



Chapter 18: Development and Globalization

Section 1

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ECONOMICS

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Objectives

1. **Understand** what is meant by developed nations and less developed countries.
2. **Identify** the tools used to measure levels of development.
3. **Describe** the characteristics of developed nations and less developed countries.
4. **Understand** how levels of development are ranked.



Key Terms

- **development:** the process by which a nation improves the economic, political, and social well-being of its people
- **developed nation:** a nation with a relatively high average level of material well-being
- **less development country:** a nation with a relatively low level of material well-being
- **newly industrialized country:** a less developed country that has made great progress toward developing its economy
- **per capita GDP:** a nation's gross domestic product divided by its population



Key Terms, cont.

- **industrialization:** the organization of an economy for the purpose of manufacture
- **literacy rate:** the proportion of a nation's population over age 15 that can read and write
- **life expectancy:** the average expected life span of an individual
- **infant mortality rate:** the number of deaths that occur in the first year of life per 1,000 live births
- **subsistence agriculture:** level of farming in which a person raises only enough food to feed his or her family



- How is a nation's level of development defined?
 - A nation's level of development is defined by:
 - The level of material well-being
 - Per capita GDP
 - The level of industrialization
 - Literacy rate
 - Life expectancy rate
 - Infant mortality rate
 - Productivity levels and quality of life



Levels of Development

- Economists divide the world's nations into different categories according to their level of development.
 - Development is the process by which a nation improves the economic, political, and social well-being of its people.
 - Development refers to a nation's well-being. It is not a judgment of the worth of a nation or its people.



Levels of Development, cont.

- Nations with a relatively high average of material well-being are called developed nations.
 - The United States, Canada, Japan, and Australia are all examples of developed nations.
- Nations with relatively low levels of material well-being are called less developed countries (LDCs).
 - LDCs include some of the world's poorest countries such as Bangladesh, Nepal, and nations of Central and Southern Africa.



Levels of Development, cont.

- Newly industrialized countries include LDCs that have made great progress toward developing their economies.
 - Examples of newly industrialized countries include nations like Mexico, Brazil, Saudi Arabia, and former republics of the Soviet Union.



Development Around the World

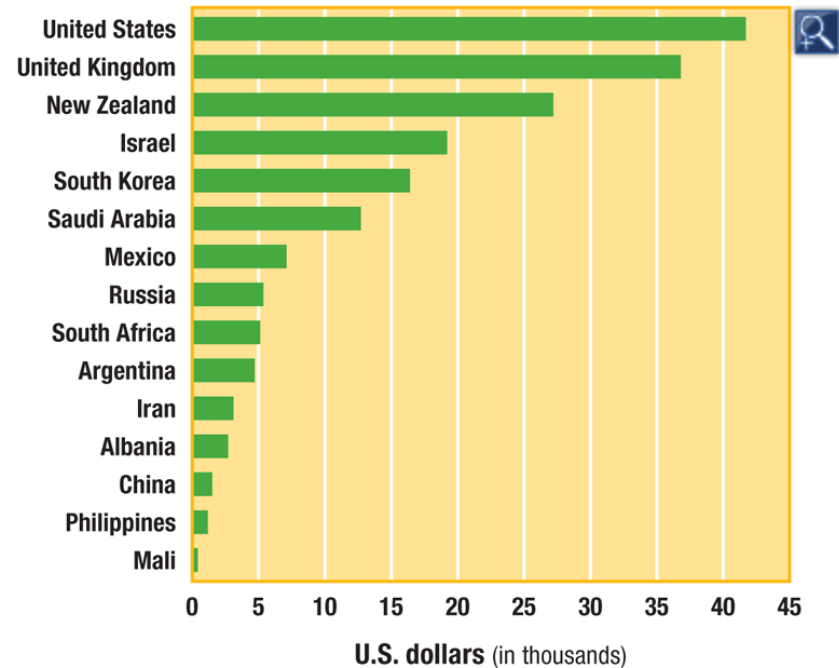


- High-income economies**
(Per Capita GNI \$11,116 or above)
- Upper middle-income economies**
(Per Capita GNI \$3,596 – \$11,115)
- Lower middle-income economies**
(Per Capita GNI \$906 – \$3,595)
- Low-income economies**
(Per Capita GNI \$905 or less)
- No data available**



Measuring Development

- One tool economists use to measure a nation's level of development is per capita GDP, which is a nation's GDP divided by its population.
 - Per capita GDP does not take into account distribution of income. In every nation, some people are wealthier than most, while others are poorer than most.



SOURCE: United Nations Statistics Division



Energy Consumption

- Energy consumption is another good way to measure development.
 - The amount of energy that a nation consumes is closely linked to its level of industrialization.
 - High levels of energy use indicates high levels of industrial activity.



Labor Force

- One sign of low development is if a large share of the population works in agriculture.
 - The more people involved in agriculture, the fewer there are available to work in industry.



Consumer Goods

- Availability of a large number of consumer goods indicates that people have enough money to meet their basic needs and still have enough left over to buy nonessential goods.
 - This is a sign of high development.



Social Indicators

- Three social indicators also measure a nation's development.
 - Literacy rate - an educated population has the potential to be more productive and to use or produce advanced technology
 - Life expectancy - indicates how well an economic system supports life
 - Infant mortality rate - the lower a nation's infant mortality rate, the higher its level of development



Development Nations

- Developed nations have the following general characteristics:
 - High consumer spending
 - Healthy populations—low infant mortality and high life expectancy
 - High literacy rates
 - High agricultural output but few people working on farms
 - High productivity and widespread use of technology
 - Mostly urban
 - Solid infrastructure



Less Developed Countries

- Characteristics of less developed countries include:
 - Raising only enough food to feed the family
 - High unemployment rates
 - Much of the nation is underemployed
 - Inability to buy consumer goods
 - Low literacy rates
 - Poor quality of housing and diet
 - High infant mortality and short life expectancy



Review

- Now that you have learned how a nation's level of development is defined, go back and answer the Chapter Essential Question.
 - Do the benefits of economic development outweigh the costs?

