

## SCARCITY, OVERCONSUMPTION, AND THE MARKET

### Term Definitions

Below are basic terms for our topic *Scarcity, Overconsumption, and the Market* copied from Wikipedia: (1) scarcity, (2) overconsumption, (3) overpopulation, (4) developed countries, and (5) developing countries.

---

#### (1) Scarcity

<http://en.wikipedia.org/wiki/Scarcity>

**Scarcity** is a central concept in economics. In fact, [neoclassical economics](#), the dominant school of economics today, defines its field as involving scarcity: following [Lionel Robbins](#)' definition, it is the study of the allocation of scarce goods among competing ends. Scarcity means not having sufficient resources to produce enough to fulfill unlimited subjective wants. Alternatively, scarcity implies that not all of society's goals can be attained at the same time, so that we must trade off one good against others.

"Resources scarcity" is defined as there being a difference between what people desire and the demand for a good. Thus, a good is scarce if people would consume more of it if it were free. Scarcity (S) can also be viewed as the difference between a person's desires (D) and his possessions (P). Mathematically, this can be expressed as  $S = D - P$ . If  $P > D$ , a state of negative scarcity exists which is [abundance](#). For most people desire exceeds possession and this provides the spur to material success. In others an excess of desire over possession can also lead to conflict, crime and war. An Enlightenment philosopher, possibly [David Hume](#), wrote that "all conflict springs from scarcity."

Goods and services are scarce because of the limited availability of resources (the [factors of production](#)) along with the limits on our technology and our management skills. These determine the location of society's [production possibilities frontier](#) or curve (PPF). Inefficiencies in the use of resources (less than [full employment](#) or inappropriate employment of inputs like land and capital) may limit the amount produced so the economy operates below its PPF. It is difficult to abolish all inefficiencies, and some characterize institutional inefficiency as [artificial scarcity](#).

Where goods are scarce it is necessary for society to make choices as to how they are allocated and used. Economists study (among other things) how societies perform the optimal allocation of these resources -- along with how societies often fail to attain this optimality and are instead [inefficient](#).

For example, we may all want to own gold [jewelry](#). However, the amount of gold available is limited, so it is necessary to make choices as to how it is allocated. In a market economy, this is achieved by trade. (Other ways to make this decision involve

tradition, community democracy, and government top-down or centralized command.) In the market, individuals and organizations (such as corporations) trade resources amongst themselves, reallocating resources to where they are most wanted by those with purchasing power. In a smoothly operating market system, the rate of exchange between different resources, or price will adjust so that demand is equal to supply. One of the roles of the economist is to discover the relationship between [demand and supply](#) and to develop mechanisms (such as pricing, incentives, or penalties) to achieve an optimal outcome (in terms of consumer welfare).

Some see the above definition of scarcity as invalid, on the grounds that it assumes human wants are unlimited. "Unlimited wants" seems a product of indoctrination (say, by advertisers, way of life, conformity to an American lifestyle). The want to rise to a higher social position, some say, spurs a materialistic way of life. Alternatively, the infinitude of wants may be the result of the unsatisfying nature of work in a capitalist economy; the need resulting from noncreative work used to produce something that is of no interest (except to earn a wage) can be "solved" by buying unnecessary product. Thus in *News from Nowhere*, a somewhat [Marxian utopian](#) novel by [William Morris](#), the existence of creative work for all helps to abolish the scarcity of products. However, most economists disagree with these critiques.

Certain intangible goods are likely to remain scarce by definition or by design; examples include awards generated by [honours systems](#), fame, and membership of [elites](#). These things are said to derive all or most of their value from their scarcity. But these are examples of artificial scarcity, reflecting societal institutions. That is, the resource cost of giving someone the title of "knight of the realm" is much less than the value that individuals attach to that title.

As informational goods can be copied at negligible cost, they do not need to be scarce. This is why copies of free software such as GNU/Linux are typically available for very little cost. However, proprietary software and many other products are kept artificially scarce by copyright and patent law.

## See also

- [Thomas Malthus](#)

## References

- Georges Bataille's *The Accursed Share*
  - *Trade and Market in the Early Empires*, ed by K. Polanyi, C. Arensberg, and H. Pearson
  - Marshall Sahlins *Stone Age Economics*
-

---

## (2) Overconsumption

<http://en.wikipedia.org/wiki/Over-consumption>

**Over-consumption** is a concept coined in [developing nations](#) to counter the rhetoric of [over-population](#) by which [developed nations](#) judge them as consuming more than their economy can support. A key argument, often made by [Green parties](#) and the [ecology movement](#), is that consumption per person, or [ecological footprint](#), is lower in poor than in rich nations. Another key argument, often made in the [anti-globalization movement](#), is that [economics](#) itself, particularly that of the [commodity markets](#), is a 'rigged game' by which [developed nations](#) loot [developing nations](#) of their wealth, including especially their [human capital](#) - a process called [human capital flight](#).

