2017. Norway's economy depends on its natural resources, like oil, gas, hydraulic energy, forests and minerals. Norway's main manufacturing industries were made by shipbuilding, metals, paper, machines, electrical equipment and so on, which are essential for the development as the equipments and capitals will provide a solid foundation to the innovation.

The service sector is highly developed; it employs over three-quarters of the population (78.9%) and accounts for 57.7% of the GDP. As lots of employees are working in the service sector, they will have higher skills, which can help them to make more money as a result. In this way, they may spend their money into consumption or investment. Thus, the growth rate of GDP and economic development may be affected positively. Although there are some well-known companies that are privately managed and owned, for Norway's key industry, the oil industry, the state is also the owner of some of the largest companies in the oil market. For example, Statoil and Norsk Hydro. Especially

Statoil, which is the Norwegian state-owned oil company, occupies a dominant position in Norway's undersea oil industry and oil refining and marketing industries. As oil generates a lot of profit that government can use, and oil is highly sought after, the government can export the oil and make money. Then, they can use these money to invest into the healthcare, education and infrastructure, which contribute to the economic development.

Noway can also handle the Norwegian Seismic Array, Norwegian Seismic Array. Norway is well positioned to handle natural hazards such as the Norwegian Seismic Array, an internationally recognized, independent, non-profit earth science research foundation whose core business is seismology and applied geophysics research and related software development. It maintains a reputation for excellence in research related to the detection, location and characterization of seismic events. In this case, it can prevent Norway from some natural disasters and ensure the economic development.

2.4 The impact of types of industries on the Niger's economy

Agriculture and agricultural products account for the largest share in Niger in terms of employment and as a percentage of gross national product (GNP). Millet, sorghum, cassava and sugarcane are the main food crops grown in the south. Rice is grown in the Niger Valley. Niger's ability to remain self-sufficient in food and livestock production is highly dependent on the amount of rainfall. In times of drought, however, there are food shortages that require imports and food aid. The downside of this large demand for food is that it will produce some pollution during the transportation process, like the carbon footprint. Also, depending more on other countries will lead this country to a bad situation as other countries can control the amount of food they export. Plant resources have been exploited for a long time, but not on a large scale. For example, small quantities of gum from cottonwood and acacia trees are exported. Skins of ostrich, crocodile and snake are used for handicrafts and exported to Europe. Fish from the Niger River and Lake Chad are exported southward to coastal countries. Due to the lack of adequate utilization of resources, Niger does not earn a lot of money through exports, which not only does not provide economic support to the government, but also does not allow people's lives to be improved to some extent. The Niger has a small private sector which is made up of numerous small businesses, and those belonging to large French or international companies. These big international companies often have a lot of political power in underdeveloped countries as they made up a large size of the economic development. These companies definitely want to earn more profit, so they may try their best to find ways of not paying the tax, which will reduce government's tax revenue. Therefore the income will not be redistributed equally. Government revenue affects its own expenditure, so it affects GDP and also development. income and consumption are linked, if income is too unevenly distributed, it will indirectly affect GDP, and also affect development.

Niger is rich in uranium resources, and all the discovered deposits are sandstone deposits with a wide range of uranium mine realization, including Carboniferous, Upper Jurassic and Lower Cretaceous. However, the extent of research on uranium deposits is very low, and the controlling factors and sources of uranium are still unclear. If Niger has the resources of uranium, it can provide them with certain export opportunities and capital accumulation for themselves, which can bring industrial development and influence development.

3. Policies that can be adopted to have higher economics development

3.1 Norway's basic economy

We have also considered various policies that the countries can undertake in order to further to develop economically. The first policy is regarding supply side policies. Growth has slowed in many advanced economies, but Norway's economy continues to grow strongly. While global trade tensions and uncertainty over growth in Europe have clouded the outlook, Norway's outlook remains positive. On the fiscal side, Norway's budget has been generally neutral in recent years, neither increasing nor decreasing economic growth. Fiscal policy is a demand-side policy, and Norway could consider

