expands on this, noting that Asian countries have been catching up with OECD countries, while African countries have generally been falling behind and Latin America's relative position has remained the same. Lower-income countries, however, failed to achieve any convergence. Thus, with the exception of the latter group, we see the narrowing of differences within groups, but little income per capita convergence between groups.[5]

Population Growth

Prima facie, we would expect large increases in the general population growth rate to have harmful effects on economic growth rates. As population growth increases, it generally increases the proportion of young people to those of working age, often called the dependency ratio. Increasing the dependency ratio generally has a negative impact on economic growth for a number of reasons. First, current consumption becomes of more immediate importance than current investment. In other words, the current consumption versus future consumption trade-off favours the former. Secondly, scare resources are spread out over increasing numbers of people. This means that each working person must support larger numbers of people who are not in the labour force. The impact on per capita GDP growth is obvious, especially in the absence of productivity growth. For example, it can increase the strain put on the educational system, thus hindering the ability of the country to develop its human resources. In addition, high dependency ratios can mean that government social assistance programs (if they exist) become overburdened, causing more government resources to be diverted away from programs such as education. Thirdly, increases in population are often

[5]James A. Brander, "Comparative Economic Growth: Evidence and Interpretation," *Canadian Journal of Economics*, Vol. 25, No. 4 (November 1992), 795-7. Brander cites an FAO report from 1963 to show that development economists did not correctly predict the strong growth areas. The report says that resources in Latin America and Africa were unquestionably ample without approaching full utilization. Resources in Asia, however, were limited and thus the report questioned the ability of Asia to increase food production by the magnitude necessary to match population growth. Another way of expressing this convergence within groups is through the use of a Gini-coefficient which measures the degree of inequality between countries. The Gini-coefficient ranges between 0 (perfect equality) and 1 (perfect inequality). Between 1950 and 1980, this number fell from .302 in 1950 to .129 in 1980 for the industrialized countries. For centrally-planned economies the coefficient dropped from .381 to .301, while middle-income developing countries experienced a smaller fall from .269 to .258. Low-income countries, however, experienced a small increase over the 30-year period to .112 from .103. See Robert Summers, I.B. Kravis and Alan Heston, "Changes in World Income Distribution," *Journal of Policy Modelling*, Vol. 6 (May 1986), 237-69, cited in Baumol, op. cit., p. 1080.