# 7.3.
Measures of Economic Development

Economic Indicators

- In order to make the data more easily comparable, it is often stated as "per capita" which means "per person." Divide the data by country's population.

Gross Domestic Product (GDP)	Gross National Product (GNP)	Gross National Income (GNI)
Total value of officially recorded goods and services by the citizens and corporations within a country's borders in a given year.	Total value of goods and services by the citizens and corporations of a country as well as foreign investments in a given year.	Most accurate measure of wealth, because it accounts for the impacts of trade.
goods + services = GDP	domestic + international goods + services = GNP	GDP + (exports-imports)= GNI

GNI PPP per capita
- $20,000 and above
- $10,000–$19,999
- $5,000–$9,999
- below $5,000
- no data
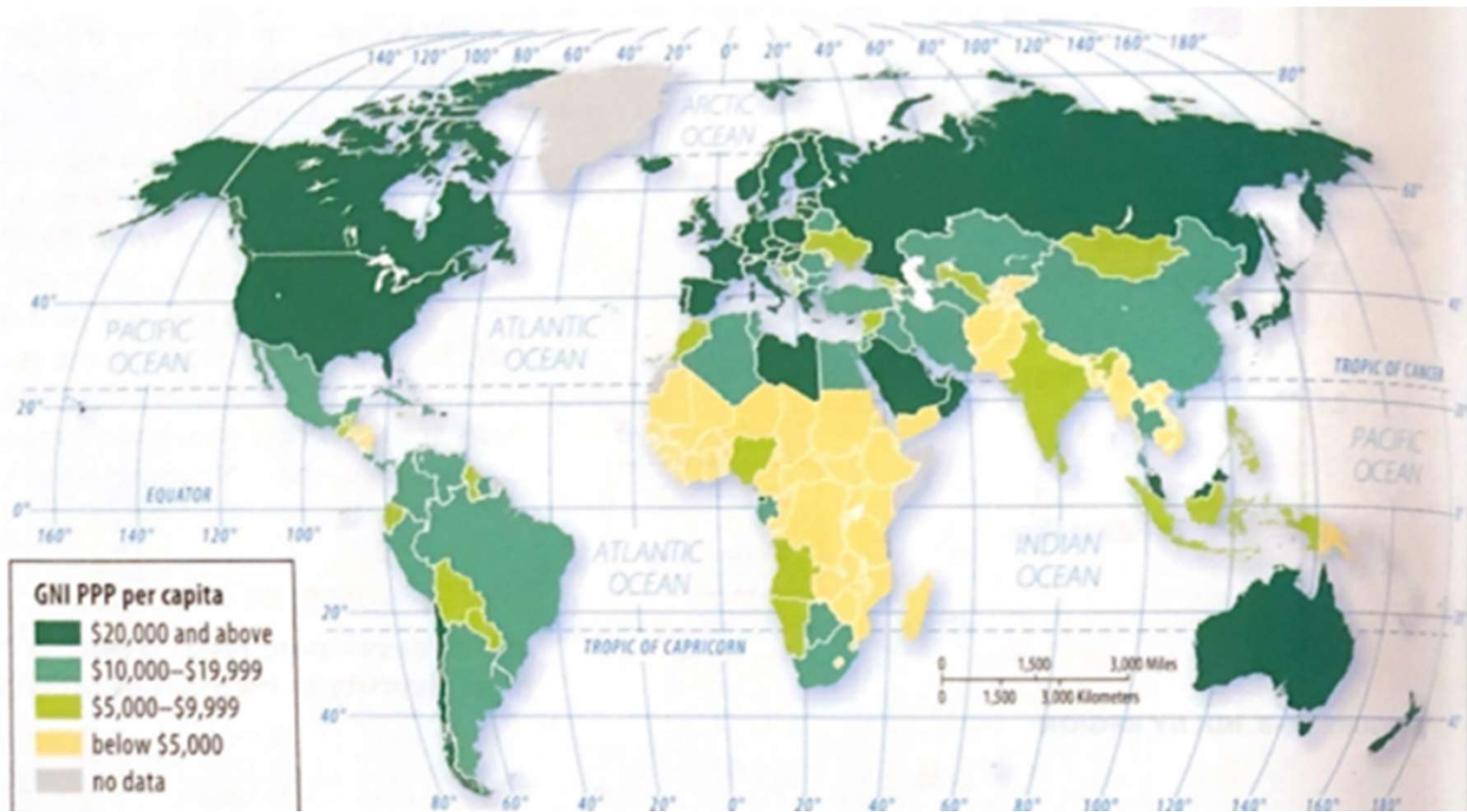
Total Fertility Rate (TFR)

