

## The first chapter: a study of the phenomenon of economic underdevelopment and its theories

### Indicators of Underdevelopment (Characteristics and Manifestations)

Countries suffering from economic underdevelopment share a set of characteristics or features that distinguish them from advanced countries, including economic, political, and social aspects. While the extent of these characteristics may vary, they largely represent qualities and attributes that need to be eliminated to eradicate the phenomenon of economic underdevelopment. Some of these characteristics include:

- 1- **Low living standards and high poverty rates:** Most underdeveloped countries experience low living standards, which can be quantitatively measured by the average per capita income, the rate of national income growth, and the inequality in the distribution of national income. It can also be measured qualitatively by assessing the level of education, illiteracy rates, and the availability of social services such as clean water, sanitation, and other criteria classified under social characteristics.
- 2- **Low labor productivity:** Underdeveloped countries generally suffer from significantly lower average labor productivity compared to their counterparts in advanced countries. The reasons for this low productivity include:
  - Insufficient investments in productive sectors.
  - Technological backwardness in terms of organization and management.
  - Limited use of technology and the digital revolution.
  - Weak training and education.
  - Low cultural and intellectual levels within societies (lack of awareness).
  - Low living standards, poor health services, and other factors.
- 3- **Specialization in primary production:** Underdeveloped countries are characterized by specializing in primary products such as agriculture and extractive industries without extending the production process to include later stages. Thus, the agricultural sector in underdeveloped countries contributes the largest share to the formation of the gross national product (GNP) and employs a significant portion of the workforce. This sector is often technologically backward, and most agricultural production is consumed domestically.

Certain countries also rely heavily on extractive industries, which account for a significant part of their GDP and exports. However, these industries employ only a small percentage of the total workforce, as they are technologically advanced and controlled by foreign companies. The exports of these sectors often take the form of raw materials, resulting in the country not benefiting from value-added.

The primary specialization is a consequence of colonization, which played a significant role in distorting the economies of these countries. It led to a greater demand for primary materials, often causing harm to the environment and distorting the economic structure (e.g., Algeria shifting from wheat cultivation to vineyards).

4- **Limited domestic market:** The limited size and purchasing power of the domestic market can be attributed to the low individual purchasing capacity. This limitation has negative effects, as it hinders the establishment or creation of productive units characterized by low costs according to economic concepts. Additionally, underdeveloped countries rely on exporting primary products and importing manufactured goods, leading to an unfavorable balance of trade.

#### 5- **External Dependency: Economic, Political, and Cultural Subordination**

The extent to which a country relies on the outside world in political, economic, and cultural areas depends on its size, resource abundance, and political history. For most developing countries, this external dependency is fundamental and necessary, and in some cases, it covers all or most areas.

- **Dependency in the scientific and technological field:** With the increasing emphasis on the knowledge-based economy, where knowledge has become a driving force for production and the most valuable capital in the world, those who possess knowledge impose their presence in the global market, especially with the growing role of media, communication, and technology.

In light of these changes, many countries in the Global South have fallen into the illusion that owning technology, using computers, the internet, media, and communication will make them developed countries. However, there is a difference between those who consume knowledge and those who produce it.

- **Dependency in trade:** Despite globalization, the abolition of borders and barriers, and the opening of markets

- **Dependency in Other Fields** : Dependency on external sources extends to other fields such as education systems, cultural and intellectual systems. It may also encompass the political frameworks of developing countries, as well as value systems, consumption patterns, lifestyle, living and working methods, personality, and more.
- 6- **Demographic Growth**: Many underdeveloped countries suffer from population pressures, where population numbers are increasing at high rates that are not proportional to the size of natural and economic resources. This is due to high birth rates, low mortality rates, and high fertility rates, while economic growth is low. As a result, there is an inability to meet basic needs such as food, housing, healthcare, and education.

ultimately, we cannot consider underdevelopment as an eternal static characteristic. If a country can control these indicators, it can overcome the core of underdevelopment. As we mentioned earlier, it requires a combination of internal and external factors, but it is not an inevitable fate that cannot be overcome. Recognizing underdevelopment, along with political and institutional stability, in addition to a minimum level of social consensus, are essential conditions for overcoming underdevelopment and achieving economic development.