

THE HUMAN DEVELOPMENT INDEX

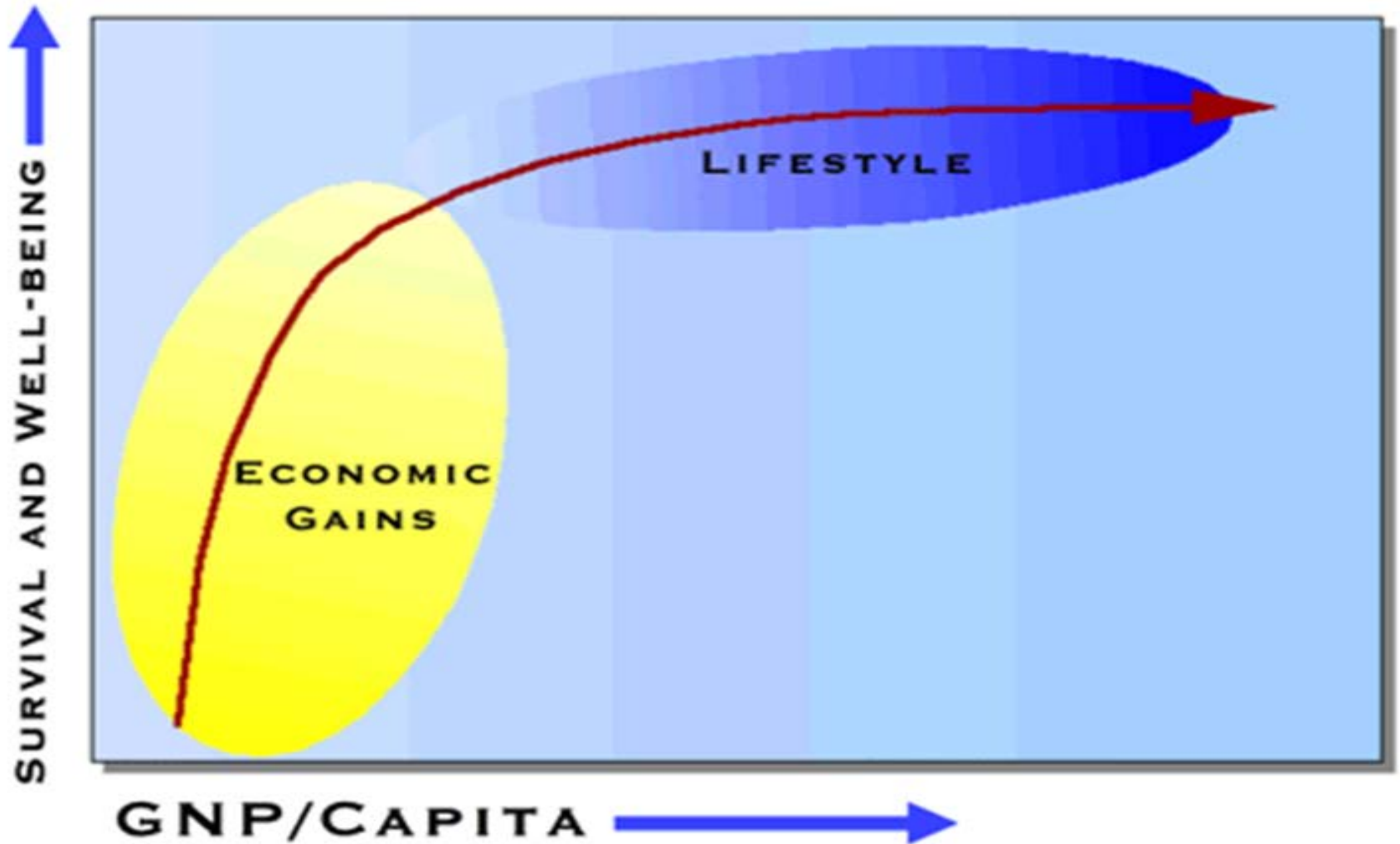
More Developed, Newly Industrialized, &
Less Developed

