Chapter 2

Comparative Economic Development
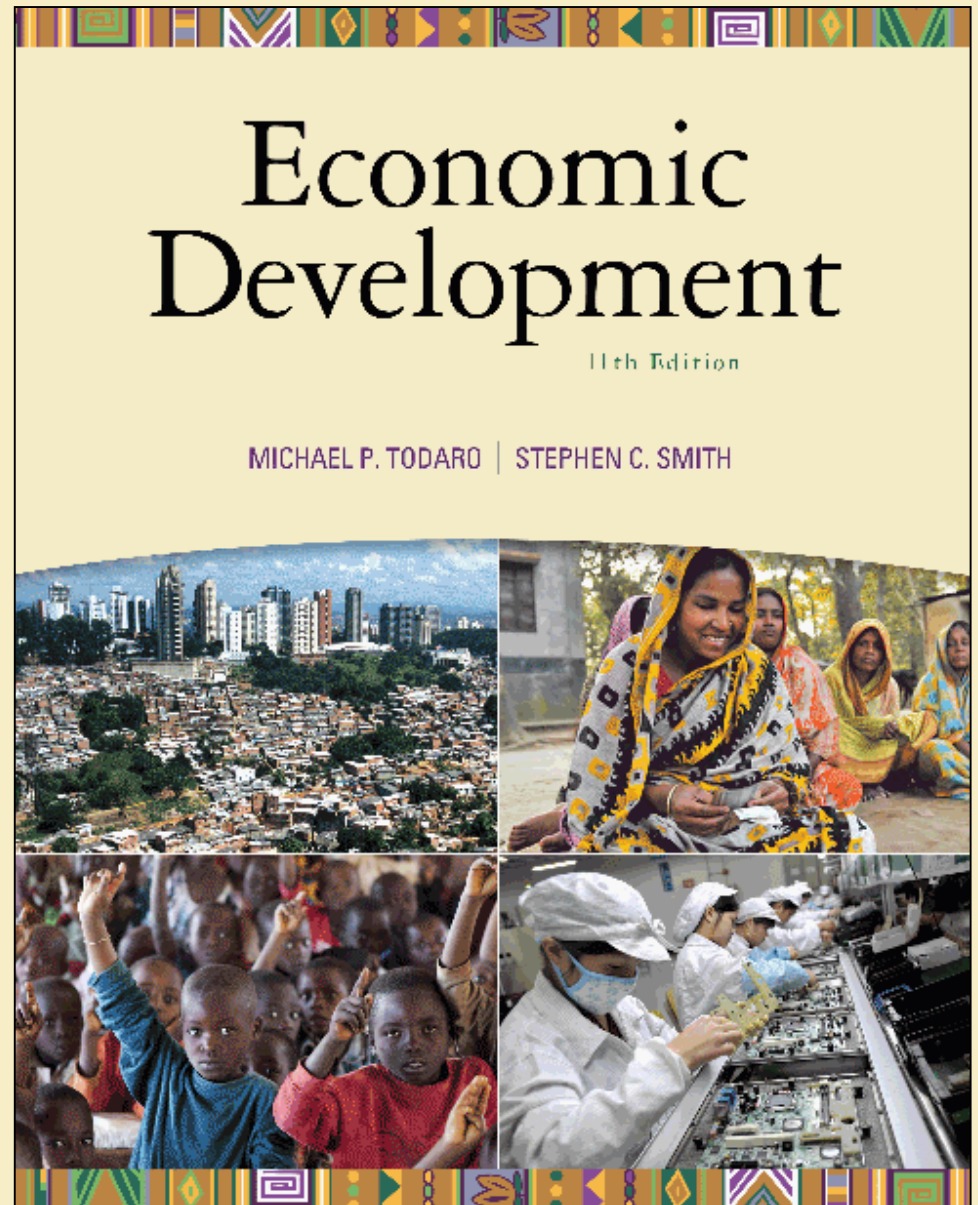
Sherzad Shahab
Sherzad.Shahab@tiu.edu.iq

Common characteristics of developing countries

- These features in common are *on average and with great diversity*, in comparison with developed countries:
    - Lower levels of living and productivity
    - Lower levels of human capital
    - Higher levels of inequality and absolute poverty
    - Higher population growth rates
    - Greater social fractionalization
    - Larger rural population - rapid migration to cities
    - Lower levels of industrialization and manufactured exports
    - Adverse geography
    - Underdeveloped financial and other markets
    - Colonial Legacies - poor institutions etc.

Extreme Contrasts

- The most striking feature of the global economy is its extreme contrasts.

- Output per worker in the United States is about 10 times higher than it is in India and more than 50 times higher than in the Democratic Republic of Congo (DRC).

- How did such wide disparities come about?

- Why have some developing countries made so much progress in closing these gaps while others have made so little?

Data

Indicator	U.S.	India	Democratic Republic of Congo (DRC)
GDP per capita	48,430$	2,930$	280$
Life expectancy	78	65	46
Undernourishment	2.5%	22%	75%
Women Literacy	All	51%	56%
Output per worker	$28 worth of goods and services per hour	$2.8 worth of goods and services per hour (10 times lower than the U.S.)	$0.56 worth of goods and services per hour (50 times lower than the U.S.)

Table 2.1 Classification of Economies by Region and Income, 2010

Country	Code	Class	Country	Code	Class	Country	Code	Class
East Asia and the Pacific			**Latin America and the Caribbean**			**Sub-Saharan Africa**		
American Samoa‡	ASM	UMC	Argentina	ARG	UMC	Angola*	AGO	LMC
Cambodia*	KHM	LIC	Belize‡	BLZ	LMC	Benin*	BEN	LIC
China	CHN	LMC	Bolivia†	BOL	LMC	Botswana†	BWA	UMC
Fiji‡	FJI	UMC	Brazil	BRA	UMC	Burkina Faso*†	BFA	LIC
Indonesia	IDN	LMC	Chile	CHL	UMC	Burundi*†	BDI	LIC
Kiribati*‡	KIR	LMC	Colombia	COL	UMC	Cameroon	CMR	LMC
Korea, Dem. Rep. (North)	PRK	LIC	Costa Rica	CRI	UMC	Cape Verde‡	CPV	LMC
Lao PDR*†	LAO	LIC	Cuba‡	CUB	UMC	Central African Rep.*†	CAF	LIC
Malaysia	MYS	UMC	Dominica‡	DMA	UMC	Chad*†	TCD	LIC
Marshall Islands‡	MHL	LMC	Dominican Republic‡	DOM	UMC	Comoros*‡	COM	LIC
Micronesia, Fed. Sts.‡	FSM	LMC	Ecuador	ECU	LMC	Congo, Dem. Rep.*	COD	LIC
Mongolia†	MNG	LMC	El Salvador	SLV	LMC	Congo, Rep.	COG	LMC
Myanmar*	MMR	LIC	Grenada‡	GRD	UMC	Côte d'Ivoire	CIV	LMC
Palau‡	PLW	UMC	Guatemala	GTM	LMC	Eritrea*	ERI	LIC
Papua New Guinea‡	PNG	LMC	Guyana‡	GUY	LMC	Ethiopia*†	ETH	LIC
Philippines	PHL	LMC	Haiti*‡	HTI	LIC	Gabon	GAB	UMC
Samoa*‡	WSM	LMC	Honduras	HND	LMC	Gambia, The*	GMB	LIC
Solomon Islands*‡	SLB	LMC	Jamaica‡	JAM	UMC	Ghana	GHA	LIC
Thailand	THA	LMC	Mexico	MEX	UMC	Guinea*	GIN	LIC
Timor-Leste*‡	TLS	LMC	Nicaragua	NIC	LMC	Guinea-Bissau*‡	GNB	LIC
Tonga‡	TON	LMC	Panama	PAN	UMC	Kenya	KEN	LIC
Vanuatu*‡	VUT	LMC	Paraguay†	PRY	LMC	Lesotho*†	LSO	LMC
Vietnam	VNM	LIC	Peru	PER	UMC	Liberia*	LBR	LIC