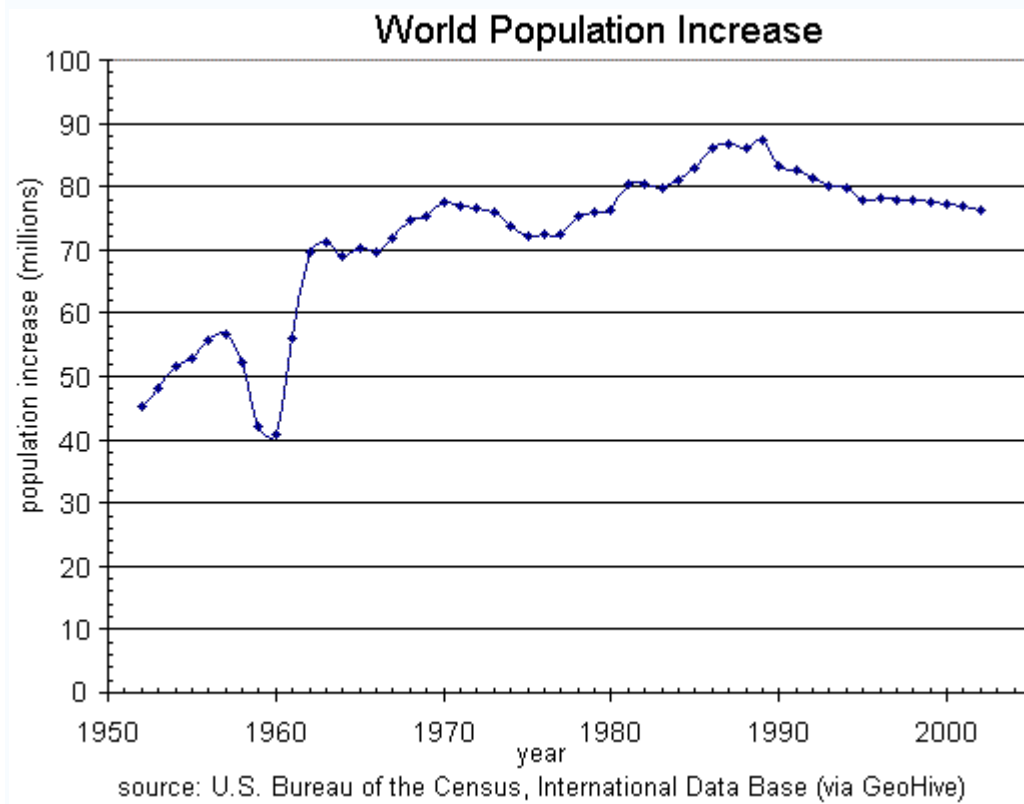
Over-consumption is also measurable. The average energy consumption per person in the United States is 235,000 calories per day, while the average consumption in the world is 8,000 calories per day. Two articles in Physics Today, July 2004 showed that the combination of over-consumption of energy and over-population may have serious consequences for the future of mankind if action is not taken in this generation. Coal, in particular, is the main cause of [global warming](#) and other irreversible global pollution.

---

### (3) Overpopulation

<http://en.wikipedia.org/wiki/Overpopulation>

**Overpopulation** indicates a scenario in which the population of a living species exceeds the [carrying capacity](#) of its [ecological niche](#). In common parlance, the term usually refers to the relationship between the [human population](#) and its environment (the planet [Earth](#)). (For a discussion on species other than humans, see the article on [animal overpopulation](#).)



Overpopulation is not a function of the number or density of the individuals, but rather the number of individuals compared to the resources they need to survive. In other words, it is a ratio: *population over resources*. If a given environment has a population of 10, but there is food and drinking water enough for only 9 people, then that environment is overpopulated, while if the population is 100 individuals but there are food and water enough for 200, then it is not overpopulated.

Overpopulation can result from a growing population, or from an unsustainable use and depletion of resources. Advances in technology can reduce the threat of overpopulation by making new resources available, or by increasing the productivity of existing resources.

Resources to be taken into account when estimating if an ecological niche is overpopulated include clean water, food, shelter, warmth, etc. In the case of human beings, there are others such as [arable land](#) and, for all but tribes with primitive lifestyles, lesser resources such as jobs, money, education, fuel, [electricity](#), medicine, proper sewage and garbage management, and transportation.