Warm-Up Activity: COMPARE

- Ford Mustang vs. Chevy Camaro
- McDonald's Big Mac vs. Whataburger #1



Measure of Happiness & GNP



Source: R. Inglehart, 1997

Economic Status of a Country

- 3 Tier System

- More Developed Countries (MDC)
 - A well-off country both economically and socially.
 - Examples: United States, United Kingdom
- Newly Industrialized Countries (NIC)
 - Middle of the road, early stages of development.
 - Examples: Mexico, India
- Less Developed Countries (LDC)
 - Lacking a great deal both economically and socially.
 - Examples: Kenya, Iran, Thailand

Economic Indicators

High GDP

High Life Expectancy

Low Inflation

High Literacy Rate

Low Infant Mortality

Low Unemployment

Low Poverty

Mostly Industrial

Less Agricultural

Low GDP

Low Life Expectancy

High Inflation

Low Literacy Rate

High Infant Mortality

High Unemployment

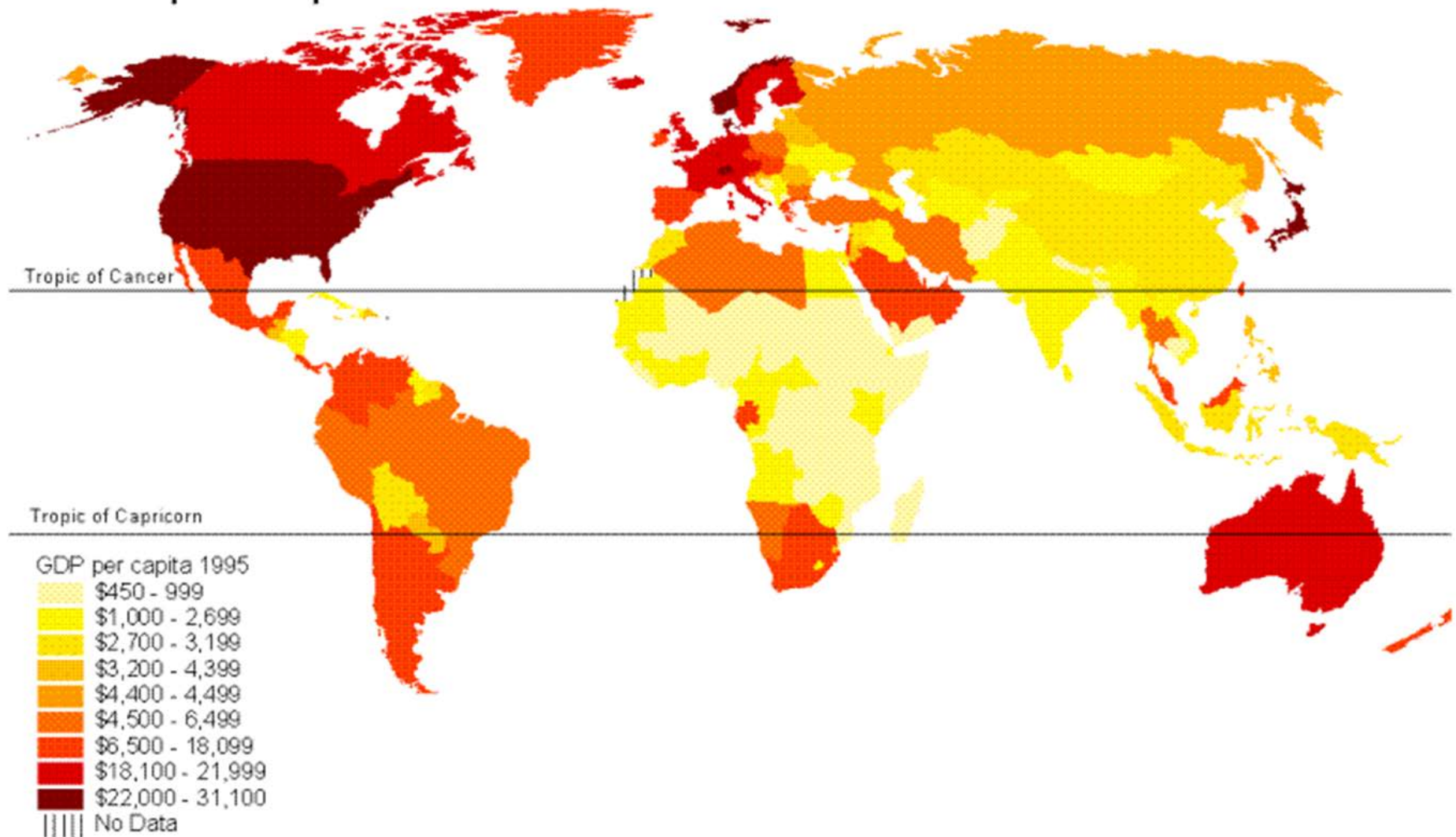
High Poverty

Less Industry

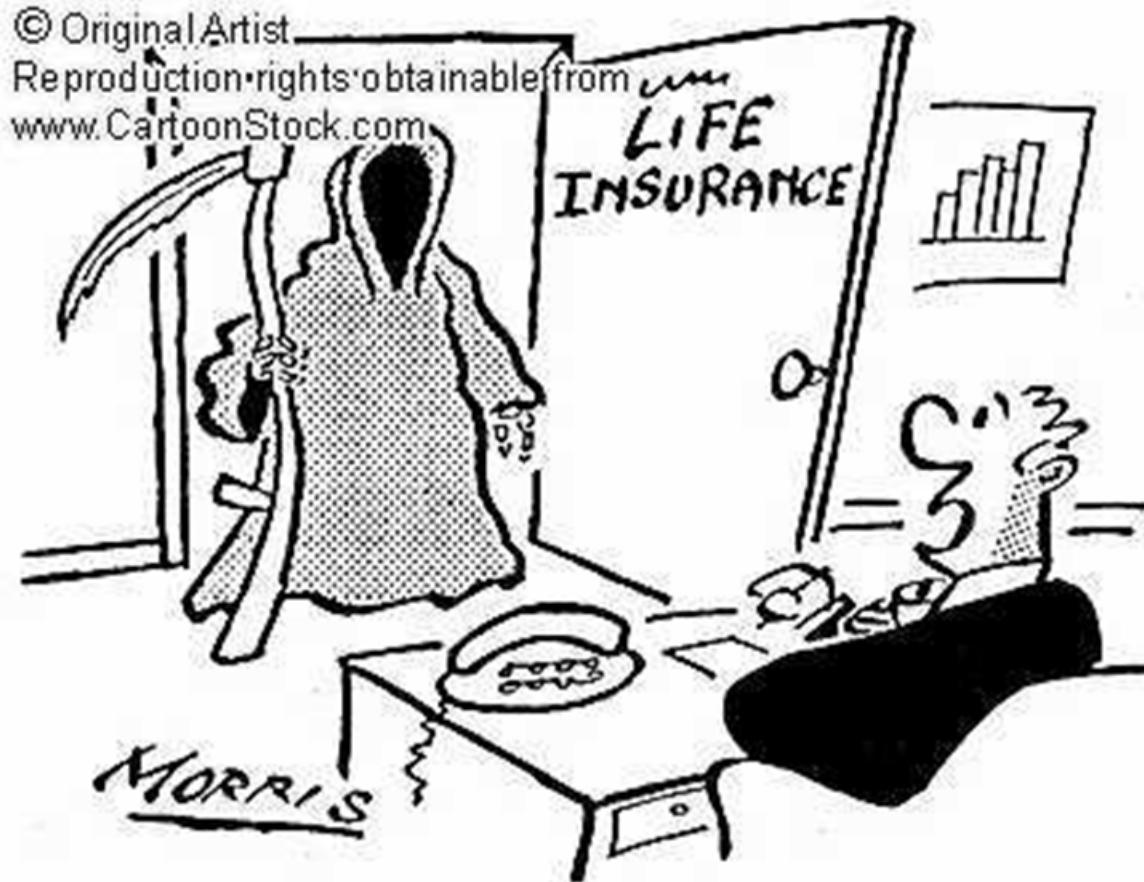
Mostly Agricultural

Living Standard Indicators: GDP

GDP per capita 1995



Health Indicator: Life Expectancy



"There must be some mistake. According to our actuary tables I'm going to live to 83."

