

Syllabus 4.2

The **BIG** ideas!

I.b Syllabus 4.2: Economic Development

Syllabus 168-169

Big Idea

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Big Idea

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4.2 Economic Development

Key terms:

- **4.2 - Measuring Development**
- composite indicators of development
- exchange rates
- GDP per capita
- GNI per capita
- Human Development Index (HDI)
- purchasing power parity (PPP)
- MEDC -more developed country
- LEDC -less developed country
- Composite indices: hdi, hpi, hsi

Measuring development: PPP

What is the buying power of a currency? It is only by measuring the buying power that we can measure the standard of living in the less developed country. What does a US\$ buy in Timbucktu?

PPP + Big Mac Index

See webnote 428

The Big Mac index

Jul 21st 2016, 15:20 BY THE DATA TEAM



The Economist's interactive currency-comparison tool

THE Big Mac index is a lighthearted guide to whether currencies are at their "correct" level. It is based on the theory of purchasing-power parity (PPP), the notion that global exchange rates should eventually adjust to make the price of identical baskets of tradable goods the same in each country. Our basket contains just one thing, a Big Mac hamburger.



Track global exchange rates over time with The Economist's Big Mac currency index

Measuring Development: HDI

See webnote 424

Big Idea

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HDI:
 composite
 index
 measuring
 development
 using 3
 indicators:
 1. Education
 2. Health
 3. Gdp per
 capita

182	▼ (7)	 Mali	0.344	—
183	▼ (2)	 Burkina Faso	0.343	▲ 0.009
184	▼ (1)	 Chad	0.340	▲ 0.004
185	▼ (1)	 Mozambique	0.327	▲ 0.009
186	▲ (1)	 Democratic Republic of the Congo	0.304	▲ 0.009
187	—	 Niger	0.304	▲ 0.006

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World map indicating the Human Development Index (based on 2012 data, published on 14 Mar 2013).^[1]

■ 0.900 and over	■ 0.650–0.699	■ 0.400–0.449
■ 0.850–0.899	■ 0.600–0.649	■ 0.350–0.399
■ 0.800–0.849	■ 0.550–0.599	■ 0.349 and under
■ 0.750–0.799	■ 0.500–0.549	■ Data unavailable
■ 0.700–0.749	■ 0.450–0.499	