The [world's human population](#) is currently growing by more than 75 million people per year. About half the world lives in nations with [sub-replacement fertility](#), and [population growth](#) in those countries is due to [immigration](#).

## **Malthus's theory**

[Thomas Malthus](#) argued in *An Essay on the Principle of Population*, published in 1798, that if left unrestricted, human populations would continue to grow until they would become too large to be supported by the food grown on available agricultural land. He proposed that, while resources tend to grow arithmetically, population [grows exponentially](#). At that point, the population would be restrained through mass famine and starvation. Malthus argued for [population control](#), through "moral restraint", to avoid this happening. As the population exceeds the amount of resources the population decreases, since the lack of resources causes mortality to increase. This process keeps the population in check and ensures it doesn't exceed the amount of resources.

Over the two hundred years which followed, famine has overtaken numerous individual regions; proponents of this theory state that these famines were examples of [Malthusian catastrophes](#). On a global scale, however, food production has grown faster than population. It has often been argued that future pressures on food production, combined with threats to other aspects of the earth's habitat such as [global warming](#), make overpopulation a still more serious threat in the future. Perhaps the best-known example of such an argument is [The Limits to Growth](#), a report produced for the [Club of Rome](#) in the early [1970s](#). More recent examples also exist [\[1\]](#).

## **Population as a function of food availability**

Recent [studies](#) attack the contemporary belief that human populations are a naturally explosive [independent variable](#). Thinkers such as Professor David Pimentel ([Cornell](#)), Dr. Alan Thornhill, Russell Hopffenberg and author [Daniel Quinn](#) propose that like other animals, human populations predictably grow and shrink according to their available food supply- populations grow in an abundance of food, and shrink in times of scarcity.

Proponents of this theory indicate that every time food production is intensified to feed a growing population, the population responds by increasing even more. Some human populations throughout history support this theory, as consistent population growth began with the [agricultural revolution](#), when food supply began consistently increasing- and continues to do so today. This can be observed in cultural contexts, as populations of [hunter-gatherers](#) fluctuate in accordance with the amount of available food and are

significantly smaller than populations of [agriculturalists](#), who increase the amount of food available by putting more land under [agriculture](#).

For some, the concept that human populations behave in the same way as do populations of bears and fish is troubling to believe; for others it indicates a feasible solution to population issues. In either case, since populations are *made* of the food they consume, it seems that discussion of populations should not take place without considering the role played by food supply.

Critics of this idea point out that birth rates are voluntarily the lowest in [developed nations](#), which also have the highest access to food. In fact, the population is decreasing in some countries with abundant food supply. Thus human populations do not always grow to match the available food supply. Factors cited in the decline of birthrates include: increased access to [contraception](#); later ages of [marriage](#); the growing desire of many women in such settings to seek careers outside of childrearing and domestic work; and the decreased economic "utility" of children in industrialized settings. The latter explanation stems from the fact that children perform a great deal of work in small-scale agricultural societies, and work less in industrial ones; this interpretation may seem callous, but it has been cited to explain the drop-off in birthrates worldwide in all industrializing regions.

Food production has outpaced population growth, meaning that there is now more food available per person than ever before in history. Studies project that food production can continue to increase until at least 2050. At the same time, world population is predicted to slow its growth, reaching 9.1 billion by 2050 in the median scenario. Net growth by mid century is predicted to be 34 million per year in contrast to the roughly 76 million per year that was seen from 2000 to 2005. [2] Another United Nations report projects that world population will peak at 9.2 billion in 2075 [3][4].

## **The optimist's viewpoint on population growth**

Other studies have countered with the claim that the current population level of over six billion may be supported by current resources, or that the global population may grow to ten billion and still be within the Earth's carrying capacity. In [The Skeptical Environmentalist](#), published in 2001, [Bjorn Lomborg](#) argued that because of the falling rate of population growth, and because of new, alternative technologies, there is no problem with overpopulation. The assumptions that underlie these claims, however, have been strongly criticised. One criticism is that poor people can't afford such technologies.

In any case, many proponents of population control have averred that [famine](#) is far from being the only problem attendant to overpopulation. These critics point out ultimate shortages of [energy sources](#) and other natural resources, as well as the importance of serious communicable diseases in dense populations, and war over scarce resources such as land area.

