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| IB Economics  Mrs. Shackett  Review Packet #4: DEVELOPMENT ECONOMICS | Name |

1. What are some of the key characteristics of developing countries?



1. How are developing countries distinct from each other?
2. Differentiate between growth and development.
3. What is the Human Development Index? How is it calculated?
4. What is ‘purchasing power parity’ and why is it used to make comparisons between countries fairer?
5. What is the ‘gender-related development index’?
6. What is the Human Poverty Index?
7. Why might a country’s GDP/GNI per capita ranking be lower or higher than its HDI global ranking?
8. What are the outcomes of economic development?

Positive: Negative:

1. What factors need to be in place to enable a country to develop?



1. For each of the following barriers to economic development, explain WHY it is a barrier to a country’s development.

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| Lack of education |  |
| Lack of health care |  |
| Lack of infrastructure |  |
| Weak institutional/ governance framework |  |
| Lack of a functioning financial system |  |
| Lack of an organized tax structure/large informal economy |  |
| Political instability and corruption |  |
| Unequal distribution of income |  |
| Primary product dependency/ adverse trade |  |
| Protectionism from foreign countries |  |
| High levels of indebtedness |  |
| Capital flight |  |
| Poverty Trap |  |

1. Explain how the following strategies can affect growth and/or development.

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| Import substitution |  |
| Export promotion |  |
| Trade liberalization |  |
| The role of the WTO |  |
| Bilateral and regional preferential trade agreements |  |
| Diversification |  |

1. Outline the Millennium Development Goals. Compare the Sustainable Development Goals to their predecessor.
2. Define Foreign Direct Investment.
3. Evaluate the impact of FDI on LDCs.

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| Advantages of FDI | Disadvantages of FDI |
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1. How does microfinance seek to promote economic development?
2. Why is aid provided to a country?



1. What is the difference between ‘humanitarian aid’ and ‘development aid’?
2. Aid can be classified in many different ways. Explain each of these:

- long-term loans:

- tied aid:

- project aid:

- technical assistance aid:

- commodity aid:

- bilateral aid:

- multilateral aid:

1. How does the World Bank support developing countries?
2. What are non-governmental organizations (NGO’s) and how do they support developing countries?
3. What is the International Monetary Fund and how does it seek to support developing countries?
4. Why is indebtedness a major problem for developing countries? Describe the ‘Heavily Indebted Poor Countries Initiative.’
5. What is the difference between ‘market-led’ and ‘interventionist’ strategies?
6. What are the negative arguments surrounding aid?