Outlook for the 'Developing country' category: a paradox of demise and continuity

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ABSTRACT

In the 2016 edition of its *World Development Indicators* (WDI), the World Bank introduced an important change in the way it categorizes countries: it explicitly stated the intention to eliminate the distinction of countries as 'developing' and 'developed'. This decision represents the first time one of the world's most powerful and influential international organization, fully embedded in development discussions, has overtly decided to move away from this fuzzy-yet-ubiquitous terminology for categorizing countries (and not proposing to replace the division). This paper takes this shift as a springboard to discuss country groupings based on development levels, particularly the 'developed'/'developing' dichotomy, focusing on the latter term. The paper argues for a paradoxical scenario, wherein the label 'developing' will increasingly become analytically useless while concurrently retaining – or even strengthening in some cases – its power in the context of foreign policy strategies, especially by 'emerging' countries. The analysis details the motives behind this paradox and provide a reasoning for when and why the term's usage is likely to be weakened or strengthened. Simply put, the 'developed'/'developing' dichotomy is weakening in its analytical capacity, mostly due to the increasing heterogeneity among countries under the 'developing' label and concurrent porosity of 'boundaries' between the two categories. At the same time, the term shows little sign of being phased out as a term for self-identification, and remains firmly embedded in a myriad of real-world operational purposes. Therefore, a nuanced approach is needed when assessing the prospects for the 'developing' country category.

KEYWORDS

Developing countries; Classification; Categorization; Identity; Global South; Emerging countries

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INTRODUCTION

The World Bank's 2016 edition of its annual *World Development Indicators* (WDI) introduced an important change in the way it categorizes countries. The report's Preface explicitly stated the intention to no longer use the terminology 'developing' and 'developed' countries: 'Unless otherwise noted, *there is no longer a distinction between developing countries* (defined in previous editions as low- and middle-income countries) *and developed countries* (defined in previous editions as high-income countries)' (World Bank, 2016:iii; emphasis added).[1]

The WDI report by itself does not provide details on the logic justifying the nomenclature change. Yet, several recent documents from the World Bank had already alluded to the (in)adequacy of labeling countries within the binary framework. For example, the *World Bank Group Strategy* report published in 2014 hinted to the institution's desire to move away from this terminology: 'As the traditional grouping of developing countries into income categories becomes less relevant, more attention is needed to the multiple facets of fragility and resilience across the income spectrum' (World Bank, 2014:2). Late 2015, two of the Bank's economists from the Development Data Group posed the question 'Should we continue to use the term "developing world"?', with the suggestive answer that the WDI should *phase out the term* (Khokhar & Serajuddin, 2015), then discussed again a Policy Research Working Paper in early 2016 (Fantom & Serajuddin, 2016).

While the term 'developing' for long has been questioned and contested, and its impreciseness well acknowledged, it has remained pervasive in academia, policy, and politics. Nonetheless, the 2016 WDI's decision matters because it represents the first time one of the world's most powerful and influential international organizations, fully embedded in development discussions, overtly decided to move away from this fuzzy-yet-ubiquitous categorization. This paper takes this shift as a stringboard to questions over the prospects of using the 'developed' and 'developing' terminology, focusing on the latter term. The broad question the paper reflects upon is whether it make sense to keep using this dichotomy in International Relations' studies and analyses.

The paper argues the existence of a paradoxical scenario, wherein the label 'developing' will simultaneously become increasingly useless and strong, depending on who uses the label and why. Simply put, on the one hand, the developing/developed dichotomy is weakening in its analytical capacity. This is mostly due to the growing heterogeneity among countries under the 'developing' label, especially evident by the so-called 'emerging powers'. On the other, the term remains firmly embedded in a myriad of real-world operational purposes (ex: access to preferential lending arrangement and trading schemes), whose entire overhaul would not be simple or quick. In addition, the 'developing country' label shows little sign of being phased out as a term for self-identification, including a strong impetus by most 'emerging powers' to *reinforce* their developing-country identity.

To develop this argument, the paper is divided in five Sections. The first addresses the overall topic of classification and categorization of social phenomena. Section 2 discusses the historical background of the 'developing'/ 'developed' country dichotomy, and then the approaches embraced by key international organizations in this regard. The following two Sections explore the paradox itself: first, showing why the dichotomy is increasingly useless for analytical purposes, followed by an explanation for why the 'developing country' *identity* is far from being obsolete. Finally, Section 5 concludes the paper.

1. THE IMPORTANCE OF CLASSIFICATION

Social scientists often face a fundamental dilemma when conducting research in their fields: finding a balance between 1) acknowledging the complexity of social phenomena, and 2) being able to establish broad assumptions about cases, documenting generalities and patterns that can hold across different instances (Ragin, 2000:21). One way of tackling this challenge is to take the set of units under analysis and cluster them around their similarities (or lack-thereof). The process of categorization rests upon the idea of providing maximum information with the least cognitive effort. The goal is to minimize within-group variance while maximizing between-group variance so that each group is as different as possible from all other groups, and internally as homogeneous as possible.

From a classical perspective, categories should be distinct (non-overlapping) and members within each category should be alike (see Cohen & Lefebvre, 2005).[2] In its extreme, the quest for least cognitive effort produces a dichotomous structure: a group divided in only two mutually exclusive categories, there, all units are assigned to one category or the other and no unit can belong to both categories at the same time. While a dichotomy's strength is its parsimony, its main drawback tends to be an increased degree of internal unit heterogeneity within each category. If the internal heterogeneity within a category is too big, the category can become analytically meaningless. On the other side of the spectrum, a classification structure whose primary aim is to have a high degree of unit homogeneity is likely to produce an also high number of categories. At its limit, the uniqueness of individual units would make each one be alone in their category.

There are close to 200 countries in the world. This makes grouping them into a small number of categories easy to understand: it is more practical. Nonetheless, there is an implicit trade-off for the practicality of clustering of countries into few – as opposed to several – categories: a sacrifice in nuance. There is also a greater risk of overgeneralization, since the smaller the number of categories, the higher the heterogeneity of countries within each one, i.e., there is an inverse correlation between a category's scope vis-à-vis depth of analytical precision.

1.1 Interpreting Classifications

From a materialist perspective, categories *reflect* – as opposed to *create* – varying material distributions and characteristics that already exist. Under this logic, categories such as 'developed country' or 'advanced economy' can be taken as objective descriptions. Even if they are faulty for not capturing the richness in variation among countries within the category, they are valid shorthand proxies for how the world 'really' looks: some countries are developed, others not; some economies are advanced, and some are not. In principle, countries are not arbitrarily designated into such categories: the process is based upon countries' development level or economic make-up, all of which are crafted from objective data themselves (ex: GDP, GDP per capita, key industrial sectors, poverty level, etc.).

In tandem, there can also be material consequences for countries related to the categories they fall under. For example, international organizations like the WTO have determined that certain trade rules are applicable – or not – to countries in the 'developed country' category; and some countries have developed specific foreign aid policies for Least Developed Countries (LCDs) which are different than for others that are 'developing' but not LDC.

Yet, there is another way of analyzing categories that seeks meaning and impact beyond the material elements they claim to reflect. The process of creating and assigning categories can be seen as an exercise of order over the social world. Even if based upon 'material' elements, the choice of *which* elements matters for fully understanding the categorization of social phenomena. For example, what would be the 'right' way of assessing if a country is powerful, democratic, or developed? While there can be a material approach to which objective markers are adequate proxies for such assessments, the markers should not be taken as natural facts. The material world is *placed* into categories, and does not exist within 'natural' classification structures. Therefore, knowledge and social reality are socially constructed (Searle, 1995; Wendt, 1995, 1999; Guzzini, 2000; Adler, 2012).

In a 'thin' approach to Constructivism, the claim is not of 'ideas all the way down': material elements are not denied, and there is a recognition of the existence of a material reality outside of human interpretations (Wendt, 1995). Conceptualized under this approach, the categorization of a country as 'poor' or 'developing' is a social fact based upon a particular reading of the material world.

1.2 Consequences of classifications

Categories – and the identities that can emerge from them – are 'more than merely markers of distribution of material power identity' (Hopf, 2002:2). Intentionally or not, the process of categorizing countries can produce material and symbolic consequences. Recognizing these implications helps to understand the reasons for a country 1) to want to change how it is categorized, as well as 2) to remain attached to a category even if the 'fit' is inadequate. Belonging or not to a category – ex: 'developed', 'LDC', 'DAC donor', 'emerging', etc. – can yield very concrete impacts, for example: the amount a country is expected to pay to an international organization; a country's eligibility to receive development assistance; credit-worthiness with the international financial market, including volume and availability of loans and interest rates, etc.

At the same time, there are intangible implications from categorizations. No less important, they can affect how countries perceive themselves and each other. Countries sometimes embrace certain categorizations as part of their own *identity* and foreign policy discourse. Identities are 'among the most normatively and behaviorally consequential aspects of politics' (Smith, 2004:302). 'European', 'Emerging', and 'Third World' are examples of categories that have transcended their initial origins and become identity markers on their own. This fusion of categorization-identity can be an example of Onuf's (1998:61) understanding that 'unintended consequences frequently form stable patterns with respect to their effect on agents'.

As an inherently social phenomenon, identity is intersubjective: it concerns the ways in which actors view themselves, and the self in relationship with others (see Keyman, 1995; Barnett, 1999; Kaarbo, 2003). Because of these social and relational aspects, identities may be contingent, dependent on the country's interaction with others and place within an institutional context (Barnett, 1999:9). This is ubiquitous in international relations, as countries highlight certain elements of their identity to build and strengthen cooperation, leverage their positions in negotiations, claim legitimacy to belong in certain international decision-making processes, among many others reasons.

The next Sections will build upon these theoretical discussions of categorizations, and explore the importance of country classifications in the specific case of the 'developed/developing' dichotomy.[3]

2. DEVELOPED/DEVELOPING: THE DICHOTOMY'S ORIGINS

It is difficult to pinpoint exactly when or who first introduced categorize countries as 'developing' or 'developed'. However, the idea of a world comprised of few 'evolved' nations has a long history. Building on the template of Christians *versus* 'barbarians' used by European conquerors, the idea of 'civilized nations' began to appear in the writings of many European philosophers and jurists in the 18th century, such as in Kant's *Perpetual Peace* (1795) reference to 'civilized' and 'savage' peoples (Obregon, 2012; Sloan 2015). The former encompassed 'the old Christian states of Western Europe', as said by the 'father' of modern International Law, L. F. L. Oppenheim (*apud* Jennings, R., & Watts 1997:87-88). In the words of another important International Law scholar of the late 19th century, it was the mission of 'civilized nations to promote the education, the guidance', and ultimately, 'the *civilization of savage peoples*' (Calvo, 1895:149; emphasis added). Later Sections will show this mission appears to have been readapted – whether purposefully or not – from one of 'civilizing' to that of 'developing'.[4]

Despite questionings, the 'civilized nation' status made its way to international treaties such as the Berlin Conference of 1885, and the Permanent Court of International Justice of 1922. This document established in its Article 38(2) 'the general principles of law recognized by *civilized* nations' (emphasis added) to be one its legal sources – a wording embraced *ipsis litteris* by the International Court of Justice, and that remains to this day.