A shortage of [arable](#) land (where food crops will grow) is a problem. About 21% of the earth's land is arable. In the past, 160 acres (650,000 m<sup>2</sup>) of farm land crops fed one person. [Hydroponics](#) in [autonomous building](#) gardens and [greenhouses](#) grow more food in less space. Most food production experiments have used vegetable farming because it can support an adult from as little as 15 m<sup>2</sup> of land. High [yield](#) vegetables like [potatoes](#) and [lettuce](#) do not waste space with inedible plant parts, like stalks, husks, vines, and inedible leaves. New varieties of selectively bred and [hybrid](#) plants have larger edible parts (fruit, vegetable, cereal) and smaller inedible parts. With new technologies, it is now possible to grow crops on some unarable land under certain conditions. [Aquaculture](#) could theoretically dramatically increase available area. [Hydroponics](#) and food from bacteria and fungi, like [Quorn](#), may allow the growing of food without having to consider land quality, climate, or even available sunlight.

It is hoped that technologies and methods which follow the concepts of [sustainability](#) will allow better lives for more people.

## **Fossil-fuel subsidies in agriculture**

One of the strongest criticisms of an optimistic outlook is that of the [fossil fuel](#) subsidy of modern agriculture. The extremely high agricultural outputs of modern farms depend entirely on immense fossil fuel (mostly [petroleum](#)) subsidies in the forms of [fertilizers](#), equipment fuel, and other chemicals such as [pesticides](#). There is much discussion regarding a future peak in oil production and its consequences. See [Hubbert peak](#) and [Future energy development](#).

## **Effects of overpopulation**

The world's current agricultural production, if it were distributed evenly, would be sufficient to feed everyone living on the Earth today. However, many critics hold that, in the absence of other measures, simply feeding the world's population well would only make matters worse, natural growth will cause the population to grow to unsustainable levels, and will directly result in [famines](#) and [deforestation](#) and indirectly in [pandemic](#) disease and [war](#).

Some other characteristics of overpopulation:

- Child poverty
- Birth rate is high
- [Life expectancy](#) is low
- Low level of [literacy](#)
- High rate of unemployment in [urban](#) areas (leading to social problems)
- [Rural](#) people are not gainfully employed (caught in cycle of poverty)
- Insufficient [arable](#) land
- Little surplus food
- Poor diet with ill health and diet-deficiency diseases (e.g. [rickets](#))
- [GDP](#) per capita is low (under US\$765 per annum)

- Many live in unhygienic conditions
- Government is stretched economically
- High crime from people who steal resources to survive
- Mass extinctions of plants and animals as habitat is used for farming and human settlements

## The demographic transition

However, others contend that within a generation after the standard of living and life expectancy starts increasing, family sizes start dropping in what is termed the [demographic transition](#). In support they point to the contention that every estimate of maximum global population since the [1960s](#), when the "population explosion" became a worry, has been significantly lower than the previous estimates. Among those holding this view are the ecologist [Paul Colinvaux](#), who writes on the topic in *Why Big Fierce Animals are Rare*, and *The Fates of Nations*.

Today about half the world lives in nations with [sub-replacement fertility](#). All the nations East Asia, with the exceptions Mongolia, the Philippines, and Laos are below. Russia and Eastern Europe are in most cases quite dramatically below replacement fertility. Western Europe also is below replacement. In the Middle East Iran, Tunisia, Algeria, Turkey, and Lebanon are below replacement. Canada, Australia, and New Zealand are similar to Western Europe, while the United States is just barely below replacement with about 2.0 births per woman. All four of these nations still have growing populations due to high rates of immigration. The countries having the lowest fertility are Hong Kong, Macao, Singapore and Lithuania.

## The status of women

Another point of view on population vs. the standard of living is that of [Virginia Abernethy](#) in *Population Politics*, in which she shows evidence that this effect only holds true in nations where women enjoy a relatively high status. In strongly patriarchal nations, where women enjoy few rights, a higher standard of living tends to result in [population growth](#). She argues that foreign aid to poor countries must include significant components designed to improve the education, human rights, political rights, political power, and economic status and power of women.

## "Survival of the fittest"

Some approach overpopulation with a "[survival of the fittest](#)," "laissez-faire" attitude, arguing that if the Earth's ecosystem becomes overtaxed, it will naturally regulate itself. In this mode of thought, disease or starvation are "natural" means of lessening population. Two particular objections to this argument are that a) in the meantime, a huge number of plant and animal species become extinct, and b) this would result in terrible pollution in some areas that would be difficult to abate. As well, it obviously creates certain moral problems, as this would cause great suffering in the people that die.

Others argue that economic development is the best way to reduce population growth. Many developed countries in the world today, such as Italy, now have declining populations (ignoring the effects of immigration).

