ADVANCED INDUSTRIALIZED STATES

Introduction

An advanced industrialized states or developed country, post-industrialized country, more developed country (MDC), or more economically developed country (MEDC) is a country or a sovereign state whose economy is more developed than those of less industrialized nations. An advanced economy has an advanced technological infrastructure.

An advanced economy has a relatively high GDP per capita. GDP per capita equals a country's total GDP divided by its population. 'Per capita' means 'per head.' GDP stands for gross domestic product. Gross domestic product equals everything a country produces, including goods and services, over a specific period. Advanced industrialized states also fare strongly on the HDI. HDI stands for Human Development Index.

What are advanced economies

- An advanced economy is a term used by the International Monetary Fund (IMF) to describe the most developed countries in the world.
- There is no established numerical convention to determine whether an economy is advanced or not.
- Advanced economies are usually defined as having a high level of per capita income, a varied export base, and a financial sector that's integrated (combined) into the global financial system.
- As of 2020, the IMF categorized 39 nations as advanced economies.
- Advanced economies are also sometimes referred to as developed, industrialized and mature economics.
- As of 2020, the IMF categorized 39 nations as advanced economies. These include the United States and Canada, most nations in Europe, Japan, and the Asian tigers, as well as Australia and New Zealand. Particularly, the IMF classification excludes both China and Russia, instead classifying them as emerging (evolving) economies.

Countries are divided into two major categories by the United Nations, which are developed countries and developing countries. The classification of countries is based on the economic status such as GDP, GNP, per capita income, industrialization, the standard of living, etc. Developed Countries refers to the sovereign state, whose economy has highly progressed and possesses great technological infrastructure, as compared to other nations.

The countries with low industrialization and low human development index are termed as developing countries.

Developing Nations

The countries which are going through the initial levels of industrial development along with low per capita income are known as Developing Countries. These countries come under the category of third world countries. They are also known as lower developed countries.

Developing Countries depend upon the Developed Countries, to support them in establishing industries across the country. The country has a low Human Development Index (HDI) i.e., the country has low Gross Domestic Product (GDP), high illiteracy rate, educational, transportation, communication and medical facilities are not very good, unsustainable government debt, unequal distribution of income, high death rate and birth rate, malnutrition (starvation) both to mother and infant (child) which case high infant mortality (death) rate, high level of unemployment and poverty.

Definition

Kofi Annan, former Secretary General of the United Nations, defined a developed country as “one that allows all its citizens to enjoy a free and health life in a safe environment.”

Controversies Over This Term’s Use

Humans, by their nature, categorize. Economists are no different. For many years, the World Bank has produced and used income classifications to group countries.

The low, lower-middle, upper-middle and high income groups are each associated with an annually updated threshold (beginning) level of Gross National Income (GNI) per-capita, and the low and middle income groups taken together are referred to in the World Bank (and elsewhere) as the “developing world.”

This term is used in our publications (journals) (such as the World Development Indicators and the Global Monitoring Report) and we also publish aggregate estimates for important indicators like poverty rates for both developing countries as a group and for the whole world.

But the terms “developing world” and “developing country” are tricky: even we use them cautiously (carefully), trying to make it clear that we're not judging the development status of any country.

Under Developed Countries

Definition

“Developed Countries are the countries which are developed in terms of economy and industrialization. The Developed countries are also known as Advanced countries or the first world countries, as they are self-sufficient (independent) nations”.

A country characterized by mass poverty which is chronic and not the result of temporary misfortune and obsolete (old-fashioned) methods of production and social organization, which means that the poverty is not due to poor natural resources and hence could probably be lessened (reduced) by methods already proved in other countries”.

Thus, these definitions have underlined the proximate causes of underdevelopment as:

(i) Poor per capita income.

(ii) Capital deficiency.

(iii) Unutilized potential for growth.

(iv) Underutilized manpower and natural resources.

(v) Poor base in the socio-economic determinants of development.

(vi) Orthodox, inefficient and traditional techniques of production.

(vii) Poor human development index.

Thus, it is found that to define the term underdeveloped country is an easy task. However, the term 'underdevelopment' represents 'poverty of nations' which has been changing considerably over time. Again, the countries were classified as poor and rich on the basis of per capita real income.

Again, the poor countries which were initially termed as 'backward', but gradually they have been termed as 'underdeveloped', then to 'less developed' and then to 'Third World Countries' and developing countries.

Human Development Index (HDI) statistics rank the countries on the basis of their development. The country which is having a high standard of living, high GDP, high child welfare, health care, excellent medical, transportation, communication and educational facilities, better housing and living conditions, industrial, infrastructural and technological advancement, higher per capita income, increase in life expectancy etc. are known as Developed Country. These countries generate more revenue from the industrial sector as compared to service sector as they are having a post-industrial economy.

The following are the names of some developed countries: Australia, Canada, France, Germany, Italy, Japan, Norway, Sweden, Switzerland, United States.

Differences Between Developed and Developing Countries

The following are the major differences between developed countries and developing countries

- The countries which are independent and wealthy are known as Developed Countries. The countries which are facing the beginning of industrialization are called Developing Countries.
- Developed Countries have a high per capita income and GDP as compared to Developing Countries.
- In Developed Countries the literacy rate is high, but in Developing Countries illiteracy rate is high.
- Developed Countries have good infrastructure and a better environment in terms of health and safety, which are absent in Developing Countries.
- Developed Countries generate revenue from the industrial sector. But, Developing Countries generate revenue from the service sector.
- In developed countries, the standard of living of people is high, which is moderate in developing countries.
- Resources are effectively and efficiently utilized in developed countries. On the other hand, proper utilization of resources is not done in developing countries.
- In developed countries, the birth rate and death rate are low, whereas in developing countries both the rates are high.

BASIS FOR COMPARISON	DEVELOPED COUNTRIES	DEVELOPING COUNTRIES
Meaning	A country having an effective rate of industrialization and individual income is known as Developed Country.	Developing Country is a country which has a slow rate of industrialization and low per capita income.
Unemployment and Poverty	Low	High
Rates	Infant mortality rate, death rate and birth rate are low while the life expectancy rate is high.	High infant mortality rate, death rate and birth rate, along with low life expectancy (hope) rate.
Living conditions	Good	Moderate
Generates more revenue from	Industrial sector	Service sector
Growth	High industrial growth.	They rely on the developed countries for their growth.
Standard of living	High	Low
Distribution of Income	Equal	Unequal
Factors of Production	Effectively utilized (used)	Ineffectively utilized

Conclusion