The inadequacy of the capital structure and formation is dramatically encountered in the basics of their economy--in their sketchy infrastructure. The infrastructure encompasses transport facilities, communications, electrical power, as well as basic market institutions, and an unsatisfactory infrastructure directly hampers production. The existence of an adequate infrastructure is taken for granted in the MDCs; deficiencies in infrastructure remain a genuine obstacle to growth in the LDCs, though notable achievements have been made in an encouraging number.

The combination of poverty and inadequate dynamism adversely affects other institutional developments: education, administration, technology and the investment process. Although improvements are being made, the problem of illiteracy and inadequate education continues to thwart modernization of the less developed economies. At present, 85 percent of Africa's population is illiterate. More serious, from an economic standpoint, than the lack of universal primary education, is the deficiency of secondary education--that is, the shortage of persons with the skills most critical for modernization. The middle and upper ranks of business, as well as the public administration, consist almost entirely of those with a secondary school education; they are the backbone of a modernizing nation. In Africa, less than 5 percent of the school-age population is enrolled in secondary schools; in the United States 90 percent of those between fourteen and seventeen years of age are enrolled. As a result of unsatisfactory education, there is a severe shortage of administrative, technical, and entrepreneurial skills in the LDCs--hampering the development process.

The administrative posts in LDCs are accordingly often filled by persons of inadequate training and experience. There is often a lack of knowledge regarding the appropriate strategy for economic development. The character of the political administrations of LDCs sometimes act as a deterrent to private investment in these countries. The absence of a modern technology in the LDCs is glaring. The great majority of the population in the underdeveloped world still live on an agricultural subsistence basis. Industrialization is at an incomplete and primitive level. Industrial productivity per capita in Africa, for example, is about one-twentyfourth the level in MDCs.

The inadequate savings-investment process in the LDCs retards the development process to an acute degree. Investment can be defined as the commitment of resources to production--the creation of new power supplies, the building of factories, plants, and facilities, the development of natural resources, the training of