The word 'development' itself began to be used in a socioeconomic context – as opposed to a legal or political – in the 19th century by scholars such as Marx, Lenin, and Schumpeter, and was briefly alluded to in the League of Nations' Charter of 1920 (Rist, 2002:73). Yet only in the 1940s was the word 'development' effectively transformed from a noun to an adjective, and used to categorize countries: i.e., from 'country X seeks [economic] development' to 'country X *is* [*not*] developed'. Initially, '*under*developed' was the label adopted to categorize countries which were not considered developed, as used by US President Truman's Point Four in 1949. Over the years, this label was replaced by 'develop*ing*': as opposed to a stationary position of being (permanently) underdeveloped, the suffix '-ing' signals a dynamic scenario, where developing countries can eventually *become* developed.

Throughout the Cold War, policy and academia embraced a growing number of terms for countries 'lagging' behind. The simplest way was to call them *poor*. With time, other terminologies appeared and were incorporated to the development-related lexicon: 'less developed', 'non-industrialized', 'backwards', 'peripheral', etc. Others terms were conceived with closer connection to the Cold War world power structures, such as the North-South division, and 'Third World' countries, as shown in Table 1 (see Sauvy, 1952; Balandier, 1956; Horowitz, 1966; Bauer & Yamay, 1982; Rist, 2002; Helleiner, 2014).

Table 1. 'Developed' vs. 'Developing' countries: common synonyms and characteristics

	'Developed'	'Developing' (or 'Underdeveloped')
Synonyms (commonly used)	Rich	Poor
	North	South
	Advanced (economy)	Backward (economy)
	First World	Third World
	Core	(Semi) Periphery
	Industrialized	Non-industrialized
Characteristics (commonly given)	High living standards	Low living standards
	High life expectancy	Low life expectancy
	Low birth rate & child mortality	High birth rate & child mortality
	High GDP per capita	Low GDP per capita
	Highly diversified industries	Low/no industrial diversification
	Technology exporter	Technology importer
	Donors of develop. assistance	Recipients of develop. assistance
	Mostly members of OECD	Mostly members of G77

Despite all the coexisting terms and pervasive lack of clarity as to how precisely ascertain which countries should be considered 'developing', this label became arguably the most embedded in the global governance of development. From a path-dependent perspective, one can say that 'civilized' countries were simply re-labeled 'developed'.[5] The general perception of which countries belong to this category was relatively simple and straightforward. Important material differences among these countries and the 'developing' rest remained easy to point out, particularly regarding socioeconomic indicators.

Generally, 'developing' countries have been perceived as sharing many overlapping characteristics (Table 1), with the historical conditions behind their common ailments being generally overlooked and treated as internal and self-generated phenomena (Rist, 2002:74). In terms of quality of living, 'developing' countries tend to be those with (relatively) low life expectancy and high fertility rates, and high poverty levels. They are marked by low GDP per capita, and their economies based mainly on the exports of primary products, with small or nonexistent industry production with low diversification. 'Developing' countries are also those seen as recipients of development assistance (a.k.a. foreign aid). At the same time, 'developed' countries would typically overlap as 'rich' countries where, on average, citizens were (relatively) healthy, had access to education and food, lived passed their 60th birthday, and had disposable income. Their economies were typically among the highest in the world (total GDP), or at least on the top of the world in highest GDP per capita.

Notwithstanding a few cases, until the mid-1970s, the dichotomy provided a somewhat reasonable depiction of world. When the G7 was created in 1975, the GDP of its member countries – USA, UK, France, Germany, Japan, Italy, and Canada – represented almost 2/3rd of the global economy, with the United States alone amassing 30% of the world's GDP (Figure 1). [6] China was #8 in this world ranking and almost equal to Canada in total GDP; yet while the Canada's GDP per capita was close to US$ 8,000, China's was at a mere US$200 – just slightly better than India's US$190 (see Figures 1 and 2). As visible in Figure 2, there were already seven so-called 'developing' countries in the world's Top 20 GDP ranking (albeit Argentina being relatively similar to Spain), all in the corner overlapping relatively lower GDP and low GDP per capita.

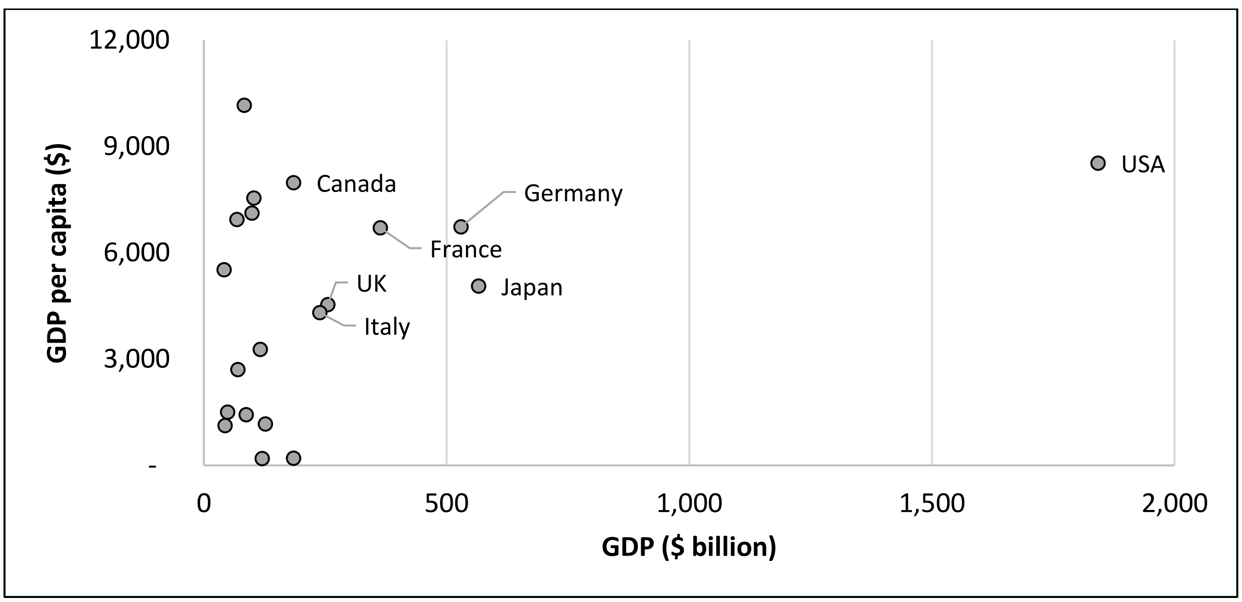


Figure 1. Top 20 largest economies (1975), top 7 identified
Source: based on World Bank data; GDP per capita based on Atlas method

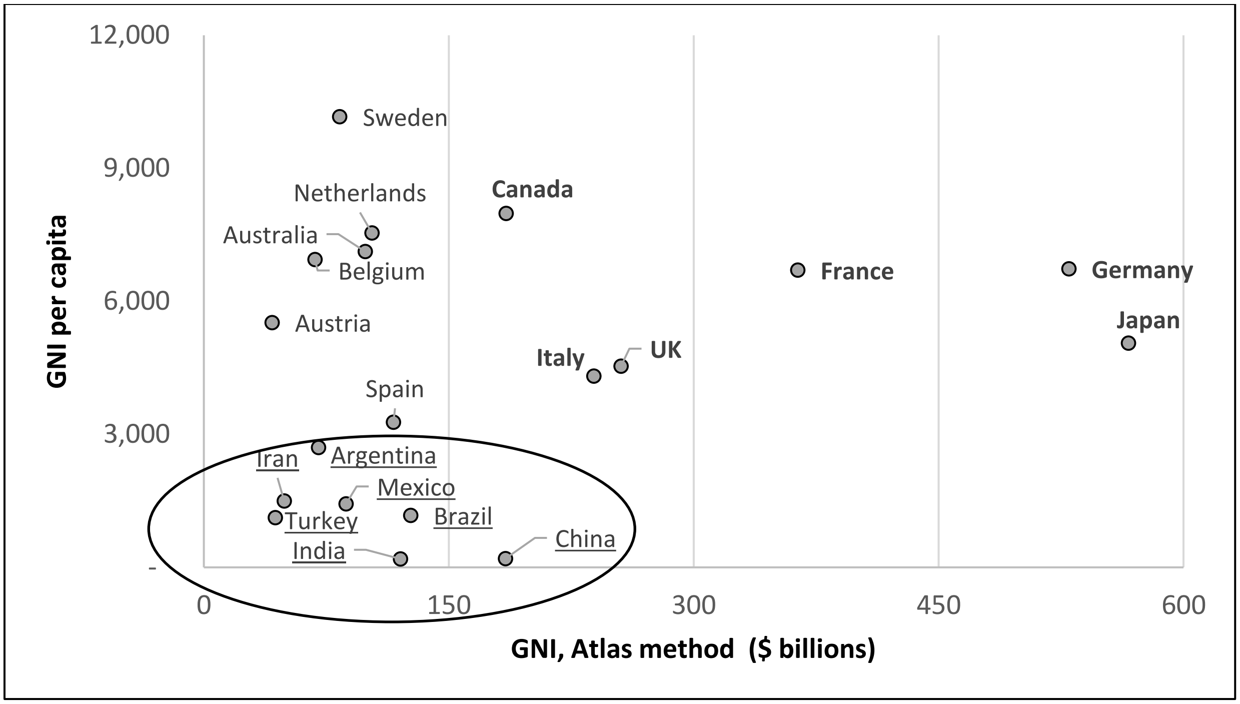


Figure 2. Top 20 largest economies (1975), US excluded
Source: based on World Bank data; GDP per capita based on Atlas method; countries in bold: G7 members; countries underlined: typically labeled 'developing'

A look at two key socioeconomic indicators – fertility rate and life expectancy – strengthens the perception of two worlds. As depicted in Figure 3, within the group 20 countries with highest GDP in 1975, there was a clear clustering of countries with (relatively) very low fertility rates and very high life expectancy, with Spain being the only one slightly off the tight cluster. These 'developed' countries (Spain here included) had an average fertility rate of 1.92 births/woman and live expectancy of 73 years. While the other countries were not as clustered, aside from Argentina with relatively better-off numbers, all 'developing' nations with high GDPs had fertility rates that were two to three times higher than the 'developed' average, and their citizens lived 10-20 years less.