DESCRIPTION

Calculation of the average number of children per woman.

- High in LDCs
    - Niger - 7.29
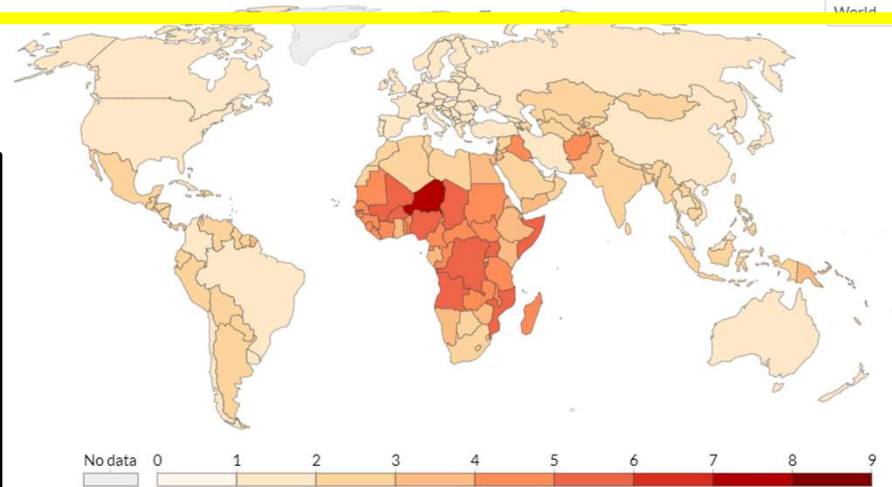- Low in MDCs
    - Spain - 1.25

Why do women have or NOT have babies?

What does that have to do with development?

Children born per woman, 2019

Shown is the 'Total Fertility Rate' which measures the number of children that would be born to a woman if she were to live to the end of her childbearing years and bear children in accordance with the age-specific fertility rates of the specific year.

Our World in Data

World

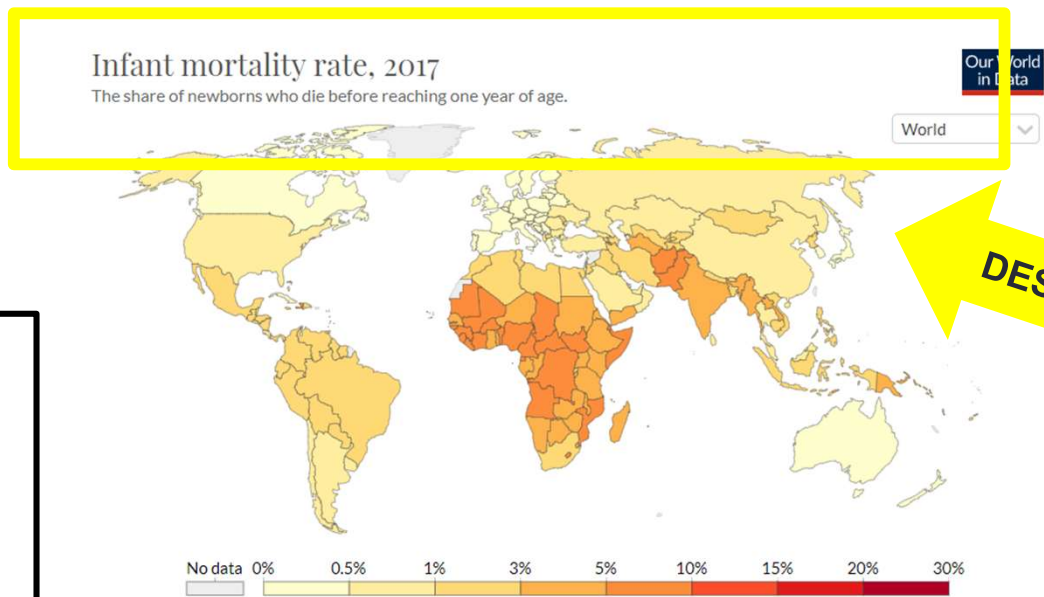No data   0   1   2   3   4   5   6   7   8   9

