

- 2 Using Extract D, evaluate the effectiveness of GDP per capita in comparing living standards between countries.

(20)

GDP is the measure of how much spending occurs within an economy. The higher the GDP, the better the economic state.

For example, UK have the highest GDP of 41776 and is ranked 14<sup>th</sup> in the world for HDI which is 0.89 which measures standards of living as well as education and life expectancy. Compare this to India where the GDP is 1455 and they are ranked 135<sup>th</sup> with a HDI of 0.58, the <sup>lower</sup> the GDP <sup>it</sup> seems ~~to~~ that ~~compare~~ the HDI is also lower. The Gini coefficient which measures the inequality within a country is the lowest in India which means there is greater equality, whereas the UK has a Gini coefficient of 0.36 which is lower than India even though they have a greater HDI and GDP. This suggests that the GDP per capita is not very effective at comparing the standards of living between countries.



Whereas, Brazil and Russian Federation show a closer correlation. The difference between their GDP is \$2776 which is very small compared to the rest, which may mean the two countries have a similar spend within their economies. Their HDI's are also very similar being 0.74 for Brazil and 0.77 for Russia which suggests they have similar education, and standards of living. However the Gini coefficient is a little higher for Brazil at 0.54 which means there is greater inequality. You would expect to see that the country with the highest GDP (UK) would have the greatest HDI which it does and that the lowest GDP (China) would have the lowest HDI but India has that.

Overall, the effectiveness of GDP per capita in comparing living standards between countries is insignificant



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as there is no correlation between  
GDP per capita and HDI.

(Total for Question 2 = 20 marks)

**TOTAL FOR SECTION B = 20 MARKS**