In either case, it is often held that the most productive approach is to provide a combination of help targeted towards population control and self-sufficiency. One of the most important measures proposed for this effort is the empowerment of women educationally, economically, politically, and in the family. The value of this philosophy has been substantially borne out in cases where great strides have been taken to this goal: where women's status has dramatically improved, there has generally been a drastic reduction in the birthrate to more sustainable levels. Other measures include effective [family planning](#) programs, local [renewable energy](#) systems, [sustainable agriculture](#) methods and supplies, [reforestation](#), and measures to protect the local [environment](#).

## **Medicine shortages**

The largest shortage for important resources is of medicine. A shortage of educated people can lead to a shortage of doctors. Fewer doctors in a population causes the price of medical services to rise. This can either cause a government subsidised healthcare system to be unsustainable or lead to increased medical bills and health insurance costs to rise.

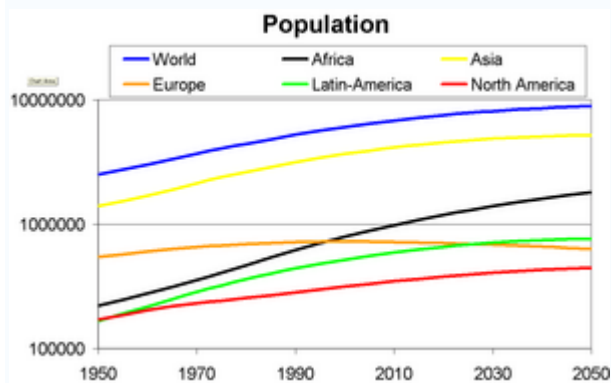
## **US immigration policy**

Some overpopulation activists have taken the position that population growth must be dealt with on a country-by-country basis, and therefore support a reduction in immigration into some countries, including the United States, in order to stabilize their population. Others disagree with this approach and believe that population should be addressed only as a global issue, not through immigration restrictions. Regardless of differing views on immigration policy, most population activists agree on the need for birth control, family planning, and the empowerment of women. Among the groups who take a position in support of immigration reductions is [Negative Population Growth](#); among those who do not take a position on immigration and concentrate instead on birth control and family planning is [Population Connection](#), formerly Zero Population Growth. This debate has also been ongoing in some parts of the broader environmental movement, especially [Earth First!](#) during the 1980s, and more recently has become an especially contentious issue within the [Sierra Club](#).

## **Overpopulation as a social issue**

The density of population has an impact on a broad range of social and economic issues, such as land prices and housing costs. For example, relatively densely populated countries such as [Japan](#) have higher land prices than less densely populated countries such as [Australia](#), and even in that country, land prices have doubled and redoubled as the population has increased. It is sometimes argued that reducing the populations of some areas, such as large cities, would have positive benefits for these reasons.

## Population projections



United Nation's medium variant population projections by location.

According to projections by the Population Division of the [United Nations](#) revised in [2004](#) [5], the [population of the world](#) will stabilize at 9.1 billion by [2050](#) due to [demographic transition](#). The UN has consistently revised its population projections downwards over the last 10 years. Birth rates are now falling in most [developing countries](#), while the population in many [developed countries](#) would also fall without [immigration](#) [6].

David Pimentel, a professor of ecology and agricultural sciences at [Cornell University](#), predicts that population outcomes for the 22nd century range from 2 billion people (characterised as thriving in harmony with the environment), to 12 billion people (characterised as miserable and suffering a difficult life with limited resources and widespread famine). [7]

## See also

- [Paul R. Ehrlich](#)
- [Julian Simon](#)
- [Population control](#)
- [Population density](#)
- [Sub-replacement fertility](#)
- [Underpopulation](#)
- [Urban sprawl](#)
- [Immigration reduction](#)
- [Tragedy of the commons](#)
- [National Security Study Memorandum 200](#)
- [Wicked problems](#)
- [Over-consumption](#)

## External links

- [Ecofuture.org Population and Sustainability Website](#)

- [Global issues that affect everyone](#)
- [Map over population density](#)
- [Negative Population Growth \(organization\)](#)
- [Population Action International \(organization\)](#)
- [Population Connection \(formerly Zero Population Growth; organization\)](#)
- [Population-Environment Balance \(organization\)](#)
- [Overpopulation.com \(skeptical site\)](#)
- [Sierra Club's Population Campaign \(organization\)](#)
- [SUSPS \(concerned with the Sierra Club's immigration policy; organization\)](#)
- [Humanity has no enemies apart from itself \(English and Lithuanian\)](#)
- [World population projections by the United Nations "World Population to 2300"](#)
- [Stop Terrible Human OverPopulation Disasters \(eCards website to save nature\)](#)
- [WiseArt Cybernetics \(On-line slideshow to limit human overpopulation\)](#)
- [World Population Balance \(organization\)](#)
- [Is World Population a Concern? Robert Heilbroner, Thomas Malthus, and the Application of Both](#)
- [Overpopulation and Happiness](#)