Table 2.1 Classification of Economies by Region and Income, 2010 (continued)

Country	Code	Class	Country	Code	Class	Country	Code	Class
			Latin America and the Caribbean			**Sub-Saharan Africa**		
Europe and Central Asia			St. Kitts and Nevis‡	KNA	UMC	Madagascar*	MDG	LIC
Albania	ALB	LMC	St. Lucia‡	LCA	UMC	Malawi*†	MWI	LIC
Armenia†	ARM	LMC	St. Vincent and the			Mali*†	MLI	LIC
Azerbaijan†	AZE	LMC	Grenadines‡	VCT	UMC	Mauritania*	MRT	LIC
Belarus	BLR	UMC	Suriname‡	SUR	UMC	Mauritius‡	MUS	UMC
Bosnia and Herzegovina	BIH	UMC	Uruguay	URY	UMC	Mayotte	MYT	UMC
Bulgaria	BGR	UMC	Venezuela, RB	VEN	UMC	Mozambique*	MOZ	LIC
Georgia	GEO	LMC	**Middle East and North Africa**			Namibia	NAM	UMC
Kazakhstan†	KAZ	UMC	Algeria	DZA	UMC	Niger*†	NER	LIC
Kosovo	KSV	LMC	Djibouti*	DJI	LMC	Nigeria	NGA	LMC
Kyrgyz Republic†	KGZ	LIC	Egypt, Arab Rep.	EGY	LMC	Rwanda*†	RWA	LIC
Latvia	LVA	UMC	Iran, Islamic Rep.	IRN	LMC	Sao Tome and Principe*‡	STP	LMC
Lithuania	LTU	UMC	Iraq	IRQ	LMC	Senegal*	SEN	LIC
Macedonia, FYR†	MKD	UMC	Jordan	JOR	LMC	Seychelles‡	SYC	UMC
Moldova†	MDA	LMC	Lebanon	LBN	UMC	Sierra Leone*	SLE	LIC
Montenegro	MNE	UMC	Libya	LBY	UMC	Somalia*	SOM	LIC
Poland	POL	UMC	Morocco	MAR	LMC	South Africa	ZAF	UMC
Romania	ROU	UMC	Syrian Arab Rep.	SYR	LMC	Sudan*	SDN	LMC
Russian Federation	RUS	UMC	Tunisia	TUN	LMC	Swaziland†	SWZ	LMC
Serbia	SRB	UMC	West Bank and Gaza	WBG	LMC	Tanzania*	TZA	LIC
Tajikistan†	TJK	LIC	Yemen, Rep.*	YEM	LIC	Togo*	TGO	LIC
Turkey	TUR	UMC	**South Asia**			Uganda*†	UGA	LIC
Turkmenistan†	TKM	LMC	Afghanistan*†	AFG	LIC	Zambia*†	ZMB	LIC
Ukraine	UKR	LMC	Bangladesh*	BGD	LIC	Zimbabwe†	ZWE	LIC
Uzbekistan†	UZB	LIC	Bhutan*†	BTN	LMC			
			India	IND	LMC			
			Maldives*‡	MDV	LMC			
			Nepal*†	NPL	LIC			
			Pakistan	PAK	LMC			
			Sri Lanka	LKA	LMC			

Table 2.1 Classification of Economies by Region and Income, 2010 (continued)

Country	Code	Class	Country	Code	Class	Country	Code	Class
High-Income OECD Countries			Spain	ESP		Guam‡	GUM	
Australia	AUS		Sweden	SWE		Hong Kong, China	HKG	
Austria	AUT		Switzerland	CHE		Isle of Man	IMN	
Belgium	BEL		United Kingdom	GBR		Israel	ISR	
Canada	CAN		United States	USA		Kuwait	KWT	
Czech Rep.	CZE		**Other High-Income Economies**			Liechtenstein	LIE	
Denmark	DNK		Andorra	AND		Macao, China	MAC	
Finland	FIN		Antigua and Barbuda‡	ATG		Malta	MLT	
France	FRA		Aruba‡	ABW		Monaco	MCO	
Germany	DEU		Bahamas, The‡	BHS		Netherlands Antilles‡	ANT	
Greece	GRC		Bahrain‡	BHR		New Caledonia‡	NCL	
Hungary	HUN		Barbados‡	BRB		Northern Mariana Islands‡	MNP	
Iceland	ISL		Bermuda	BMU		Oman	OMN	
Ireland	IRL		Brunei Darussalam	BRN		Puerto Rico‡	PRI	
Italy	ITA		Cayman Islands	CYM		Qatar	QAT	
Japan	JPN		Channel Islands	CHI		San Marino	SMR	
Korea, Rep. (South)	KOR		Croatia	HRV		Saudi Arabia	SAU	
Luxembourg	LUX		Cyprus	CYP		Singapore‡	SGP	
Netherlands	NLD		Estonia	EST		Slovenia	SVN	
New Zealand	NZL		Equatorial Guinea*	GNQ		Taiwan, China	TWN	
Norway	NOR		Faeroe Islands	FRO		Trinidad and Tobago‡	TTO	
Portugal	PRT		French Polynesia‡	PYF		United Arab Emirates	ARE	
Slovak Republic	SVK		Greenland	GRL				

* least developed countries
† landlocked developing countries
‡ small island developing states

Source: Data from World Bank, *World Development Indicators*, 2010 (Washington, D.C.: World Bank, 2010) and WDI online; United Nations; and http://www.iso.org.

