

Test Bank, Chapter 1: What is Development Economics good for?

1. According to World Bank classification, many African and Asian countries qualify as \_\_\_\_\_, while most Latin American countries qualify as \_\_\_\_\_.

- a. High income countries, Middle income countries
- b. Low income countries, High income countries
- c. Low income countries, Middle income countries
- d. Middle income countries, Low income countries

Answer: c

Heading: Assessing global poverty and prosperity

Level: Medium

2. The average income statistics is a useful measure, however, they fall short of fully describing prosperity and deprivation for the following reasons:

- a. Income is not distributed equally.
- b. Among people with the same income, some may have better access to clean water and good education.
- c. Among people with the same income, some may face lower risk of going hungry.
- d. All of the above.

Answer: d

Heading: Assessing global poverty and prosperity

Level: Medium

3. What is the official poverty threshold in the United States?

- a. \$1 per person per day
- b. \$2 per person per day
- c. \$13 per person per day
- d. \$100 per person per day

Answer: c

Heading: Assessing global poverty and prosperity

Level: Easy

4. If we were to employ a poverty threshold of \$10 per day rather than \$2 per day, what would happen to the number of poor people in the world?

- a. increase

- b. decrease
- c. stay the same
- d. all possible

Answer: a

Heading: Assessing global poverty and prosperity

Level: Easy

5. Which of the following is NOT true about rural Ethiopia?

- a. Most people live on less than \$2 a day
- b. Most people do not have access to clean water
- c. Most people have one or two children
- d. Most people have never been enrolled in school

Answer: c

Heading: Assessing global poverty and prosperity

Level: Medium

6. What is the objective in development?

- a. Sustained improvement in the well-being of rich people only
- b. Sustained improvement in the well-being of poor people only
- c. Sustained improvement in the well-being of a country's many people, with special emphasis on improvements for the rich.
- d. Sustained improvement in the well-being of a country's many people, with special emphasis on improvements for the poor.

Answer: d

Heading: Defining the Development Objective

Level: Medium

7. What is the ultimate aim in development?

- a. To generate higher income per capita
- b. To achieve faster economic growth
- c. To make people's lives better
- d. To make sure that everyone in the world is not hungry

Answer: c

Heading: Defining the Development Objective

Level: Easy

8. Which is the following statement is true?

- a. The objective in development is merely to generate higher income per capita.
- b. The objective in development is to make people's lives better.
- c. Development can happen over night
- d. Income and well-being are exactly same concept

Answer: b

Heading: Defining the Development Objective

Level: Difficult

9. All the development actors should treat

- a. Income and well-being as the exactly same thing
- b. Income as priority
- c. Non-income measures as priority
- d. all of the above

Answer: d

Heading: Defining the Development Objective

Level: Easy

10. For different development actors, what do their development objective definitions share in common?

- a. The objective in development is to make people's lives better, not merely to generate great economic statistics
- b. The objective in development is improvements for many people, especially for the poor
- c. The objective in development is to have sustained improvement over many years
- d. All of the above

Answer: c

Heading: Defining the Development Objective

Level: Easy

11. How many Millennium Development Goals are there?

- a. 6
- b. 8
- c. 10

d. 15

Answer: b

Heading: The Millennium Development Goals

Level: Easy

12. The Millennium Development Goals include

- a. achieving universal primary education
- b. eliminating the proportion of people living on less than \$1 per day.
- c. eliminating HIV/Aids, malaria and other diseases
- d. all of above

Answer: a

Heading: The Millennium Development Goals

Level: Medium

13. The accumulation of assets is central to understanding development, assets can be broadly grouped into the following categories EXCEPT:

- a. Business assets
- b. Infrastructure assets
- c. Inflation assets
- d. Human assets

Answer: C

Heading: 1.3 Understanding the Development process

Level: Easy

14. Development is most successful when

- a. The assets that are distributed and employed in ways that limit their benefit to society as a whole
- b. The assets are of high quality and durability
- c. An economy creates a small quantity of assets for a select few
- d. All of the above

Answer: b

Heading: Defining the Development Objective

Level: Easy

15. The quantity, quality and types of assets that an economy creates in any period of time and the way the value generated by the assets is distributed across diverse groups are determined in a country's \_\_\_\_\_ system?

- a. network
- b. command
- c. socioeconomic
- d. infrastructure

Answer: c

Heading: 1.3 Understanding the Development Process

Level: Medium

16. High quantity, institutions can do all of the following for a developing country except:

- a. discourage theft
- b. encourage trade and cooperation
- c. minimize fraud
- d. minimize competition

Answer: d

Heading: 1.3 Understanding the Development Process

Level: Medium

17. The Public Sector refers to all of the following except:

- a. governments
- b. NGOs
- c. any development actor
- d. private market transactions

Answer: d

Heading: 1.4 Analyzing Development Policy

Level: Medium

18. The term policies can refer to all of the following except:

- a. governments
- b. strategies
- c. programs
- d. projects

Answer: a

Heading: 1.4 Analyzing Development Policy

Level: Medium

19. Development policies can be broken down into three main categories, they are:

- a. asset creation policies, safety net policies, and intervention policies
- b. asset creation policies, growth policies, and inflation policies
- c. growth policies, price control policies, and investment policies
- d. safety policies, financial policies, and income growth policies

Answer: a

Heading: 1.4 Analyzing Development Policy

Level: Medium

20. Asset creation policies include:

- a. the government hiring a contractor to build a road
- b. social assistance programs providing food to the poor
- c. government taxation and subsidies
- d. tariffs and other policies aimed at encouraging or discouraging international trade

Answer: a

Heading: 1.4 Analyzing Development Policy

Level: Medium

21. Safety net policies include:

- a. the government subsidizing low income housing
- b. making credit more available to stimulate investment by firms
- c. Social Insurance and assistance
- d. tariffs and other policies aimed at encouraging or discouraging international trade

Answer: c

Heading: 1.4 Analyzing Development Policy

Level: Medium

22. Policies that intervene in the market include:

- a. the government hires a contractor to build a road

- b. making credit more available to stimulate investment by firms
- c. Social Insurance and assistance
- d. tariffs and other polices aimed at encouraging or discouraging international trade

Answer: d

Heading: 1.4 Analyzing Development Policy

Level: Medium

23. Reinikka and Svensson in their 2004 paper identify which country as an example of bureaucratic corruption where only 13% of central government transfers to school actually made it to the schools?

- a. Nigeria
- b. Indonesia
- c. Vietnam
- d. Uganda

Answer: d

Heading: 1.4 Analyzing Development Policy

Level: Medium

24. Agricultural research to improve corn yield will increase corn farmer's income, which group is most like to be hurt by this research?

- a. Consumers who now have to pay higher prices for corn
- b. Consumer who now have to pay higher prices for wheat
- c. Wheat farmers who now receive a lower price for the same amount of wheat
- d. Dairy farmers who feed their cattle a mix of corn and wheat

Answer: c

Heading: 1.4 Analyzing Development Policy

Level: Medium

25. All of the following are examples of development indicators except:

- a. Economic growth rates
- b. Poverty
- c. Interest rates
- d. Income

Answer: c

Heading: 1.2  
Level: Medium