Infant Mortality Rate (IMR)

The number of deaths of infants under one year old in a given year per 1,000 live births

- High in LDCs
  - Afghanistan - 111
- Low in MDCs
  - Japan - 2

Why would an infant die?

What does that have to do with development?

Infant mortality rate, 2017
The share of newborns who die before reaching one year of age.

World

No data 0% 0.5% 1% 3% 5% 10% 15% 20% 30%

Source: UN Inter-agency Group for Child Mortality Estimation (IGME) OurWorldInData.org/child-mortality/ • CC BY

DESCRIPTIO
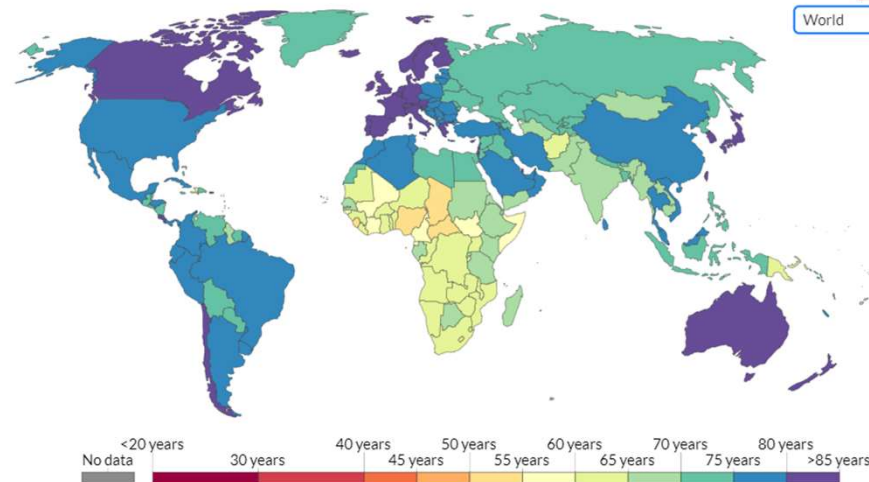
Life Expectancy

DESCRIPTION

Average number of years a person is expected to live based on mortality rates when they were born.

- LOW in LDCs
  - Central African Republic – 50.9 years
- HIGH in MDCs
  - Australia – 83.4 years

Why wouldn't someone live a long life?
What does that have
to do with development?

Life expectancy, 2019

Our World in Data

World

<20 years	40 years	50 years	60 years	70 years	80 years
No data	30 years	45 years	55 years	65 years	75 years	>85 years

