Definition:

Less economically developed countries or LEDCs can often be detected according to their ranking relative to the economic growth and development of their infrastructure. The main characteristics of LEDCs are the low standards of living, the low levels of productivity, the high rates of population growth, the levels of unemployment, dependence on agriculture and vulnerability in international relations. Factors such as poverty can be measured effectively in terms of *relative and comparative poverty*. Once a country experiences high amounts of poverty, they might find themselves in a poverty trap, meaning that the poverty triggers further poverty over the generations.

Example (if applicable):

If a household has very little money, it is unable to spend it inside the economy. This prevents economic growth and generates further low incomes, preventing higher education and economic development.

IB Exam Question: Explain, using examples, that LEDC countries share common characteristics.
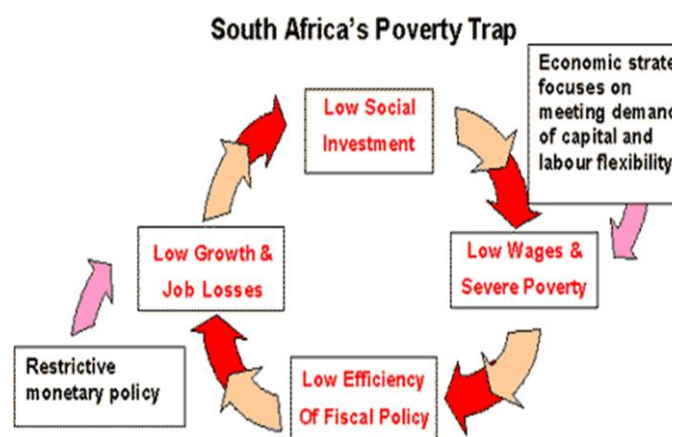
Main Idea 1:

- **Low standards of living** can be found in nearly every less economically developed country.
- This automatically prevents the incomes to rise under typical working conditions.
- In order for a family to survive, **high population growth** is needed to generate income for the family.

Main Idea 2:

- Several social/society attributes of LEDCs such as the lack of a **juridical** and **banking system**, prevent the establishment of a fair and regulated market.
- Therefore, growth is heavily throttled, preventing high wages etc.

LEDC Countries

Diagram:

South Africa's Poverty Trap

Caption: Once a country finds itself in a poverty trap, only outside intervention can help regulate the system.

Further Notes:

- The poverty trap, as shown in the diagram to the right, is the best example explaining why the gap between the rich and poor extends itself over the generations.
- As explained above, the factors creating LEDC countries are also causes of each other. Therefore, the chain (or poverty trap) can only be broken through outside intervention.