

**Exam Practice Questions: 4.2 Measuring Economic Development**

**IB Economics:** [www.IBDeconomics.com](http://www.IBDeconomics.com)

## IB ECONOMICS PAPER 2 EXAMINATION QUESTIONS – DEVELOPMENT ECONOMICS

Answer the questions that follow.

Paper 2. Duration: 1 hour 30 minutes. Weighting: Higher Level 40%, and Standard Level 30%.

IB Economics exam Paper 2 is divided into Section A and Section B. Section A – International Economics – assesses the IB Economics student's knowledge, analytic and evaluative skills.

- Students answer two questions in total, one from section A and one from section B.
- In each section, students are required to answer one question from a choice of two.
- The questions are each subdivided into four parts, (a), (b), (c) and (d).

Students are expected to demonstrate the following assessment objectives.

### Section B

The principal focus is on section 4 of the syllabus – development economics.

While the principal focus of the questions is on section 4, it is likely that students will be required to draw on other sections of the syllabus.

The command terms used in each question, or part thereof, indicate the depth required.

**Part (a)** of each question requires knowledge and understanding. It is subdivided into (i) and (ii). The maximum for each of these is 2 marks, with a combined maximum of **4 marks**.

**Part (b)** of each question requires knowledge and understanding, application and analysis, and selection, use and application of a variety of appropriate skills and techniques. The maximum for this part is **4 marks**.

**Part (c)** of each question requires knowledge and understanding, application and analysis, and selection, use and application of a variety of appropriate skills and techniques. The maximum for this part is **4 marks**.

**Part (d)** of each question requires knowledge and understanding, application and analysis, and synthesis and evaluation. The maximum for this part is **8 marks**.

The section B question is worth a total of **20 marks**.

## 4.2 ECONOMIC GROWTH AND DEVELOPMENT: EXAM PRACTICE QUESTIONS

**Exam Practice Questions: 4.2 Measuring Economic Development**

Study the extract below and answer the questions that follow.

**ITEM 1: BREAKING BUSINESS NEWS**

News item appearing in all major English-language newspapers and global media.

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Business Tues Nov 15, 2016 6:56am EST

## Short of options, Sri Lanka turns back to Beijing's embrace

COLOMBO | BY SHIHAR ANEEZ

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REUTERS/Shihar Aneez

HDI rank (2016)	HDI index (2016)	GNI per capita (PPP \$) (2016)	Life expectancy at birth	Mean years of schooling (2016)	Expected years of schooling (2016)	% of population living below \$1.25 a day (PPP)	Gini coefficient	
China	89	0.663	6890	73.5	7.5	11.4	15.9	41.5
El Salvador	90	0.659	6420	72.0	7.7	12.1	6.4	46.9
Sri Lanka	91	0.658	4720	74.4	8.2	12.0	14.2	41.1
Thailand	92	0.654	7640	69.3	6.6	13.5	<2	42.5
Gabon	93	0.648	12450	61.3	7.5	12.7	4.8	41.5

A new published by the United Nations Development Agency states that Sri Lanka has made large increases in its GNI per capita, largely on the back of large foreign direct investment by China. However income inequality is increasing and it has slipped three places in the latest Human Development rankings.

Sri Lanka must make efforts to reduce regional disparities in living standards, health and education across provinces. In spite of the impressive achievements in health and education, there remain gaps in geographical regions and among vulnerable groups. Largely reliant on Chinese loans and investment to finance infrastructure in the cities, the Sri Lankan government has had large loans for new schools and hospitals approved by both the Asian Development Bank and the World Bank.

**EDITOR'S CHOICE**



A dramatic week ahead

 Facebook prohibits private gun sales on its site

**PHOTOS OF THE WEEK**



Our top photos from the past week. [Full Coverage »](#)

**TRENDING ON REUTERS**

- 1 [IB Students show very elevated levels of stress compared to other students](#)
- 2 [Sarah Palin and Donald Trump announce birth of new daughter, Freedom Hilton](#)
- 3 [Queen Margaret College rocked by rampant student lethargy during mocks](#)

**Exam Practice Questions: 4.2 Measuring Economic Development****IB ECONOMICS PAPER 2 EXAMINATION QUESTIONS****QUESTION ONE**

1. In regards to economic development:
  - i. Outline how the data presented in the article informs us which country is more advanced in achieving human development objectives. **[2 marks]**
  - ii. Outline why economic development is a multidimensional process. **[2 marks]**
2. Explain which of the indicators would account for Sri Lanka's relatively high HDI ranking compared to its low GNI per capita. **[4 marks]**
3. Explain why it is better to use GNI per capita in \$ PPP rather than GNI per capita at market exchange rates (e.g., US\$) to provide national income data. **[4 marks]**
4. Using information in the text and your knowledge of economics, examine how reducing income inequality could prove beneficial to Sri Lanka's process of economic growth and development. **[8 marks]**

**QUESTION TWO**

1. In regards to economic development:
  - i. Use examples to identify one advantage that a composite indicator has over a single indicator of economic development. **[2 marks]**
  - ii. Define foreign direct investment. **[2 marks]**
2. Explain how the Human Development Index is constructed. **[4 marks]**
3. Given Sri Lanka's relatively low GNI per capita, explain how the country manages to achieve its relatively high HDI ranking. **[4 marks]**
4. To what extent is economic development dependent on a country's economic growth? **[8 marks]**