

This review sheet is intended to cover everything that could be on the exam; however, it is possible that I will 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 Sunday, 10/6, at a time and date to be determined in class.

Chapter 5: What is meant by the **big push** and what are its advantages and disadvantages? How do **backwards linkages** help an economy? What are the strengths and weaknesses of using **Pareto efficiency** (and **Pareto optimality**) and **MSB = MSC** to determine if an action is a good one? What are **market failures**? Understand why the 10 items in the **Washington Consensus** are important for economic development. Understand why some economists feel that **liberalization of FDI** may not be good. Why is the transition from a **command economy** to a market economy be difficult? What are the advantages and disadvantages of **hard governments** and **soft governments**?

Chapter 6: What is meant by **frequency distribution**? Be able to draw a **Lorenz Curve** and estimate the **Gini Coefficient**. Understand what **deciles** and **quintiles** are. What is the problem of too large or too small Gini Coefficient? What is the **Kuznets Curve**? Why might it take that shape? What is meant by **absolute poverty**? What are the two most common values chosen for that? Why do some people disagree about them? Be able to calculate the **poverty gap**. Know what that means. Is growth good for the poor? What can be done to help the poor more with growth? What are **safety nets**?

Chapter 7: What are **crude birth rate** and **crude death rate**, and how do they relate to the **rate of natural increase**? Why does the **demographic transition curve** often look like the one they drew for Finland? What is the **total fertility rates**? What causes it to change? Why is a 2% growth rate a big problem? What is **population momentum** and how does it cause populations to continue to grow after the fertility rate equals the replacement rate? What did **Malthus** say? What were the strengths and weaknesses of his theory? Understand how the five items on Page 234 affect the fertility rate. How does faster population growth hurt development? What is the **dependency ratio** and why does it matter? What are the arguments of the **population "optimists."** What are the strengths and weaknesses of their theory? What can be done to reduce the population growth? What are the strengths and weaknesses of the various approaches?

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This is the non-graded Assignment #4A that will be reviewed with Assignment #4.

- 1) (20 points) Explain how a population distribution like Nigeria's on Page 239, can cause the population to increase for forty years after the replacement fertility rate is achieved.
- 2) (25 points) Obviously, both the "population pessimists" and the "population optimists" have views that apply to different countries. Which do you think applies to more countries? Explain your reasoning using both an argument for that theory and one against the other.
- 3) (30 points) If you ruled a poor country and you were trying to reduce the population growth rate, what are two actions you would take? Why would you take them and how would they reduce the growth rate?
- 4) (10 points each) For each of the following explain how that will affect the number of children a family tends to have? Explain your logic.
  - A) Women are given more equal opportunity in the workplace.
  - B) The overall education level increases.
- 5) (5 points) Why does a 2% population growth rate cause long-term problems?