- Life Expectancy
 - The number of years that a person can expect to live
- Depends on variables

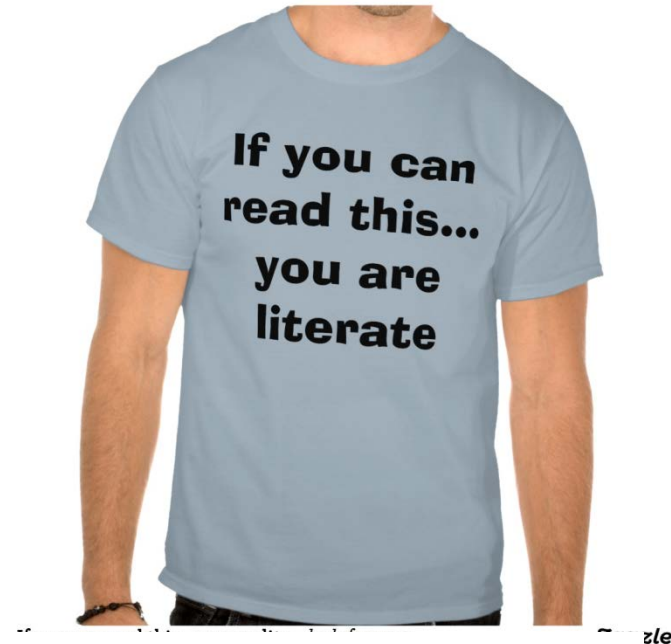
Living Standard Indicator: Inflation

- Inflation: Inflate
 - To decrease the value of money by increasing circulation (amount available)
 - Thus, money will have less buying power