Source: Riley (2005), Clio Infra (2015), and UN Population Division (2019)
Note: Shown is period life expectancy at birth, the average number of years a newborn would live if the pattern of mortality in the given year were to stay the same throughout its life.
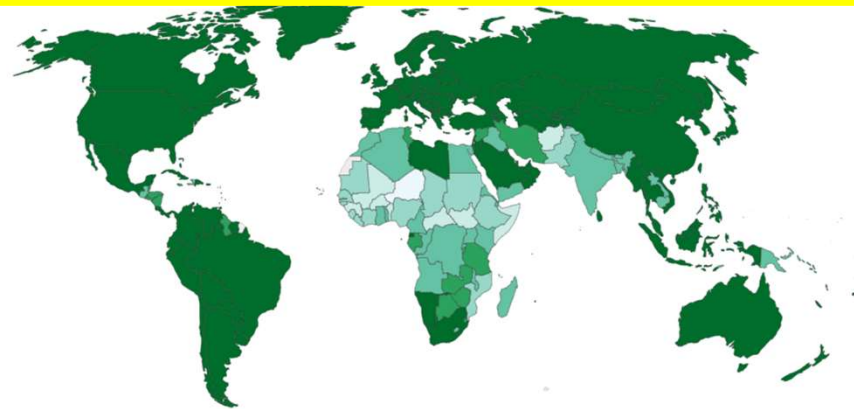
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Literacy Rates

- LOW in LDCs
  - Niger – 19%
- Almost widespread for most other countries.

Why wouldn't someone know how to read or write?
What does that have to do with development?

Adult literacy rates, 2015 or most recent observation

Adult literacy rate is the percentage of people aged 15 and above who can both read and write with understanding a short simple statement about their everyday life. Definitions may differ in some countries. See source for more details.

Our World in Data

World

No data 0% 20% 40% 60% 80% 90% 100%

Source: Literacy rates - WDI, CIA World Factbook, & other sources

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Human Development Index (HDI)

- Score between 0 and 1
- Lower the score, LESS developed. Higher the score, HIGHER development.
- Combination of the four different indicators makes HDI a MORE accurate measure of development than other measures - like IMR alone.
- Combines social + economic!

Components of the Human Development Index

The HDI—three dimensions and four indicators

Human Development Index

Health

Education

Living standards

Three dimensions

Life expectancy at birth

Mean years of schooling

Expected years of schooling

Gross national income per capita
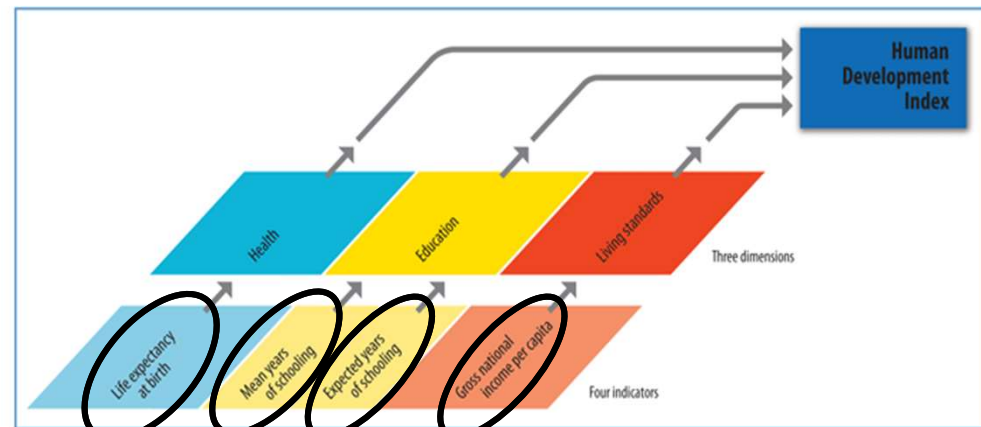
Four indicators

Note: The indicators presented in this figure follow the new methodology, as defined in box 1.2.

Source: HDRO.

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Human Development Index (HDI)

