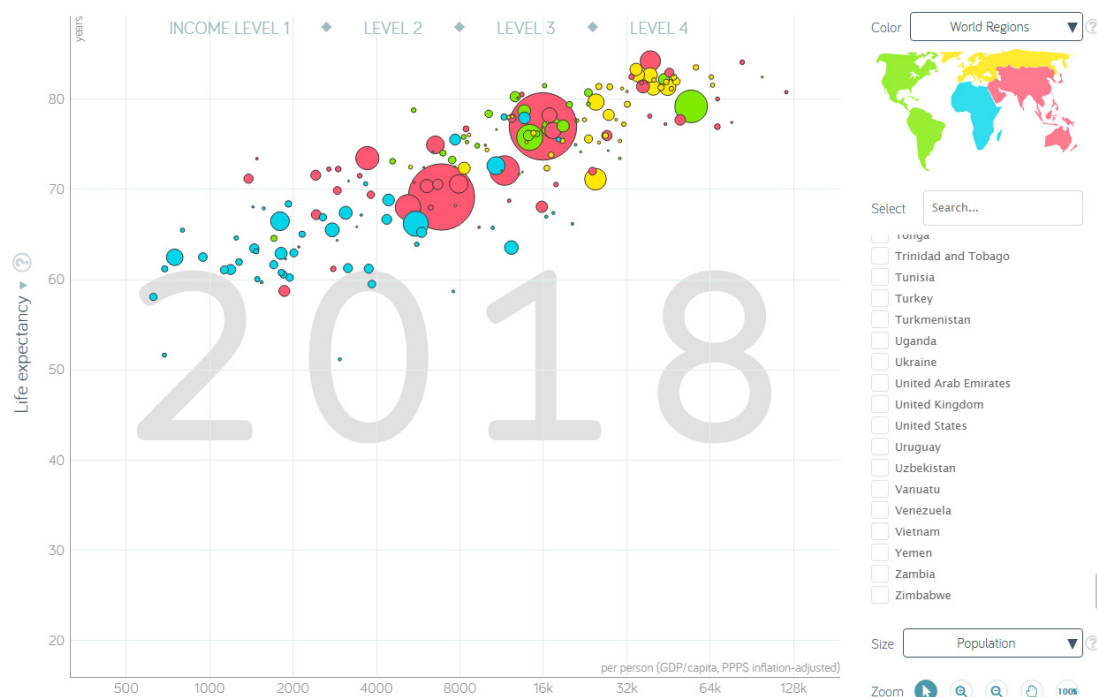


Start off with a simple graph from Gapminder.



Free to use. CC-BY [gapminder.org](https://www.gapminder.org)

What is going on? What exceptions do there seem to be? If you have this on screen, the individual countries will be highlighted as you roll over them – who are the blue dots falling off the bottom and why?

Why might we expect improvements in GDP/capita to feed through to an increase in development?

They should come up with the idea that rising GDP/capita has 3 main benefits:

- Higher individual income allowing better personal healthcare, access to education, housing etc.
- High government income which should allow greater provision of infrastructure, merit goods etc.
- Greater profits for companies to invest in improved working conditions, higher value added sectors and so on.

This is an opportunity to use phones, laptops, iPads or whatever to test the hypothesis.

Use gapminder (<https://www.gapminder.org/world/>) and test the hypothesis – does an increase in GDP/capita lead to an improvement in development/living standards?

Then get them to go round and show what they have found – generally the correlations are strong (as seen at the top) but there are exceptions. This sets the way for another brainstorming exercise.

Gabon has a GDP/capita of \$11000 (current US\$)

Bulgaria has a current GDP/capita of \$7500

Question: How confident are you that the level of development/living standards are higher in Gabon than Bulgaria?

This should bring out a range of issues, including:

Inequality

Purchasing power of money

Differences between GNI and GDP (role of MNCs etc.)

The role of the state

Size of the informal sector

The composition of GDP

Extended learning develops your own index of development (with a methodology)

Read and discuss the article in the link below

<http://www.dailymail.co.uk/news/article-1393478/North-Korea-rated-the-happiest-places-Earth-survey--North-Korea.html>

Support resources:

10 minutes by Stiglitz on problems with targeting growth exclusively:

<https://www.youtube.com/watch?v=QUaJMntW6GA>

GNI vs GDP:

<http://knoema.com/aewtuqe/gnp-and-gdp-by-country#Kazakhstan>

Countries where GDP and GNI are likely to be very different:

Tajikistan

Dubai

Hong Kong SAR

Ireland

Kazakhstan

GNI vs HDI

<http://www.economist.com/blogs/graphicdetail/2016/07/daily-chart-13>

Informal sector:

http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/presentation/wcms_168177.pdf

Limits to GDP storify – lots of stuff on measurement – the UK's inclusion of drugs and prostitution usually produces discussion.

<http://www.bbc.co.uk/news/magazine-20639775>

Economic 'bads' – makes the point that it is the composition of GDP that matters, not just its size;

<http://crelis.nl/?p=2192>

Direction of government funds – generally there is a fairly clear opportunity cost here – students can again compare them if there is time.

Military spending:

<http://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS>

Health:

<http://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS>

Misuse of government funds

Azerbaijan (slightly dated, but very effective at starting to introduce governance issues):

<https://www.youtube.com/watch?v=8HUfQnljZDA>