

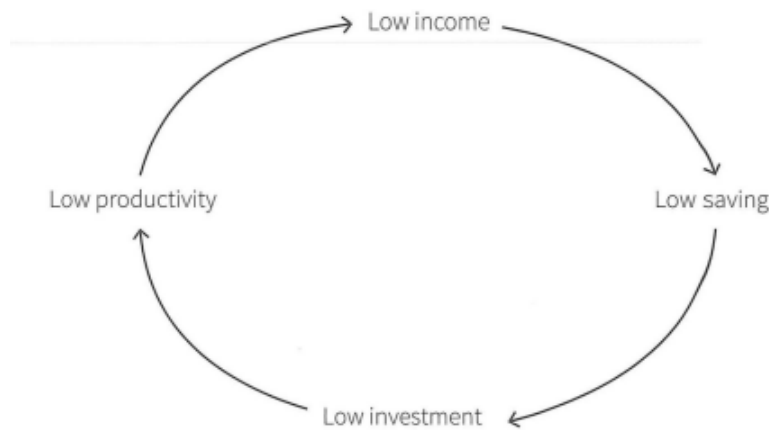
# Section 5 Economic development

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- Chapter 32 Living standards
  - Indicators of living standards
    - real GDP per head an indicator of living standards
    - comparing living standards between countries
    - the human development index
    - the genuine progress indicator(GPI)
    - other measures
      - Gender inequality index(GII)
      - happy life expectancy index(HLEI)
      - gross national happiness
  - Comparing living standards and income distribution
    - measures of income and wealth inequality
    - the causes of differences in living standards and income and wealth inequality
      - living standards vary between countries and between regions within a country for a large number of reasons
      - different income
      - The wages received by workers are influenced by their skills, qualifications and the number of hours for which they work.
      - the assets inherited
- Chapter 33 Poverty
  - Absolute and relative poverty
    - absolute poverty: a condition where people's income is too low to enable them to meet their basic need
    - relative poverty: a condition where people are poor in comparison to others in the country. Their incomes is too low to enable them to enjoy the average standard of living in their country
  - The causes of poverty
    - Vicious circle of poverty
    - the multidimensional poverty index(MPI)
  - Possible government policy measures to reduce poverty
    - Improving the quantity and quality of education
    - promoting economic growth
    - introducing or raising a national minimum wage
    - encouraging more multinational companies to set up in the country

- providing benefits or more generous state benefits
  - land reform
- measures to raise living standards
- government policies on the distribution of income and wealth
  - taxation
  - the provision of cash benefits
  - the provision of free state education and healthcare
  - using labour and macroeconomic policies.
- Chapter 34 Population
  - Factors that affect population growth
    - (Net) immigration and emigration
    - birth rate and death rate
  - The reasons for different rates of population growth
    - infant mortality rate
    - net migration
  - The effect of changes in the size and structure of populations
    - population structures
    - dependency ratio
      - $\text{number in dependent age groups} / \text{number in the labour force} \times 100$
    - the optimum population
    - the effects of an increase in population
      - better use of its resources
      - size of market will increase
      - increase in factor mobility
      - rise in the labour force
      - concerns about famine
      - restrictions on improvements in living standards
      - overcrowding
      - environmental pressure
      - pressure on employment opportunities
      - balance of payment pressures
    - the consequences of an ageing population
      - a rise in the dependency ratio
      - a change in the labour force
      - higher demand for healthcare

- greater need for welfare services
  - change in the pattern of demand
- internal migration
- the effects of net emigration
  - the size of the working population reduced
  - the remaining labour force increase
  - the average age of the labour force will increase
  - the gender distribution of the population may be affected
  - there may be a shortage of skilled workers
  - there may be under-utilisation of resources
  - those who emigrate may send money home to help their relatives
- Chapter 35 Differences in economic development between countries
  - Economic development
    - the different stage of economic development
    - measures of economic development
      - less than 0.550 indicates low development
      - 0.550-0.699 medium development
      - 0.700-0.799 high development
      - above 0.800 very high development.
  - Causes of differences in economic development between countries
    - There are a number of reasons why countries have different levels of economic development including:
      - differences in incomes per head
      - differences in saving due to differences in income per head
      - differences in investment
      - differences in population growth
      - differences in education and healthcare
      - differences in the size of the primary, secondary and tertiary sectors
      - differences in the concentration on a narrow range of exports(most of which are primary products)
      - differences in productivity
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- why government seek to achieve economic development
  - Governments pursue economic development because they want higher real GDP, higher living standards for their citizens and expansion of the range of economic and social choices.
- the condition for economic development
  - More investment, improved education, training and healthcare can raise not only real GDP but also the quality of people's lives, their life expectancy and their choices.
- The impacts of differences in economic development between countries
  - the problems facing economies with relatively low economic development
    - high growth of population
    - high levels of international debt
    - reliance on the export of primary products
    - lack of investment in human capital and capital goods.
    - emigration of key workers
    - trade restriction on their products
    - unbalanced economies
  - measures to promote economic development
  - foreign aid/how the economic development in one country can promote economic development in another country