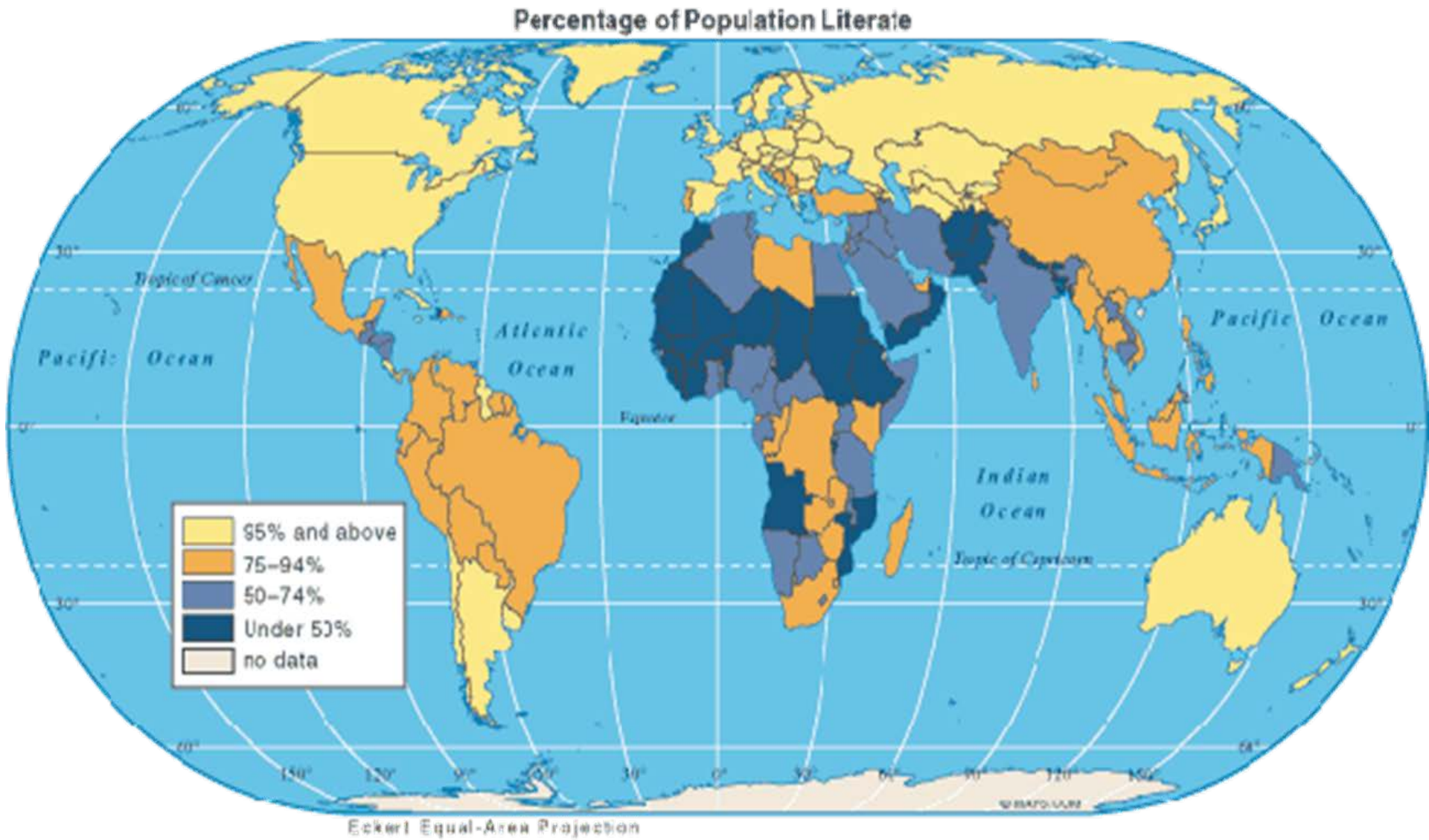
Education Indicator: Literacy Rates

- Literacy?
 - The ability to read and write
- Literacy Rate
 - The percentage of the total population (above 15 years old) who can understand, read and write, a short simple statement.
 - Includes the ability to make simple arithmetic calculations



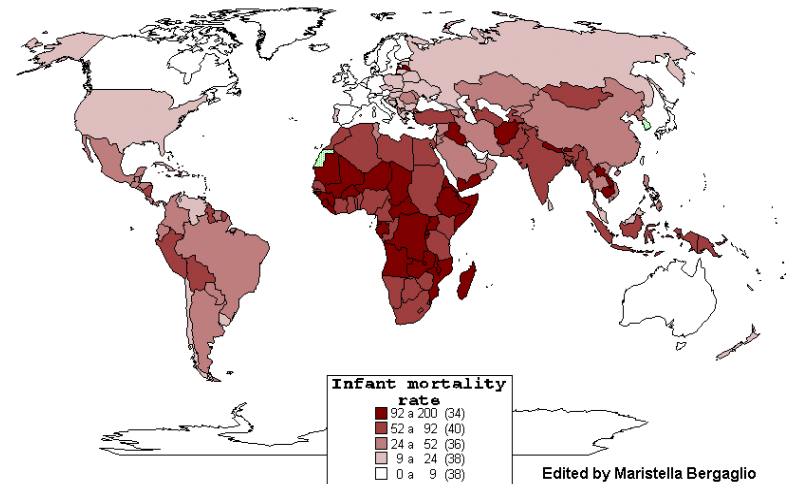
If you can read this thank a teacher. Now pay me!

