Diverse Structures and Common Characteristics of Developing Nations

- Low-income country <$755
- Low-middle income country
- Upper-middle income country
- High-income country >$9,266

The Structural Diversity of Developing Economies

1) The size of the country (geographic area, population, and income) Why is important?

2) Its historical and colonial background. Why is important?

3) Physical and Human Resources. Why is important?

4) Ethnic and Religious Composition. Why is important?

5) Relative Impotence of the Public and Private Sectors. Why is important?

6) Industrial Structure. Why is important?

7) External Dependence: Economic, Political, and Cultural. Why is important?

Common Characteristics of Developing Nations

1) Low levels of living (inadequate housing, poor health, limited education, high infant mortality, low life and worse expectancies).
   - GNP (gross national product) per capita is often used as a summary index of the relative economic well-being. It is calculated as the total domestic and foreign value added claimed by a country’s residence without making deductions for depreciation of the domestic capital stock.
   - GDP (gross domestic product) measures the total value for final use of output produced by an economy, by both residents and nonresidents.

   GNP = GDP + the difference between the income residents receive from abroad for factor services (labor and capital) less payments made to nonresidents who contribute to the domestic economy (foreign firms).

   - Relative Growth Rates of National and Per Capita Income.

   - Distribution of National Income
All nations in the world show some degree of income inequality. However, the gap between rich and poor is generally greater in less developed countries.

- Extent of poverty.

- Health measured as life expectancy, infant mortality rates due to food consumption and widespread famine. After tuberculosis, AIDS is now the second leading infectious cause of death among adults.

- Education

2) Low levels of Productivity (labor productivity)

The concept of a production function relating outputs to different combinations of factor inputs for a given technology is often used to describe the way of material wants (picture of the production function $AP, MP, AC, MC$).