

Unit

15

Concepts of Development

Economic Development

The following information in addition to your reading is important, not just the blanks you fill in, or the specific answers given.

Foundations for Development

- Industries attract new investment to the core through:
 - _____ (supplying firms with components and services).
 - _____ (helping firms find uses and destinations for their products).
 - _____ (firms providing services for other corporations are attracted to the core)
- Profits are reinvested into innovative enterprises or research (_____), which further improves the comparative advantage of the core.

Measures of Development

- _____ (GDP) - total value of all goods and services produced by a country in a year.
- _____ (GNP) - total value of all goods and services produced by citizens in a year (regardless of location); production w/in the country + income of those abroad.
- _____ (GNI) - similar to GNP, except that in measuring the GNP one does not deduct the indirect business taxes (sales taxes)
- Shortcomings of GDP/GNP/GNI: 1) tells us little of the average citizen's material _____ (many states have very uneven _____ of wealth); 2) does not include transactions in the _____ economy (includes everything from a garden plot to odd jobs, to the black market and the drug trade); 3) does not reflect any _____ (e.g., resource depletion or environmental pollution) - may even record these negativities as a _____ (e.g., jails, pollution cleanup, etc.)
- GNI is often calculated at _____ (PPP), a technique used to determine the relative value of currencies, estimating the amount of adjustment needed on the exchange rate between countries in order for the exchange to be equivalent to each currency's purchasing power.
- This is controversial because of the difficulties of finding comparable _____ (e.g., bread, gasoline, etc.) to compare purchasing power across countries.
- The _____ (HDI) measures the average achievements in a country in three basic dimensions of human development:
 - 1) a long and healthy life, as measured by _____ at birth;
 - 2) knowledge, as measured by the adult _____ (with two-thirds weight) and the combined primary, secondary, and tertiary gross _____ (with one-third weight); and
 - 3) a decent standard of living, as measured by _____ per capita at _____ in USD (\$).
- HDI is considered by many to be an excellent tool for measuring development, since both _____ and _____ indicators are covered.
- In poorer countries, there are _____, where clusters of _____ have emerged and rapid _____ growth is taking place, producing local conditions that differ sharply from those prevailing in surrounding areas.
- List several alternative measures of development: