Exercise walk-through

Measures of Development ▪ 7.3

eXercise

You must be able to

- define **GDP per capita 人均国内生产总值** and **GNI 国民总收入**
- explain the **Human Development Index 人类发展指数** (HDI)
- explain the **Gender Inequality Index 性别不平等指数** (GII)
- distinguish the **formal 正规经济** from the **informal economy 非正规经济**

Method — Economic measures

GDP per capita is a country's output divided by its population — a rough measure of average wealth. **GNI** adds income from abroad.

Method — Composite measures

The **HDI** combines income, education, and life expectancy into one score (0-1), giving a fuller picture than money alone. The **GII** measures gender inequality.

Method — Formal vs informal

The **formal economy** is taxed and recorded; the **informal economy** (street vendors, unregistered work) is not, so official figures can understate real activity.

Practice 2.1 ▪ 2 marks

Explain why the HDI is a better development measure than GDP per capita alone.

Solution 2.1

Worked steps

GDP shows only average income **B1**; HDI also includes education and life expectancy, giving a fuller picture of wellbeing **B1**.

Practice 2.2 ▪ 2 marks

State the difference between the formal and informal economy.

Solution 2.2

Method: Formal vs informal

Worked steps

formal = recorded and taxed work **B1**; informal = unregistered, untaxed work (e.g. street vending) **B1**.

Practice 2.3 ▪ 1 mark

Country X has a high GDP per capita but low life expectancy and schooling.
(a) State what its HDI would likely show compared with GDP.
(b) Explain why the two measures differ.

Solution 2.3

Worked steps

(a) a lower HDI than its GDP alone suggests **B1**. (b) HDI also counts poor health and education, not just income **B1**.

Exam-style 3.1 ▪ 1 mark

The Human Development Index combines income, education, and

A life expectancy

B the sex ratio

C population density

D trade volume

Solution 3.1

Method: Composite measures

A life expectancy ✓

B the sex ratio

C population density

D trade volume

Worked steps

A. HDI $=$ income $+$ education $+$ life expectancy.

Exam-style 3.2 ▪ 1 mark

A street vendor who pays no tax and is not officially recorded works in the

A formal economy

B informal economy

C quaternary sector only

D primary sector only

Solution 3.2

Method: Formal vs informal

A formal economy

B informal economy ✓

C quaternary sector only

D primary sector only

Worked steps

B. unregistered, untaxed work = informal economy.

Exam-style 3.3 ▪ 1 mark

Two countries have equal GDP per capita but very different HDI scores.
(a) State what causes the HDI gap.
(b) Explain why HDI gives a fuller picture.

Solution 3.3

Method: Composite measures

Worked steps

(a) differences in education and/or life expectancy **B1**. (b) it measures wellbeing (health, education), not just money **B1**.