#### (4) Developed Country

[http://en.wikipedia.org/wiki/Developed\\_nation](http://en.wikipedia.org/wiki/Developed_nation)

A **developed country** is a nation that enjoys a relatively high [standard of living](#) through a strong high-technology diversified economy. Most countries with a high per capita [gross domestic product](#) (GDP) are considered developed countries. Some countries, however, have achieved a (usually temporarily) high GDP through [natural resource](#) exploitation (e.g., [Nauru](#) through phosphorus extraction) without developing the diverse industrial and service-based economy necessary for "developed" status.

Synonyms include **industrialised countries**, **more economically developed countries** (MEDC) and the [First World](#). Other terms sometimes used to describe the developed/[developing country](#) dichotomy are [first world/third world](#) (the term [second world](#) referred to [communist states](#) during the [Cold War](#)); [North/South](#); and industrialized countries/non-industrialized countries. The term [Western countries](#) has a similar meaning, but its connotations restrict its usage, especially in Asia.

Different observers and theorists often see different reasons for why certain countries (and not others) enjoy a high level of [economic development](#). Many argue that economic development requires some combination of representative government (or [democracy](#)), a [free market](#) economic model, and a general lack of [corruption](#). Some hold that rich countries grew wealthy by [exploitation](#) of poorer countries in the past, through [imperialism](#) and [colonialism](#), or in the present, through the process of [globalization](#).

According to the [United Nations Statistics Division](#):

*In the United Nations system there is no established convention for the designation of "developed" and "developing" countries or areas. In common practice, [Japan](#) in [Asia](#), [Canada](#) and the [United States](#) in [North America](#), [Australia](#) and [New Zealand](#) in [Oceania](#), and [Europe](#) are considered "developed" regions or areas. In international trade statistics, the [Southern African Customs Union](#) is also treated as a developed region and [Israel](#) as a developed country; and countries of [eastern Europe](#) and the former [U.S.S.R.](#) countries in Europe are not included under either developed or developing regions.*

The UN [HDI](#) is a statistical measure that gauges a country's level of human development. Countries with an HDI of 0.8 or more -- largely corresponding to what the conventional definition of being a 'developed' country is -- exhibit high development, and those with an HDI between 0.5 and 0.8 (including many of the former Soviet and Eastern Bloc states) exhibit moderate development.

## Developed countries



**The factual accuracy of this article is [disputed](#).**

Please see the relevant discussion on the [talk page](#).

Organizations such as the [World Bank](#), the [International Monetary Fund](#) (IMF) and the [Central Intelligence Agency](#), generally agree that the group of developed countries include:

The following [European Union](#) member states:

- [Austria](#)
- [Belgium](#)
- [Denmark](#)
- [Finland](#)
- [France](#)
- [Germany](#)
- [Greece](#)
- [Ireland](#)
- [Italy](#)
- [Luxembourg](#)
- [Netherlands](#)
- [Portugal](#)
- [Spain](#)
- [Sweden](#)
- [United Kingdom](#)

The following non-EU European countries:

- [Andorra](#)
- [Iceland](#)
- [Liechtenstein](#)
- [Monaco](#)
- [Norway](#)
- [San Marino](#)
- [Switzerland](#)
- [Vatican City](#)

The following non-European countries:

- [Australia](#)
- [Canada](#)
- [Israel](#)
- [Japan](#)
- [New Zealand](#)
- [United States](#)

