

# PSCI 4012

# Global Development

Conceptualization and Measurement of  
Economic Development

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## Today's Plan

- What is economic development?
- How to measure economic development?
- Group exercise: Ranking countries by economic development

## What is Development?

“A less developed country (LDC) is one in which a large share of the population cannot meet or experiences great difficulties in meeting basic material needs such as housing, food, water, health care, education, electricity, transport, communications, and physical security. For a society, the state of experiencing these deprivations is called underdevelopment, and the gradual process of shedding them is called development” (Baker, 2014)

## GDP/GNI Per Capita

What do societies need to meet their basic needs?

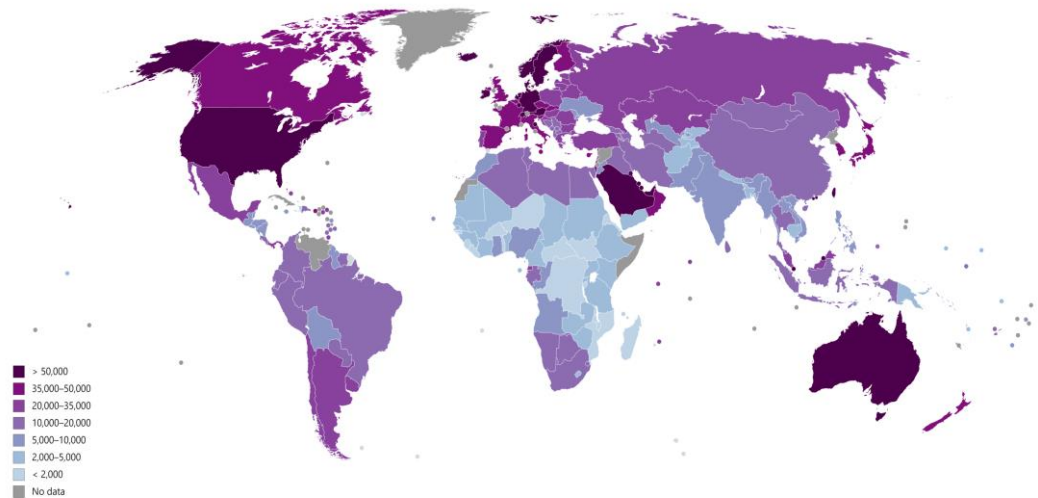
- physical capital
- human capital
- financial capital (money)

Among these only the money can be exchanged for every kind of resources and it is easy to measure

GDP/GNI approach measures economic performance by calculating the monetary value of all finished products and services

# GDP/GNI Per Capita

GDP per capita across the world (2018 values)



## GDP/GNI Per Capita

Is good economic performance meaningful if it doesn't translate into a higher quality of life?

TABLE 1. ECONOMIC PROSPERITY AND LIFE EXPECTANCY, 1985

<i>Country</i>	<i>GNP per capita</i>	<i>Life expectancy at birth</i>
China .....	310	69
Sri Lanka .....	380	70
Brazil .....	1 640	65
South Africa .....	2 010	55
Mexico .....	2 080	67
Oman .....	6 730	54

*Source: World Development Report 1987 (New York, Oxford University Press, 1988), table 1.*

# Human Development

Human Development: “a notion that envisions development not just as economic progress and income gains, but also as improvements in health, education, and other forms of social development” (Baker, 2014)

Human Development (HDI): “ A society’s HDI is a single number that is a composite of its overall health, educational attainment, and income”

# Human Development

HDI dimensions :

- Long and healthy life ( life expectancy at birth )
- Knowledge ( Mean years of schooling and expected years of schooling )
- A decent standard of living ( GNI per capita )



## Group Exercise

Rank these countries by development level

Country	Life Expectancy at Birth	Expected Years of Schooling	Mean Years of Schooling	GNI per capita
A	70.8	12.8	10.9	28,622
B	82.3	17.9	12.6	68,012
C	73.2	12.7	8.4	8,380
D	77.4	13.6	10.8	67,805
E	76.1	13.1	9.8	7,486
F	74.8	16.1	13.0	28,314

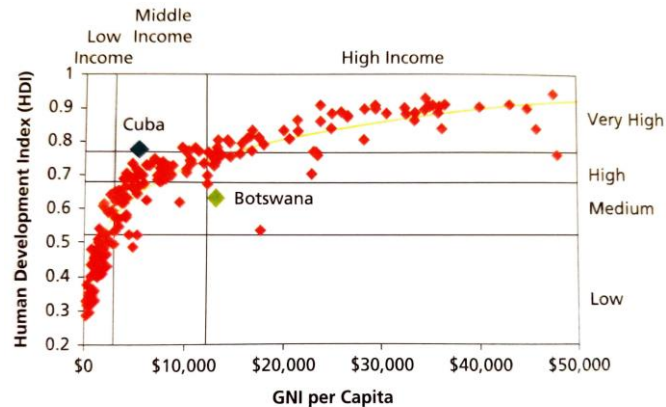
## HDI vs GDP/GNI

Country	HDI Ranking	HDI Score	Life Expectancy at Birth	Expected Years of Schooling	Mean Years of Schooling	GNI per capita
Trinidad and Tobago	69	0.784	70.8	12.8	10.9	28,622
Norway	1	0.953	82.3	17.9	12.6	68,012
Paraguay	110	0.702	73.2	12.7	8.4	8,380
United Arab Emirates	34	0.863	77.4	13.6	10.8	67,805
Jamaica	97	0.732	76.1	13.1	9.8	7,486
Lithuania	35	0.858	74.8	16.1	13.0	28,314

Source : <http://hdr.undp.org/en/2018-update>

# HDI vs GDP/GNI

## Relationship between GDP/GNI and HDI



Source: International Human Development Indicators, 2011, <http://hdr.undp.org/en/statistics/>

# HDI vs GDP/GNI

HDI growth vs. GDP growth

Table 2.1 Development Comparison: India Today and India in the Past		
Indicator	India 1980	India 2011
GDP per capita at PPP	US\$844	US\$3,163
Human Development Index	.344	.547
Life expectancy at birth	55	65.4
Mean years of schooling	1.9	4.4
Expected years of schooling	6.5	10.3

## HDI vs GDP/GNI

Why doesn't a high (low) GDP/GNI per capita always translate into a high (low) HDI?

- Urban rural gaps
- Distribution of wealth/income
- Quality of governance
- Geography/climate
- ?