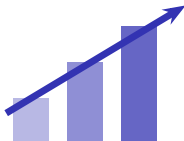


Economic Development

IGCSE Economics ■ Topic 5

IGCSE Economics



What we will cover

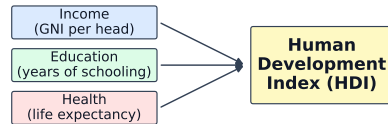
1 Living standards & HDI

2 Poverty

3 Population

4 Ageing population

5 The development gap



the HDI

Living standards and HDI

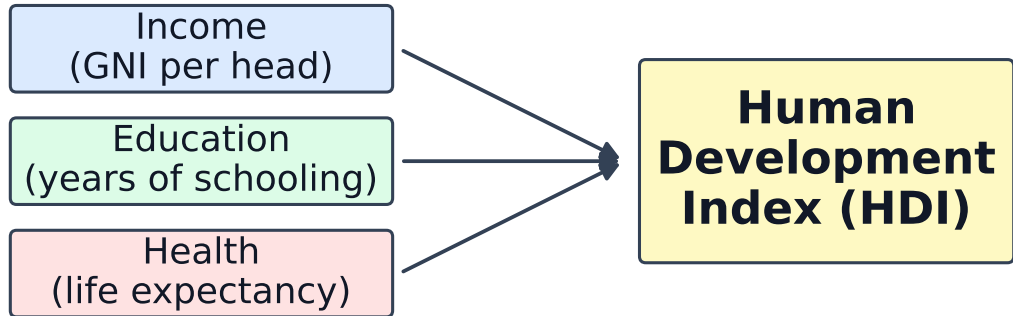
Real GDP per head 人均实际 GDP
measures average income.

The **HDI** 人类发展指数 adds education
& health (**life expectancy** 预期寿命) –
a fuller picture than GDP alone.



Living standards rise with development

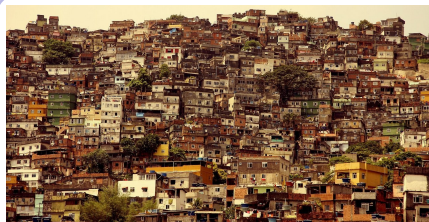
Living standards and HDI – measures



Poverty

- **absolute poverty** 绝对贫困 – cannot afford the basics
- **relative poverty** 相对贫困 – poor compared with others

Low income & poor health trap people in a **poverty cycle** 贫困循环.



Poverty limits choices and opportunity

Poverty – types

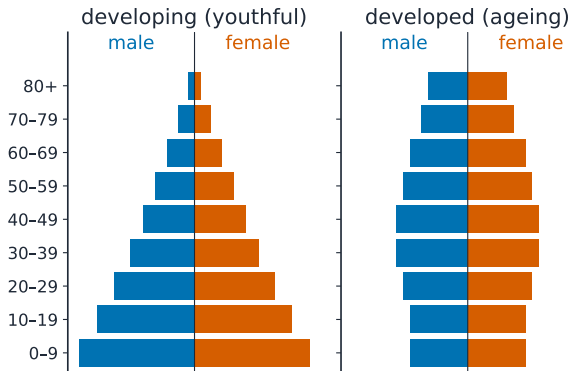
Absolute poverty

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

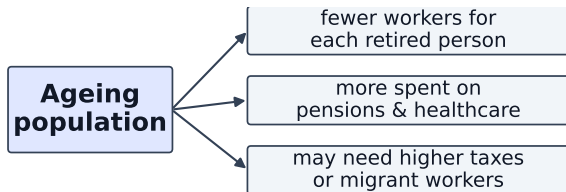
Population



Population grows when **births** 出生 exceed **deaths** 死亡 (plus migration).

A **population pyramid** 人口金字塔: a developing country has a wide young base; a developed one is more even.

Ageing population



An **ageing population** 人口老龄化 has more older people & fewer workers. This raises spending on **pensions** 养老金 & health, paid by fewer workers.

The development gap

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

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

Worked example – GDP per head

Real GDP is £600bn and the population is 50 million. Find real GDP per head.

- GDP per head = $\frac{\text{real GDP}}{\text{population}}$
- = $\frac{£600,000,000,000}{50,000,000} = £12,000$
- It is an **average** – it hides how unequally the income is shared.
- It also ignores **quality of life**: health, education, pollution, leisure.

GDP per head compares **living standards** across countries of different size. For a fuller picture use the **HDI**: income **plus** health and education.

Topic 5 – key takeaways

1

Living standards

real GDP per head; HDI adds health & education

2

Poverty

absolute vs relative

3

Population

births minus deaths; pyramids differ

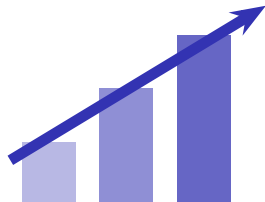
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Development

a gap closed by investment

Check yourself

- 1 What three things make up the HDI?
- 2 What is absolute poverty?
- 3 When does a population grow?
- 4 What does an ageing population strain?



Answers 1. income, education & health 2. cannot afford basic needs 3. when births exceed deaths 4. pensions & health care