## Other cases

- Some organizations consider the remaining countries of the [European Union](#) — those added in [2004](#), especially [Cyprus](#), [Malta](#), and [Slovenia](#) — among the developed countries, but these mostly former-Communist countries are rather newly industrialized nations and some of them (such as [Latvia](#), [Lithuania](#) and [Poland](#)) remain significantly less affluent than EU-15 countries. All European Union members, however, have a GDP per capita greater than the global average.
- [South Korea](#), another relatively newly industrialized country, does not consider itself as developed. This has led to accusations that it prefers to avoid the obligations placed upon developed nations, and some organizations do not consider it developed.
- [Singapore](#) similarly meets most benchmarks of a developed country, but its authorities have consistently resisted being classified as such, citing its lack of development outside the economic and physical infrastructural fields. Like South Korea, this has also led to speculation that the young country is reluctant in playing a bigger role in international humanitarian efforts expected of developed countries.
- [Taiwan](#), [Hong Kong](#) and [Macau](#) are considered developed by some organizations; however, the [People's Republic of China](#), a [developing country](#), claims the land of the first, and exercises sovereignty over the latter two.
- [Mexico](#), while a part of [NAFTA](#) and a member of the [OECD](#) it remains much poorer than its northern neighbours, for this reason some authors consider it a developing country rather than a developed one, though most properly lies between these two extremes as a [newly industrialized country](#).
- [South Africa](#) and [Turkey](#) are considered developed by some sources; however their GDP per capita clearly places them among the developing countries.
- Despite their high per capita GDP, [Brunei](#) and the [Middle Eastern](#) countries of [Bahrain](#), [Kuwait](#), [Oman](#), [Qatar](#), [Saudi Arabia](#) and the [United Arab Emirates](#) are generally not considered developed countries because their economies depend overwhelmingly on oil production and export. Some of these countries, especially Bahrain, have begun to diversify their economies and democratize. Similarly, the [Bahamas](#), [Barbados](#), [Antigua and Barbuda](#), [Trinidad and Tobago](#), and [Saint Kitts and Nevis](#) enjoy a high per capita GDP, but these economies depend overwhelmingly on the tourist industry.

## References

- [World Bank](#)
- [The World Factbook](#)
- [United Nations Statistics Division](#) (definition)
- [United Nations Statistics Division](#) (developed regions)
- [IMF](#)

## See also

- [List of countries by GDP \(nominal\) per capita](#)
- [List of countries by GDP \(PPP\) per capita](#)
- [UN Human Development Index](#)
- [Developing country](#)
- [Newly industrialized country](#)
- [Economic development](#)
- [Sustainable development](#)
- [Industrialisation](#)
- [G8](#)

### (5) Developing Countries

[http://en.wikipedia.org/wiki/Developing\\_countries](http://en.wikipedia.org/wiki/Developing_countries)

A **developing country** is a [country](#) with a low income average, a relatively backwards [infrastructure](#) and a poor [human development index](#) when compared to the global norm. The term has tended to edge out earlier ones, including the [Cold War](#)-defined "[Third World](#)".

[Development](#) entails developing a modern infrastructure (both physical and institutional), and a move away from low [value added](#) sectors such as [agriculture](#) and [natural resource](#) extraction. [Developed countries](#) usually have [economic systems](#) based on continuous, self-sustaining [economic growth](#).

The application of the term 'developing country' to all of the world's least developed countries could be considered inappropriate in the cases of a number of poor countries, due to the fact that they are not improving their economic situation as the term implies, but have experienced prolonged periods of economic decline.

### Measure of development

The term "developing country" often refers mainly to countries with low levels of [economic development](#), but this is usually closely associated with social development, in terms of [education](#), [healthcare](#), [life expectancy](#), etc.

The development of a country is measured with statistical indexes such as income [per capita](#) (GDP), the rate of [illiteracy](#), and access to water. The UN puts forth a compound indicator using these lists of statistics, to create, a "human development index" which gives a sense of how developed countries are.

Developing countries are in general [countries](#) which have not achieved a significant degree of [industrialization](#) relative to their populations, and which have a low [standard of living](#). There is a strong [correlation](#) between low income and high [population](#) growth, both within and between countries.

## Nature of development

Even though a good part of the world seems to aspire to development, the term itself is criticized by those who think it is too centered on Western countries. The term implies a direction and a movement that the countries must follow; it implies an inferiority of the developing countries.

The terms utilized when discussing developing countries refer to the intent and to the constructs of those who utilize these terms. Other terms sometimes used are *lesser developed countries* or *less [economically] developed countries* (LDCs/LEDCs), *underdeveloped nations* or *undeveloped nations*, [Third World nations](#), [the South](#), or *non-industrialized nations*. Conversely, the opposite end of the spectrum is termed [developed countries](#), more economically developed countries (MEDCs), [First World](#) nations, or industrialized nations.

The [United Nations](#) allows each nation to decide for itself whether it will be designated as "undeveloped" or "developing" (though many economists and other observers ignore the UN rule about self-designation).

To moderate the euphemistic aspect of the word *developing*, [international organisations](#) have started to use the term [least developed countries](#) (LLDCs) for the poorest nations which can in no sense be regarded as developing. That is, LLDCs are the poorest [subset](#) of LDCs. This also moderates the naïve tendency to believe that the standard of living in [Somalia](#) or [Ethiopia](#) is comparable to that in [Brazil](#) or [Mexico](#).

The concept of the developing nation is found, under one term or another, in numerous theoretical systems having diverse orientations — for example, theories of decolonization, liberation theology, marxism, anti-imperialism, and political economy.