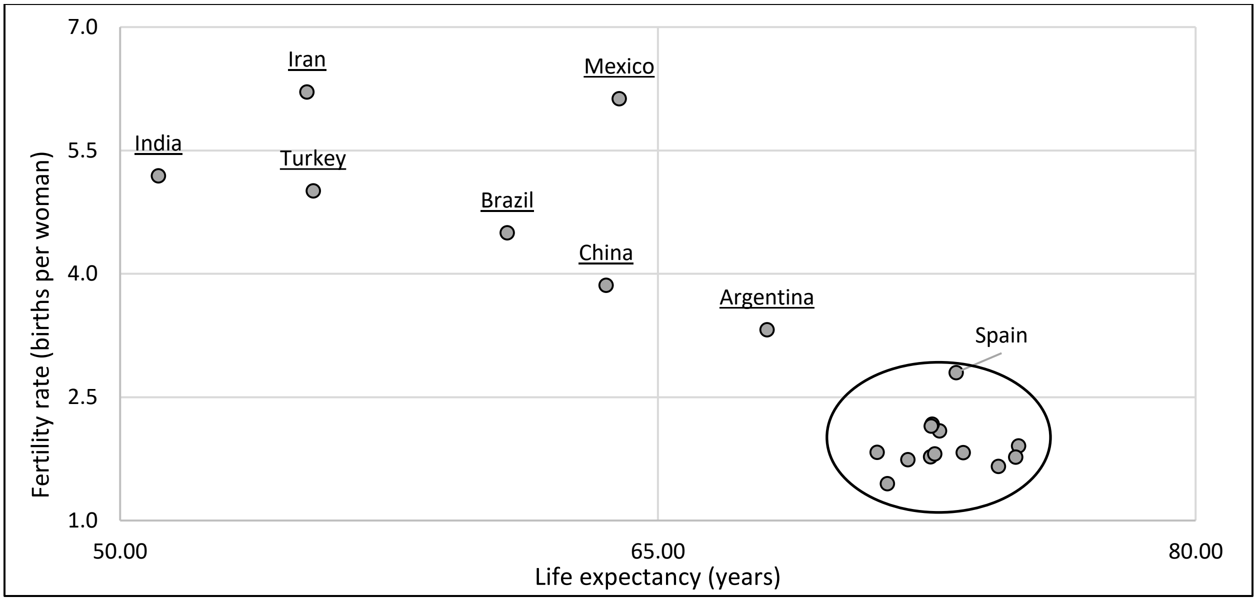


Figure 3. Fertility rate & Life expectancy Top 20 countries with largest economies (1975)
Source: based on World Bank data; GDP per capita based on Atlas method; countries underlined: typically labeled 'developing'

However, starting in the late 1970s, fissures in these indicators' overlaps would increasingly grow by practically all accounts. High oil prices in the 1970s made oil-exporting nations see their revenues soar, along with their GDP per capita. In 1980, for example, four out of the five countries in the world with highest GDP per capita were oil-exporting nations (the lone exception was Monaco at #1). The GDP per capita of the United Arab Emirates (ranked at #2) was *four times* that of the UK's, while Qatar (#3) was almost three times that of Belgium, France, or United States. Still, the high GDP per capita of these oil-exporting countries was not enough to propel these countries automatically to a 'developed' status. Their economies remained based upon the export of a single primary product, with no significant improvement in industrial diversification, technology development, or socioeconomic indicators – i.e. the countries were (relatively) rich, but not their citizens.

Starting in the 1980s, the 'Asian Tigers' (Hong Kong, Singapore, South Korea, and Taiwan) also began to challenge the 'developed' *vs.* 'developing' dichotomy. By 1990, Hong Kong's GDP per capita (Atlas method) was only 2.5% smaller than that of Spain, and ranked #3 in highest life expectancy rate in the world. That same year, Singapore and South Korea ranked #6 and #9 (respectively) on high technology exporting countries: the former higher than Netherland and Italy's numbers, and the latter surpassing Canada. Still, these cases were generally taken as unique, i.e. they did not signal the beginning of a transformative movement questioning the boundaries between 'developed' and 'developing' countries. Since the 2000s, deeper structural changes have taken place in the global economy, which certainly affected the World Bank's decision to move towards discontinuing the categorization.

The following Sections will elaborate on the argued paradox of why the term can be taken as analytically useless *and yet* concurrently powerful for both operational and ideational purposes. However, before engaging in the analysis, a brief note on another layer of complexity, this one involving international organizations' terminology choices.

2.1 International Organizations' Categorizations

In parallel to established and changing realities of individual countries' socioeconomic profiles or global economic structures, a growing number of international organizations (IOs) developed their *own* systems of designating countries within the 'developed'/ 'developing' dichotomy. As shown in Table 2, this exact nomenclature is used or an IO adopts its own label that is essentially a direct equivalent – except for the World Bank's recent move and the UNDP's Human Development Index.

Only some organizations provide clarity over the criteria adopted; among those that do, each one varies over the specific characteristics selected and the overall relevance given to each one characteristic. This leads to the number of 'developing' countries being somewhere between 134 (under World Bank's previously adopted method) and 161 countries (per IMF's system). Finally, the G77 and the World Trade Organization rely upon countries' explicit *self-identification* as 'developing', which in the G77 context is used synonymously to 'South'.

Table 2. Selected International Organizations' (IOs) nomenclature used to designate 'developed' and 'developing' countries

IO	Nomenclature	Notes	# D'ing countries
United Nations	**1) Developed economies** **2) Economies in transition** **3) Developing economies**	No established convention in UN system. Common practice: Japan, Canada, US, Australia, New Zealand, Europe: 'developed'; from former Yugoslavia: developing; countries of eastern Europe & Commonwealth of Indep. States in Europe: not included under either developed or developing	138 [d] out of 193
IMF	**1) Advanced economies** **2) Emerging market and Developing economies (single category)**	Based upon per capita income level, export diversification & degree of integration into global financial system; threshold is not strict	153 out of 188
World Bank*	**1) High Income** **2) Middle Income (Upper & Lower Middle)** **3) Low Income**	Explicit thresholds for each category, based on GNI per capita (Atlas) High Income = 'developed' countries Middle + Low Income = 'developing'	134[b] (Middle + Low Income)
OECD-DAC	**1) Developed (donors)** **2) Developing (recipients)**	Developing = country eligible for Official Development Assistance; six OECD members are ODA Recipients	139[b][d]
WTO	**1) Developed** **2) Developing**	The only criteria for the 'developing' label is countries' self-identification	129-134[a]**
UNDP	**1) Very High Human Dev.** **2) High Human Dev.** **3) Medium Human Dev.** **4) Low Human Dev.**	Human Dev. Index (HDI) not directly translated to 'developed' or 'developing' country; HDI based on long & healthy life, knowledge and standard of living	not applicable
	1) Developed **2) Developing**	Threshold unclear	149[d][e]
G77	**1) Developed (implicit)** **2) Developing (i.e. 'South')**	Membership is based on a country's self-identification as 'developing'	134

Source: UN (2016); IMF (2016); WDI (2015); OECD-DAC (*web*); WTO (electronic correspondence); UNDP (2015), G77 (*web*);

* Prior to WDI 2016

** The WTO has 164 members; 30 OECD members do <u>not</u> claim 'developing' status; Mexico, Chile, Turkey, S. Korea, and Israel have claimed 'developing' country status in some negotiations

(a) Includes Taiwan; (b) Includes West Bank & Gaza; (c) Includes Hong Kong; (d) Includes Nauru; (e) Includes Palestine

As each IO adopts their own criteria, the discrepancies in methodologies create both overlap and dissonance as to which countries are (or are not) 'developing'. As shown in Table 3, the World Bank has 60 countries listed as 'High Income': a bit over half of these countries are also 'Advanced Economies' and members of the OECD; yet, over half on the WB's 'High Income' list are Recipients of OECD-DAC's Official Development Assistance, and almost a third are G77 members. Of the IMF's 35 'Advanced Economies', all are 'High Income' (WB), most are OECD members and DAC donors; only one (Chile) is member of the G77. All but two of OECD's 34 members are 'High Income' (Mexico and Turkey); five OECD members are *not* 'Advanced Economies', and six are in the list of Recipients of Official Development Assistance. Chile is the only remaining G77 member in the OECD – Mexico and South Korea left the former organization at the time they joined the latter (Turkey was never part of the G77); the only countries to ever leave the G77 are Cyprus and Malta, which did so when joining the EU. Except for Poland and Hungary, all OECD-DAC Donors are 'Advanced Economies'.

Table 3. Comparing selected IOs classifications for 'developed' & 'developing' countries

	High Inc. (WB)	**Advanced Ec. (IMF)***	**OECD member.**	**OECD-DAC**	**WTO 'dev-ing'****	**G77**
High Income (WB)	**60**	37	33	28	23	19
Advanced Econ.(IMF)*	37	**39**	30	27	5	1
OECD membership	33	30	**35**	28	5	1
OECE-DAC donor	28	27	28	**28**	4	0
WTO 'developing'**	23	5	5	4	**134**	109
G77	19	1	1	0	109	**134**

* Includes non-IMF members designated "Advanced Economies": Hong Kong, Taiwan, Macao, and P. Rico
** Includes countries with partial claims to 'developing' status (Chile, Mexico, Turkey, S. Korea, and Israel)

Under the WTO's self-identification approach, the general rule has been that OECD members do not identify themselves as 'developing'. At the same time, since this organization's legal arrangement allows for an *à la carte* use of the 'developing' label, some OECD members have invoked the 'developing' country label, whether in all or only some WTO agreements. Such odd cases include Chile, Mexico, Turkey, Israel, and South Korea.[7]

Ultimately, the point here made is to highlight 1) there are important correspondences and dissentions between IOs' methods for designating which countries are 'developing' countries; and 2) discuss the *overall value* of continuing to visualize the world as divided between 'developed' and 'developed' countries – both issues which will be dealt with in the following Sections.

3. WHY (ANALYTICALLY) USELESS

The classification of countries based on their development 'status' has been generally based on a multidimensional approach (exemplified in Table 1), and constructed mostly as a twofold exclusionary taxonomy: a country is either 'developed' or 'developing'. Yet, the world has never been objectively divided in such way. While it has become commonplace to treat it 'as if' it was, such approach can be said to have always rested upon a precarious base – if not altogether baseless.

> There is a continuous range of incomes in the world, both between countries and within them, making the line of division between rich and poor countries quite arbitrary. One could say that the world is two-thirds rich and one-third poor, or one-tenth rich and nine-tenths poor, or choose any other two fractions which add up to one. The size of the celebrated gap between rich countries and poor countries (i.e., the difference in their average incomes) depends on the placement of the arbitrary line of division. (Bauer & Yamay, 1982:54)

Of course, any classification system is bound to have advantages and disadvantages. The main analytical advantage of using the one under discussion is reducing complexity. However, this parsimonious approach to country development levels been increasingly challenged in its analytical usefulness. Two concomitant phenomena have taken place in the past two decades which have affected the usefulness of such dichotomy: 1) maximization of within-group variance (among 'developing' countries), and 2) minimization of between-group variance – precisely the opposite of what is expected for a sound basis of classification.

