

Exercise walk-through

Living standards ■ 5.1

eXercise

You must be able to

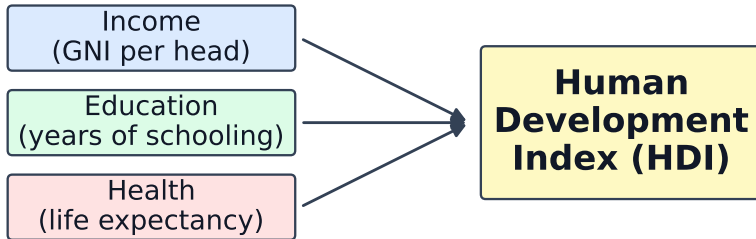
- explain real GDP per head and the HDI
- state the three components of the HDI
- analyse the limits of GDP per head as a measure

Method — Measuring living standards

- **Real GDP per head** 人均实际 GDP: total output $\div$ population, after removing inflation $\rightarrow$ roughly average income.
- **HDI** 人类发展指数 (0 to 1): combines income, education (years of schooling), health (**life expectancy** 预期寿命).
- **Limits of GDP per head**: it is an average (hides **income distribution** 收入分配), omits unpaid work, pollution and free time.

Answer shapes: $K + App + An + Ev$ (a justified judgement, for discuss questions).

Method — Measuring living standards



Exam: $HDI = \text{income} + \text{education} + \text{health}$ — broader than GDP alone for living standards

The HDI combines income, education and health

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 (cannot afford basic needs) versus relative poverty

Practice 2.1 ■ 2 marks

Define the term *real GDP per head*.

Solution 2.1

Method: Measuring living standards

Worked steps

the total real output (real GDP) of a country divided by its population — roughly the average income per person (2 for a clear definition; 1 for a partial idea).

Practice 2.2 ■ 3 marks

State the three components of the HDI.

Solution 2.2

Worked steps

income (per head); education (years of schooling); health (life expectancy) ($1 + 1 + 1$).

Practice 2.3 ■ 1 mark

State one limitation of using GDP per head to compare living standards.

Solution 2.3

Method: Measuring living standards

Worked steps

any one of: it is an average that hides income distribution; it omits unpaid work, pollution and free time (1).

Exam-style 3.1 ■ 1 mark

Which is **not** part of the Human Development Index?

A income per head

B life expectancy

C the inflation rate

D years of schooling

Solution 3.1

A income per head

B life expectancy

C the inflation rate



D years of schooling

Worked steps

C. The inflation rate is not part of the HDI.

Exam-style 3.2 ■ 4 marks

Explain why the HDI may be a better measure of living standards than real GDP per head.

Solution 3.2

Method: Measuring living standards

Worked steps

[4] K 1 + An up to 3 — GDP per head measures only average income, which can hide poor health or low schooling and uneven distribution → the HDI adds life expectancy and education → so it captures the wider quality of life, giving a fuller picture of living standards.

Exam-style 3.3 ■ 6 marks

Analyse why two countries with the same real GDP per head may have different living standards.

Solution 3.3

Method: Measuring living standards

Worked steps

[6] K/App/An — GDP per head is only an average of income, so two countries with the same figure can differ widely: in one, income may be shared fairly with good health and education; in the other, a few rich people may pull the average up while most are poor with poor schooling and short life expectancy → factors like income distribution, health, education, pollution and free time all affect living standards beyond average income.