Education indicators – Literacy rates

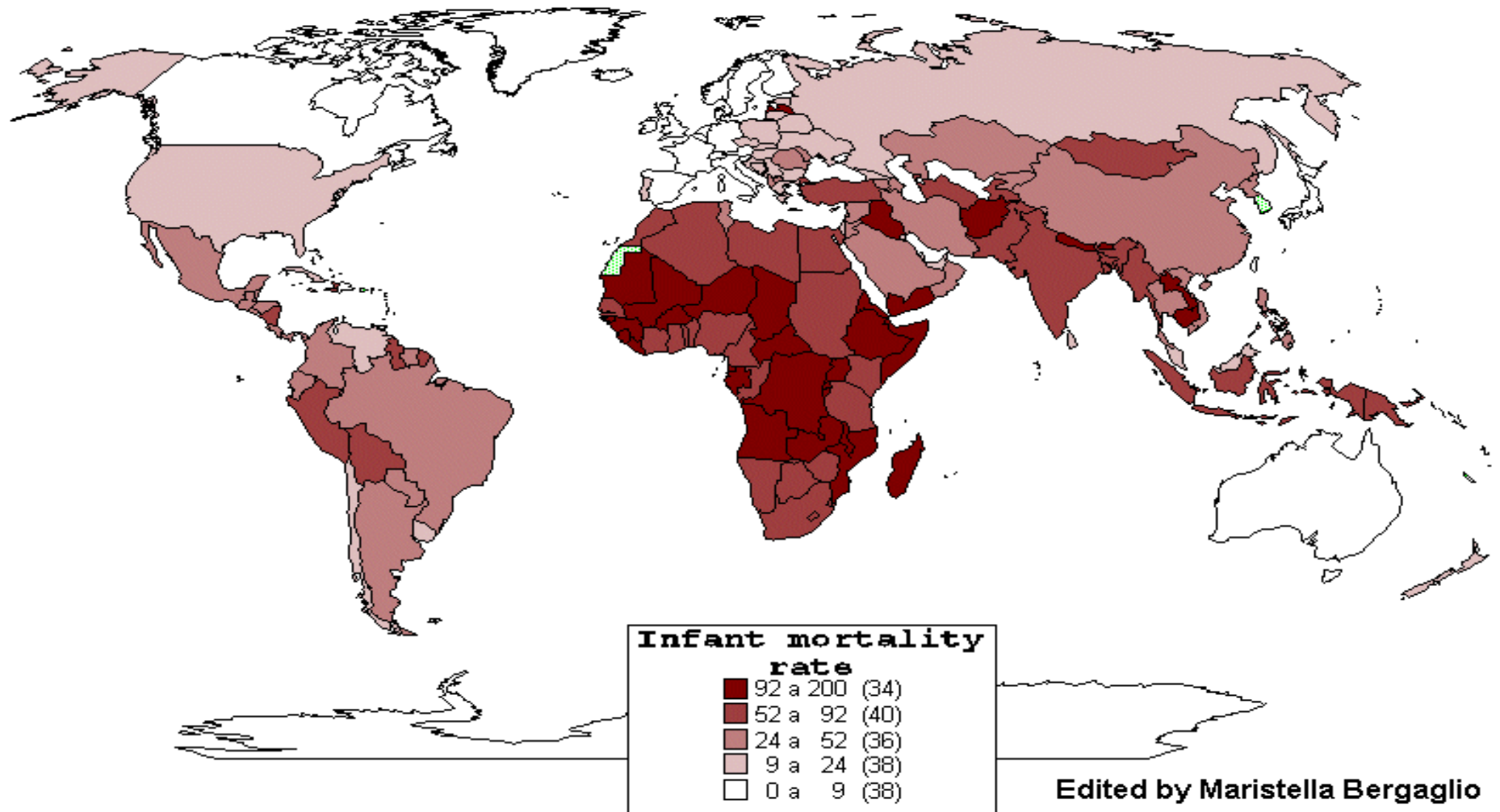


Health Indicator: Infant Mortality

- Infant: Baby, newborn
- Mortality: Think Mortal
 - Death
- Infant Mortality Rate
 - Number of infant deaths (under the age of one) per 1,000 live births.
 - The rate for a given region is the number of children dying under one year of age, divided by the number of live births during the year, multiplied by 1,000
- Reasons:
 - birth asphyxia, pneumonia, pre-term birth complications, diarrhea, malaria, measles and malnutrition
 - mother's level of education, environmental conditions, and political and medical infrastructure. Improving sanitation, access to clean drinking water, immunization against infectious diseases, and other public health measures could help reduce high rates of infant mortality.



Health Indicator: Infant Mortality



Living Standard Indicator: Unemployment

- Unemployment
 - Number of people without a job
 - Calculated by:
Dividing # of unemployed by # of people in labor force



$$\text{unemployment rate} = \frac{\text{number of people unemployed}}{\text{number of people in the labor force}} \times 100$$

Living Standard Indicator: Poverty

- Poverty
 - A state in which one lacks a certain amount of material possessions or money
 - Poor!