3.1 Loss of analytical capacity due to maximization of within-group variance

There has always been heterogeneity within both 'developed' and 'developing' groups. However, the variation in economic and social indicators among the latter – a much bigger group – has always been stronger than within the former. Since the late 1950s, several subcategories within the 'developing' group (many non-exclusionary) have been adopted by international organizations such as the United Nations, World Bank, and WTO. For example: Landlocked Developing Countries (LLDCs), created in 1957; the Least Developing Countries (LDCs), in 1971; Small Island Developing Countries (SIDS), in 1994; Heavily Indebted Poor Countries (HIPCs), in 1996; Lower Income Countries Under Stress (LICUS), in 2001; and the 2007 Structurally Weak, Vulnerable and Small Economies (SWVSE). While the proliferation of developing country classifications is undeniable (Fialho & Van Bergeijk, 2016), practically all subcategories have focused on countries with the relatively worse indicators and/or specific challenges to development, and no corresponding attention to the 'better-off' in the broad.

A starting point to the increasing economic heterogeneity among 'developing' countries is to take the World Bank's until now 'traditional' approach, of subdividing these countries in three categories (Upper Middle, Lower Middle, and Low Income countries), then comparing how each category's income has risen. Taking the initial year of 1990 as reference (the first available for measurement in PPP) and comparing it to 2014, it becomes clear the difference between each grouping has expanded in both absolute and relative terms, as illustrated in Figure 4. Low Income countries' total GNI (PPP) has risen from US$ 225 billion to US$ 977 billion, yet this number pales in comparison to the aggregate numbers for Upper and Lower Middle Income countries. Upper Middle Income countries' total GNI (PPP) grew from little over US$ 5 trillion (1990) to almost US$ 33.6 trillion (2014), while those in the Lower Middle income group went from US$ 3.3 trillion (1990) to US$ 17.3 trillion (2014).

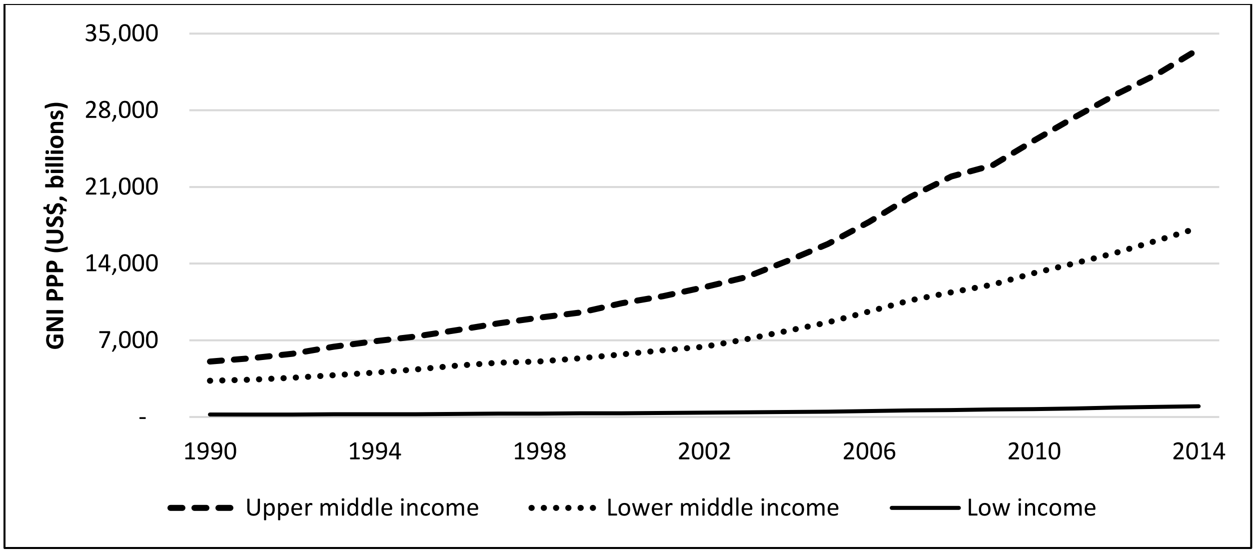
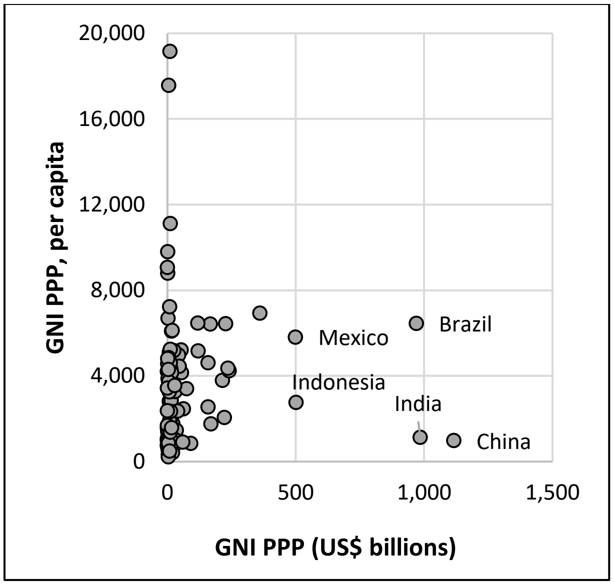
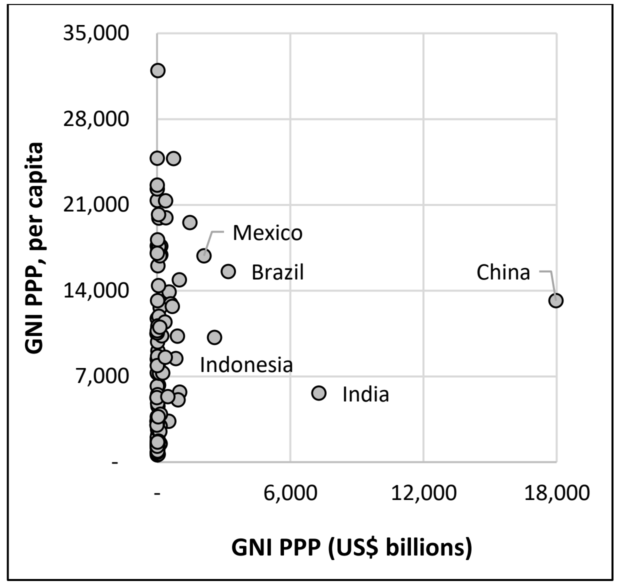


Figure 4. Aggregate GNI (PPP): Upper Middle, Lower Middle, Low Income countries
Source: based on World Bank data

In parallel, there has been a change in the global map of poverty. In the 1990s, 93% of poor people – i.e. those living under $1.25/day – lived in Low Income countries; two decades later, only 24%-29% of the world's poor lived in the 35 nations labeled as Low Income (Kanbur & Sumner, 2012). This reflects the 'graduation' of countries with large absolute numbers of poor from Low Income to Middle Income, notably: China, India, Pakistan, Nigeria, and Indonesia. What this 'new geography of global poverty' means, among other things, is that most of the world's poorest people do *not* live in the poorest countries eligible for Official Development Assistance (Moss & Leo, 2011).

Another way to visualize this increased heterogeneity it to compare all countries' GNI (total) and GNI per capita individually, excluding only those considered 'advanced economies' by the IMF.[8] In both 1990 and 2014, the same five countries remained at the top rankings in GNI of 'non-advanced' economies, and in the same order: China, India, Brazil, Indonesia, and Mexico (Figures 5A and 5B). While there has clearly been an increase in the number of countries with increased GNI per capita (vertical axis), at a first glance the 2014 horizontal distribution (Figure 5B) might look more homogeneous than that for 1990. However, China and India's GNI have grown at an incomparable pace, skewing the overall result.

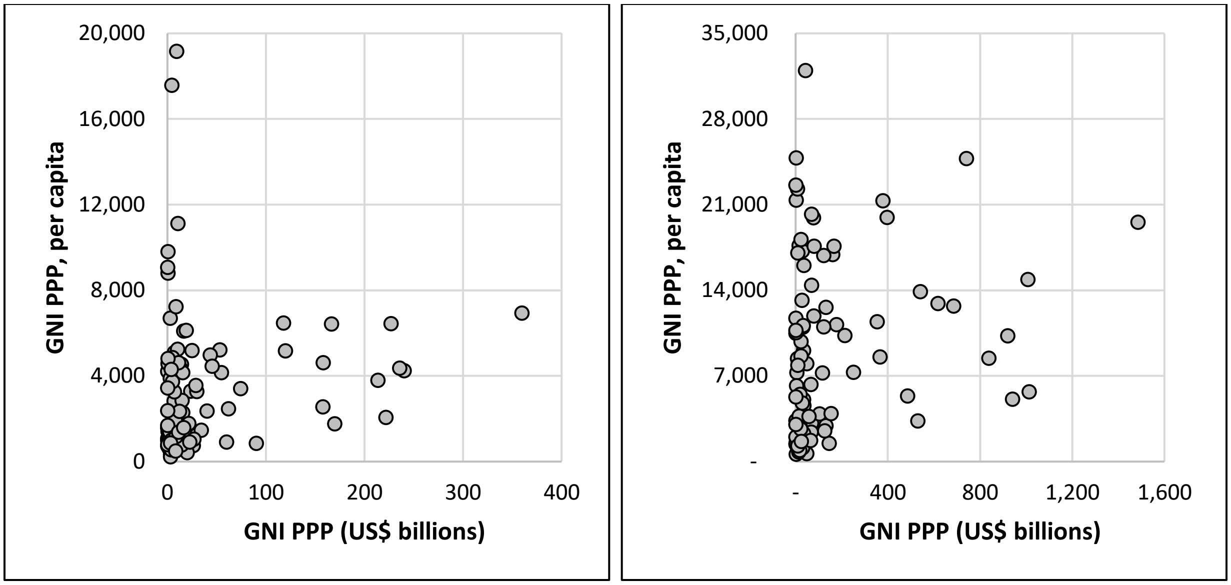




(A) 1990 (B) 2014

Figures 5.(A) and (B). GNI (PPP) total & per capita 'non-advanced' economies
Source: based on World Bank data

Figures 6A and 6B show the same data as the previous figures, but without the top 5 ranking countries abovementioned. The distribution of both GNI total (horizontal axis) and GNI per capita (vertical axis) has increased since 1990, as some countries have grown in absolute and/or relative terms at much stronger pace than others. Simply put, the 'developing' label is increasingly less indicative of a country's economic profile due to increasing within-group heterogeneity.



(A) 1990 (B) 2014

Figures 6.(A) and (B). GNI (PPP) total and per capita for 'non-advanced' economies, excluding top five GNI (China, India, Brazil, Indonesia, and Mexico)
Source: based on World Bank data

3.2 Loss of analytical capacity due to minimization of between-group variance

The mismatch between traditional characteristics used to separate 'developed' from 'developing' countries has increased significantly since the 2000s. In many aspects, there has been an erosion in the overlap of characteristics used to determine where each country stood vis-à-vis a 'development-ness' level. The current scenario is one where a significant number of countries are labeled 'developing' while sharing a growing higher number of 'developed'-country features. At the same time, many 'developed' countries have been experiencing some socioeconomic challenges usually associated with 'developing' countries, such as poverty and inequality.

a) National wealth[9]: total and per capita

One of the key 'attributes' of 'developing' countries is poverty, both in absolute and relative terms. However, since the late 1990s, the engine of the world economy has moved from the traditionally wealthy OECD countries to developing and emerging economies, in what has been called the 'shifting wealth' (OECD, 2015). In 1990, the aggregate economies of all Middle & Low Income countries was less than half of that of High Income countries: $8,568 trillion versus $19,608 trillion; by 2014, the former was only 10% smaller than the latter's (Figure 8): $51,761 trillion versus $56, 961 trillion.

