

University of Nebraska - Lincoln

DigitalCommons@University of Nebraska - Lincoln

Cornhusker Economics

Agricultural Economics Department

2014

Are Developing Countries Finally Developing?

E. Wesley F. Peterson

University of Nebraska-Lincoln, epeterson1@unl.edu

Follow this and additional works at: http://digitalcommons.unl.edu/agecon_cornhusker

Peterson, E. Wesley F, "Are Developing Countries Finally Developing?" (2014). *Cornhusker Economics*. 616.
http://digitalcommons.unl.edu/agecon_cornhusker/616

This Article is brought to you for free and open access by the Agricultural Economics Department at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Cornhusker Economics by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

CORNHUSKER ECONOMICS

UNIVERSITY OF
Nebraska
Lincoln

January 29, 2014

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
<http://agecon.unl.edu/cornhuskereconomics>

University of Nebraska–Lincoln Extension

Are Developing Countries Finally Developing?

Market Report	Yr Ago	4 Wks Ago	1/24/14
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.....	\$122.17	\$135.97	\$149.36
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.....	172.33	196.50	213.63
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.....	146.11	167.64	172.52
Choice Boxed Beef, 600-750 lb. Carcass.....	188.96	196.87	238.43
Western Corn Belt Base Hog Price Carcass, Negotiated.....	87.38	76.15	80.23
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.....	84.68	84.78	86.68
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.....	91.00	+	154.50
National Carcass Lamb Cutout, FOB.....	291.01	362.60	363.54
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.....	7.69	6.09	5.97
Corn, No. 2, Yellow Nebraska City, bu.....	7.31	4.12	4.14
Soybeans, No. 1, Yellow Nebraska City, bu.....	14.46	12.92	12.59
Grain Sorghum, No. 2, Yellow Dorchester, cwt.....	12.16	7.20	7.27
Oats, No. 2, Heavy Minneapolis, MN, bu.....	3.91	3.91	4.51
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.....	247.50	+	+
Alfalfa, Large Rounds, Good Platte Valley, ton.....	230.00	+	130.00
Grass Hay, Large Rounds, Good Nebraska, ton.....	212.35	+	95.00
Dried Distillers Grains, 10% Moisture, Nebraska Average.....	287.50	220.00	188.50
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.....	107.50	62.00	58.50
+ No Market			

In recent decades, there have been very substantial social, economic and political changes in many developing countries. While some noteworthy success stories, notably those of the BRICS (Brazil, Russia, India, China and South Africa) have been widely reported, the prevailing image for the majority of poor countries is one of civil war, natural disasters, poverty, disease and very little progress in raising living standards. While many low- and middle-income countries continue to face serious challenges, a recent report from the United Nations Development Program (UNDP) paints a more positive picture of their circumstances. The UNDP began publishing an annual report on the state of human development in 1990, and its most recent report titled “The Rise of the South” argues that there has been broad progress in human development around the world in recent years, with the result that millions of people are leading better lives and developing countries have begun to play a greater role in the global economy.

<http://www.undp.org/content/dam/undp/library/corporate/HDR/2013GlobalHDR/English/HDR2013%20Report%20English.pdf>

Low- and middle-income countries have been referred to by many names (less-developed countries, the Third World, etc.) and for the most part, average income per person has been used as the measure of whether a country is identified as high-, middle- or low-income. For example, the World Bank classifies 36 countries with annual per capita incomes of \$1,035 or less as low-income, 86 countries with average incomes between \$1,036 and \$12,615 as middle-income, and 75 countries with average incomes of \$12,616 or greater as high-income.

<http://data.worldbank.org/about/country-classifications>

It has long been recognized, however, that income is an incomplete measure of the quality of life. The Human Development Reports (HDR) were designed to broaden



Extension is a Division of the Institute of Agriculture and Natural Resources at the University of Nebraska–Lincoln cooperating with the Counties and the U.S. Department of Agriculture.

University of Nebraska Extension educational programs abide with the non-discrimination policies of the University of Nebraska–Lincoln and the United States Department of Agriculture.

the definition of development beyond the simple income measures that had been the focus of most earlier development work. A “Human Development Index (HDI)” composed of three basic indicators: per capita income, life expectancy at birth and average educational attainment was introduced. The UNDP ranks countries in terms of their levels of human development as defined by the index. In 2012, Norway was ranked first with Niger ranking last (186). Countries are also grouped into four categories reflecting the level of human development: very high (47 countries with total population of 1.1 billion); high (47 countries with total population of 1.0 billion); medium (47 countries with total population of 3.5 billion); and low (45 countries with total population of 1.3 billion). The HDI ranking differs from rankings based on income alone. For example, Australia’s rank in terms of per capita income is 17, but because of high life expectancy (82 years compared to 78.7 in the United States) and strong educational attainment, it ranks second on the HDI.