Figure 2.1 Nations of the World, Classified by GNI Per Capita
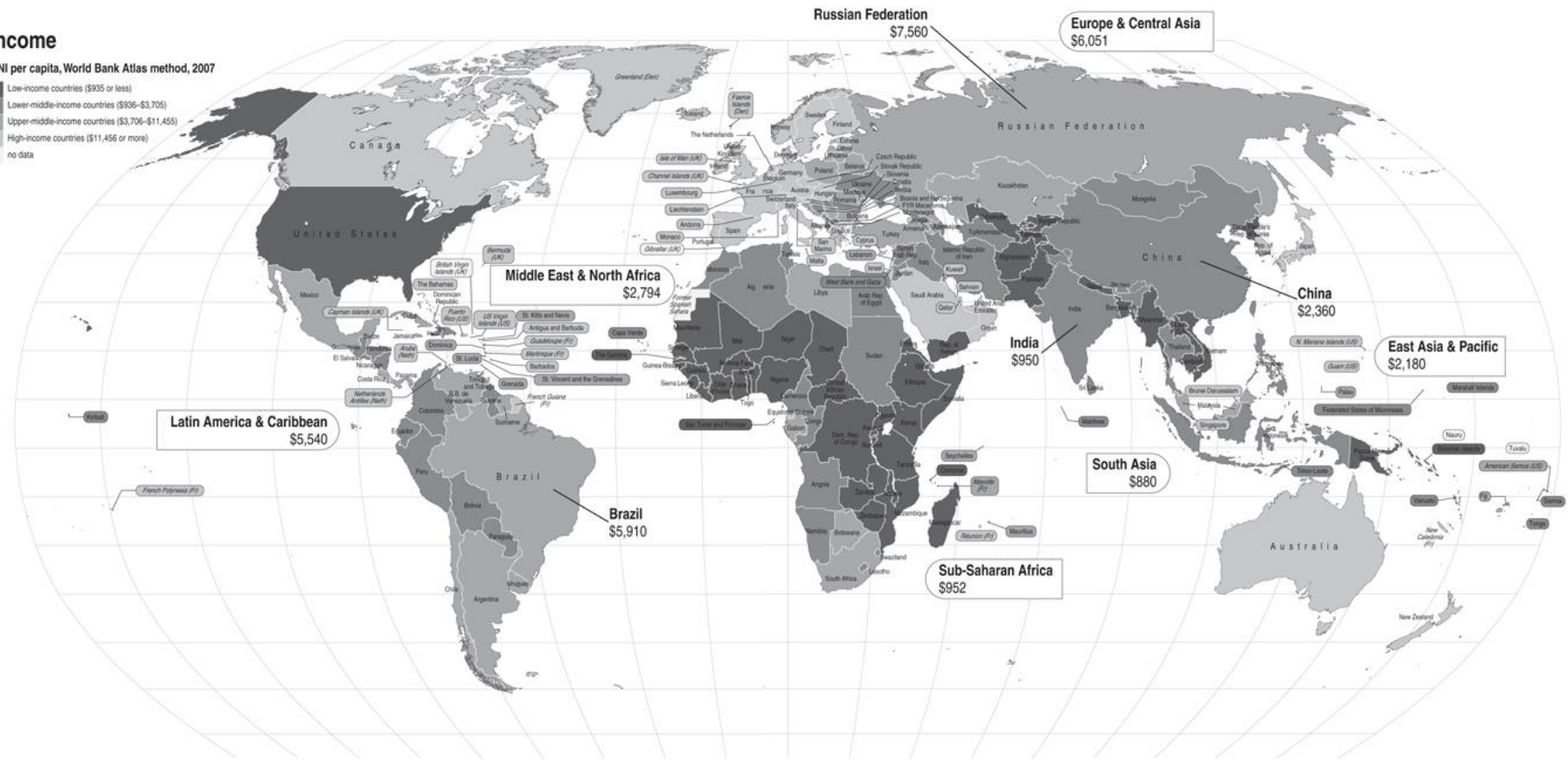
Source: Data from Atlas of Global Development, 2nd ed., pp. 10–11. © Collins Bartholomew Ltd., 2010.

2.2 Basic Indicators of Development: Real Income, Health, and Education

- Gross National Income (GNI)
- Gross Domestic Product (GDP)
- PPP method instead of exchange rates as conversion factors (see Figure 2.2)

Gross national income (GNI) per capita	Gross domestic product (GDP) per capita
Measures value added by residents who live within the country and those who live abroad (all residents)	Measures value added by residents and foreigners who live within the country
Deduction for capital is considered	Deduction for capital is not considered
Used in Development Economics	Used in Macroeconomics
Large nonresident population (foreigners) has no role in the domestic economy	Large nonresident population playing a major role in the domestic economy (such as foreign companies)

Purchasing Power Parity (PPP)

Purchasing power parity (PPP) Calculation of GNI using a common set of international prices for all goods and services, to provide more accurate comparisons of living standards.

In a simple version, purchasing power parity is defined as the number of units of a foreign country's currency required to purchase the identical quantity of goods and services in the local developing country market as $1 would buy in the United States. Generally, prices of nontraded services are much lower in developing countries because wages are so much lower.

PPP cont.

- Purchasing power parity (PPP) is a popular metric used by macroeconomic analysts that compares different countries' currencies through a "basket of goods" approach.

Calculating Purchasing Power Parity

- The relative version of PPP is calculated with the following formula:

-

$PPP = P1/P2$

- **where:**

- PPP = Exchange rate of currency 1 to currency 2 $P1$ = Cost of good X in currency 1 $P2$ = Cost of good X in currency 2

PPP Example:

