

Developing and transitional economies

[Literature](#), [Russian Literature](#)



Developing and Transitional Economies of the of the Ans1. The difference between a developed nation and a developing nation is easily visible; people of developing nations earn low incomes at an average, the rate of population is very high, there is lack of education and less expenditure is done on the well being and education of the population because of low savings which is caused by low saving rate (McEachern, 2011, p. 270). In developing nations, human and capital resources are not highly trained and their productivity rate is quite low. Very few people take up entrepreneurship as an option and advancements in the field of technology is very slow. Professionals, who have talents, transfer to developed nations in search of better living standards. To increase the standard of living in developing nations; proper infrastructure needs to be developed, literacy rate needs to be increased and investment rates need to elevate. Developing countries face the curse of low productivity due to low saving rate as there are very few attractive saving options. Even those who have the power to save, transfer their funds to developed nations to gain higher returns. Foreign aid is one of the best ways for developing underdeveloped nations, foreign aid is used to build infrastructure, develop educational and medical centers (Gravelle, 1992, p. 300).

Ans2.

Two countries having same size can have different living standards. Living standard is calculated by dividing national income with the number of people, this tells us the income earned by each individual at an average (World Bank, 2009, p. 391). This measure does not helps in identifying what actually per house in a particular country is spending as certain households

may be spending the highest percentage of the total national income.

References

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