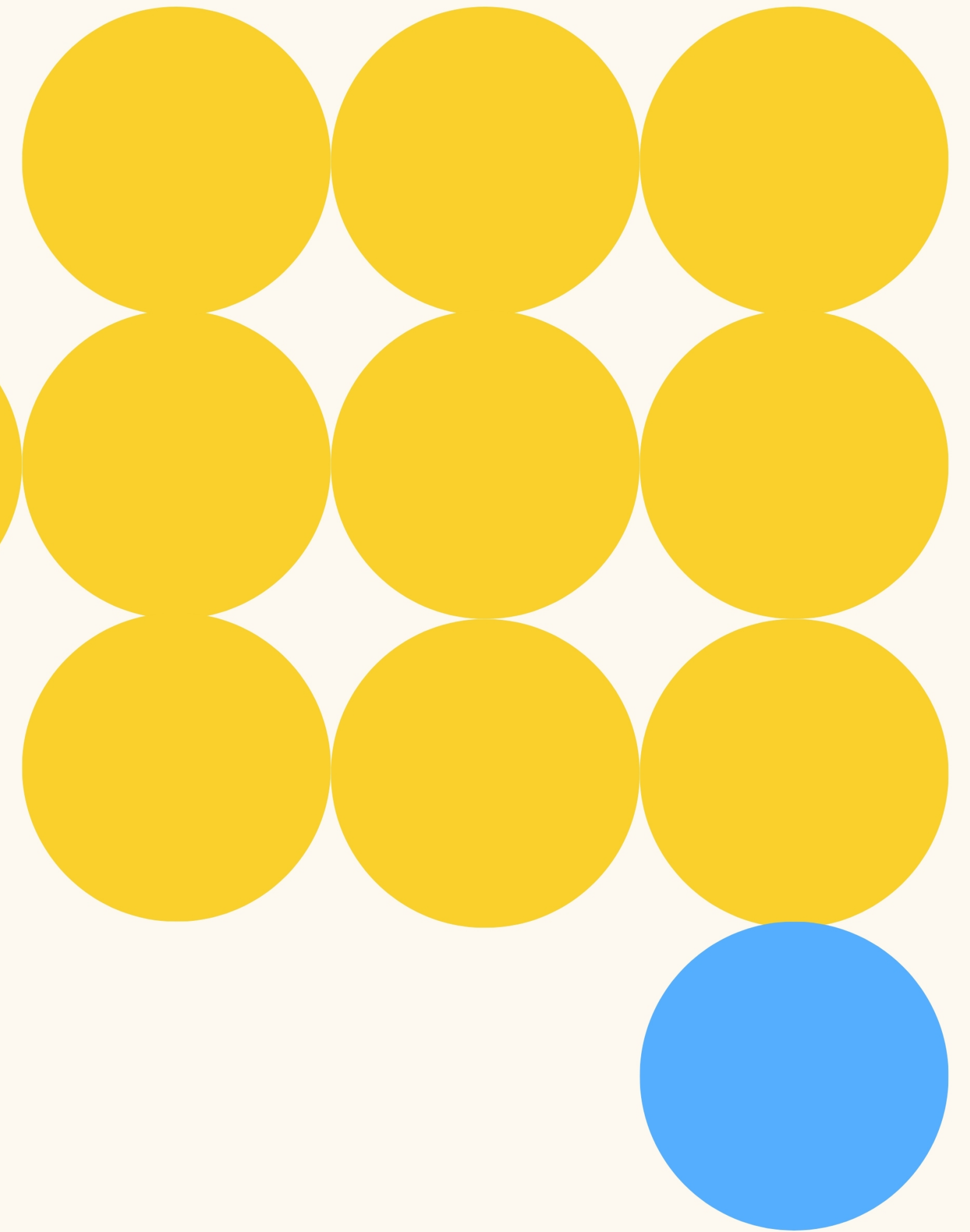


# **CHAPTER 32**

# **LIVING STANDARD**

**Macroeconomics - year11**



# Agenda

Drive growth of monthly sales volume of purchases

- Multiple choice
- Essay

Be the most desirable brand



# RECAP

1. **Living standards:** refer to the overall quality of life enjoyed by individuals or groups within a society.
2. **Indicators of living standards include** the Human Development Index (HDI) and real GDP per capita.
3. **Real GDP per capita:** calculated as real GDP divided by the population, reflects the average real income per person.
4. **Human Development Index (HDI):** which assesses the standard of living based on
  - Income : measured by real GDP per capita
  - Education : measured by mean years of schooling
  - Health : measured by life expectancy at birth
5. **Purchasing power parity (PPP)** is an exchange rate used to compare the standard of living between countries. It provides a more accurate comparison of countries' gross domestic product (GDP) per capita and standards of living by adjusting for variations in the cost of living across different countries.