- To better understand how GDP paired with purchase power parity works, suppose it costs $10 to buy a shirt in the U.S., and it costs €8.00 to buy an identical shirt in Germany. To make an apples-to-apples comparison, we must first convert the €8.00 into U.S. dollars. If the exchange rate was such that the shirt in Germany costs $15.00, the PPP would, therefore, be 15/10, or 1.5.
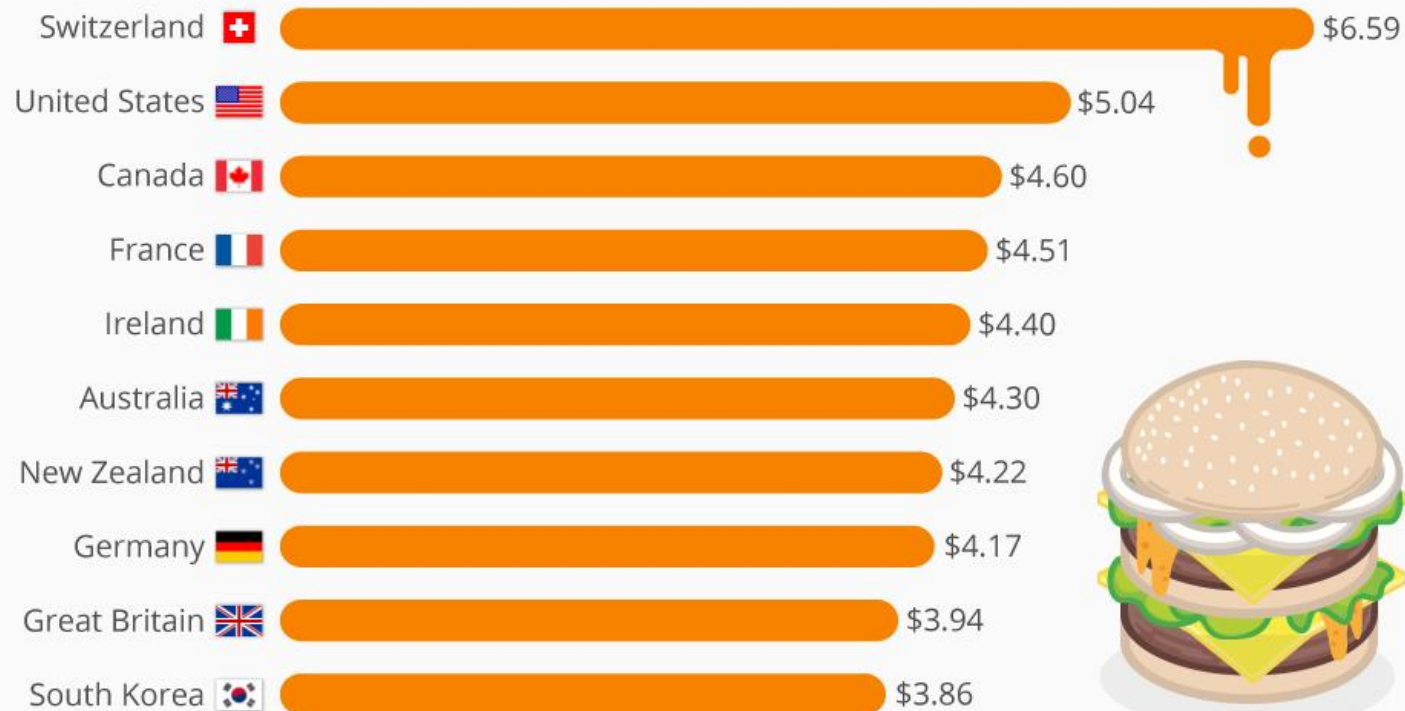
What Is the Big Mac Index?

- The Big Mac index is a survey created by *The Economist* magazine in 1986 to measure purchasing power parity (PPP) between nations, using the price of a McDonald's Big Mac as the benchmark.

30 Years Big Mac Index

Global prices for a Big Mac in selected countries in 2016

Switzerland 🇨🇭 $6.59
United States 🇺🇸 $5.04
Canada 🇨🇦 $4.60
France 🇫🇷 $4.51
Ireland 🇮🇪 $4.40
Australia 🇦🇺 $4.30
New Zealand 🇳🇿 $4.22
Germany 🇩🇪 $4.17
Great Britain 🇬🇧 $3.94
South Korea 🇰🇷 $3.86

@StatistaCharts   Sources: IMF, McDonald's, Thomson Reuters, The Economist

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PPP using Big Mac Index :

USA
- GDP = $16
- Big Mac = $2
- Basket of Goods=8

- GDP= $16
  (PPP)

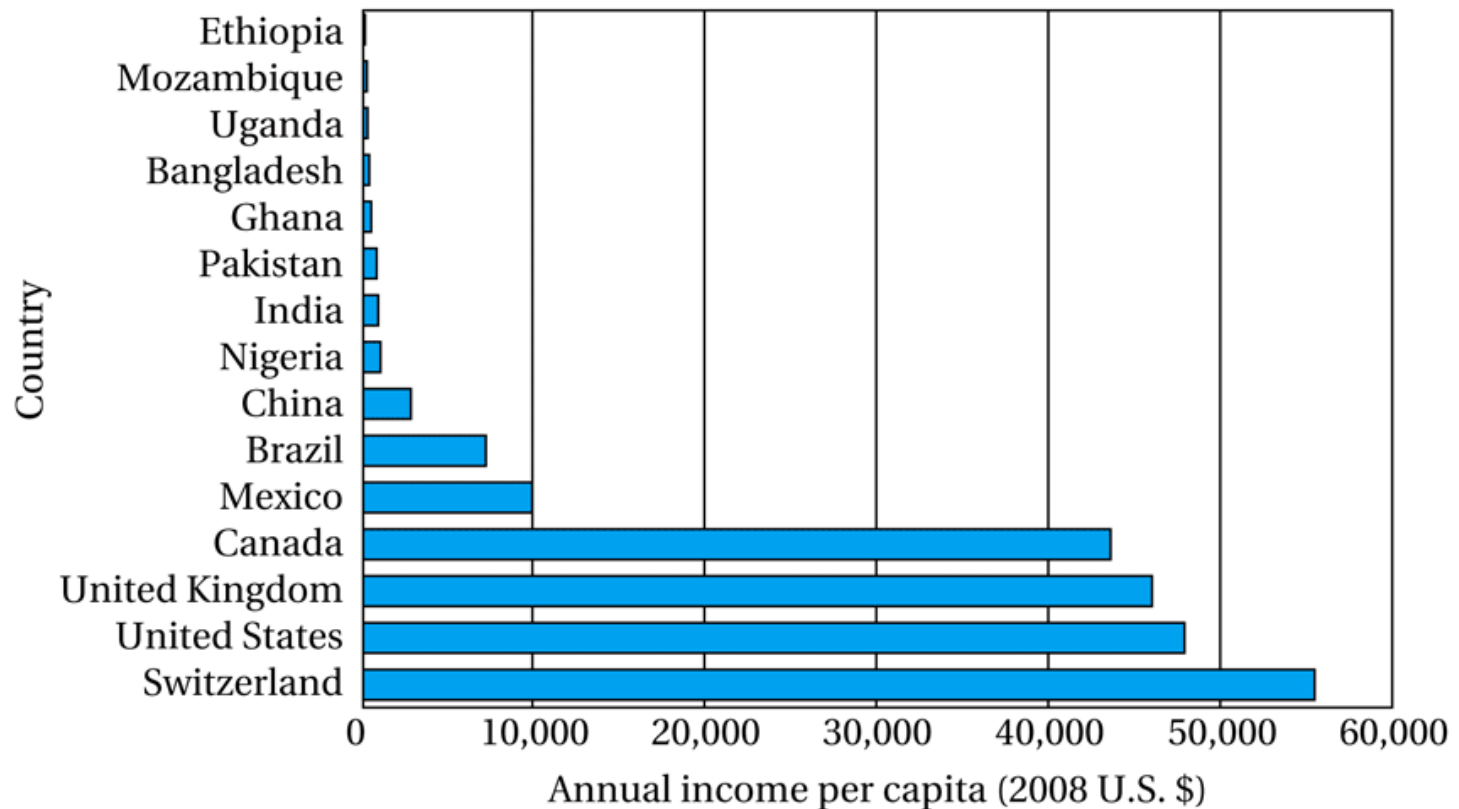**Japan**
- GDP = $18
- Big Mac = $6
- Basket of Goods=3

- GDP = $6
  (PPP)

For example, China's 2008 GNI per capita was only 6% of that of the United States using the exchange-rate conversion but rises to 13% when estimated by the PPP method of conversion. Income gaps between rich and poor nations thus tend to be less when PPP is used.

