

Check List of Concepts by Chapter
Revised December 3, 2009

Chapter 1. What is development?

Millennium Development Goals
The seven dimensions of development
GDPpc: nominal, real, in US\$ at nominal exchange rate, growth rate, time to double
PPP-exchange rate and GDPpc at the PPP exchange rate
Genuine Progress Indicator
Basic Needs: Human Development Index (HDI)
z-scores: height-for-age (stunting) and weight-for-age (wasting)
Global Burden of Disease
Vulnerability. Non-poor, transient poor, chronic poor, persistent poor
Risk management and risk coping
Quality of life
Pareto optimality in policy outcome

Chapter 2. State of Development

Headcount ratio vs. number of poor
Strong convergence and selective convergence
GDP growth and population tax
Inequality across countries and households

Chapter 3. History of development

Market failure and role of the state
Agricultural and industrial revolutions
Relative economic backwardness
Development economics
Washington Consensus
Endogenous growth
New Institutional Economics

Chapter 4. Poverty and vulnerability

Poverty line: absolute and relative
Poverty profile
Poverty gap
P0, P1, P2 (FGT indexes)
Decomposition of P index
Exit time from poverty
Determinants of poverty
Chronic vs. transitory poverty
Vulnerability
Poverty traps

Chapter 5. Inequality and inequity

Lorenz curve
Gini coefficient
Kuznets ratios
Kuznets inverted U hypothesis
Links between inequality and growth

Chapter 6. International trade and development

PPF
Comparative advantage in trade
Gains from specialization
Net social gain from trade and distributive gains and losses
Industrialization strategies: ISI vs. EOI, vs. OEI
Border price, domestic price
Import tariff, export tax
Production and export subsidy
Tradable good vs. non-tradable good
Trade policy indicators: NPC, EPC
Producer surplus, consumer surplus, net social gain (or deadweight loss)
Welfare effects of: a tariff, a production subsidy
ISI as a gamble
“Pick the winners” for subsidy
Investment climate

Chapter 7. Explaining economic growth: the macro level

ICOR
Harrod-Domar growth rate of an economy
Total Factor Productivity (TFP) growth
Factor deepening
Solow growth accounting and unexplained residual
Dual economy or dualism
Surplus labor
Classical dual economy model (Lewis)
Lewis turning point
Neo-classical dual economy
Role of technological change in agriculture for growth

Chapter 8. Modern perspectives on economic growth

Endogenous growth
Coordination failure
Multiple equilibria
Growth spillovers
Economic clusters
Big Push

Chapter 9. Population and development

Crude birth and death rates, population growth rate.

Total fertility rate

Life expectancy at birth

Doubling time

Population pyramid

Demographic dividend

Pay-as-you-go in Social Security

Demographic transition

Malthusian population trap

Becker quantity quality tradeoff in children

Income function of children

Insurance function of children

Population policy: supply side vs. demand side

Chapter 10. Labor and migration

Open unemployment, hidden unemployment, under-employment

Informal sector

Labor market failure

Efficiency wage hypothesis

Todaro hypothesis in migration

Altruism vs trade in remitting

Migration network

“New migration economics”

Brain drain

Remittances

Chapter 12. Real exchange rate

Tradable and non-tradable goods

Nominal and real (RER) exchange rates

Flexible and fixed exchange rates

Appreciation vs. depreciation of the RER

Exchange rate devaluation

Exchange Rate Policy Triangle

Dutch Disease

Foreign exchange sterilization

Speculative attack

Chapter 13. Microfinance

Adverse selection and moral hazard

Wealth-constrained market

Idiosyncratic risk vs. covariate risk

Limited liability

Dynamic incentives

Money lender

ROSCA

Group lending
Joint liability
Social collateral
Mutual insurance
Interlinked transactions
Village Bank
Proximity lending
Credit bureau
Mission drift
Mobile banking
Index-based insurance

Chapter 14. Aid effectiveness

Bi-lateral aid agency
Multilateral aid agency
Aid effectiveness
Policy conditionality
Fungibility
Infra-marginal transfer
Good governance
Investment climate
Scaling up

Chapter 15. Human capital: Education

Human capital
Gross and net enrollment ratios
Private benefits of education
Social benefits of education
Opportunity cost of education
Discount rate and hyperbolic discounting
Net Present Value (NPV) of investment in education
Internal Rate of Return (IRR)
Conditional cash transfer (CCT) program

Chapter 16. Impact evaluation

Treatment and control
Accountability
Counterfactual
Placement bias
Self-selection bias
Randomized experiments
Propensity score matching
Double difference method
Staggered entry or rollout
Discontinuity design

Chapter 17. Environment and development

Externality: positive and negative
Internalization of externality
Tax, quota, tradable permit, Coase theorem
Complete property right
Open access resource and tragedy of the commons
Public good, club good
Sustainability
Discount rate
Present value of a future revenue
Private and social present value

Chapter 18. Development, Resources, and Climate Change

“Tragedy of the fisheries”
Climate Change: mitigation and adaptation

Chapter 19. CPR and cooperation

Excludability and rivalness
Five dimensions of property rights
Common Property Resource (CPR)
Open access resource
Tragedy of the commons
Prisoner’s Dilemma
Chicken Game
Assurance Game
Multiple equilibria
Coordination problem
Folk Theorem
Tit-for-Tat game
Prisoner’s Dilemma with a manager
Monitoring
Enforcement

Chapter 20. Agriculture for Development

Multiple functions of agriculture
Capital contributions
Forced deliveries
“Invisible transfers”
Green Revolution
Land-saving and labor-saving technology
Induced technological innovations

Chapter 21. New Institutional Economics

Institution
Market failure
Non-separability between efficiency and equity

Imperfect and asymmetrical information
Adverse selection
Lemons problem
Moral hazard
Residual claimant
Dysfunctional institution
Path dependency
Pareto optimality after compensation
Marshallian inefficiency of sharecropping
Sharecropping for risk sharing
Links between local and global institutions

Chapter 22. The economics of farm households

Peasant (or farm) household
Sub-family farm
Price bands on the labor market
Labor allocation strategy
Price bands on the product market
Net buyer and net seller of a food product
Insurance market failure and ways to overcome it for smallholders
Credit market failure and ways to overcome it for smallholders
Inverse relation between farm size and yield (or TFP)
Redistributive land reform
Intra-household: unitary vs. bargaining
Fallback option and bargaining power