

Development and Indicators

Unit 5

Development and Measurement

economic (financial) and social (human).

- **Economic development** refers to how well the economy is doing and how much money people have at their disposal.
- **Social development** is often closely tied to economic development but refers to more human indicators of well being such as life expectancy, infant mortality rate, literacy rate, availability of communications.

Development and Measurement

which indicators better
measure of development.

a variety of indicators is the best
way

- Generally speaking, people in **more developed countries** are better off and have an easier life than people in lesser developed nations.
- Economists and sociologists use the term "**standard of Living**" to describe how well off people are. Standard of living equates to **quality of life**.

Development and Measurement

HIGH STANDARD OF LIVING

- long life expectancy
- equal rights
- high average wages
- strong economies
- great health care
- and high literacy rates

LOW STANDARD OF LIVING

- short life expectancy
- fierce discrimination against woman
 - very low wages
- faltering economies
 - little health care
- and very low literacy rates.

Economic Indicators

a variety of economic indicators

- **Employment Structure**
- **GNP per Capita.**

Economic Indicator:

1. Employment Structure

"developed"

tertiary sector.

- **developed countries** have a much **larger** percentage of their **work** force employed in the **secondary and tertiary sectors**.
- **Lesser developed countries** have most of their work force employed in the **primary economic sector**.

Economic Indicator:

1. Employment Structure

percentage of people working...

each economic sector

- employment structure.

Employment Structure for Country "X"	
Primary sector	60%
Secondary sector	15%
Tertiary sector	25%

Economic Indicator:

1. Employment Structure

- Would country “X” be a developed or under-developed country? WHY?

- UNDERDEVELOPED...

depends highly on the primary industry

Employment Structure for Country "X"	
Primary sector	60%
Secondary sector	15%
Tertiary sector	25%

Economic Indicator:

1. Employment Structure

- Would country “Z” be a developed or under-developed country? WHY?

- **DEVELOPED...**

depends highly on the tertiary and secondary industries and very little on the primary industry.

Employment Structure for Country “Z”	
Primary sector	5%
Secondary sector	25%
Tertiary sector	70%

Economic Indicator:

2. per capita GNP

- **GNP** refers to the total value of the production of goods and services in a nation measured over a year, together with any money earned from investment abroad, less the income earned within the nation by non-nationals.
- The **GNP per capita** takes that dollar value and **divides it by the population** of the country.

Country B

- GNP was \$5,000,000
- Population: 1,000 people
- GNP per capita $\$5,000,000 / 1,000 \text{ people} =$
- \$5,000 per person OR a GNP per capita of \$5,000.

Economic Indicator:

2. per capita GNP

- Economists do recognize there is a **MAJOR FLAW** in this measure as a **measure of "Standard of Living."**
- This measure is an average which assumes that the wealth in the country is evenly spread. This is often not the case.
- I.e. If one or two families in the country are very rich and control most of the money then many of the people could be living in poverty even though the GNP per capita is high.
- Look at **Figure 13.12 on page 231** of your text. This map shows you a comparison of countries based on GNP per capita. The disparity between countries should reveal a familiar pattern to you.
- NOTE: GNP and GNP per capita are usually expressed in **U.S. Dollars.**

Q. When economists calculate the percentage of people working in each economic sector the statistic created is known as the _?_.

A. EMPLOYMENT STRUCTURE

Q. _?_ refers to the total value of the production of goods and services in a nation measured over a year, together with any money earned from investment abroad, less the income earned with in the nation by non-nationals.

A. GNP (GROSS NATIONAL PRODUCT).

Q. _?_ is derived by dividing the GNP by the population of the country.

A. Per capita GNP

Q. What units is GNP usually reported in?

A. U.S. Dollars \$

Q. Consider the countries and their GNP's listed below. Which country would economists say is most developed ?

- Ghana \$1,400
- France \$20,200
- Mexico \$7,700
- Brazil \$6,100

Q. Consider the countries and their employment structures listed below. Which country would economists say is most developed?

- Turkey 46% primary 23% secondary 31% Tertiary
- Sweden 3.4% primary 22% secondary 74.6% Tertiary
- Russia 14.9% primary 32.4% secondary 53.2% Tertiary
- China 56% primary 20.8% secondary 23.2% Tertiary

The United Nations Pledge!!

The United Nations recognizes the **disparity** and has set forth eight "millennium goals" to reduce the disparity among nations.

- By the year **2015** all 189 United Nations Member States have pledged to **meet** the list of goals.

EIGHT "MILLENNIUM GOALS"

- **Eradicate extreme poverty and hunger**
- **Achieve universal primary education**
- **Promote gender equality and empower women**
- **Reduce child mortality**
- **Improve maternal health**
- **Combat HIV/AIDS, malaria and other diseases**
- **Ensure environmental sustainability**
- **Develop a global partnership for development**

Activity

- **Assigned Readings & Activities**
- "Employment Structures and Development Indicators" on page 230-233 of your text book and complete **questions #22-28**
- "Tertiary Activity & Economic Development" on Pages **241-243** of your text book.

According to the table below, which country is the most developed?

	Life Expectancy (years)	Per Capita GNP (US\$)	Literacy (% total population)
(A)	82.4	25 100	97
(B)	77.9	20 100	98
(C)	54.4	1 300	57
(D)	52.9	1 100	56

The main reason is not because of ANY 1 factor BUT because the three factors combined!

What is the total value of goods and services produced by a country divided by the country's population?

- (A) economic development indicator
- (B) per capita gross national product
- (C) quality of life indicator
- (D) standard of living index

Read ALL of the statement!!!! Notice the end of the statement says “divided by the country’s population.”