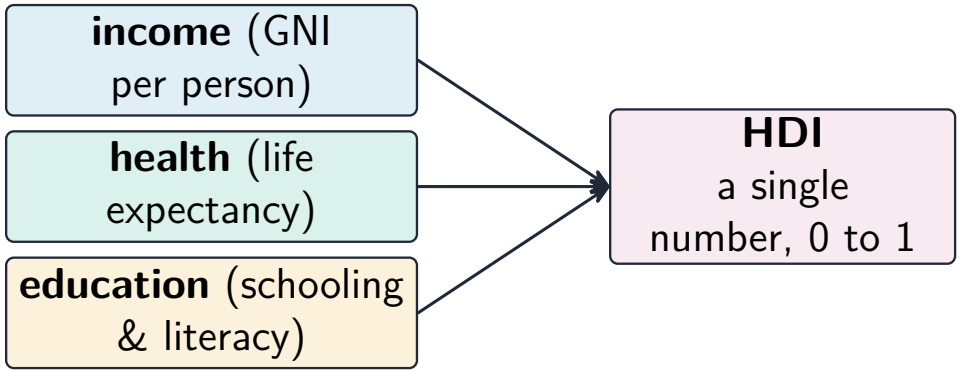
Exercise walk-through

11.3
Economic development

A-Level Economics

Growth vs development and the HDI



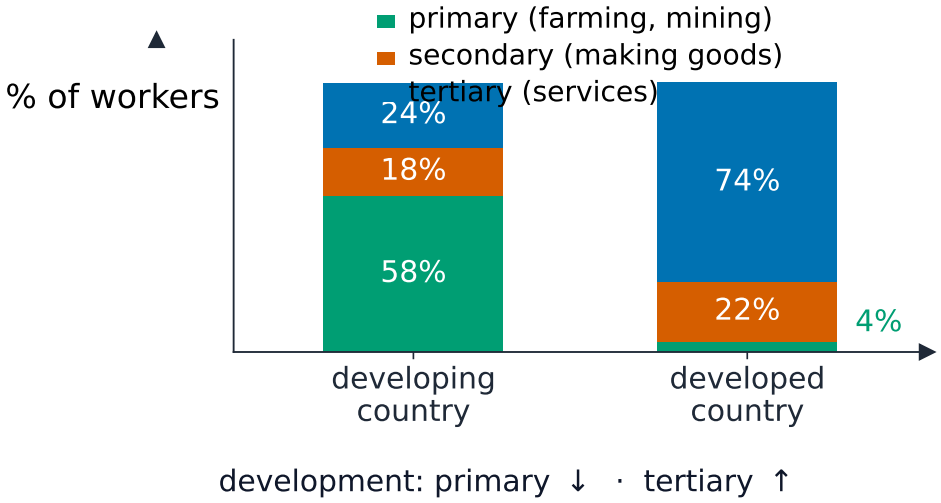
Growth is more income; **development** is wider – health, education & freedom. The **HDI** rolls income, **life expectancy** & education into one number (0–1).

Growth is not development

economic growth	a rise in real output – one number, and it says nothing about who received it
economic development	a rise in welfare and freedom: health, education, and choice
why they differ	an oil discovery can raise GDP sharply while schooling, health and inequality are unchanged or worse
the HDI	income, life expectancy and education combined into one index
education measured as	mean and expected **years of schooling**
other signs	access to clean water, doctors per person, and mobile-phone and internet use

Growth is a means; development is the end. Every question comparing two countries wants that distinction made explicitly.

Comparing countries



A **developed** vs a **developing** country differ in income, birth rate & life expectancy.

As a country develops, workers shift **primary** → **secondary** → **tertiary** .

Developed and developing, and where the work is

Developed country

A **developed country** has high income per person, low birth rate, high life expectancy and a small share of workers in farming.

Developing country

A **developing country** has lower income, often high population growth, lower life expectancy and a large farming workforce.

Employment structure

The **employment structure** shifts as a country develops: out of the **primary sector** (farming, mining), into the **secondary sector** (making goods), and later into the **tertiary sector** (services).

Standard of living

Development is about the **standard of living** – health, education and freedom of choice – not income alone.

The sector shares are a development measure in their own right: a stacked bar tells you roughly where a country sits before you look at any income figure.

What actually shapes a country's development

savings and investment	without domestic saving, investment must be borrowed or attracted from abroad
education and health	the productivity of the workforce, and how long it stays productive
infrastructure	roads, ports, power, broadband – what every other activity rests on
stable government and law	contracts enforced and property secure, or nobody invests for the long term
access to world markets	landlocked, or facing tariff walls, and the export route closes
the visible marker	the share of workers in farming: small in a developed economy, large in a developing one

None of these acts alone, which is why single-cause explanations of poverty fail. Name at least two and say how they reinforce each other.

Exercises 2.1–2.3

2.1 State the difference between economic growth and economic development. [2]

2.2 State the three components of the HDI. [3]

2.3 State one limitation of using GDP per capita to measure development. [1]

Exercises 2.1–2.3

2.1 State the difference between economic growth and economic development. [2]

2.1

- growth is a rise in real output; development is wider, covering living standards – health, education and freedom – not just income (2 for a clear difference; 1 for a partial idea)

2.2 State the three components of the HDI. [3]

2.2

- income (GNI per person); health (life expectancy); education (schooling/literacy) (1 + 1 + 1)

2.3 State one limitation of using GDP per capita to measure development. [1]

2.3

- any one of: it ignores income distribution, the informal economy, health and education, and the environment (1)

Exercises 3.1·3.2

3.1 Which is **not** a component of the Human Development Index? [1]

- [ ] **A** GNI per person
- [ ] **B** life expectancy at birth
- [ ] **C** the inflation rate
- [ ] **D** years of schooling

3.2 Explain why the HDI is a better measure of development than GDP per capita alone. [6]

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3.1 C

- The inflation rate is not part of the HDI

3.2 Explain why the HDI is a better measure of development than GDP per capita alone. [6]

3.2

- *[6]* AO1 1 + AO3 up to 5 – GDP per capita measures only average income, which can hide poor health, low schooling and inequality; the HDI adds life expectancy and education
- it captures the wider quality of life
- so two countries with the same income can have very different HDIs

Exercise 3.3

3.3 Discuss whether a country can experience economic growth without economic development. [12]

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3.3

- *[12]* AO1/AO2/AO3 up to 8 + AO4 up to 4. **Yes:** if growth's gains go to a small elite, or come from resource extraction that harms health and the environment, incomes rise but living standards do not improve. **But:** growth usually raises tax revenue and incomes that *can* fund health and education, supporting development. Judgement: growth without development is possible if gains are unevenly shared, but well-managed growth normally enables development – it depends on how the income is distributed and used