LOW in LDCs
- South Sudan
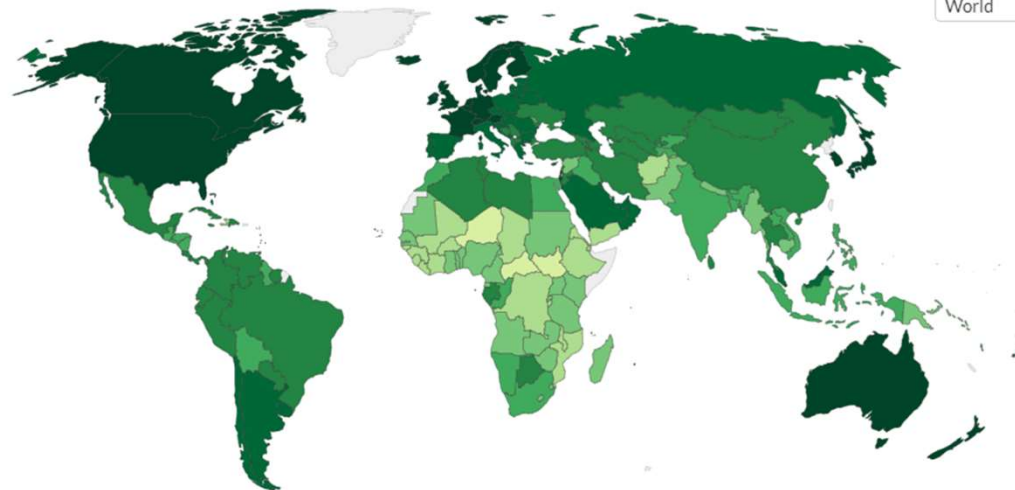
  .39

HIGH in MDCs
- Norway

  .95

Human Development Index, 2017
The Human Development Index (HDI) is a summary measure of key dimensions of human development: a long and healthy life, a good education, and having a decent standard of living.

World

No data   0   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9   1

Source: UNDP (2018)

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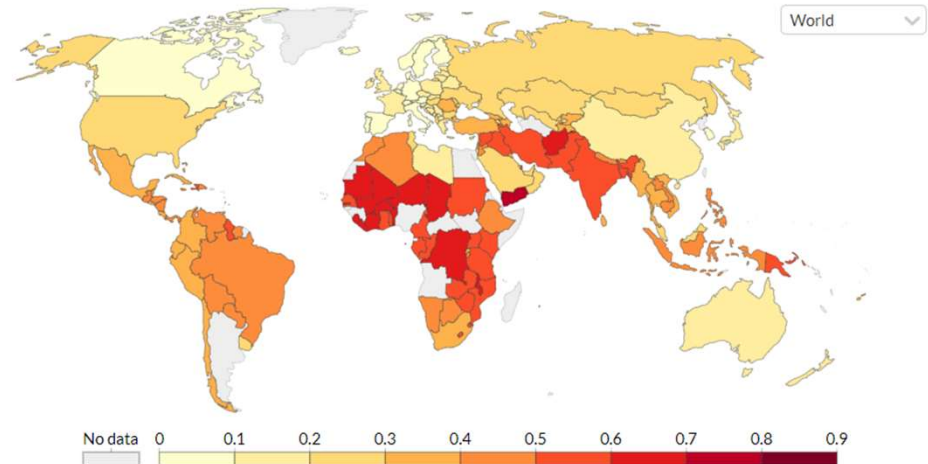
Gender Inequality Index (GII)

- Score between 0 and 1
- High value = high inequality, low value = low inequality
  - Yeman - .77
  - Germany - .07
- Another combo - so it provides us with a more accurate picture!
- Combines social + Economic + political indicators

