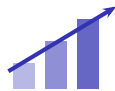


Economic Development

IGCSE Economics ■ Topic 5

IGCSE Economics



Economic Development

What we will cover

- 1 Living standards & HDI
- 2 Poverty
- 3 Population
- 4 Ageing population
- 5 The development gap

1 Living standards

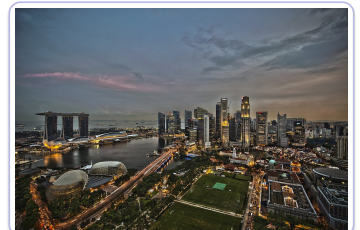
Economic Development

└ Living standards

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.

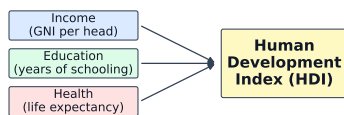


Living standards rise with development

Economic Development

└ Living standards

Living standards and HDI – measures



- GDP per head is an **average**. It hides the **income distribution** 收入分配 – a country can have a high average but a few rich people and...
- it leaves out unpaid work, and work in the hidden economy.
- it does not measure pollution, free time, or safety.
- prices and money differ between countries, so the same income buys different amounts.

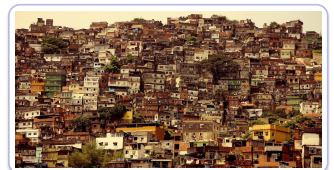
Economic Development

└ Living standards

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

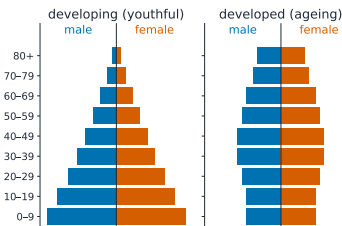
Relative poverty

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

- **absolute poverty** 绝对贫困 – people cannot afford even the basics: enough food, clean water, shelter, and clothing.
- **relative poverty** 相对贫困 – people are poor *compared with others* in the same country. They can afford the basics but much less than most people around them.

2 Population

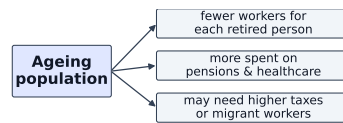
Population



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 发达 countries have high incomes & good services; **developing** 发展中 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

3 Recap

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

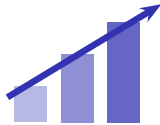
births minus deaths; pyramids differ

4 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