7. HCI H2 Prelims 2019 Question 2

**Internet Connectivity and Lifelong Learning**

**Extract 4: Benefits of the Internet**

The internet is a pervasive, fundamental part of daily life that continues to deliver massive economic and social benefits around the world. Yet some 3.9 billion people – more than 52% of the world’s population – are still not online.  Although much progress has been made in closing the digital divide, the challenge remains huge, complex and multidimensional. Multiple studies by The Boston Consulting Group have detailed the internet’s macroeconomic benefits to Gross Domestic Product (GDP), the broad economic and job impact of the digital economy’s rapid growth in online retail and advertising and infrastructure, and the big impact of information and communications technology (ICT) on small-business revenue growth and job creation. Most studies have verified the positive impact of greater broadband penetration on the growth in GDP. One of the first, by the World Bank, concluded that every 10 percentage point improvement in broadband penetration increases GDP by 1.3%.

Research also highlights a positive relationship between the application of digital technologies and the quality of life. Some researchers have considered internet usage including social networking sites as one type of leisure activities. The internet is also increasingly a source of high-quality educational content and online courses, which can increase the availability of formal instruction to underserved population segments. Already a fixture in developed nations, educational institutions and for-profit universities are expanding their online offerings in emerging countries, where rapid economic growth has increased the demand for skilled workers.

Source: World Economic Forum, *White Paper: Internet for All*, April 2016

(b) Using the information in Extract 4, explain how the internet would affect standard of living. [4]

6. Explain whether non-material standard of living is adequate to assess the level of standard of living. (12)

8. HCI Prelim H1 Economics 2019 Question 2

**Economic growth and digital transformation**

**Table 2: Selected economic indicators for China and Singapore (2015-2017)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** | **2016** | **2017** |
| **China** |  |  |  |
| Real GDP annual growth rate (%) | 6.9 | 6.7 | 6.7 |
| Rate of unemployment (%) | 4.1 | 4.0 | 3.9 |
| Annual rate of inflation (%) | 1.4 | 2.0 | 1.6 |
| Consumption (% of GDP) | 52.8 | 54.0 | 53.2 |
| X+M (% of GDP) | 36 | 37 | 38.1 |
| Gini Coefficient | 0.462 | 0.465 | 0.467 |
| Human Development Index (Ranking) | - | 86 | 86 |
|  | | | |
| **Singapore** |  |  |  |
| Real GDP annual growth rate (%) | 2.9 | 3.0 | 3.7 |
| Rate of unemployment (%) | 1.8 | 1.9 | 2.2 |
| Annual rate of inflation (%) | -0.5 | -0.5 | 0.6 |
| Consumption (% of GDP) | 47.3 | 46.8 | 46.0 |
| X+M (% of GDP) | 329.4 | 304.5 | 318.8 |
| Gini Coefficient | 0.463 | 0.458 | 0.459 |
| Human Development Index (Ranking) | - | 8 | 9 |

(e) (i) From Table 2, identify and explain one indicator that is most useful in assessing standard of living. [2]

(e)ii Based on the table, assess which country has a better economic performance and improvement in standard of living from year 2015 to 2017. (8)

Answers

E(i) The Human Development Index (HDI).  *[1m]*

HDI is a composite index of life expectancy, education, and per capita income indicators.  Thus HDI is the most useful indicator for SOL as it encompasses both material and non-material indicators for standard of living. *[1m]*

*Eii)*