Gender Inequality Index from the Human Development Report, 2015
This index covers three dimensions: reproductive health, empowerment, and economic status. Scores are between 0-1 and higher values indicate higher inequalities.
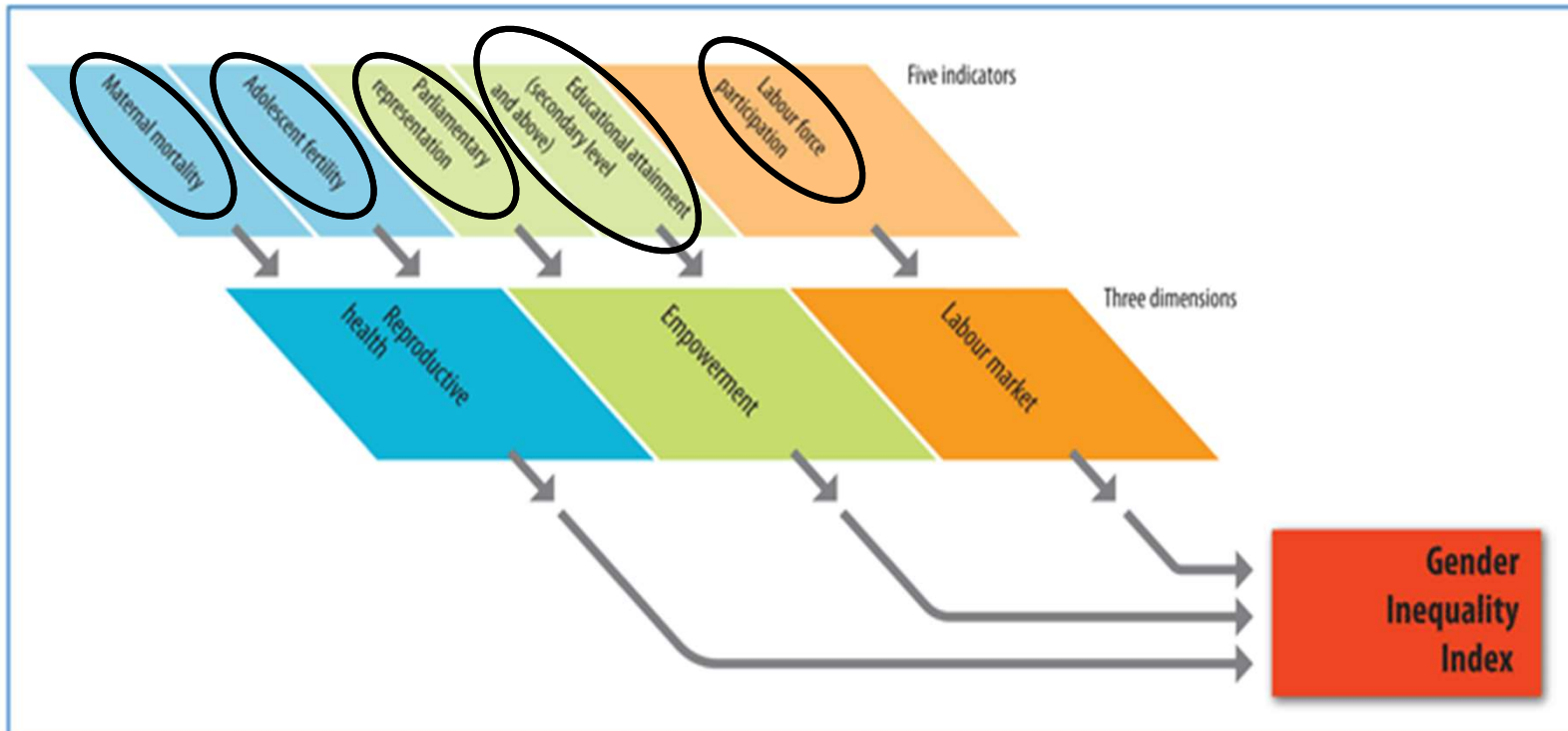
Our World in Data

World

No data   0   0.1   0.2   0.3   0.4   0.5   0.6   0.7   0.8   0.9

Source: Human Development Report (2015)

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Components of the Gender Inequality Index

GII—three dimensions and five indicators

Note: The size of the boxes reflects the relative weights of the indicators and dimensions.

Source: HDRO.

Gender Inequality Index (GII)

- Maternal Mortality (MMR): Rate of women who die during pregnancy or within one year of pregnancy due to pregnancy related complications for every 100,000 births.
- HIGH in LDCs
    - Sierra Leone – 1,360
- LOW in MDCs
    - Italy – 4

Maternal Mortality Ratio, 2015
The maternal mortality ratio is the number of women who die from pregnancy-related causes while pregnant or within 42 days of pregnancy termination per 100,000 live births.