# Part1-Multiple choice

1. Which of the following is the most accurate indicator of living standards in an economy?

- A) Nominal Gross Domestic Product (GDP)
- B) GDP per capita adjusted for purchasing power parity (PPP)
- C) Total national income
- D) Exchange rate-adjusted GDP

# Part1-Multiple choice

**1. Which of the following is the most accurate indicator of living standards in an economy?**

- A) Nominal Gross Domestic Product (GDP)
- B) GDP per capita adjusted for purchasing power parity (PPP)
- C) Total national income
- D) Exchange rate-adjusted GDP

Answer: B) GDP per capita adjusted for purchasing power parity (PPP)

# Part1-Multiple choice

**2. A country has a high GDP per capita but a low Human Development Index (HDI). What could explain this?**

- A) The country has a low inflation rate
- B) The country has high income inequality and poor access to healthcare and education
- C) The country has a large agricultural sector
- D) The country has a high dependency ratio

# Part1-Multiple choice

**2. A country has a high GDP per capita but a low Human Development Index (HDI).**

**What could explain this?**

- A) The country has a low inflation rate
- B) The country has high income inequality and poor access to healthcare and education
- C) The country has a large agricultural sector
- D) The country has a high dependency ratio

Answer: B) The country has high income inequality and poor access to healthcare and education

# Part1-Multiple choice

**3. Which of the following factors is NOT directly considered in the calculation of the Human Development Index (HDI)?**

- A) Life expectancy
- B) Income per capita
- C) Employment rate
- D) Mean years of schooling

# Part1-Multiple choice

**3. Which of the following factors is NOT directly considered in the calculation of the Human Development Index (HDI)?**

- A) Life expectancy
- B) Income per capita
- C) Employment rate
- D) Mean years of schooling

Answer: C) Employment rate

# Part1-Multiple choice

**4. Which of the following best explains why Real GDP per capita might not be a perfect measure of living standards?**

A) It does not account for inflation

B) It does not consider income inequality and non-monetary factors such as quality of life

C) It does not measure employment levels

D) It does not include government spending

# Part1-Multiple choice

**4. Which of the following best explains why Real GDP per capita might not be a perfect measure of living standards?**

- A) It does not account for inflation
- B) It does not consider income inequality and non-monetary factors such as quality of life
- C) It does not measure employment levels
- D) It does not include government spending

Answer: B) It does not consider income inequality and non-monetary factors such as quality of life

# Part1-Multiple choice

**5. If a government aims to improve living standards sustainably, which of the following policies would be the most effective?**

- A) Increasing subsidies for fossil fuel production
- B) Reducing taxes for high-income earners
- C) Investing in education, healthcare, and infrastructure
- D) Printing more money to increase disposable income

# Part1-Multiple choice

**5. If a government aims to improve living standards sustainably, which of the following policies would be the most effective?**

- A) Increasing subsidies for fossil fuel production
- B) Reducing taxes for high-income earners
- C) Investing in education, healthcare, and infrastructure
- D) Printing more money to increase disposable income

Answer: C) Investing in education, healthcare, and infrastructure

# Part2-Essay

- 1 (a) State two methods a government can implement to increase living standards.  
[2]
- 2 (b) Identify and explain two reasons why living standards may improve in a country.[4]
- 3 (c) Describe how living standards within a country can be assessed. [4]
- 4 Evaluate whether individuals in high-GDP countries experience better living standards compared to those in low-GDP nations [8]

# Part2-Essay

**2 (b) Identify and explain two reasons why living standards may improve in a country.[4]**

# Part2-Essay

**3 (c) Describe how living standards within a country can be assessed. [4]**

# The End

