

5.1 Living standards

Name: _____ Class: _____ Date: _____

Total: 15 marks

Objective

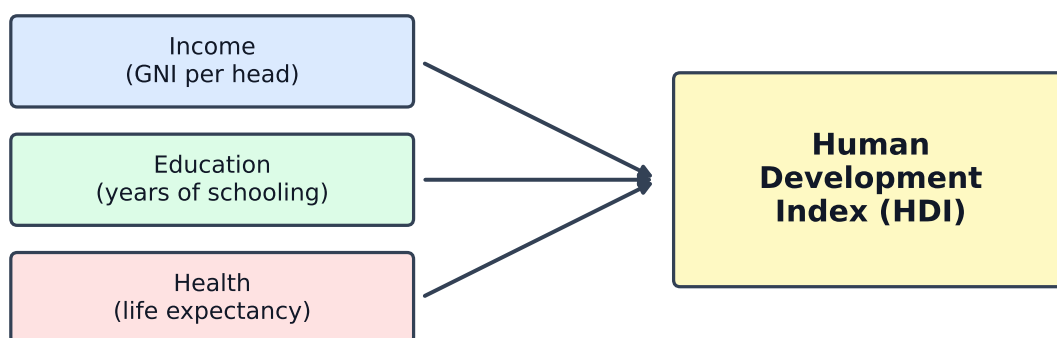
Build the skills to answer exam questions on **living standards** 生活水平—**real GDP per head** 人均实际 GDP, the **Human Development Index** 人类发展指数 (HDI), and the limits of comparing living standards.

You must be able to:

- explain real GDP per head and the HDI
- state the three components of the HDI
- analyse the limits of GDP per head as a measure

1 Worked examples

■ Measuring living standards



Living standards = income, health, education and quality of life

- **Real GDP per head** 人均实际 GDP: total output $\div$ population, after removing inflation $\rightarrow$ roughly average income.
- **HDI** 人类发展指数 (0 to 1): combines income, education (years of schooling), health (**life expectancy** 预期寿命).
- **Limits of GDP per head**: it is an average (hides **income distribution** 收入分配), omits unpaid work, pollution and free time.

Absolute poverty

cannot afford basic needs:
food, clean water,
shelter and clothing

Relative poverty

poor compared with others
in the same country —
can afford basics,
but much less than most

An average can hide poverty — high GDP per head still leaves people in absolute or relative poverty

Answer shapes: K + App + An + Ev (a justified judgement, for discuss questions).

2 Practice

2.1 Define the term *real GDP per head*. [2]

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

2.3 State one limitation of using GDP per head to compare living standards. [1]

3 Exam-style questions

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

- A income per head
- B life expectancy
- C the inflation rate
- D years of schooling

3.2 Explain why the HDI may be a better measure of living standards than real GDP per head. [4]

3.3 Analyse why two countries with the same real GDP per head may have different living standards. [6]

4 Go further

You are now ready for the real exam questions on this subtopic. Open the **5.1 Living standards** past-paper sheet in the Library, or try these in **Practice mode**:

- 0455/11 J25 —Q25 (living standards)
- 0455/13 J25 —Q22 (HDI)
- 0455/13 N24 —Q20 (GDP per head)

Solutions

IGCSE Economics answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 the total real output (real GDP) of a country divided by its population —roughly the average income per person (2 for a clear definition; 1 for a partial idea).

2.2 income (per head); education (years of schooling); health (life expectancy) (1 + 1 + 1).

2.3 any one of: it is an average that hides income distribution; it omits unpaid work, pollution and free time (1).

3.1 C. The inflation rate is not part of the HDI.

3.2 [4] K 1 + An up to 3 —GDP per head measures only average income, which can hide poor health or low schooling and uneven distribution → the HDI adds life expectancy and education → so it captures the wider quality of life, giving a fuller picture of living standards.

3.3 [6] K/App/An —GDP per head is only an average of income, so two countries with the same figure can differ widely: in one, income may be shared fairly with good health and education; in the other, a few rich people may pull the average up while most are poor with poor schooling and short life expectancy → factors like income distribution, health, education, pollution and free time all affect living standards beyond average income.