Wilfrid W. Csaplar Jr.   Comparative Economic Development   Review Sheet for Exam 3

This review sheet is intended to cover everything that could be on the exam; however, it is possible I may have accidentally left something off. You are still responsible for everything in the chapters covered except anything that I explicitly say you are not responsible for. Therefore, if I left something off of this sheet, it can still be on the exam. There will be no multiple-choice questions. Most of the questions will be like the ones in the homework assignments, and possibly a few definition questions, but I am more likely to ask questions that make you use the definitions rather than recite them. I will probably ask one of the questions from the book at the end of the chapters.

The review session will be Thursday, 11/02, at 7:30 in Old Main 109 unless the class chooses another time.

Chapter 7: What do crude birthrate, crude death rate, and rate of natural increase mean, what are their effects, and how do they relate to each other? What is meant by doubling time and how do you estimate it? It is estimated by dividing 70 by the percentage growth rate. How do infant death rate, life expectancy, fertility rate, and age structure affect the growth rate? What is meant by demographic transition? What is the dependency ratio and why is it important? What causes population momentum? How can we reduce birthrates? What are the advantages and disadvantages of the methods? (That really starts on page 271.) Why does the diagram of optimum population look as drawn? Why does it move like that?

Chapter 8: What determines the unemployment and disguised unemployment, in developing countries? How do the supply and demand diagrams for the urban formal, urban informal, and rural markets look? Why are the wages so different? How do we calculate labor force participation and unemployment rates? What are the costs and benefits to induced migration? Be able to understand why the migration depends upon the differences in wage rates and the percentage of people employed. What are indirect job creation and secondary job creation? What can governments do about unemployment and underemployment? (That is almost the whole rest of the chapter.) Understand the economics as to why the wage-rental ratio matters, but do not worry about the graphs. What are food for work programs and why are they good?

Chapter 9: How does the education level affect wages? Why? What are the differences between the three types of education? What are the various problems that plague the school systems in developing countries? Why do they occur? What is manpower planning? How does it work? What are some problems with it? How do we do a cost benefit analysis and apply it to education? What are the differences between social and private rates of return? Why do they matter? Why are vocational schools important? What is the problem with credentialization?

Chapter 10: What is the difference between morbidity and mortality? Why do we care about them and how do we measure them? Be able to look at a chart of life expectancy at different ages like the one on page 348 and explain what is causing those numbers. What has changed the life expectancy over time? In particular, know about environmental sanitation, malnutrition, food volume, nutritional interventions, and medical services and their effects.

This is the non-graded assignment #7A that will be reviewed with assignment #7.

1) (15 points) Given the article on the back of this sheet, suppose you just graduated from high school. Set up the calculation which would determine if it would be worthwhile to go to college. If you do not have enough information, state what assumptions you are making. Explain how you arrived at the formula.

2) (25 points) Suppose you are a government official who is in charge of the education of the students in a country. The country has a high dropout rate. What would you do to fix the problem? How would that reduce the problem? How would you finance your solution?

3) (20 points) On page 352, there is a graph of *Life Expectancy at Birth* as a function of *National Income per Head.* Explain why the curve takes the shape it does and why the curve moved over time as drawn.

4) (15 points) What would you do to reduce the problem of malnutrition? How would that reduce the problem?

5) (15 points) Explain two reasons why there are fewer physicians per 1000 people in poor countries than in rich countries.

This article was found at http://www.cnn.com/2006/EDUCATION/10/26/degree.value.ap/index.html

Report: College degree worth extra $23,000 a year
POSTED: 10:09 a.m. EDT, October 26, 2006

WASHINGTON (AP) -- How much is a bachelor's degree worth? About $23,000 a year, the government said in a report released Thursday.

That is the average gap in earnings between adults with bachelor's degrees and those with high school diplomas, according to data from the Census Bureau.

College graduates made an average of $51,554 in 2004, the most recent figures available, compared with $28,645 for adults with a high school diploma. High school dropouts earned an average of $19,169 and those with advanced college degrees made an average of $78,093.

"There appear to be strong incentives to get a college degree, given the gaps that we observe," said Lisa Barrow, senior economist at the Federal Reserve Bank of Chicago.

The income gap narrowed slightly from five years earlier, when college graduates made nearly twice as much as high school graduates. But the differences remained significant for men and women of every racial and ethnic group.

Eighty-five percent of people 25 and older had at least a high school diploma or the equivalent in 2005, according to the Census Bureau's 2005 Current Population Survey. In 2000, 80 percent had a high school diploma or the equivalent, and a little more than half did in 1970.

Twenty-eight percent had at least a bachelor's degree, compared with about 24 percent in 2000 and 11 percent in 1970.

"I think we've done a very good job of getting individuals into college," said Cecilia Rouse, professor of economics and public affairs at Princeton University. "But we don't fully understand why we don't do as good a job of graduating them."

Chester Finn, president of the Thomas B. Fordham Institute in Washington, said too many high school graduates are unprepared to succeed in college.

"If you don't emerge from high school having done at least the equivalent of advanced algebra, you are not going to be ready for college math," Finn said. "You can make similar points about English."

Among the other findings in the report:

Minnesota, Utah, Montana, New Hampshire and Alaska had the highest proportions of adults with at least a high school diploma -- all at about 92 percent.

Texas had the lowest proportion of adults with at least a high school diploma, about 78 percent. It was followed closely by Kentucky and Mississippi.

Connecticut was the state with the highest proportion of adults with at least a bachelor's degree, nearly 37 percent. It was followed closely by Massachusetts, Maryland and New Jersey.

Nearly 47 percent of adults in Washington, D.C., had at least a bachelor's degree.

West Virginia had the lowest proportion of college graduates, at 15 percent. It was followed at the bottom by Arkansas, Kentucky and Louisiana.