Figure 2.2 Income Per Capita in Selected Countries (2008)

Source: Data from World Bank, *World Development Indicators, 2010* (Washington, D.C.: World Bank, 2010), tab. 1.1.

Table 2.2 A Comparison of Per Capita GNI, 2008

Country	GNI Per Capita (U.S. $)	
	Exchange Rate	Purchasing Power Parity
Argentina	7,190	13,990
Bangladesh	520	1,450
Brazil	7,300	10,070
Burundi	140	380
Cameroon	1,150	2,170
Chile	9,370	13,240
China	2,940	6,010
Costa Rica	6,060	10,950
Ghana	630	1,320
Guatemala	2,680	4,690
India	1,040	2,930
Indonesia	1,880	3,590
Kenya	730	1,550
Malawi	280	810
Malaysia	7,250	13,730
Mexico	9,990	14,340
Nicaragua	1,080	2,620
Sierra Leone	320	770
South Korea	21,530	27,840
Sri Lanka	1,780	4,460
Thailand	3,670	7,760
Uganda	420	1,140
United Kingdom	46,040	36,240
United States	47,930	48,430
Venezuela	9,230	12,840
Zambia	950	1,230

Source: Data from World Bank, *World Development Indicators, 2010* (Washington, D.C.: World Bank, 2010) tab. 1.1.

2.3 Holistic Measures of Living Levels and Capabilities

- Health
- Life Expectancy
- Education
- HDI as a holistic measure of living levels
- $$\text{HDI} = \frac{1}{3}(\text{income index}) + \frac{1}{3}(\text{life expectancy index}) + \frac{1}{3}(\text{education index})$$

- HDI can be calculated for groups and regions in a country
  - HDI varies among groups within countries
  - HDI varies across regions in a country
  - HDI varies between rural and urban areas

Human Development Index (HDI)

The HDI attempts to rank all countries on a scale of 0 (lowest human development) to 1 (highest human development) based on three goals or end products of development:

longevity as measured by life expectancy at birth.

knowledge as measured by a weighted average of adult literacy (two-thirds) and gross school enrollment ratio (one third).

standard of living as measured by real per capita gross domestic product adjusted for the differing purchasing power parity of each country's currency to reflect cost of living.

http://hdr.undp.org/en/2016-report

http://hdr.undp.org/en/content/address-hdro-director-selim-jahan-economy-4th-industrial-revolution-world-knowledge-summit

Example : Calculating HDI of India.

- Life expectancy index = 0.679
- Education index = 0.495
- Income index = 0.599

- HDI = (LI * EI * II)^1/3
- HDI = (0.679 * 0.495 * 0.599)^1/3
    = 0.586

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Table 2.3 Commonality and Diversity: Some Basic Indicators

Country or Group	2008 Income Per Capita (U.S. $)	2008 PPP Per Capita (U.S. $)	2008 Life Expectancy (years)	Prevalence of Undernourishment[a] (%)	2007 Under-5 Mortality per 1,000 Live Births	2008 Crude Birth Rate	Adult Literacy[b] Male	Adult Literacy[b] Female
Income Group								
Low	523	1,354	59	30	118	32	76	63
Lower middle	2,073	4,589	68	15	64	20	87	73
Upper middle	7,852	12,208	71	6	23	17	95	92
High	39,687	37,665	80	5	7	12		
Country								
Dem. Rep. Congo (LIC)	150	280	48	75	199	45	78	56
India (LMC)	1,040	2,930	64	22	69	23	75	51
Egypt (LMC)	1,800	5,470	70	<5	25	25	75	58
Brazil (UMC)	7,300	10,070	72	6	22	16	90	90
Malaysia (UMC)	7,250	13,730	74	<5	6	20	99	94
United States (high-income)	47,930	48,430	78	<5	8	14		
Region								
East Asia and the Pacific	2,644	10,461	72	12	29	14	96	90
Latin America and the Caribbean	6,768	10,312	73	9	23	19	92	91
Middle East and North Africa	3,237	7,343	71	7	34	24	82	65
South Asia	963	2,695	64	22	76	24	73	50
Sub-Saharan Africa	1,077	1,949	52	28	144	38	74	57
Europe and Central Asia	7,350	11,953	70	6	22	14	99	97

Source: Data from World Bank, *World Development Indicators, 2010* (Washington, D.C.: World Bank, 2010), multiple tables.

[a]Most recent year between 2004 and 2006.

[b]Most recent year between 2005 and 2008.

Table 2.4 2009 Human Development Index for 24 Selected Countries (2007 Data)

Country	Relative Ranking	Human Development Index (HDI)	GDP Per Capita (PPP, U.S. $)	GDP Rank minus HDI Rank
Low Human Development				
Niger	182	0.340	627	−6
Afghanistan	181	0.352	1,054	−17
Dem. Rep. Congo	176	0.389	298	5
Ethiopia	171	0.414	779	0
Rwanda	167	0.460	866	1
Côte d'Ivoire	163	0.484	1,690	−17
Malawi	160	0.493	761	12
Medium Human Development				
Bangladesh	146	0.543	1,241	9
Pakistan	141	0.572	2,496	−9
India	134	0.612	2,753	−6
South Africa	129	0.683	9,757	−51
Nicaragua	124	0.699	2,570	6
Gabon	103	0.755	15,167	−49
China	92	0.772	5,383	10
Iran	88	0.782	10,955	−17
Thailand	87	0.783	8,135	−5
High Human Development				
Saudi Arabia	59	0.843	22,935	−19
Costa Rica	54	0.854	10,842	19
Cuba	51	0.863	6,876	44
Chile	44	0.878	13,880	15
Very High Human Development				
United Kingdom	21	0.947	35,130	−1
United States	13	0.956	45,592	−4
Canada	4	0.966	35,812	14
Norway	1	0.971	53,433	4

Source: Data from United Nations Development Program, *Human Development Report, 2009*, tab. 1.