While this phenomenon has been strongly influenced by the enormous growth in China and India's GNI, it has not been limited to these two countries. Whether measured in current prices or Purchasing Power Parity (PPP), the G7 countries no longer dominate the world's economy as they used to. As shown in Figure 7, G7 countries' economies represented less than one-third of the world's GNI in 2014; in 2014 China surpassed the US to rank #1 in the world for gross national income (PPP), with India as #3, followed by Germany, Japan, and Russia. [10]

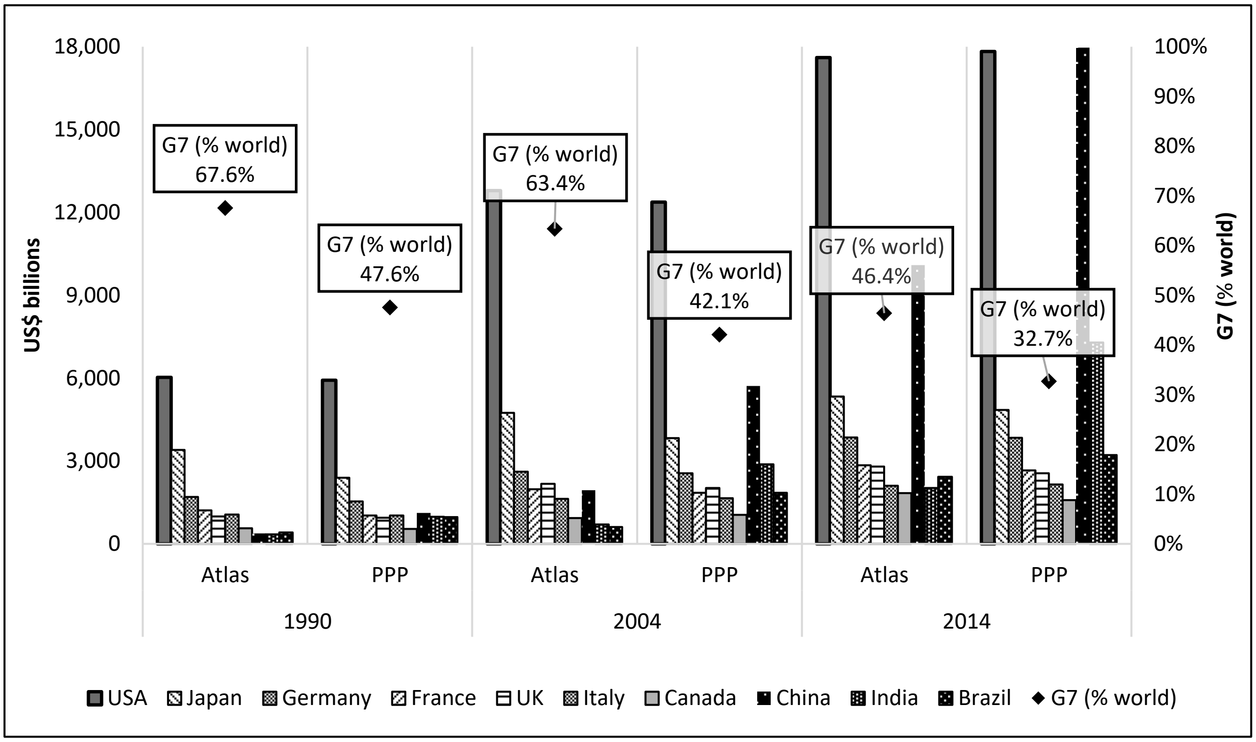


Figure 7. GNI selected countries (Atlas & PPP methods), and G7's total GNI as % world
Source: based on World Bank data

A picture of the world's wealthiest countries in 2014, measured in PPP, was one in which Brazil (#7) was ranked higher than France (#8); the UK (#10) was behind Indonesia (#9); and Mexico's GNI (#12) was only 2% smaller than Italy's (#11). Other interesting raking positions challenging the idea that 'developing equals poor country' include: Australia's economy (#17) was only 3% higher than Nigeria's (#18); Turkey's economy (#16) was 80% bigger than the Netherlands' (#24); and the GNI of Switzerland (#34) and Sweden (#35) were smaller than that of Vietnam (#33).

While in the 1990s only 12 developing economies saw their GNI per capita grow at more than double the rate of OECD countries, in the 2000s that number soared to 83 (OECD, 2015). The average income per capita of High Income countries – whether members of the OECD or not – is still undeniably higher than for countries in other categories, as depicted in Figure 8. However, on average, the numbers are becoming much less disparate for the 'top-tier' of 'developing' countries: in 1990, Upper Middle Income countries' average income per capita was roughly only one-seventh of that of High Income OECD countries; by 2014, this difference had reduced to one-third.

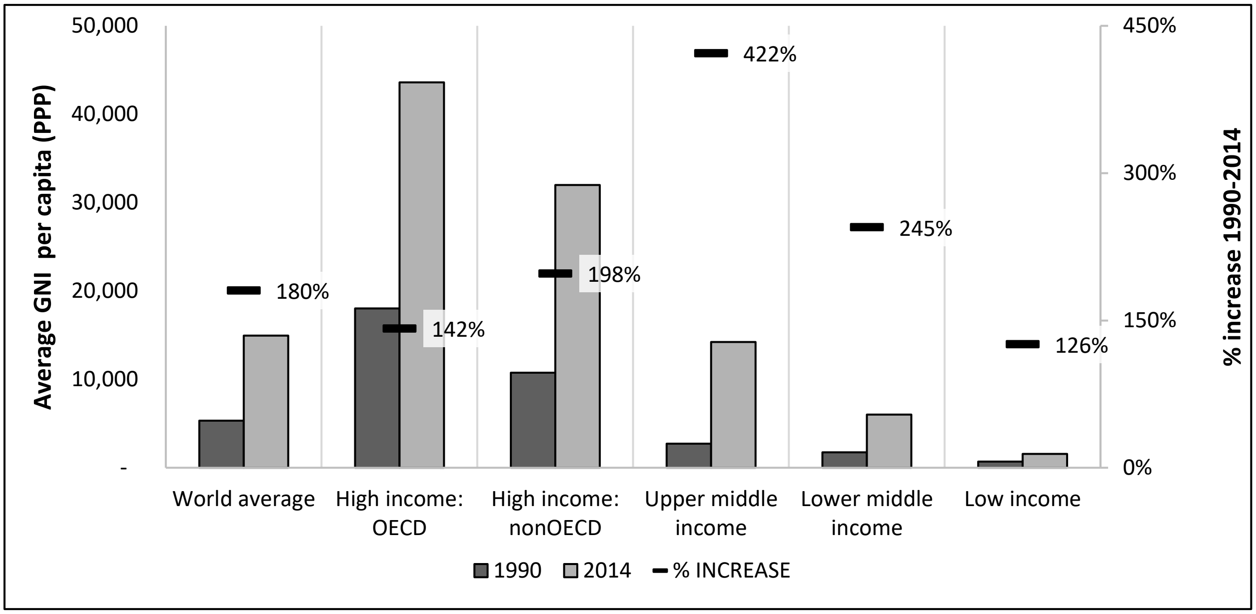


Figure 8. Average Income per capita selected countries (PPP), and % increase 1990/2014
Source: based on World Bank data

Individually, China's growth was unparalleled: its GNI per capita (PPP) rose from less than $1,000 in 1990 to US$ 13,170 in 2014 – an increase of 1244% in roughly a quarter decade. At the same time, India's had a five-fold increase. Given the fact that these two nations have over one billion people each, the numbers are nothing short of extraordinary. As depicted on Figure 9, other large 'developing' countries also grew at a much faster pace than G7 countries' 129% average: Turkey's GNI per capita rose 349%; South Korea's increased 300%; Indonesia's – the third most populous country in the world – by 269%; and 251% for Thailand.

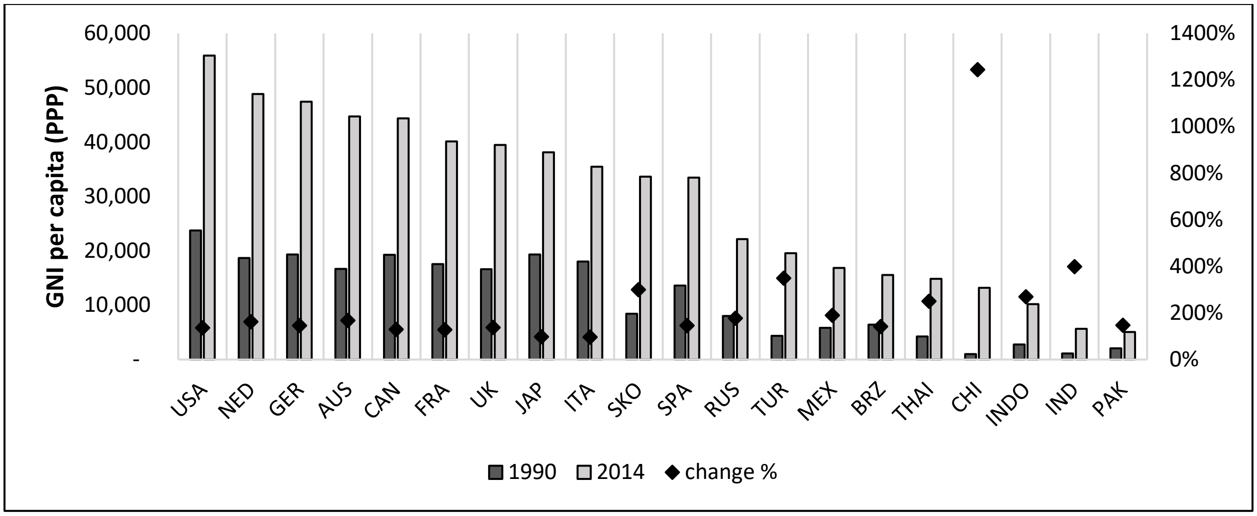
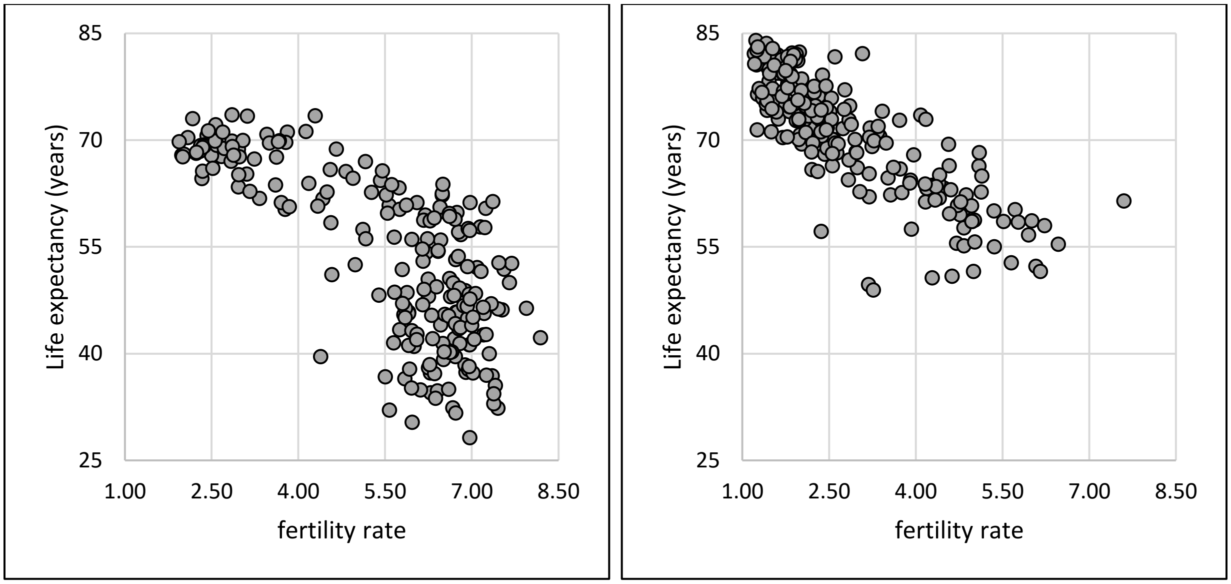


