

Economic development

A country's economic development is usually indicated by an increase in citizens' quality of life.

'Quality of life' is often measured using the Human Development Index, which is an economic model that considers intrinsic personal factors not considered in economic growth, such as literacy rates, life expectancy, and poverty rates.

Economic growth in an economy is demonstrated by an outward shift in its Production Possibility Curve (PPC). Another way to define growth is the increase in a country's total output or Gross Domestic Product (GDP). It is the increase in a country's production.

Economic development

Economic development is a broader concept than economic growth. Development reflects social and economic progress and requires economic growth. Growth is a vital and necessary condition for development, but it is not a sufficient condition as it cannot guarantee development.

Indicators of development

The extent to which a country has developed may be assessed by considering a range of narrow and broad indicators, including per capita income, life expectancy, education, and the extent of poverty.

The Human Development Index (HDI)

The HDI was introduced in 1990 as part of the United Nations Development Programme (UNDP) to provide a means of measuring economic development in three broad areas – per capita income, health and education. The HDI tracks changes in the level of development of countries over time.

Each year, the UNDP produces a **development report**, which provides an update of changes during the year, along with a report on a special theme, such as global warming and development, and migration and development.

An index, which is based on three equally weighted components:

1. Longevity, measured by life expectancy at birth

2. Knowledge, measured by adult literacy and number of years children are enrolled at school
3. Standard of living, measured by real GDP per capita at purchasing power parity

Life expectancy

A variety of factors may contribute to differences in life expectancy, including:

1. The stability of food supplies
2. War
3. The incidence of disease and natural disasters

According to World Bank figures, life expectancy at birth in developing countries over the past 40 years has increased by 20 years. However, these increases were not evenly distributed. Indeed, in many countries in sub-Saharan Africa, life expectancy is falling due to the AIDS epidemic.

Adult literacy

The percentage of those aged 15 and above who are able to read and write a simple statement on their everyday life.

More extensive definitions of literacy include those based on the International Adult Literacy Survey. This survey tests the ability to understand text, interpret documents and perform basic arithmetic.

GDP per capita

GDP per capita is the commonest indicator of material standards of living, and hence is included in the index of development. GDP per capita It is found by measuring Gross Domestic Product in a year, and dividing it by the population.