Common Characteristics of Developing Nations

Developing countries, in spite of being different form one another in some aspects have some common characteristics which distinguish them from developed countries. Despite the obvious diversity of these countries most developing nations have a set of common ad well defined goals. These include reduction of poverty, inequality and unemployment, provision of minimum levels of education, health and housing and food for every citizen. The common features of the developing nations can be listed as below:

1) Low levels of Gross National Income per capita and slower rates of GNI growth: The GDP per capita or GNI per capita is often considered a good index of economic welfare of the people in a country. The GNI per capita of developing countries is at extremely low levels. On world scale, income inequalities between developed and developing countries are quite large and this gap is increasing with every passing year. These countries however and not equally underdeveloped. Countries such as Argentina, Malaysia and Brazil are far more well of than countries like Zambia, Ghana, India, Bangladesh and Vietnam. In most of these latter countries the low level of GNI per capita is also accompanied by substantially slow growth rate of GDP.

2) Large Income Inequalities: The data published by World Development Reports conform that income inequalities are far higher in developing countries than in developed countries. The reports suggest that the poorest 60% of the population accounted for less than one third of National income in developing nations. Meanwhile the richest 20% of the population in these countries accounted for more than 40% of the national income. As per Simon Kuznets' view the income inequalities are much larger than those indicated by the data.

3) Wide spread Poverty: The extent of absolute poverty is an important dimension of the problem of income distribution in developing countries. Developing countries of Africa, Asia and Latin America have relatively lower levels of GNP per capita and large income inequalities leading to wide spread poverty. The mass of population have to subsist on low income and as such there is ample existence of malnutrition, diseases, ill-health and illiteracy in developing countries. Poverty problems could be overcome with more equitable income distribution. This however requires precise economic policy planning and implementation.

4) Low levels of Productivity: Lower levels of productivity in developing countries is a cause and effect of low levels of living. Low levels of living and low productivity are self-reinforcing socio-economic phenomena. At low levels of productivity the sharable cake will also be small and overall prosperity cannot be achieved. A small minority can succeed in achieving a good living standard but this can be only by sacrificing the

interest of vast mass of population. A considerable increase in labour productivity is the only way of raising living standard of the larger mass of the population.

5) Great dependence on Agriculture and backwardness of Industrial structure: Developing nations are basically agrarian in character, with around 60 to 80 per cent of labour population engaged in agriculture and allied activities. A large portion of national income is also generated by this sector. But labour productivity in agricultural sector is lower in developing countries than that in developed countries. The production methods are usually old fashioned and outdated resulting in low yields. This heavy concentration in agriculture is a symptom of poverty. Meanwhile the industrial sector in these developing nations is generally small and backward. This industrial backwardness is reflected in the composition of its output. Major manufactures are foodstuffs, raw materials and textiles and most of these countries do not have the ability to produce their own producer goods particularly capital equipment. Industrial structure is predominantly small, individually owned and managed producing units. This underdeveloped secondary sector produces simple, light and small consumer goods.

6) Dualistic Economy: Almost all developing nations exhibit a dualistic economy. One is the developed urban market economy the other is the underdeveloped rural subsistence economy. Centered in towns the market economy is modern with all the amenities of life while the rural subsistence economy is backward and mainly agriculture oriented. Dualism is characterized by existence of advanced industrial system and an indigenous backward agricultural system. The industrial sector uses capital intensive techniques and produces varieties of consumer and capital goods, while the rural sector produces agricultural goods with traditional techniques. There is also financial dualism consisting of the unorganized money market charging high interest rates and the organized money market with lower interest rates and abundant credit facilities. This aggravates the economic dualism between the traditional sector and the modern industrial sector.

7) High rates of Population growth and dependency burdens: Population in developing countries has been rising in an unprecedented rates varying between 2 to 3.5 percent per annum in the last few decades. Increased medical facilities have led to sudden declining in mortality rates but the birth rates in these countries remain very high reaching the range of 30 to 50 per thousand. This high population growth rate is both a cause and effect of underdevelopment. A major implication of high birth rates is that it results in a great dependency burden.