Figure 9. Average Income per capita selected countries (PPP), and % increase 1990/2014
Source: based on World Bank data

b) Living Standards

Life expectancy and fertility rates are no longer firm indicators of 'development-ness' as they once might have been. As depicted in Figures 10A and 10B, in 1960, only 30 countries had fertility rates below three children/woman; in 2014, this was the reality for 128 nations; on the flipside, while in 1960 there were 130 countries with fertility rate equal or above 5, in 2014 that number had decreased to merely 20. In 2014, 105 of the UN's 191 member countries had fertility rates below 2.5 children and life expectancy of 70 years or higher. At the same time, the countries with worst indicators – more than 4 births/woman and life expectancy below 65 years – were few and concentrated in Sub-Saharan Africa: only 36 countries in the world fit this profile, with only Afghanistan and Yemen outside of this region. Therefore, while some countries still fit the 'traditional' picture of 'developing', most of them now have a similar profile to 'developed' countries regarding these two criteria.



(A)1960 (B) 2014

Figures 10 (A) and (B). Life expectancy and fertility rates
Source: based on World Bank data

Another intriguing data comparison between 'developed' and 'developing' countries relates to a subset of Human Development Index (HDI): the Gender Development Index, which calculates each country's HDI for Females (F) and Males (M) separately (see UNDP, 2015). Very few of the 185 countries listed have HDI(F) higher than HDI(M): only 15, and only three of these are 'advanced' economies (Estonia, Lithuania, and Latvia). Looking all countries with Very High and High HDI (total), and juxtaposing each one's total number with the *gap* between HDI(F) and HDI(M), the resulting list with 94 countries shows that many 'developed' countries have significant gender HDI gaps. The bottom 30 countries on this HDI *gender-gap* list – i.e., absolute difference between HDI(M) and HDI(F) – shows seven 'developed' countries: New Zealand, Hong Kong, Switzerland, Netherlands, Austria, Malta and South Korea.

Figure 11 reinforces the need to think beyond traditional dichotomies when assessing people's living conditions *latu sensu*. Regionally, Latin America and Caribbean countries have the smallest gap between men and women's HDI: in other words, while HDI for females is certainly lower than that of OECD countries, there is slightly less HDI gender inequality based on this metric. South Asia is the last regional group position vis-à-vis this gender gap assessment, with a downward push partially coming from having three of world's five highest disparities between HDI(M) and HDI(F): India, Pakistan, and Afghanistan. As an average, HDI for men is globally 8% higher than for women; in Latin America & Caribbean and in OECD countries this average is only 2.4% and 2.8%, respectively; climbing to 14.7% for Sub-Saharan Africa, 17.7% for Arab States, and HDI for men is an average of 24.8% higher than for women in South Asia.

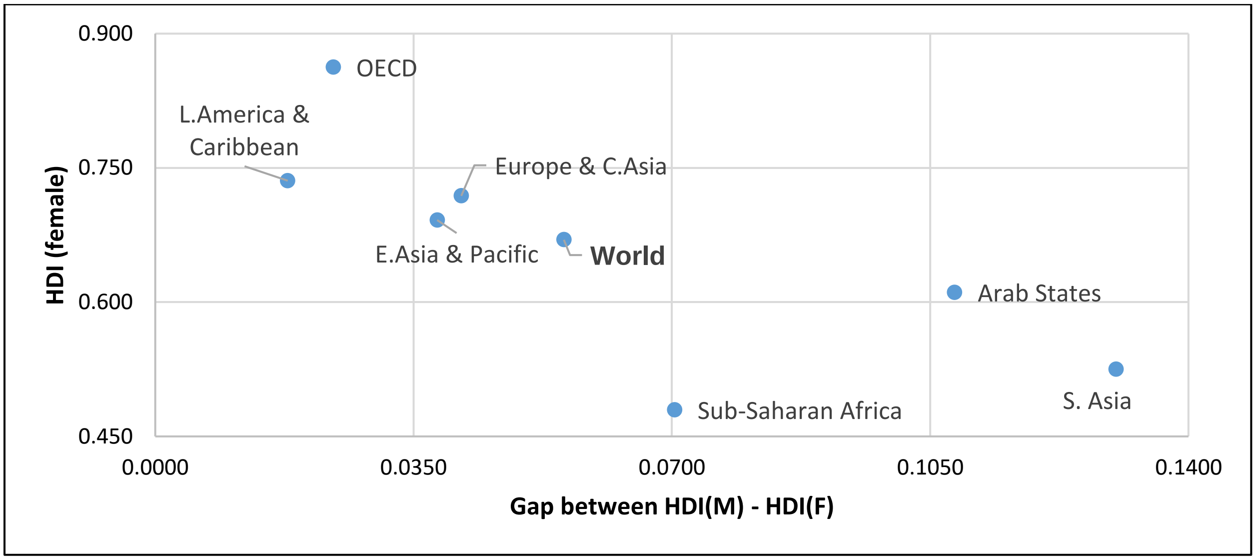


Figure 11. HDI (F) vs. gap between HDI(M) and HDI(F), regional groups (2014)
Source: Based on data from UNDP (2015)

c) Poverty & Wealth Inequality

Widening income inequality is 'the defining challenge of our time', as phrased by President Obama in 2013.[11] The gap between the rich and poor in 'advanced' economies is growing; the reality has been more mixed in 'developing' countries, where some have experienced declining inequality, although pervasive inequities in access to education, health care, and finance remain (IMF, 2015:4).

Since the mid-1980s, average inequality in OECD countries has risen by almost 10%, with the shift being more pronounced among the 1% of earners in English-speaking countries (OECD, 2015). The USA is the most unequal of all 'advanced' economies, with a GINI coefficient of 40.80, placing it just below Mauritania and Nicaragua's 40.50, and not far from China's 42.1 coefficient (World Bank database, 2013 data).

By itself, GINI-measured inequality does not tell if a country is 'developed' or not. For example, Tajikistan, Iraq, and Netherlands share the exact same low GINI coefficient (30.90), yet each one's GNI per capita (PPP) is significantly apart: $2,660; $15,100; and 48,860, respectively. As shown in Figure 12, there is low inequality in both 'developed' and 'developing' countries. Some are very rich and equal (e.g. Norway and Luxemburg), others where poverty is all-around pervasive (e.g. Afghanistan and Pakistan), and others which are equal but either very rich or very poor (most of them in Eastern Europe, such as Ukraine, Hungary, and Slovakia).

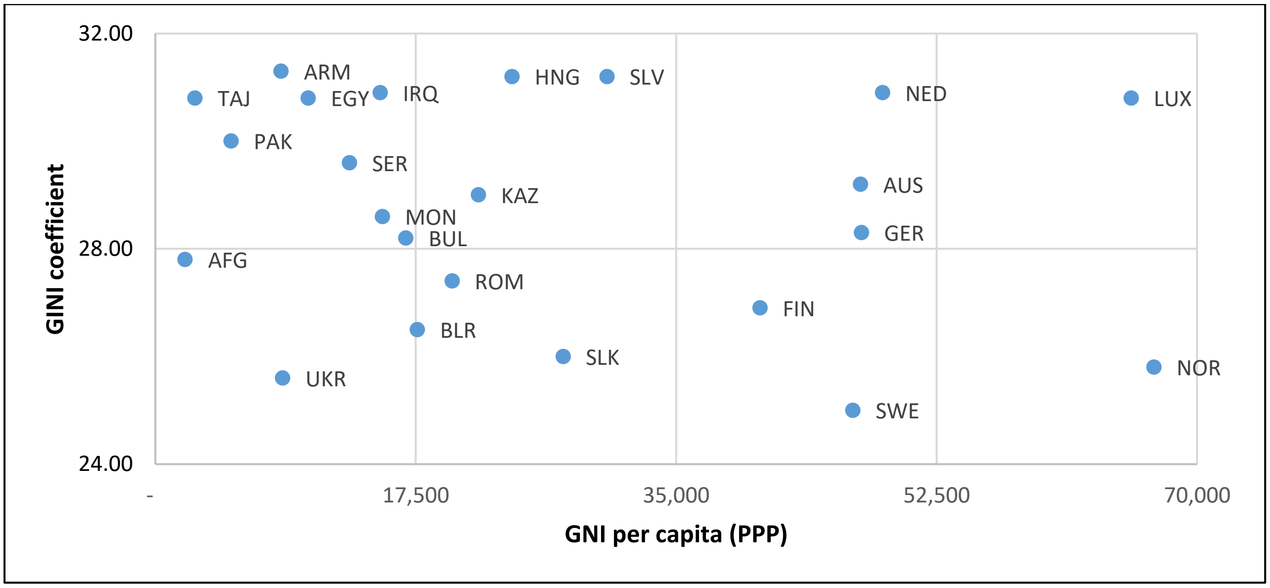


Figure 12. GINI coefficient vs. GNI per capita (PPP), selected countries (2013)
Source: Based on data from World Bank (online databank)

It remains true that countries typically labeled 'developed' do not have to deal with vast numbers of people living in absolute poverty (e.g. less than US$ 1.90/day). However, the share of those living in *relative* poverty – i.e., below each country's own poverty line – has increased in the past decades (OECD, 2015). For example, in 2014, around 47 million people (15% of total population) and one in every five children (21%) in the United States lived below the government's official poverty threshold (US Census, 2014). The relative income gap worsened in 20 of the 31 European countries between 2008 and 2013 (UNICEF, 2016); in this period, child poverty increased by more than 50% in 'developed' countries such as Ireland, Croatia, Latvia, Greece and Iceland (UNICEF, 2014). In 2014, the risk of poverty or social exclusion affected 24.4% of the population in the EU (Eurostat, 2015); in April 2016 Spain's youth unemployment rate was 45% (down from a much higher 53.2% in 2014), and Italy's at 36.9% (improved from 2014's 42.7%).[12]

On the flipside, some 'developing' countries have improved significantly on their poverty numbers in both absolute and relative terms, as visible in Figure 13. Using poverty headcount at $3.1/day (2011 PPP), Brazil's numbers decreased from 41.2% (1981) to 9.1% (2013); China's from 99.1% (1981) to 27.2% (2010).[13] According to Credit Suisse (2015), globally, the wealth of those above the lower-middle-class threshold has more than doubled; in Africa, it has grown by 140% and in India by 280%, while China has experienced a six-fold increase.