Table 2.5 2009 Human Development Index Variations for Similar Incomes (2007 Data)

Country	GDP Per Capita (U.S. $)	HDI	HDI Rank	Life Expectancy (years)	Adult Literacy (%)	Combined Gross Enrollment Ratio
GDP Per Capita near PPP $1,000						
Madagascar	932	0.543	145	59.9	70.7	61.3
Haiti	1,140	0.532	149	61.0	62.1	52.1
Rwanda	866	0.460	167	49.7	64.9	52.2
Mali	1,083	0.371	178	48.1	26.2	46.9
Afghanistan	1,054	0.352	181	43.6	28.0	50.1
GDP Per Capita near PPP $1,500						
Kenya	1,542	0.541	147	53.6	73.6	59.6
Ghana	1,334	0.526	152	56.5	65.0	56.5
Côte d'Ivoire	1,690	0.484	163	56.8	48.7	37.5
Senegal	1,666	0.464	166	55.4	41.9	41.2
Chad	1,477	0.392	175	48.6	31.8	36.5
GDP Per Capita near PPP $2,000						
Kyrgyzstan	2,006	0.710	120	67.6	99.3	77.3
Laos	2,165	0.619	133	64.6	72.7	59.6
Cambodia	1,802	0.593	137	60.6	76.3	58.5
Sudan	2,086	0.531	150	57.9	60.9	39.9
Cameroon	2,128	0.523	153	50.9	67.9	52.3
Mauritania	1,927	0.520	154	56.6	55.8	50.6
Nigeria	1,969	0.511	158	47.7	72.0	53.0
GDP Per Capita near PPP $4,000						
Tonga	3,748	0.768	99	71.7	99.2	78.0
Sri Lanka	4,243	0.759	102	74.0	90.8	68.7
Honduras	3,796	0.732	112	72.0	83.6	74.8
Bolivia	4,206	0.729	113	65.4	90.7	86.0
Guatemala	4,562	0.704	122	70.1	73.2	70.5
Morocco	4,108	0.654	130	71.0	55.6	61.0

Source: Data from United Nations Development Program, *Human Development Report, 2009*, tab. 1.

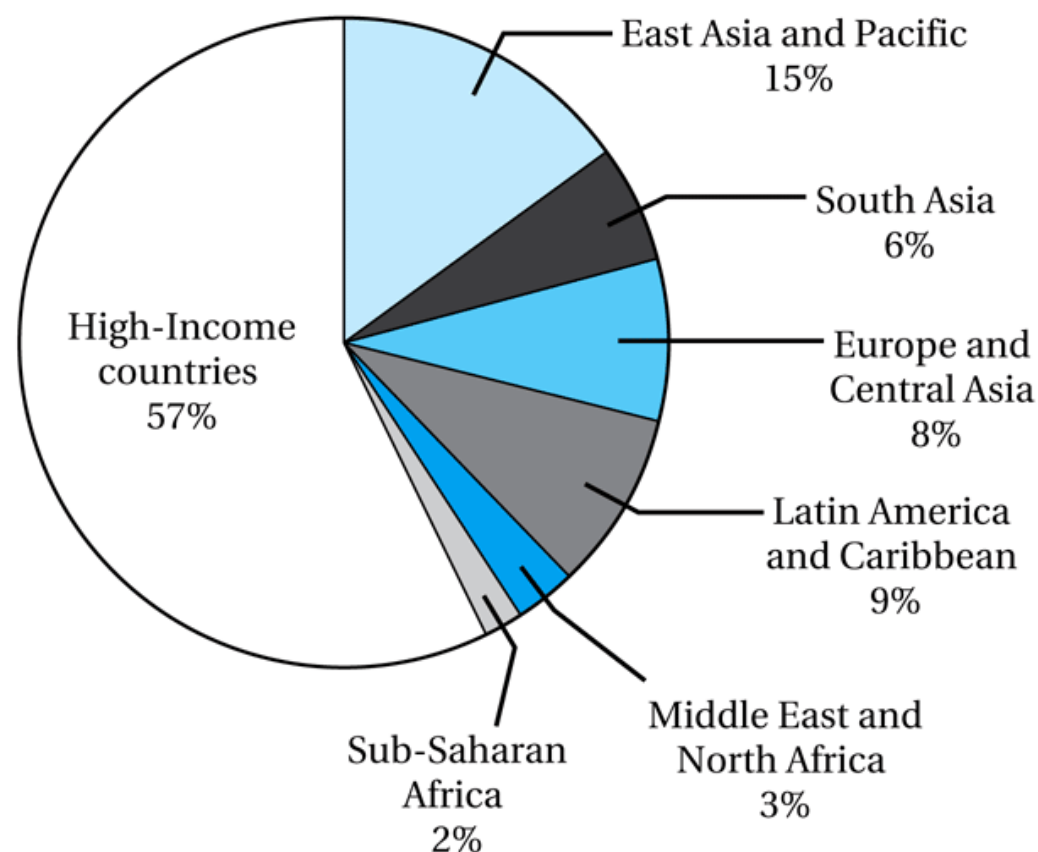## 2.4 Characteristics of the Developing World: Diversity within Commonality

1. Lower levels of living and productivity

2. Lower levels of human capital (health, education, skills)

3. Higher Levels of Inequality and Absolute Poverty
  - Absolute Poverty
  - World Poverty

4. Higher Population Growth Rates
  - Crude Birth rates

Figure 2.4 Shares of Global Income, 2008

Source: Data from World Bank, *World Development Indicators, 2010* (Washington, D.C.: World Bank, 2010), p. 34.
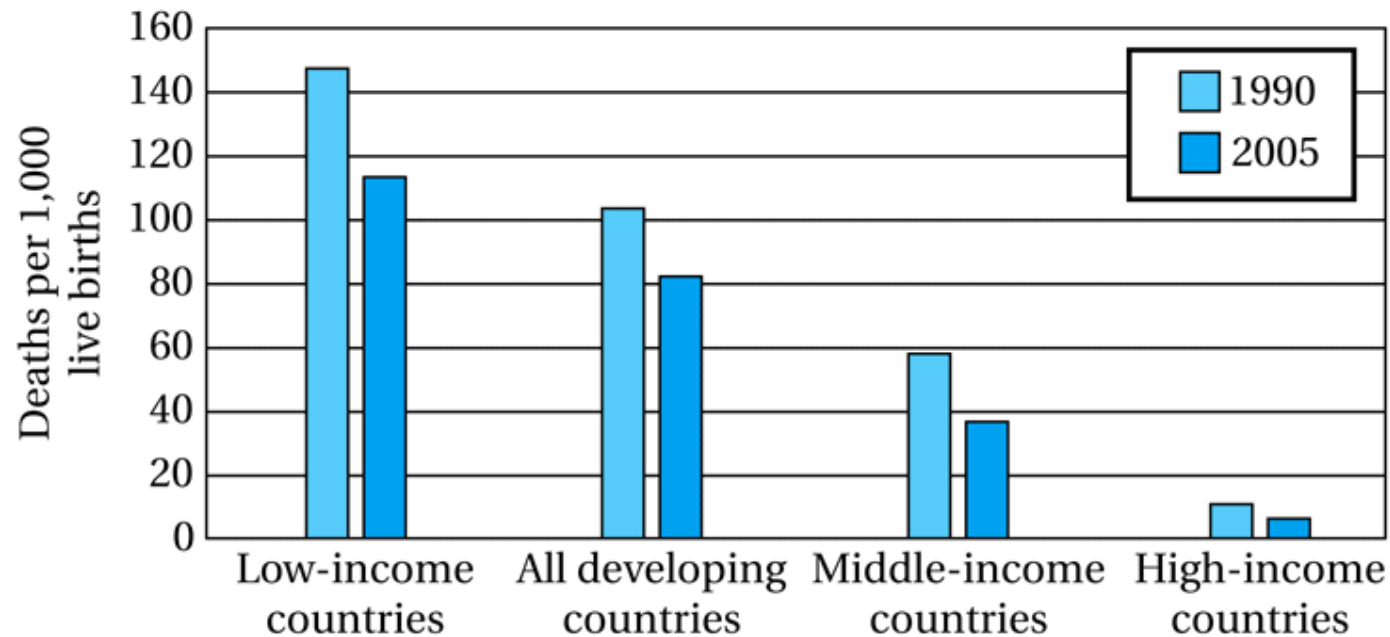
Table 2.7 The 12 Most and Least Populated Countries and Their Per Capita Income, 2008