The 2013 Human Development Report notes that there have been advances in human development across all regions of the world, as illustrated in Table 1 (on next page). Values for the HDI have increased dramatically in the Arab States, East Asia and the Pacific and South Asia. At just under a 30 percent increase, advances in Latin America, the Caribbean and Sub-Saharan Africa are only a little less impressive. Note that the countries included in these regional figures are all low- and middle-income countries. It is also noteworthy that there has been greater progress in countries with low and medium levels of human development, suggesting that these countries are beginning to catch up with the high-income countries, most of which already have very high human development levels. The authors of the report make the case that progress in raising living standards in the developing countries has been driven by strong government intervention to build infrastructure and establish laws and regulations on property and the conduct of business, a focused effort by all to advance human development through education and health initiatives and openness to trade and globalization.

While the results presented in the report are good news, there are countries such as Zimbabwe that have made only very modest progress, and there are potential difficulties that could reverse some of the gains. The authors point to rising inequality both within countries and between them, growing environmental threats due to climate change, land use changes and pollution as problems that could impede the move toward greater levels of human development. The human development reports also include indices focusing on income and gender inequality. The inequality-adjusted HDI (IHDI) uses information on income distribution to adjust the HDI to reflect the degree of income inequality in a country. Because incomes are distributed relatively unequally in the United States compared to other high-income countries, its rank falls from three on the HDI to

sixteen on the IHDI. The gender inequality index is derived from data on maternal mortality rates, adolescent fertility rates and seats in the national legislature held by women. With higher maternal mortality rates, more teen pregnancies and fewer women in Congress than most other high income countries, the United States is ranked 42nd on the gender inequality index (behind such countries as Bulgaria, Libya and China). China, ranked 101 on the HDI, is 35th on the gender inequality index primarily because of its very low teen-pregnancy rate.

The 2013 Human Development Report is interesting because it calls attention to a phenomenon that has seemed to fly under the radar: substantial progress in raising living standards in the poorer countries of the world. Although challenges remain, the improvements documented in the report give some reason for optimism about the future of the billions of people who live in the poorer parts of the world.

For further information, see: “The Rise of the South: Human Progress in a Diverse World,” *Human Development Report 2013*, United Nations Development Program (UNDP), New York, <http://www.undp.org/content/dam/undp/library/corporate/HDR/2013GlobalHDR/English/HDR2013%20Report%20English.pdf>, accessed January 27, 2014.

E. Wesley F. Peterson, (402) 472-7871
Professor
Dept. of Agricultural Economics
University of Nebraska-Lincoln
epeterson1@unl.edu

Table 1: Index Values for Developing Country Regions, Human Development Groups, the United States and the World for the Human Development Index, the Inequality-Adjusted HDI and the Gender Inequality Index

Region	HDI 1980	HDI 2012	Percentage Change of HDI, 1980 - 2012	Inequality Adjusted HDI	Gender Inequality Index
Arab States	0.443	0.652	47.2	0.486	0.555
East Asia/Pacific	0.432	0.683	58.1	0.537	0.333
Europe/Central Asia	0.651	0.771	18.4	0.672	0.280
Latin America/Caribbean	0.574	0.741	29.1	0.550	0.416
South Asia	0.357	0.588	64.7	0.395	0.568
Sub-Saharan Africa	0.366	0.475	29.8	0.309	0.577
Human Development Groups*					
Very High	0.773	0.905	17.1	0.807	0.193
High	0.605	0.758	25.3	0.602	0.376
Medium	0.419	0.640	52.7	0.485	0.457
Low	0.315	0.466	47.9	0.310	0.578
United States**	0.843	0.937	11.2	0.821	0.256
World	0.561	0.694	23.7	0.532	0.463

* The Human Development Report ranks countries from highest to lowest as measured by the Human Development Index (HDI) and groups them into four categories, from very high to low human development. The indices can take on values between 0 and 1. Higher values for the HDI and the inequality-adjusted HDI signal higher levels of human development. Greater gender equality is reflected in lower index values.

** The United States ranks third on the 2012 HDI behind Norway and Australia. It is 16th on the inequality-adjusted HDI and 42nd on the gender inequality index. Norway has the top score on the inequality-adjusted HDI, while the Netherlands has the best score on the gender inequality index.

Source: Human Development Report 2013.