focusing on supply side policies. For instance, speeding on health care, education and infrastructure. The welfare of the people is put first in the government's consideration, not just the degree of economic development. In terms of supply policy, citizens can always enjoy social welfare. Norway has a gini coefficient of 0.25, a small income gap and a high happiness index. The social relations among Norwegian social members have been adjusted, and the polarization of the whole society is not so serious in terms of economy and power, which makes the structure of the social system show the characteristics of high flatness. In Norway, people go to university for free, see a doctor for free, leave work on time, get paid annual leave, benefit when they lose their jobs, maternity leave with full pay and so on. In education, for example, Norwegian students performed better than the OECD average in PISA reading scores. These social benefits are institutional, cultural and economic based. They reduce economic pressure on Norwegians and pay special attention to student education. Norway is a highly educated country. The structure of government expenditure shows that Norway attaches great importance to education and the health of the population, accounting for 30% of the budget.

3.2 The state of Niger's economy

At the opposite end of Norway's economic spectrum is Niger. Niger has a Human Development Index (HDI) of 0.377. It is the least developed and lowest HDI country in the world. Malnutrition is widespread in Niger, with 44.1 percent of the population living below the poverty line. The health and safety crisis continues to undermine Niger's progress in economic growth. Poor health causes many people to lose their jobs, and fewer and fewer elite people continue to work in the industry. The whole industry slowly declined, and eventually could no longer grow. Missing important sectors, such as science and technology, the state cannot afford to reinvest in them. The real growth rate dropped from 5.9% in 2019 to 0.8% in 2020 due to the epidemic and increased violent terrorist attacks. Inflation was 3.4% in 2020, driven by supply disruptions and speculation. This means that the government of Niger cannot provide good supplies to the country's citizens. As the poverty rate rose, another 685,000 people joined the ranks of extreme poverty. Furthermore, the COVID-19 pandemic has had a negative impact on households in Niger, mainly due to reduced incomes, remittances and human capital endowments as a result of downsizing. School closures are expected to lead to higher dropout rates. At this point, the government borrows more money from other welfare states and spends it on education and health care. In the long run, the country becomes heavily indebted and the economy stagnates. So this will make the country more and more backward in economic development.

3.3 Policies about Transportation in Norway

When it comes to Norway, we think Norway could adopt some policies that target transportation infrastructure. Like the highways and bus stations. This is a beneficial policy because if one don't drive in Norway, it's going to be tough to get around. Even if there is a bus, it may not always reach the place one want to go, and that person may have to walk 20 minutes after getting off the bus to reach your destination. In addition, for Norway, the big stores are in the suburbs, so the bus doesn't reach them, and the walk will definitely take a long time, even with a car. And Norway itself is an oil-producing country, its gas prices are also very high. So we think it can be from this aspect of the approach corresponding to some of the decree. From some point, oil is a non-renewable source, which will be ran out someday in the future. Thus, Norway can focus more on its renewable energy to sustain its development. For instance, the wind energy and solar energy.

3.4 Policies about Civil War in Niger

Niger should first reform the government in order to resolve the civil war, which, if it continues for a long time, will prevent the economy from developing, as the civil war leads to a lot of crime and a lot of political instability. Also, people will have more and more grievances against the state or the government, which will not be conducive to all kinds of development afterwards. After this policy, Niger should focus on the development of its manufacturing industry, the development of Niger is

current focused on agriculture, animal husbandry is also very developed. But industry is what can support the subsequent development of a country and lay a solid foundation, which also requires innovation. For the country, agriculture is not enough to meet these needs, but manufacturing industry can. Niger could develop its manufacturing industry as it would be less volatile compared to the agricultural industry. Also, it would allow the country to grow more and thus, in turn, develop more.

4. Conclusions

In conclusion, the Norwegian economy is an example of a successful combination of market liberalization and government macro-control. It also pioneers in creating a modern welfare state, offering Norwegians various policies to ease the burden on their citizens, this has significantly contributed to Norway's high economic development. Niger is relatively backward, with nearly half its people living in poverty. Niger's internal political instability and poor infrastructure are far below South Africa's overall level, this has contributed to Niger's low economic development.

The most effective policy for Norway to further enhance their economic development is improvement on transportation and renewable energy. In order for Niger to experience a higher level of economic development, they should facilitate the resolution for civil war.

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