

GRADE 8
ECONOMICS
DEVELOPED & DEVELOPING COUNTRIES

1) What is economic development?

Economic development is wider than economic growth. Besides improved living standards, it involves reducing poverty, expanding the range of economic and social choices and increasing freedom and self-esteem.

2) What are developed economies?

Developed economies are those which have high incomes, a high proportion of workers employed in the tertiary sector, high levels of productivity and investment.

3) What are developing economies?

a developing economy is one where people have lower incomes, lower standard of living and less developed industries than other countries.

4) What are the characteristics of developing economies?

There are a number of characteristics which many developing countries share including:

- Low incomes per head: People in developing countries are poorer on average than those in developed economies. However, this does not mean that all the people are poor in fact, some can be very rich.
- Low levels of saving due to low income: Poor people cannot afford to save and so the savings ratio (saving as a percentage of disposable income) of a country where the average income is low, is likely to be low.
- Low life expectancy and high infant mortality rate: Someone born in Japan can expect to live up to the age of 85 whereas someone born in Zimbabwe has a life expectancy of 50 years only.
- High rates of population growth: In a number of developing countries, the birth rate exceeds the death rate and there is high dependency ratio, with a high proportion of children being dependent on a small proportion of workers.
- Low levels of education and health care: These tend to result in low levels of productivity.
- Low levels of capital goods and poor infrastructure: These again reduce productivity.
- Poor housing and sanitation: A significant number of people may not have access to clean water for drinking and washing.

- Relatively high number of workers, employed in the primary sector: Underemployment can
- be high in agriculture. For instance, ten persons may be doing the work of six. This, again, lowers productivity.
- Concentration on a narrow range of exports (most of which are primary products)