Our World in Data

World

No data   0   10   50   100   200   500   1,000   3,000
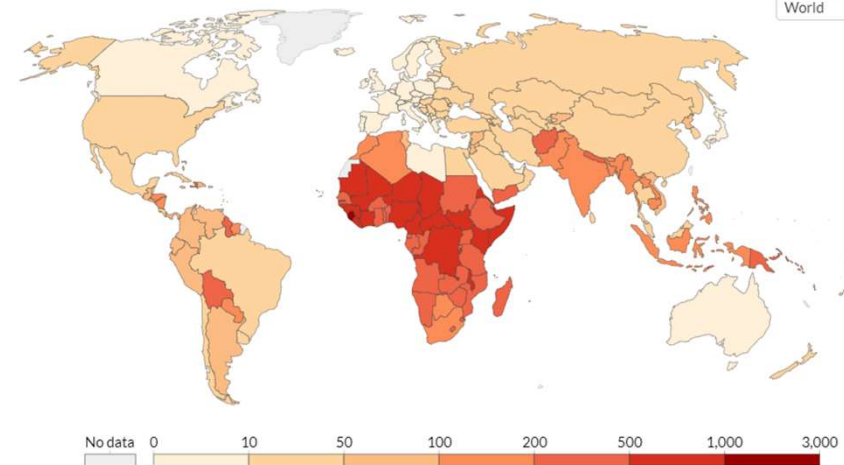
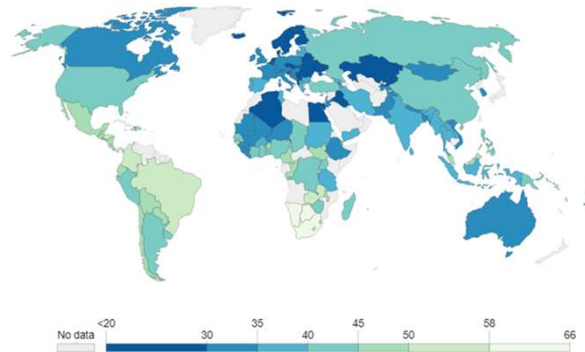Source: Gapminder (2010) and World Bank (2015)

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Income Distribution

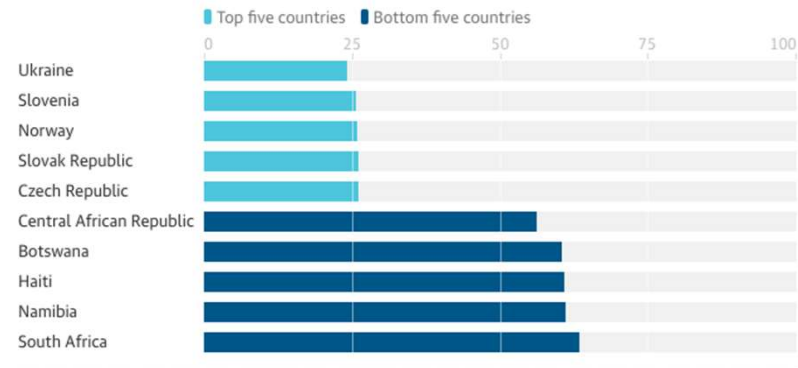Gini Coefficient: Measures the distribution of income within a population.

- Values between 0-1; The higher the #, the higher the income inequality.
- Generally, MDC have LOWER Ginis and LDCs have HIGHER Ginis

Economic inequality – Gini Index, 2013
Shown is the World Bank (PovcalNet) inequality data. This data includes both income and consumption measures and comparability across countries is therefore limited. A higher Gini index indicates higher inequality.

Our World in Data

No data <20   30   35   40   45   50   58   66

Source: World Bank

OurWorldInData.org/income-inequality/ • CC BY

The current top and bottom five countries according to the Gini index

■ Top five countries ■ Bottom five countries

Ukraine
Slovenia
Norway
Slovak Republic
Czech Republic
Central African Republic
Botswana
Haiti
Namibia
South Africa

Guardian Graphic | Source: World Bank most recent Gini index estimates

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