

**Economics 181**  
**Seminar in Economic Development**  
**Swarthmore College**

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STUDY GUIDE FOR FINAL EXAMINATION

This study guide has two parts. The first consists of the External Exams given over the past three years. Some questions not unlike those appearing on these exams will appear on the instructor's final exam. The rest of the final exam will consist of short-answer questions involving concepts / terms such as those appearing below. Some, perhaps all, of these questions will simply ask for definitions and brief discussion of relevance / importance to economic development and / or its analysis. In any event, each item on the list ought – with effective studying – to trigger a chain of reasoning more or less complex in breadth / depth and multi-dimensional / directional as the case may be. Note well: The following list is meant only to be indicative; concepts / terms of obvious importance not appearing on it are no less fair game for the final exam. Note re usage: vav, vis-a-vis; “vs,” versus.

Agglomeration	Government failure, vs market failure
Agricultural development	Gradualism; incremental vs shock therapy
Backwardness: advantages, disadvantages	Group lending, vav micro-finance
Balance of payments:	History, vs expectations, vav initial conditions
- current, capital account determinants	Human capital; primary, ..., education
Bias: industry, trade	Import substitution
Capital / credit markets; vav collateral, limited liability	Incentives, a la Easterly & otherwise
Capital fundamentalism	Increasing returns; economies of scale
Circles: virtuous, vicious; vav traps	Incremental capital-output ratio (ICOR)
Comparative advantage: static vs dynamic	Industrialization
- Gains from trade, static vs dynamic	Infant industry, argument
Comparative development performance: Africa vs Asia (East, South), Latin America	Inflation, hyperinflation: causes, effects
Complementarities, of various forms	Information, incomplete: implications
Contracts: characteristics, determinants	Infrastructure; vav maintenance expenditures
Convergence: conditional; unconditional	Institutions, good vs bad
Coordination failure	Insurance markets
Corruption, varieties of	Interlinked markets, transactions
Crises: balance of payments, debt, financial	International organizations
Debt forgiveness, relief	- IMF, World Bank, WTO vs GATT
Default	Inward vs outward looking
Deficits: balance of payments, fiscal	Gini coefficient vav Lorenz curve
Demographic transition: causes, effects	Globalization: causes, consequences
Dutch disease	Government, role of; governance
East Asian “miracle”	Green revolution; high yielding varieties
Effective protection, subsidy, incentive	Growth theory: neoclassical (Solow), new / endogenous
Entrepreneurship	Kuznets hypothesis
Equilibria, multiple	Labor markets
Equity, income distribution; vav growth	Land markets, tenure: forms, determinants; reform
Ethnic heterogeneity vs homogeneity	Law of one price
Exchange rates: fixed vs floating, other	Learning, by doing, experience
Export promotion, -led growth	Liberalization, of markets
Externalities, of various kinds	Linkages
Fertility, determinants of	Market fundamentalism; aka free market ideology
Financing gap: investment, trade gaps	- laissez-faire; “get the prices right”
Financial repression	Mean reversion
Fiscal policy; expenditure, taxation	Missing markets
Foreign direct investment	Multiple equilibria
Formal vs informal institutions, markets	Necessary, sufficient conditions
Gender bias	Neutrality

Nutrition, vav energy balance, work capacity  
Path dependence  
Per capita income, as welfare measure  
Permanent income hypothesis  
Please effect  
Poverty  
Privatization  
Purchasing power parity, and its uses  
Real exchange rate  
Rent seeking  
Risk  
Rural markets  
Rural-urban migration; Harris-Todaro model  
Savings  
Seigniorage, inflation tax  
Selective intervention  
Sequencing, vav policy reforms  
Small vs large country  
Social contract, vav safety nets  
State owned enterprises (SEOs)  
Structural adjustment; per se, vav lending, conditional  
Surplus labor (Lewis; Ranis & Fei) model  
Technological development, and / vs progress  
Technology transfer, vs R&D, invention; innovation  
Terms of trade  
Total factor productivity (TFP)  
Tradables vs non-tradables; relative quantities, prices  
Trade policy: tariffs, quotas, etc. (marketing boards)  
Trickle-down hypothesis  
Typologies  
Un- vs under-employment