CHAPTER 22 : Growing Economies

1. Developing and Developed countries

Developed Country	Developed Country
1. High income level - High GDP per capita	1. Low income level - Eg. Income per capita
2. High literacy Rate - The majority of people in developed countries can read and write.	2. Low literacy rate - Not enough resource to educate the entire population. This means it is possible that only small proportion of the population are able to read and write effectively.
3. High life expectancy	3. Low life expectancy
4. Good Infrastructure - Developed countries have access to schools / colleges / healthcare / railway etc.	4. Poor infrastructure - Developing countries have lack of roads, railway networks, school, hospitals and production facility
5. Highly industrialized - Not rely on primary sector and rely heavily on the tertiary sector	5. Reliance on the primary sector - eg. Large proportion of citizen rely on agriculture / mining.
6. Low population growth	6. High population growth

2. Emerging economies

: defined as rapid growth (the increase in a country's productive capacity – usually measured by Gross domestic product (GDP) eg. BRICS (Brazil / Russia / India / China / South Africa)

3. Implications of economic growth for individuals and business

In emerging countries may be more attractive to new businesses in the market. It may create trade opportunities and change existing employment patterns.

3.1 Trade opportunities : As an economy grows, consumption may also be growing as people have higher disposable income.

: This is good for firms looking to invest or sell their products and services.

3.2 Employment patterns

: a business might want to access the employment patterns across an economy.

4. Indicators of growth

4.1 Gross domestic product (GDP) per capita

: means all goods and services produced in the year divided by the number of people in the country.

Benefits

1. It can indicates average revenue per capita
2. It is simple and worldwide used
3. It is easy to compare GDP per Capita among counties

Drawbacks

1. It cannot indicate standard of living. Higher GDP per capita may face with higher cost of living
2. It exclude negative externality
3. It exclude some non-monetary job eg. Charities

4.2 Human development index

- **Life expectancy** : This is the average number of years a person can expect to live it. (Measure healthcare system)
- **Mean years of schooling**: This measures the average amount of education a 25-year-old person might have had.
- **Gross National Income per capita (GNI)** : This calculation illustrates the relative wealth of the population (As a measured of PPP).