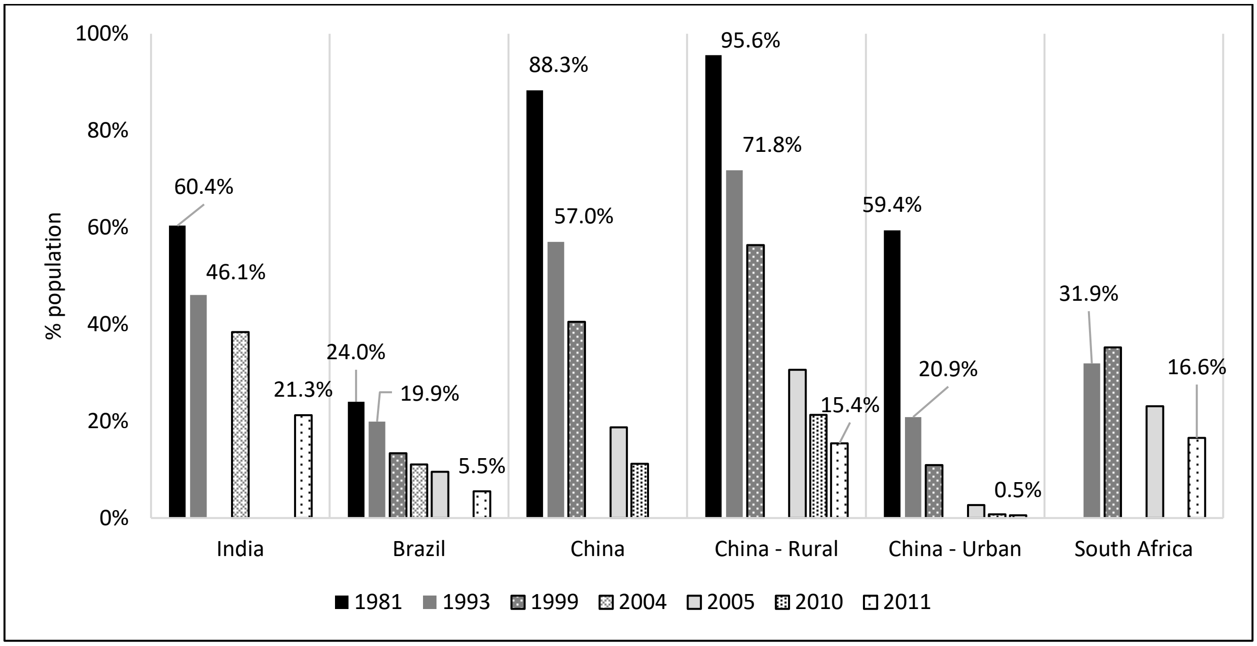


Figure 13. Poverty headcount ratio at $1.90 a day (2011 PPP)
Source: Based on data from World Bank (online databank)

In 2001, 75% of the global population with upper-middle income (living on $20 to $50/day), lived in Europe and North America. By 2011, this number had dropped to 63%, with Asia & South Pacific's rising from 14% (2001) to 23% (2011), and China alone raising its share of the global upper-middle income population from 1% in 2001 to 10% in 2011 (Pew, 2015).

Ultimately, countries generally labeled 'developed' still have much more total wealth and, on average, much larger portion of its population living with more disposable income and overall better life standards. What has changed is that now a significant number of these same countries have become increasingly concerned over *domestic* poverty and inequality – problems traditionally attached to 'developing' countries. At the same time, many countries traditionally belonging to this latter group (e.g. China, India, Brazil, Indonesia, Mexico) have had significant growth in the absolute and relative number of people with disposable income. As argued, the lines traditionally separating 'developed' and 'developing' countries have become increasingly blurred: ' As the traditional grouping of developing countries into income categories becomes less relevant, more attention is needed to the multiple facets of fragility and resilience across the income spectrum.' (WB, 2013:2)

d) Development Assistance[14]

In the realm of development assistance, the long-time paradigm has been: 'developed' countries give aid and 'developing' countries receive it. This is no longer the case. Since the 2000s, a growing number of 'developing' countries have broken the mold and became important providers of development assistance. So-called 'emerging' donors have engaged as providers of a growing volume of development initiatives; in some cases, providing (relatively) high amounts of financial commitment, and sharing innovative knowledge. In parallel, assistance offered by established donors – especially after the end of the Cold War – has become less generous and less attractive, while the provisions from 'strong' developing countries, based on South-South Cooperation values, became more generous and more attractive (Woods, 2008).

China, India, Brazil, and South Africa are among the most important 'emerging' donors (Kragelund, 2010; Grimm et al., 2009; Rowlands, 2008; Six, 2009; UNGA, 2009; Chin & Quadir, 2012). Their development assistance choices have become relevant for those interested in understanding the strategies of rising powers in the 21st century's international system. For many authors, the rise of these countries as 'donors' are part of a broader transition in the world economic order, with power moving from OECD countries towards the 'South' (Zakaria 2008; Ikenberry 2008; Chin and Thakur 2010).

Such phenomenon has contributed to the problematic concept of a world divided in donors/recipients, entangling even more debates over what it means to be a 'developing' country, and creating unexpected situations. In a 2011, a news article entitled '*It's nuts! Britain is STILL giving aid to Brazil - even though it's richer than we are*', summarized this situation:

> [British] taxpayers are funding aid to Brazil even though *it has become richer than Britain*. (…) Money is still going to the Latin American powerhouse in the week it was revealed to have overtaken Britain in the world's economic league table [and it] continues to be poured into wealthy and fast-growing countries such as India, and even aid to China, second in the world economic league. (Doughty, 2011; emphasis added)

Simply put, being a donor of developing assistance should no longer be used synonymously to being a 'developed' country. The evolution of countries from net *recipients* to net *donors* is a central component of a wider realignment of global aid; after all, just over a decade ago, the clear majority of aid still came from a small group of DAC members (Chin, 2012:581).

4. 'DEVELOPING' AS A POWERFUL IDENTITY

The previous Section highlighted the growing analytical frailty of looking at the world as if divided in only two excluding categories of 'haves' and 'have-nots'. There is a rising disconnection between the indicators typically used to separate 'developing' from 'developed' countries, which has systematically weakened such dichotomy.

Nonetheless, what this Section will show is that despite all the mentioned problems of treating 'developing' countries as a unit/category of scholarly analysis, the label is far from disappearing. From a practical standpoint, even if such categorization is inefficient, it is locked-in to a significant number of international agreements. The base-text for the *2030 Agenda for Sustainable Development*, for example, refers to 'developing country' as a unit over 50 times. There is no clarity over which countries belong to the category, even though some goals set different expectations for 'developed' and 'developing' countries (see 'Goal 12.1').

The dichotomy is also embedded in academic textbooks, policy jargon and colloquial language. Changing the terms currently used is achievable, but will demand time; in the case of legal documents, the bar for alteration is much higher. Which leads to a broader question: is it *really* worth going through all the trouble of ditching the 'developing'/'developed' dichotomy'? Ultimately, the perception of high switch cost contributes to the longevity of certain structures – such as a continued use of said dichotomy – even if they are no longer adequate (see David, 1985).

However, path-dependency is not the key reason for explaining the strength of the 'developing' country category. As the next subsections will show, self-identifying 'developing' countries might be the greatest defenders of the label (and its common synonyms), as they can find strength in *being* a 'developing' country.

4.1 'Developing' as a foreign policy identity

The 'developing country' label can (and has) been embraced as an identity marker. As already discussed on Section 2, the separation of the world in 'developed/developing' appeared in the same historical context of other synonymous dichotomies essentially separating the haves from the have-nots: 'North/South', 'core/periphery', and 'First/Third' worlds. Methodological analyses over proper categorization boundaries – such as discussed in Section 3 – can co-exist, but their findings will not necessarily shift a country's identity discourse.

Writing in the mid–1970s, Rosenbaum and Tyler (1975:245) already talked about how 'Third World spokesmen during the past 25 years [i.e. since 1950] have claimed repeatedly that their countries share a common culture, one derived from poverty and exploitation'. Four decades after these authors' accounts, the discourse of a 'shared vision' remains: notwithstanding their country's current wealth, China, India, and Brazil, for example, all continue to adopt the discourse of 'South' and 'developing'. These 'new' donors abide by a normative footing based upon the South-South Cooperation (SSC) paradigm: 1) explicitly rejecting conditionalities and 2) self–identifying as a 'developing countries' (Farias, 2014).

Reinforcing the paradoxical nature of the 'developing' category, these 'emerging' donors position themselves as 'developing countries' and 'Southern partners' in their development assistance initiatives. From a Realist-Constructivist standpoint, this can be interpreted as a strategy of accentuating differences between their approach of SSC and those of Western/Northern donors (Chin & Quadir, 2012:494), while also trying to mitigate the uncomfortable overlap between (principled) horizontality and (real) asymmetry. In other words, the 'developing' country identity represents a path towards expanding power in the international system. While Realism sees how seek power and their national interest through this approach, the Constructivist lens highlights the use of the identity to attain these goals.

A country whose foreign policy identity is entangled to or hinges upon the idea of being a ‘developing’ country is likely to continue to reaffirm this category’s existence. Thus, terms and divisions are relevant political constructions since states consciously choose to hold on to them as part of their domestic and foreign policy discourses. A country’s choice to embrace them serves as a signal of where the country stands internationally, where it sees itself belonging, and who are its ‘natural’ peers. Therefore, despite questionable definitional boundaries, if countries continue to identify themselves as ‘developing’, ‘South’, ‘periphery’, or ‘Third World’, the categories remain powerful references.