Most Populous	Population (millions)	GNI Per Capita (U.S. $)	Least Populous[a]	Population (thousands)	GNI Per Capita (U.S. $)
1. China	1,325	2,940	1. Palau	20	8,630
2. India	1,140	1,040	2. St. Kitts and Nevis	49	10,870
3. United States	304	47,930	3. Marshall Islands	60	3,270
4. Indonesia	227	1,880	4. Dominica	73	4,750
5. Brazil	192	7,300	5. Antigua and Barbuda	87	13,200
6. Pakistan	166	950	6. Seychelles	87	10,220
7. Bangladesh	160	520	7. Kiribati	97	2,040
8. Nigeria	151	1,170	8. Tonga	104	2,690
9. Russian Federation	142	9,660	9. Grenada	104	5,880
10. Japan	128	38,130	10. St. Vincent and the Grenadines	109	5,050
11. Mexico	106	9,990	11. Micronesia	110	2,460
12. Philippines	90	1,890	12. São Tomé and Príncipe	160	1,030

Source: The World Bank, World Development Indicators, 2010 (Washington, D.C.: World Bank, 2010), tabs 1.1 and 1.6.
[a]Criteria for inclusion in the least-populous rankings: United Nations member as of mid-2010, with 2008 comparable population and GNI per capita data in tab. 1.6 in the source.

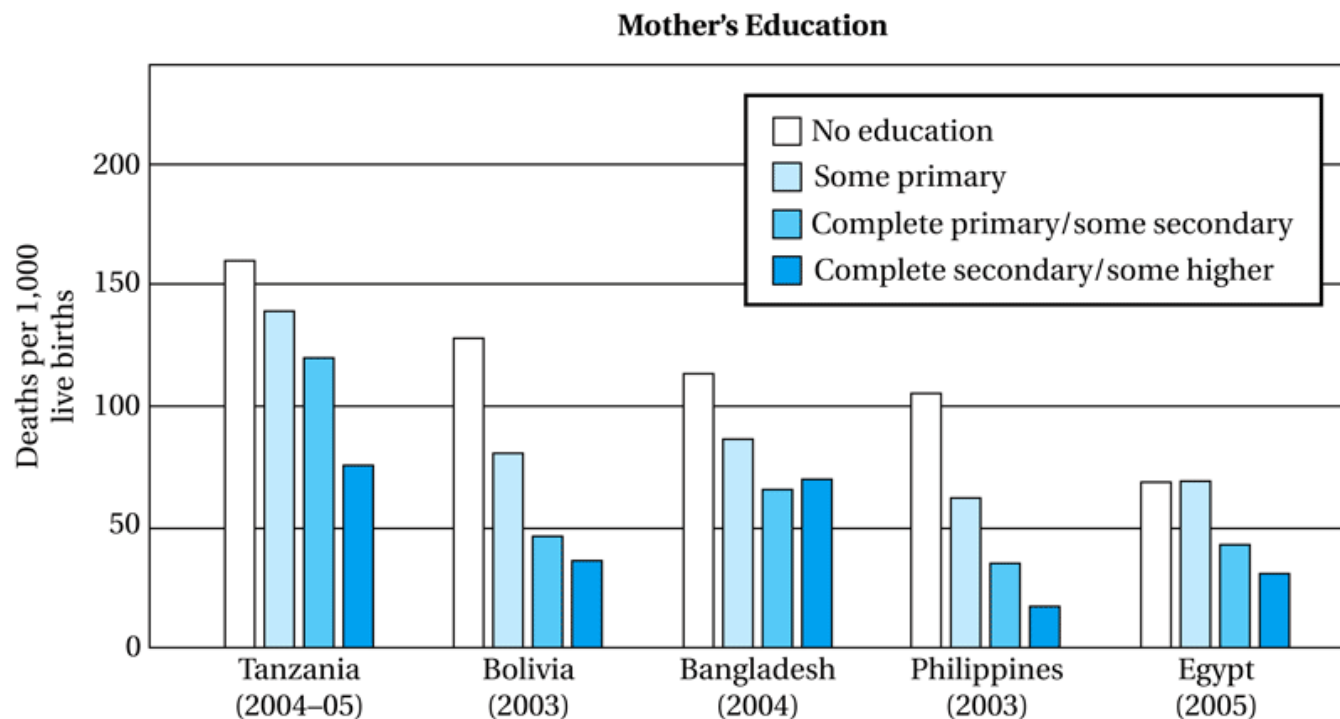# **Figure 2.5** Under-5 Mortality Rates, 1990 and 2005

Table 2.8 Primary School Enrollment and Pupil-Teacher Ratios, 2010

Region or Group	Net Primary School Enrollment (%)	Primary Pupil-Teacher Ratio
Income Group		
Low	80	45
Lower Middle	87	23[a]
Upper Middle	94	22
High	95	15
Region		
East Asia and Pacific	93[a]	19
Latin America and the Caribbean	94	25
Middle East and North Africa	91	24
South Asia	86	40[a]
Sub-Saharan Africa	73	49
Europe and Central Asia	92	16

Source: Data from World Bank, *World Development Indicators, 2010* (Washington, D.C.: World Bank, 2010), tabs 2.11 and 2.12.
[a]Data for 2009

Figure 2.6 Correlation between Under-5 Mortality and Mother's Education

Mother's Education

Legend:
- □ No education
- ■ Some primary
- ■ Complete primary/some secondary
- ■ Complete secondary/some higher

Y-axis: Deaths per 1,000 live births (0, 50, 100, 150, 200)

X-axis categories:
- Tanzania (2004–05)
- Bolivia (2003)
- Bangladesh (2004)
- Philippines (2003)
- Egypt (2005)

Source: International Bank for Reconstruction and Development/World Bank, *World Development Indicators, 2007* (Washington, D.C.: World Bank, 2007), p. 119. Reprinted with permission.

