

Exercise walk-through

5.4

Differences in economic development between countries

IGCSE Economics

Measuring how well a country lives

GDP

Gross domestic product : total output in a year. Per head, it is the usual first comparison – and it hides how the income is shared.

HDI

The **Human Development Index** adds health and education to income, giving a score from 0 to 1.

Other signs

Doctors per person, clean water, school enrolment, internet use – each fills a gap the income figure leaves.

Economic growth

Economic growth raises the average, and only **redistribute** - style policy decides who receives it.

Higher **productivity** worked.

is what makes growth durable: output per worker, not hours

The development gap

Developed countries have high incomes & good services; **developing** ones less so. Development comes from investment in capital, education & health.

developed	developing
high income	low income
good health	poorer health
more schooling	less schooling

The population rates, and what they do

the birth rate

births each year per 1000 people

the death rate

deaths each year per 1000 people

natural change

birth rate minus death rate – before migration is counted

net migration

immigration minus emigration; added to natural change gives population growth

an ageing population

a rising share of over-65s: higher pension and healthcare costs, a shrinking workforce, and a higher dependency ratio

a young population

the opposite pressures – schools and jobs rather than pensions

“Per 1000” is what makes the rates comparable between countries of very different sizes. Quoting raw numbers instead loses the mark.

Exercises 2.1·2.3

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

2.2 Identify two ways a developed country differs from a developing country. [2]

2.3 Define the term *subsistence farming*. [2]

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 (GDP); **development** is a rise in people's **well-being** – health, education and income – not just output (K)

2.2 Identify two ways a developed country differs from a developing country. [2]

2.2

- any **two** contrasts of: **income per head** (high vs low) / **productivity** / **birth rate** / **capital per worker** (K, K)

2.3 Define the term *subsistence farming*. [2]

2.3

- **subsistence farming** is growing food only for one's own family, with little or none to sell (K)

Exercises 3.1-3.2

3.1 Compared with a developed country, a developing country usually has: [1]

☐

A higher income per head

B higher productivity

C a higher birth rate

D more capital per worker

3.2 Explain two reasons why developing countries have lower incomes than developed countries. [4]

Exercises 3.1-3.2

3.1 Compared with a developed country, a developing country usually has: [1]

- ☐ A higher income per head
B higher productivity
C a higher birth rate
D more capital per worker

3.1 C

- a developing country usually has a **higher birth rate** (K)
- A, B and D describe a developed country

3.2 Explain two reasons why developing countries have lower incomes than developed countries. [4]

3.2

- for **each** of two reasons: K + An
- e.g. **low productivity**: less capital and skill, and much subsistence farming, so each worker produces little → low incomes
- e.g. **debt**: large debt repayments leave less for schools and hospitals → development and incomes stay low

Exercise 3.3

3.3 Discuss whether trade with developed countries always helps a developing country.[8]

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3.3

- **helps:** trade brings income, lets a country specialise, and gives access to machines and technology (K + An)
- **harm:** developing countries may rely on a few low-value primary exports with **unstable prices**, and can become dependent (An)
- **judgement (Ev):** trade can aid development if the country can move into **higher-value** goods – it depends on what it trades and on fair terms