

University of Florida • Department of Geography  
**Global and Regional Economies**  
Midterm #2 Study Guide • Fall 2009

**Midterm Guidelines:**

The second midterm is worth 25% of your final course grade. The exam may test all material included in the assigned reading and all the material covered in class.

There will be 20 multiple choice questions and 1 short answer question. You will have some choice in deciding the short answer question you answer. The multiple choice portion of the exam will be worth 80 points and the short answer component of the exam will be worth 20 points.

**Short Answer Questions:**

Two of the following essay questions will be asked on the exam. You will need to answer one of the two questions.

- Explain how the Human Development Index (HDI) is calculated, and the pros and cons associated with the index. What are the channels through which Human Development affects Economic Growth? What are the channels through which Economic Growth affects Human Development?
- According to Easterly, bad luck plays an important role in development? Describe some of the ways economies (and economic growth) can be vulnerable to bad luck. Explain how mean reversion can help you forecast growth, even if luck determines all.
- Describe and discuss the perverse incentives that Easterly says have prevented many development projects from working. What are the causes of these perverse incentives (for both donors and for recipient governments)? What are some of the outcomes of perverse incentives?

**Multiple Choice Questions:**

In order to be prepared for the MC questions, you should:

- Know which groups of people are particularly vulnerable to oppression in the world today.
- Be familiar with the time period when development economists became interested in the less economically developed countries in Africa, Asia, and the Americas.
- Be familiar with the current news events that we have discussed in class, and how they relate to the course reading material.
- Be familiar with Easterly's pancake example and what it illustrates.
- Know the key reasons that some countries stay poor, and why it is difficult to promote economic growth by only tackling any one of these issues.
- Be familiar with the economic theories we discussed in class and how they differ from one another.
- Understand how the Human Development Index is calculated.
- Be familiar with the relationship between population growth and poverty.
- Know the various factors driving urbanization, and be able to identify the most important factor.
- Know which diseases are responsible for the majority of infectious disease deaths and the causes behind their emergence or re-emergence.
- Be familiar how governments can kill growth and the possible reasons for why they do this.
- Be familiar with the ways that conflict can impact growth, and the relationship between government corruption and conflict.
- Be able to compare and contrast the different types of corruption and the impacts they can have on economic growth.