China’s self-identification as a ‘developing’ country represents a powerful example of this phenomenon. The country’s profile page in the UN Office for South-South Cooperation states: ‘*As a developing country,* China has always regarded the relations with the developing countries the *cornerstone of its foreign policy*[15] (emphasis added). The same idea is attached to the WTO setting (discussed in detail in the next subsection): ‘China is still a developing country’[16]. Yet another instance was China’s official stance on the Copenhagen Climate Summit, where it officially positioned itself as ‘the largest developing country’[17]: ‘*As a developing country*, China firmly upheld the principle of “common but differentiated responsibilities”, steadfastly defended the development rights and interests of the vast number of developing countries and unswervingly safeguarded their unity and coordination’.[18]

Of course, just because a country self-identifies as ‘developing’ does not automatically mean others will see it as such. This is of unique importance in the case of ‘emerging’ countries (ex: China, India, Brazil) and some OECD members (Chile, Mexico, Turkey, South Korea). Self-identification only goes so far when intersubjectivity is required. Yet, this only reinforces the term’s importance: if a country’s ‘developing’ identity is questioned by ‘developing’-identifying countries, this means there is a social understanding that this identity *exists*.

4.2Locked-in advantages from being 'developing'

The World Trade Organization (WTO) concretely illustrates another reason why the 'developing' country label is far from being obsolete. Being a 'developing' country in the WTO has meaningful and tangible implications: such countries are entitled to certain rights that 'developed' countries cannot claim. The organization's 'special and differential treatment' given to 'developing' countries includes: longer transition periods for implementing Agreements and commitments; measures to increase these countries trading opportunities and requirements for safeguarding their trade interests; technical assistance to navigate effectively the multilateral trading system; special legal advisory for 'developing' countries involved in WTO disputes, etc. [19]

Despite existing variations in special and differentiated treatments, only 'developing' countries can be beneficiaries of preferential trade treatments. This differential treatment among countries was contrary to one of the original pillars of the General Agreement of Trades and Trade (GATT), the base for the WTO. The GATT's core goal was to foment international trade based upon equal and non-discriminatory treatment among all members. As it stood in the 1948 founding text, the Most-Favored Nation (MFN) clause forbid non-reciprocal trade preferences in favor of any country.

However, by 1957, GATT members were aware of 'the failure of the trade of less developed countries to develop as rapidly as that of industrialized countries'[20], and sought solutions to this situation. In 1958, the concept of 'development' first entered the GATT agenda through the Haberler Report (see Orford, 2016). In 1964, GATT's new Part IV, focusing exclusively on Trade and Development, was adopted and then followed by the 'Enabling Clause' of 1970. These legal adaptations allowed for the co-existence of preferential treatment by 'developed' towards 'developing' countries.[21]

Self-identification has remained the criteria for separating 'developed' from 'developing' countries, ever since these different rights were introduced. Therefore, a country self-identifying as 'developing' within the WTO will lose tariff privileges if it decides to revoke this position. Such arrangement makes the prospect of forfeiting the 'developing' self-identification materially onerous. It is easy to speculate that a government proposing to drop its 'developing' country status is very likely going to face domestic opposition from sectors benefiting from existing trade preferences accruing from the 'developing' status.

Given the concrete gains of being under the 'developing' label, unless other (and greater) advantages were at play, it is difficult to imagine WTO's 'developing' countries supporting an overhaul of special and differentiated treatment received within the organization. This helps to explain why countries such as China, India, or Brazil have very little interest in changing this particular status quo, let alone countries with even less bargaining power vis-à-vis wealthier counterparts. Overlapping with the previous sub-section, a 'developing' country identity within the WTO has fostered to a particular approach to position-taking by key self-identifying 'developing' countries, as highlighted by Efstathopoulos (2012:269) :

> Brazil and India are disposed to exercise assertive leadership [in the WTO] only when that accommodates the expectations and preferences of their followership in the global South. Their preoccupation with constantly reasserting their Third World image often renders blocking agreement the preferable strategy to avoid paying a high price in terms of legitimacy.

Ultimately, change is difficult in the WTO structure, since modifications in its legal arrangement requires consensus. Yet, if new legal agreements are sensitive to differentiated obligations among countries' commitments, it would make more sense use more nuanced identification paths. This could mean, for example, focusing on categories such as Least Developed Countries, or countries below a certain criteria's threshold. Still, as of now, it is does not look like powerful 'developing' countries would be supportive of changes to eliminate the existing status-quo advantages they currently enjoy.

5. CONCLUSION

Attempts to translate abstract ideal-type categories to concrete real-life boundaries are a longstanding challenge for policymaking and legal arrangements. Within this context, determining the proper threshold for labeling a country as 'developed' or 'developing' has been subject to questioning practically since the terms came into use. What is new about the World Bank's decision was its choice to move away from this traditional dichotomy, while not attempting to substitute it for a 'better' or newer development-centered division.

To say that the world is not the same as when this division was created is to state the obvious. At the same time, few would challenge the assessment that there continues to exist a (small) group of countries that are better off economic and socially than most. However, the overlaps which were easier to see in the early years of the Cold War – powerful, high wealth (absolute and per capita), high quality of life, small birth rate, 'North', industrialized & cutting-edge economy, etc. – are increasingly dissonant.

As this paper argued, two parallel forces are at play, weakening the usefulness of the 'developing'/'developed' world division. First, an increasing heterogeneity within the former category. 'Emerging countries' like China, India, Brazil, Mexico, South Africa, and Indonesia, are among the clearest challenges to the traditionally perceived separation between 'developed' and 'developing' countries. The second push for weakness is the dichotomy is the increasing similarity of indicators among countries traditionally placed in different categories. One the one side, a growing number of 'developing' countries have same – or better – indicators than 'developed' countries. Second, problems which used to be typically 'developing'-country problems, such as poverty and high inequality, are also increasingly experienced in 'developed' countries. Simply put, gaps *within* the 'developing' country category are growing, while those *between* 'developing' and 'developed' countries are narrowing.

Acknowledgment of this scenario has real-world consequences. The problem is much deeper than simply a language inadequacy or feelings over having 'low' status. For example, to formulate policies which treat 'emerging' countries in the same manner as the world's Least Developing Countries is bound to be inefficient and wasteful in time and money. At the same time, 'the traditional grouping of developing countries into low-, middle-, and upper-income categories is becoming less relevant *as countries at all income levels seek support to sustain development progress*' (WB, 2013:17; emphasis added).

Nonetheless, the paper also argued for understanding the paradoxical power of the 'developing' country label. Broadly speaking, the incorporation of a term as part of an actor's identity can increase the term's longevity, even if 'real-life' indicators signal otherwise. This is particularly evident in the cases where being labeled 'developing' country confers privileges (or is perceived to), those under the label will have a strong reason to defend its use. Thus, if such identification is perceived to yield advantages for those who claim it, the logical consequence seems to be defending the status quo. The category's power derives from countries' embracing of 'developing' as a means of self-identification.

One obvious final assessment is to approach categorizations (particularly dichotomies) with care. They mean different things to different actors, and their meaning can change over time. If said categorizations are used for public policy purposes, then the level of attention should be much higher. Ultimately, the 'translation' of abstract ideas to concrete actions demands critical reflection in order to reduce inefficiency and locked-in inefficiencies.

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NOTES

[1] In tandem, the subset of countries previously referred to as developing is replaced by county groupings based only upon geographical coverage.

[2] While sharp boundaries between categories can be drawn, social phenomena boundaries can also be seen as naturally 'fuzzy', and better depicted within a continuous range (Lakoff, 1973; Ragin, 2000).
[3] The paper discusses methodological debates surrounding thresholds for divisions, but this is not its focus (see Fantom & Serajuddin, 2016); neither is the goal to propose new categorizations to replace the dichotomy being studied (for such goal see Nielsen, 2011; Vazquez & Sumner, 2012, 2013; Sumner & Vazquez, 2014).
[4] This 'civilized' circle's first expansion to include non-Christian nations occurred with the addition of the Ottoman Empire in the Paris Peace Treaty of 1856, considered more an act of political pragmatism than a 'recognition' of its 'civilized' status (Sloan, 2015). By the late 19th century, even though legal scholars from Latin American countries, Japan, and China included their countries under the 'civilized nations' banner, they also criticized the designation for its Europe-centered subjective standpoint (Obregon, 2012:924).
[5] A close look at the signatories to the Berlin Conference of 1885 illustrates this logic: USA, United Kingdom, France, Germany, Austria, Belgium, Denmark, Spain, Italy, Netherlands, Portugal, Russia, Sweden-Norway, and Turkey (Ottoman Empire) made up the so-called 'civilized' world. By the 1970s, almost a century after the Conference, relatively little had changed in conceptual 'membership' to this 'civilized'/'developed' group, which arguably had had only few additions, such as Canada, Japan, Australia and few others in Western Europe.
[6] Unless otherwise noted, all data herein used has been derived from World Banks' statistical database. The Atlas method calculates countries' GDP based on exchange rates. As explained by the Bank, 'The Atlas method dampens variability caused by fluctuations in exchange rates, while the PPP method eliminates the effects of differences and changes in relative price levels, particularly non-tradables, and therefore provides a better overall measure of the real value of output produced by an economy compared to other economies' (http://data.worldbank.org/data-catalog/GNI-per-capita-Atlas-and-PPP-table)
[7] Based on direct electronic correspondence with WTO analysists (October 2016).
[8] Exclusion was made based upon the IMF's most recent assessment for 'advanced economies'; for consistency, the countries excluded for 2014 were also taken off the 1990 graph. Only countries with data for the two selected years were taken into account; both graphs depict information for the same 106 countries. Figures 6A/6B and 7A/B were all drawn from this same selection.
[9] Unless otherwise explicitly indicated, country's national wealth refers to its Gross National Income (GNI); this choice stems from the World Bank's use of this particular indicator to calculate countries' income level.
[10] PPP provides a more appropriate method to compare income among countries, since exchange rates (as used in the Atlas method) are likely to result in systematic downward bias in GNI for lower income countries (see Frantom & Serajuddin, 2016).
[11] https://www.whitehouse.gov/the-press-office/2013/12/04/remarks-president-economic-mobility

[12] http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics
[13] All numbers from World Bank database, using earliest and latest numbers available.
[14] This subsection is based on material from Farias (2014).
[15] UN Office for South-South Cooperation, 'China - National policy / Legislative Instruments'. Available at http://ssc.undp.org/content/ssc/national_dg_space/China/policy.html
[16] Permanent Mission of China to the WTO, "China in the WTO: Past, Present and Future", available at https://www.wto.org/english/thewto_e/acc_e/s7lu_e.pdf
[17] 'China's role in Copenhagen talks "important and constructive"', http://www.fmprc.gov.cn/ce/cedk/eng/zdgx/t647125.htm
[18] 'China says communication with other developing countries at Copenhagen summit transparent', available at http://www.china-embassy.org/eng/xw/t646954.htm
[19] Full details on special and differential treatment provisions see WTO (2013).
[20] GATT's Contracting Parties 12th Session, decision of 29 November 1957, 6S/18.
[21] During the transition period from GATT to WTO, there was no challenge to countries' status: all existing GATT members claiming 'developing' status were automatically incorporated to the WTO as such (Rolland, 2012).