Economic Indicators

More Developed
Country (MDC)

Newly Industrialized
Country (NIC)

Less Developed
Country (LDC)



High GDP
High Life Expectancy
Low Inflation
High Literacy Rate
Low Infant Mortality
Low Unemployment
Low Poverty
Mostly Industrial
Less Agricultural

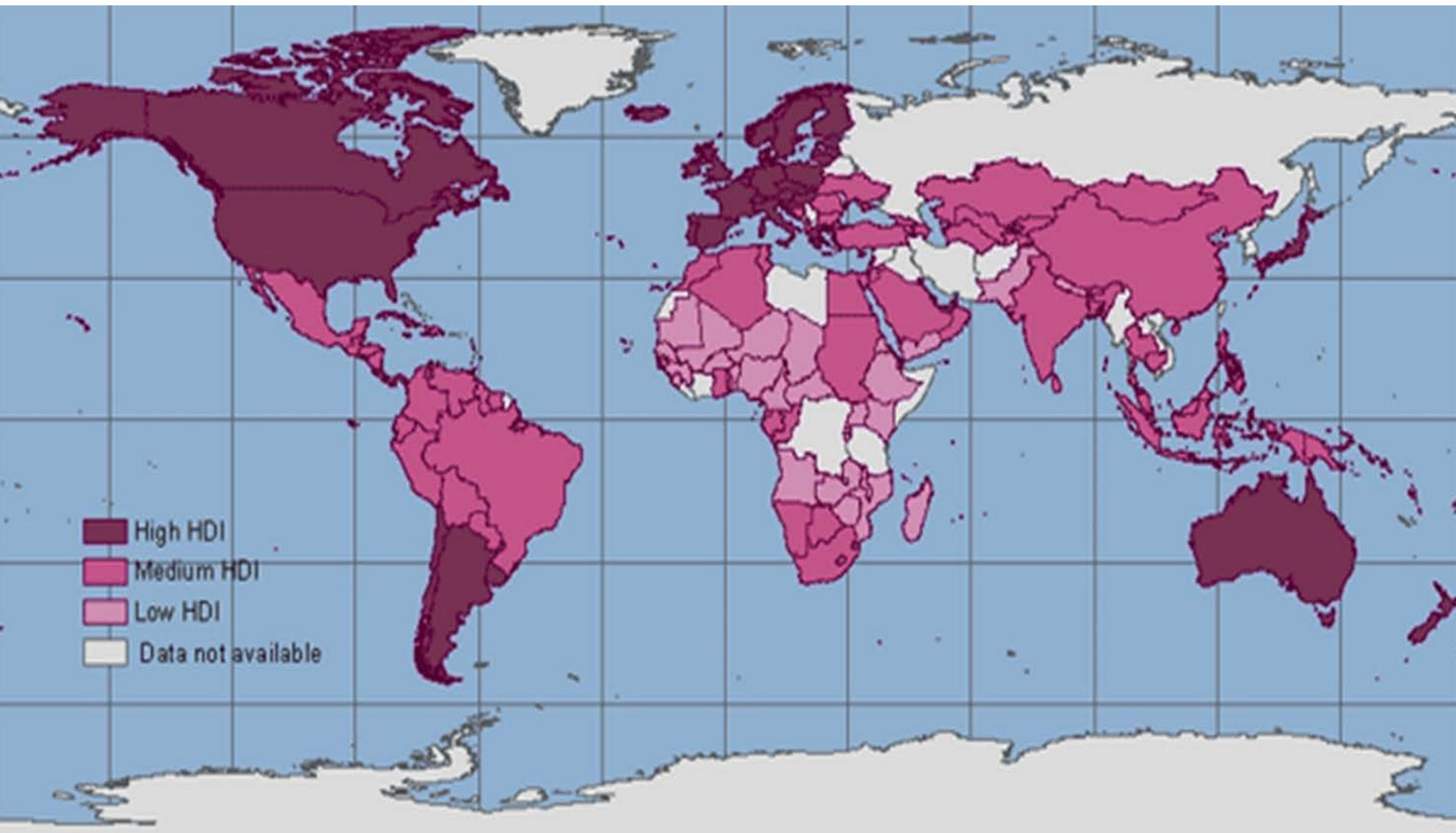
Low GDP
Low Life Expectancy
High Inflation
Low Literacy Rate
High Infant Mortality
High Unemployment
High Poverty
Less Industry
Mostly Agricultural

What is HDI?

- The **Human Development Index** (HDI) is a composite statistic of life expectancy, education, and income **indices** used to rank countries into four tiers of **human development**.
- It was created by a Pakistani economist and Indian economist in 1990
- Uses a scoring system to indicate a quality of life. The higher the better.
 - The maximum index is a one (1).

* We are focusing on a 3-tier system

HDI by Country



HDI Indicator