Figure 2.7 Number of People Living in Poverty by Region, 1981–2005
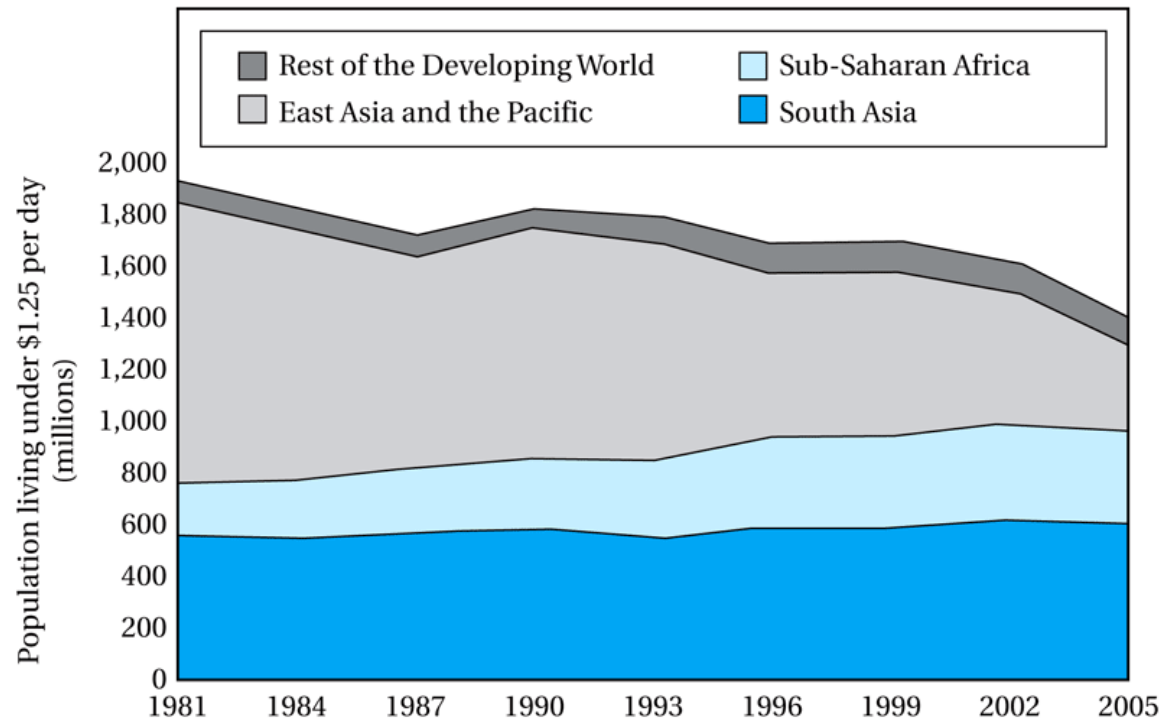
Source: International Bank for Reconstruction and Development / The World Bank: "The Developing World is Poorer Than We Thought, But No Less Successful in the Fight Against Poverty" by Shaohua Chen and Martin Ravallion, Aug. 26, 2008. Reprinted with permission from The World Bank.

2.4 Characteristics of the Developing World: Diversity within Commonality

5. Greater Social Fractionalization

6. Larger Rural Populations but Rapid Rural-to-Urban Migration

7. Lower Levels of Industrialization and Manufactured Exports

8. Adverse Geography

– Resource endowments

Table 2.10 The Urban Population in Developed Countries and Developing Regions

Region	Population (millions, 2009)	Urban Share (%)
World	6,810	50
More developed countries	1,232	75
Less developed countries	5,578	44
Sub-Saharan Africa	836	35
Northern Africa	205	50
Latin America and the Caribbean	580	77
Western Asia	231	64
South-central Asia	1,726	31
Southeast Asia	597	43
East Asia	1,564	51
Eastern Europe	295	69

Source: Population Reference Bureau, 2009 World Data Sheet.

Table 2.11 Share of the Population Employed in the Industrial Sector in Selected Countries, 2004-2008 (%)

	Agriculture			Industry			Services		
	Males	Females	Share of GDP (2008)	Males	Females	Share of GDP (2008)	Male	Female	Share of GDP (2008)
Africa									
Egypt	28	43	13	26	6	38	46	51	49
Ethiopia	12	6	44	27	17	13	61	77	42
Madagascar	82	83	25	5	2	17	13	16	57
Mauritius	10	8	4	36	26	29	54	66	67
South Africa	11	7	3	35	14	34	54	80	63
Asia									
Bangladesh	42	68	19	15	13	29	43	19	52
Indonesia	41	41	14	21	15	48	38	44	37
Malaysia	18	10	10	32	23	48	51	67	42
Pakistan	36	72	20	23	13	27	41	15	53
Philippines	44	24	15	18	11	32	39	65	53
South Korea	7	8	3	33	16	37	60	74	60
Thailand	43	40	12	22	19	44	35	41	44
Vietnam	56	60	22	21	14	40	23	26	38
Latin America									
Colombia	27	6	9	22	16	36	51	78	55
Costa Rica	18	5	7	28	13	29	54	82	64
Mexico	19	4	4	31	18	37	50	77	59
Nicaragua	42	8	19	20	18	30	38	73	51
Developed Countries									
United Kingdom	2	1	1	32	9	24	66	90	76
United States	2	1	1	30	9	22	68	90	77

Source: World Bank, *World Development Indicators*, 2010 (Washington, D.C.: World Bank, 2010), tabs. 2.3 and 4.2.
Note: Ethiopia agricultural employment reflects limited coverage.

2.4 Characteristics of the Developing World: Diversity within Commonality

9. Underdeveloped Financial and Other markets
- Imperfect markets
- Incomplete information

10. Colonial Legacy and External Dependence
- Institutions
- Private property
- Personal taxation
- Taxes in cash rather than in kind

2.6 Are Living Standards of Developing and Devolved Nations Converging?

- Evidence of unconditional convergence is hard to find

- But there is increasing evidence of "per capita income convergence," weighting changes in per capita income by population size

2.7 Long-Run Causes of Comparative Development

- Schematic Representation
  - Geography
  - Institutional quality- colonial and post-colonial
  - Colonial legacy- pre colonial comparative advantage
  - Evolution and timing of European development
  - Inequality- human capital
  - Type of colonial regime

Nature and Role of Economic Institutions

- Institutions provide "rules of the game" of economic life
- Provide underpinning of a market economy
- Include property rights; contract enforcement
- Can work for improving coordination,
- Restricting coercive, fraudulent and anti-competitive behavior
- Providing access to opportunities for the broad population-
- Constraining the power of elites, and managing conflict
- Provision of social insurance
- Provision of predictable macroeconomic stability