

7.3 Measures of Development

Name: _____ Class: _____ Date: _____ **Total: 10 marks**

KEY WORDS human development index 人类发展指数 • formal 正规经济
• gdp per capita 人均国内生产总值 • informal economy 非正规经济 • gni 国民总收入

Objective

Build the skills to answer exam questions on **measures of development** 发展指标.

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

1 Worked examples

Study these first. Each one shows the method for a task used later.

■ 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.

■ 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.

■ 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.

2 Practice

2.1 Explain why the HDI is a better development measure than GDP per capita alone.[2]

2.2 State the difference between the formal and informal economy. [2]

2.3 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. [1]

(b) Explain why the two measures differ. [1]

3 Exam-style questions

3.1 The Human Development Index combines income, education, and [1]

- **A** life expectancy
- **B** the sex ratio
- **C** population density
- **D** trade volume

3.2 A street vendor who pays no tax and is not officially recorded works in the [1]

- **A** formal economy
- **B** informal economy
- **C** quaternary sector only
- **D** primary sector only

3.3 Two countries have equal GDP per capita but very different HDI scores.

(a) State what causes the HDI gap. [1]

(b) Explain why HDI gives a fuller picture. [1]

Solutions

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

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

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

3.1 A. $\text{HDI} = \text{income} + \text{education} + \text{life expectancy}$.

3.2 B. unregistered, untaxed work = informal economy.

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