## Sources of (under)development

According to different theories, sources of underdevelopment include:

- Low saving which may lead to low investment according to [Harrod-Domar model](#) but large amount of saving and investment still does not imply strong development

- Intrinsic attitudes and aptitudes, real or used as justification
  - attitudes and culture of the people;
  - aptitudes and behavior of the elites and leaders;
- Legal structures and institutions
  - a breakdown in the rule of law
  - high corruption
- Extrinsic factors, real or used as justification
  - geopolitical or commercial interest that it creates compared to other countries;
  - place of the country in a historical and cultural system;
  - inadequate reforms imposed in counterpart with financing of last resort, by multilateral organizations (like the [International Monetary Fund](#) and the [World Bank](#)) to get out of situations of [deficit](#) and [indebtedness](#) in which the country is placed (see [Developing countries' debt](#)).
  - lack of interest in and comprehension for the specific dynamics of a nation, by multinational companies.

## Typology and names of countries

Countries are often loosely placed into four categories of development:

1. Developed countries, and their dependencies (*For a list of countries, see [developed country](#).*)
2. Countries with an economy consistently and fairly strongly developing over a longer period ([China](#), [India](#), [Brazil](#), [South Africa](#), [Costa Rica](#), [Mexico](#), [Turkey](#), the [Philippines](#), [Egypt](#), much of [South America](#), [Malaysia](#), [Thailand](#), Possibly the former [Warsaw Pact](#), etc.)
3. Countries with a patchy record of development (most countries in [Africa](#), [Central America](#), and the [Caribbean](#) excepting [Jamaica](#) (category 2); much of the Arab world falls in this category); also most of [Southeast Asia](#), falls under this category excepting Singapore, Philippines, Brunei, Malaysia and Thailand (category 2). 76% of the world's nations fall under this category.
4. Countries with long-term civil war or large-scale breakdown of rule of law or non-development-oriented dictatorship ("failed states") (e.g. [Haiti](#), [Somalia](#), [Sudan](#), [Burma](#), perhaps [North Korea](#))

The term "developing nation" is not a label to assign a specific, similar type of problem. Designation of these nations depends on the angle at which one approaches them, and according to the solutions envisioned to solve their problems. Each one of these terms has meanings beyond its first appearance:

- [Third World](#)

The term was used for the first time by demographer Alfred Sauvy and refers to the [Third Estate](#). The [Third world](#) does not include the nations of the liberal West ("First World") nor of the Soviet bloc ("Second World"), and to some extent were ignored because they could not throw strong support behind either. A Cold War era term which is increasingly deprecated.

- Countries of [The South](#) and [The North](#)

These terms originate from the fact that most developing countries (including many of the poorest) are in the southern hemisphere (south of the [Equator](#)), and most developed countries are in the northern hemisphere. However, the geographic distinction is not perfect — for example, Australia and New Zealand, both developed, are in the southern hemisphere, but not included in "the South". "North" and "South" are essentially euphemisms for "developed country" and "developing country", but are alternatives which are often preferred by people from the South because they avoid the loaded reference to "development".

- **Rich and poor countries**

These terms suggest a greater focus on income per capita. It should be noted that this statistic only reflects the statistical average wealth of a country's citizens; when income is distributed very unequally (as measured for example by the [Gini coefficient](#)) this figure may be misleading (see also [kleptocracy](#)).

- **Industrialized and non-industrialized countries**

Most countries that are currently being industrialized or are in advanced phases of industrialization, also have characteristics of a [post-industrial economy](#).

## See also

- [Developed country](#)
- [Newly industrialized country](#)
- [Decolonisation](#)
- [Economic development](#)
- [Sustainable development](#)
- [Industrialisation](#)
- [G8](#)
- [World Bank](#)
- [List of developing countries according to the World Bank](#)

## REFERENCES

Wikipedia. "Scarcity" 15 September 2005. 1 October 2005.  
<<http://en.wikipedia.org/wiki/Scarcity>>

Wikipedia. "Over-consumption" 4 August 2005. 1 October 2005.  
<<http://en.wikipedia.org/wiki/Over-consumption>>

Wikipedia. "Overpopulation" 1 October 2005. 1 October 2005.  
<<http://en.wikipedia.org/wiki/Overpopulation>>

Wikipedia. "Developed Countries" 24 September 2005. 1 October 2005.  
<[http://en.wikipedia.org/wiki/Developed\\_nation](http://en.wikipedia.org/wiki/Developed_nation)>

Wikipedia. "Developing Countries" 30 September 2005. 1 October 2005.  
<[http://en.wikipedia.org/wiki/Developing\\_countries](http://en.wikipedia.org/wiki/Developing_countries)>