

# Economic development for developing countries

[Technology](#), [Development](#)



However, a massive population shift is also under way as hundreds of millions of people are moving from rural to urban areas, fueling rapid urbanization, with its own attendant problems. Lower Levels of Industrialization and Manufactured Exports Industrialization is associated with High Productivity and Incomes. It is also a hallmark of modernization and national economic power. Moreover, it is a national priority for many developing countries, including Indonesia.

In developed countries, Agriculture only contributes small share to the overall employment and the same goes to Industry, which the share of employment is smaller than the developing countries, since they tend to expand their Service sector. An often suggested but controversial " Pattern of Development" is that the share of employment in industry is decreasing as the service increases as when developed-country status achieved) Furthermore, developing nations have tended to have a higher dependence on primary exports even though the goods are typically less advanced in skill and technology content.

Adverse Geography Geography plays a role in problems of agriculture, public health, and comparative underdevelopment. In tropical/sub-tropical countries for example, most of them are evolving countries. They suffer from pests, diseases such as Malaria, and many others. Another case is in Africa, which most countries are landlocked countries. They tend to have lower incomes than other countries that are Coastal. Not only geographical location, the rising Issue of Global Warming might also bring impact especially in African and South East countries.

However, geography is not destiny, but the presence of common and often adverse geographic features. In comparison to temperate zone countries, it is beneficial to study tropical and subtropical underdeveloped markets. Imperfect market and imperfect information, which can be found mainly in developing countries, creates a market less efficient. There are aspects that determine market underdevelopment. They lack of:

1. A legal system that enforces contracts and validates property rights
2. Stable and trustworthy currency
3. An infrastructure of roads and utilities that results in low transport and communication costs so as to facilitate interregional trade
4. A well-developed and efficiently regulated system of banking and insurance
5. Substantial market information for consumers and producers about prices, quantities, and qualities of products and resources as well as the creditworthiness of potential borrowers
6. Social norms that facilitate successful long-term business relationships

Lingering Colonial Impacts and Unequal International Relations  
Colonial Legacy  
Most developing countries were once colonies of Europe or otherwise dominated by European or other foreign powers, and institutions created during the colonial period often had pernicious effects on development that in many cases have persisted to the present day.

Both domestically and internationally, developing countries have often lacked institutions and formal organizations of the type that have benefited the developed world: Domestically, on average, property rights have been less secure, constraints on elites have been weak, and a smaller segment of society has been able to gain access to and take advantage of economic

opportunities. Problems with governance and public administration, as well as poorly performing markets, often stem from poor institutions.

Moreover, several decades after independence, the effects of the colonial era linger for many developing nations, particularly the least developed ones.

Due to colonialism, there is a high inequality between the people living in ex-colonies countries resulting less movement toward democratic institutions, less investment in public goods, and less widespread investment in human capital (education, skills, and health).

The European colonial powers also had a dramatic and long-lasting impact on the economies and political and institutional structures of their African and Asian colonies by their introduction of three powerful and tradition shattering ideas: private property, personal taxation, and the requirement that taxes be paid in money rather than in kind. These innovations were introduced in ways that facilitated elite rule rather than broad-based opportunity. External Dependence Related with the Colonial Legacy, developing countries are less well organized and influential in international relations.

They also have weaker bargaining position in international economic relations. Moreover, developing countries are dependent on the developed world for environmental preservation (on which hopes for sustainable development depend). This is called Environmental Dependence. This becomes interesting since Global Warming is more likely to harm the Developing Countries impaired to the developed ones. Stages There are

eight significant differences in initial conditions that require a special analysis of the growth prospects and requirements of modern economic development: 1.

Physical and human resource endowments 2. Per capita incomes and levels of GDP in relation to the rest of the world 3. Climate 4. Population size, distribution, and growth 5. Historical role of international migration 6. International trade benefits 7. Basic scientific and technological research and development capabilities Efficacy of domestic institutions Physical and Human Resource Endowments . 8. Some developing nations are blessed with abundant natural resources, while in Africa the resources are plentiful but yet to be discovered.

Huge capital needed to be invested in order for these resources to be explored and exploited. The ability of a country to exploit its natural resources and to initiate and sustain long-term economic growth is dependent on, among other things, the ingenuity and the managerial and technical skills of its people and its access to critical market and product information at minimal cost. The problem with low-income and developing countries nowadays is that their people are less educated, less informed, less experienced, and less skilled compared to their counterparts were in the early days of economic growth in the West.

Moreover, there is an ingenuity gap (the ability to apply innovative ideas to solve practical social and technical problems) between the rich and the poor. This did not exist in now developed countries on the eve of industrialization.

Relative Levels of Per Capita Income and GAP People in low-income countries have lower level real per capita income than the developed ones in the 19th centuries. Meanwhile, today's developed nations were economically in advance of the rest of the world.

Therefore, they could take advantage of their relatively strong financial position to widen the income gaps between themselves and less fortunate countries in a long period of income divergence. By contrast, today's developing countries began their growth process at the low end of the international per capita income scale. Climatic Differences The economically most successful countries are usually located in the temperate zone. Even though social inequality and institutional have greater importance, but psychotic is more than coincidence.

Extreme heat and humidity in most poor countries contribute in deteriorating soil quality and the rapid depreciation of many natural goods. Not only that, extreme heat and humidity also contribute to low productivity of certain crops, the weakened regenerative growth of forests, the poor health of animals, Discomfort workers (weaken their health), and reduce their desire to engage in strenuous physical work which eventually will lower their productivity. In conclusion, tropical geography does pose problem on economic development.