

How an economy can advance from traditional to modern

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Image 1. In this July 21, 2011 photo, Inuit hunter Nukappi Brandt steers his small boat as he and his daughter Aaneeraq, age 9, scan the water for seals, accompanied by his other daughter Luusi, 8, outside Greenland. Brandt, 49, has been a hunter since age 14, and said roughly 20 years ago, when winter sea ice became too thin to support dogsleds, seal hunting ceased to be a sustainable way of life here. Many Inuit practice a traditional economy of hunting and fishing, and hand down their skills to the next generation. Photo by Brennan Linsley for AP.

Development is when something changes from one condition to another. It means growth and change. In economics, development is when a country changes from a farming economy to a technology economy.

A traditional economy is usually about survival. Families and small communities often grow their own food. Or they may hunt and gather. They also make their own clothing, homes and goods. An example of a traditional economy is the Inuit people in Alaska, Canada and Greenland.

However, most traditional economies don't exist in rich, "developed" countries. Instead, most traditional economies are inside of poorer countries. These are often called "developing countries." For example, the Masai practice a traditional economy within the country of Kenya. However, Kenya's overall economy is a mixture of traditional and modern.

Developing countries often rely on agriculture and selling raw materials, like oil, coal and lumber. These are sold to developed countries. In return developed countries sell them finished goods, like computers, gasoline or plastic goods.

Developed countries have modern economies. In a modern economy, many different people do different tasks. Modern economies include manufacturing and what is called the "service" sector. The service sector includes anything that isn't a physical good, including retail, banks, hotels, real estate, education, health, computer services, recreation, media and communications. It even includes electricity, gas and water supply. Modern economies are much larger than traditional economies. They also produce a great variety of goods and services.

Reading, Writing And Longer Lives

There are different ways to identify a developing country. One way is the gross national income (GNI) per person. To measure the GNI, first add up the total value of its goods and services in a country. Then divide that by the number of people.

Developed nations have much higher GNI per person. For example, Luxembourg in Europe has a GNI per capita of \$69,390. The United States has a GNI per capita of about \$48,000.

Highly developed countries have much more industrialization. People in highly developed countries use technology regularly in their daily lives.

Developed countries usually have higher literacy rates. That means the majority of a population can read and write.

People in developed countries have a high life expectancy. Life expectancy is the average number of years a person can expect to live. Japan is a highly developed nation. It has the highest life expectancy of any country. The average Japanese citizen lives 83.7 years, according to a World Health Organization study in 2017.

In developed countries, more people are between 15 and 64 years old. Uganda is a developing country in Africa. Half of its population is under the age of 14.

Improved Farming Technology

In developed countries, most adults work. In developing countries, there might be many people out of a job. The percent of people without jobs is called the unemployment rate.

Developed countries usually have a large middle class. Middle-class incomes fall between poverty and great wealth. Some developing countries have large populations living in poverty. Haiti is a developing country. Nearly 6 out of 10 Haitians live in poverty.

As countries begin to develop, they make more agricultural products. Farming technology is often improving in the country. Improved technology lets farmers plant more grain and grow more fruit. It lets farmers harvest more food using fewer workers. People in rural areas are able to earn more. Also, people can work in jobs other than agriculture.

Another sign of development is that the numbers of exports increase. Exports are products grown or made in one country. They are sent, or exported, to another country.

Electricity can also show how developed a country is. Electricity is used in homes, schools and businesses. Factories use huge amounts of electricity. Putting in electricity is an important sign of a developing economy.

Oil, natural gas and coal are used to make electricity. They can be expensive and a country could run out of them. Some developing countries, such as Bangladesh, are trying to use renewable energy. These sources of energy can't be used up. Solar and wind power are renewable energy.

Newly industrialized countries are becoming more industrialized. Their economies grow very quickly. Newly industrialized countries are not as poor as developing nations. However, they are not as wealthy or educated as developed countries. Newly industrialized countries include India, Brazil and Thailand.

Fast Facts

The economies of Brazil, Russia, India and China are sometimes called "BRIC." They all have several things in common. They are large countries with large economies. They are all developing. Their economies grew quickly in the early 2000s. China and India's economies are still growing quickly. Brazil and Russia have been struggling recently. The BRIC countries formed a group. The goal is to promote cooperation among the countries. They meet every year. It is called the BRICS Forum. The "S" stands for South Africa. It joined the group in 2010.

Economists study economies. Some economists believe that by 2050, the economies of the BRICS will be larger than the United States or the European Union.

The United Nations is the world government of nations. It has its own way of rating the development of nations. It is called the Human Development Index (HDI). The HDI uses GNI. It also looks at how many people can read, how many children are in school and how long people live. In the HDI, Norway was the most developed nation in the world in 2018. The United States was 13th.

URL <https://www.nationalgeographic.org/encyclopedia/development/>

Quiz

1 Read the following paragraph from the introduction [paragraphs 1-5].

Developing countries often rely on agriculture and selling raw materials, like oil, coal and lumber. These are sold to developed countries. In return developed countries sell them finished goods, like computers, gasoline or plastic goods.

What conclusion can the reader make from this paragraph?

- (A) Developed countries do not need computers, gasoline or plastic goods.
- (B) The economies of developing and developed countries depend on each other.
- (C) Raw materials like oil and coal are more important than agriculture.
- (D) Developing countries do not have enough raw materials like oil, coal and lumber.

2 Read the section "Fast Facts."

Which sentence from the section helps the reader to understand that experts believe the BRICS countries will continue to develop very quickly?

- (A) They all have several things in common. They are large countries with large economies. They are all developing.
- (B) The goal is to promote cooperation among the countries. They meet every year. It is called the BRICS Forum.
- (C) Some economists believe that by 2050, the economies of the BRICS will be larger than the United States or the European Union.
- (D) The HDI uses GNI. It also looks at how many people can read, how many children are in school and how long people live.

3 Read the following selections from the section "Reading, Writing And Longer Lives."

1. *To measure the GNI, first add up the total value of its goods and services in a country. Then divide that by the number of people.*
2. *Developed nations have much higher GNI per person. For example, Luxembourg in Europe has a GNI per capita of \$69,390.*
3. *Developed countries usually have higher literacy rates. That means the majority of a population can read and write.*
4. *People in developed countries have a high life expectancy. Life expectancy is the average number of years a person can expect to live.*

Which of these selectopns uses a structure of steps in order?

- (A) Selection 1
- (B) Selection 2
- (C) Selection 3
- (D) Selection 4

Read the paragraph below from the section "Improved Farming Technology."

As countries begin to develop, they make more agricultural products. Farming technology is often improving in the country. Improved technology lets farmers plant more grain and grow more fruit. It lets farmers harvest more food using fewer workers. People in rural areas are able to earn more. Also, people can work in jobs other than agriculture.

What is the structure of this paragraph?

- (A) compare and contrast
- (B) cause and effect
- (C) problem and solution
- (D) chronological order