**Text 5**

**Read and translate the text. Answer the questions.**

**Economic development**

Economic development,the process whereby simple, low-income national economies are transformed into modern industrial economies. Although the term is sometimes used as a synonym for [economic growth](https://www.britannica.com/topic/economic-growth), generally it is employed to describe a change in a country’s economy involving qualitative as well as quantitative improvements. The theory of economic development – how primitive and poor economies can evolve into sophisticated and relatively prosperous ones – is of critical importance to underdeveloped countries, and it is usually in this[context](https://www.merriam-webster.com/dictionary/context) that the issues of economic development are discussed.

Economic development first became a major concern after [World War II](https://www.britannica.com/event/World-War-II). As the era of European colonialism ended, many former colonies and other countries with low living standards came to be termed underdeveloped countries, to contrast their economies with those of the developed countries, which were understood to be Canada, the [United States](https://www.britannica.com/place/United-States), those of western Europe, most eastern European countries, the then [Soviet Union](https://www.britannica.com/place/Soviet-Union), Japan, [South Africa](https://www.britannica.com/place/South-Africa), Australia, and [New Zealand](https://www.britannica.com/place/New-Zealand). As living standards in most poor countries began to rise in subsequent decades, they were renamed the [developing countries](https://www.britannica.com/topic/developing-nation).

There is no universally accepted definition of what a developing country is; neither is there one of what [constitutes](https://www.merriam-webster.com/dictionary/constitutes) the process of economic development. Developing countries are usually categorized by a [per capita income](https://www.britannica.com/topic/per-capita-income) [criterion](https://www.merriam-webster.com/dictionary/criterion), and economic development is usually thought to occur as per capita incomes rise. A country’s per capita income (which is almost synonymous with per capita output) is the best available measure of the value of the goods and services available, per person, to the society per year. Although there are a number of problems of measurement of both the level of per capita income and its rate of growth, these two indicators are the best available to provide estimates of the level of economic well-being within a country and of its economic growth.

It is well to consider some of the statistical and [conceptual](https://www.merriam-webster.com/dictionary/conceptual) difficulties of using the conventional criterion of underdevelopment before analyzing the causes of underdevelopment. The statistical difficulties are well known. To begin with, there are the awkward borderline cases. Even if analysis is confined to the underdeveloped and developing countries in [Asia](https://www.britannica.com/place/Asia), Africa, and [Latin America](https://www.britannica.com/place/Latin-America), there are rich oil countries that have per capita incomes well above the rest but that are otherwise underdeveloped in their general economic characteristics. Second, there are a number of technical difficulties that make the per capita incomes of many underdeveloped countries (expressed in terms of an international currency, such as the U.S. dollar) a very crude measure of their per capita real income. These difficulties include the defectiveness of the basic national income and population statistics, the inappropriateness of the official exchange rates at which the national incomes in terms of the respective domestic currencies are converted into the common denominator of the U.S. dollar, and the problems of estimating the value of the noncash components of real incomes in the underdeveloped countries. Finally, there are conceptual problems in interpreting the meaning of the international differences in the per capita income levels.

**Questions:**

1. What does the term economic development mean?
2. What are the criteria of a developing country?
3. Can you explain the meaning of a a [per capita income](https://www.britannica.com/topic/per-capita-income) [criterion](https://www.merriam-webster.com/dictionary/criterion)?
4. Are there any criteria of a underdeveloped country?
5. What is the role of a US dollar as the indicator of a country’s development?