

DEVELOPMENT ECONOMICS

1. absolute poverty	a situation where people are so poor that they cannot meet their basic needs	20. export promotion (export-led growth)	an outward-oriented economic growth strategy, based on increased international trade and less protectionism
2. adult literacy rate	the percentage of people over 15, who can read or write a short statement relating to their everyday life	21. fair trade	an attempt to ensure that producers in developing countries receive fair prices for selling their products in order to improve the chances that their work will lead to improve development
3. aid	assistance given to a country that would not have been given through market forces	22. financial markets	institutions where lending and borrowing takes place
4. appropriate technology	capital that is suited to the demographic and economic needs of the population (existing factor endowments)	23. financial services	the services of lending and saving, usually provided by banks
5. bilateral aid	aid given directly by one country to another	24. foreign direct investment (FDI)	long-term investment by multinational corporations in other countries
6. capital deepening	when there is an increase in the amount of capital for each worker (improves labour productivity)	25. GDP per capita	the total value of all goods and services produced in a country divided by the population
7. capital flight	when people take money out of a country to invest, usually because of high risk or economic / political instability in a country	26. gender related development index (GDI)	a composite index that combines the HDI along with the differences in HDI indices between men and women. Inequality between men and women will result in a lower GDI than the HDI
8. capital widening	when extra capital is used with an increased amount of labour, but the ratio of capital per worker does not change (labour productivity doesn't change)	27. GNI per capita	the total income earned by a country's factors of production, regardless of where they are located, divided by the population
9. child dependency ratio (burden)	% of population under 15 / % of population 15 to 64	28. grant aid	short-term aid provided as a gift and does not have to be repaid; includes food aid, medical aid, and emergency aid
10. child mortality	the number of children out of 1,000 that die before the age of five	29. Heavily Indebted Poor Countries (HIPC) Initiative	a program by the World Bank and IMF that helps reduce debt levels among the poorest countries
11. corruption	the use of power for personal gain	30. Human Development Index (HDI)	a composite index that measures health (through life expectancy), education (through the literacy rate and primary / secondary / tertiary school enrolment) and income (through GDP per capita)
12. debt relief	the process of forgiving some of all of the debts of LEDCs to free up money for development goals	31. humanitarian aid	aid given to improve short-term suffering usually due to wars or natural disasters
13. debt-servicing	the payment over time of debt plus interest	32. import substitution (import substitution industrialization)	a strategy that says that a country should, when possible, produce goods domestically rather than import them
14. de-development	worsening development conditions (sometimes brought about by structural adjustment policies of IMF)	33. income distribution	how income is spread among the quintiles of the population
15. development	an improvement in standards of living, including improved health, education, freedom, and security	34. indebtedness	the state of being in debt
16. development aid	long-term aid given to reduce poverty and improve the welfare of people; should have some part as grant aid	35. infant mortality rate	the number of babies out of 1,000 born who die before the age of one
17. diversification	moving from over-specialization to an increased number of products to produce and export; reduces the risk associated with focusing production of a few goods	36. informal markets (black markets, underground economies)	markets that are not monitored or taxed by governments
18. drought	when there is not enough rain to sustain food production		
19. economic growth	an increase in the total value of all goods and services produced in the country (increase in GDP)		

37. infrastructure	the essential facilities and services that are necessary for economic activity (roads, sewers, phone, etc.)	51. official development assistance (ODA)	aid organized by a governments or multilateral agencies and given to governments
38. institutional factors	the structures of human interaction that impact choices and affect the performance of societies and economies	52. old age dependency ratio (burden)	% of population over 64 / % of population 15 to 64
39. International Monetary Fund (IMF)	a multinational organization that develops global monetary cooperation, secures financial stability by helping members who have balance of payments difficulties, promotes international trade, promotes high employment and sustainable economic growth	53. over-specialization	when a country focuses too much on the production of a few goods, increasing the risks to economic growth if there are problems with the production or sale of those goods
40. interventionist development strategies	government policies that involve an active role for government in the economy and markets to achieve goals; includes trade protectionism, import substitution, exchange rate intervention, regulation and nationalization	54. poverty	the state of being extremely poor
41. life expectancy at birth	the average number of years that a person can be expected to live	55. poverty trap (cycle)	any linked combination of barriers to growth and development that form a circle
42. market-led development strategies	government policies to promote development that focus on letting free markets operate to achieve maximum economic efficiency; includes deregulation, privatization, free trade policies	56. price volatility	when the prices of goods changes significantly; depending on elasticity, can result in significant changes in revenues earned
43. micro-loans (micro credit)	small loans, often given to women, that enable entrepreneurs to start small businesses to increase income or accumulate capital	57. primary commodities	raw materials used for the production of other goods
44. Millennium Development Goals (MDGs)	eliminate extreme poverty and hunger, reduce child mortality, improve maternal health, establish global partnerships for development, achieve universal primary education, promote gender equality and empower women, combat HIV/AIDS malaria and other diseases, ensure environmental sustainability	58. productivity	output per person
45. multilateral aid	aid given by MEDCs to international aid agencies such as the World Bank and International Monetary Fund (IMF)	59. project aid	money given for a specific project in a country, often targeted at infrastructure
46. multinational corporation	a firm that produces goods and services in multiple countries; a source of FDI	60. property rights	a group of rights that includes the right to own, use, sell and prevent others from using personal assets
47. net enrolment in primary education	the number of children enrolled in primary school divided by the total number of children of primary school age	61. pro-poor growth	economic growth that leads to a fall in poverty
48. non-convertible currency	a currency that is not widely accepted for the purposes of global exchange	62. purchasing power parity (PPP)	an adjustment to national income data, that considers the prices in various countries so as to better represent the purchasing power of a level of income
49. non-governmental organization (NGO)	groups that work to improve development, but are not a part of government	63. relative poverty	a situation where people are poor relative to the average levels of income in their country
50. odious debt	refers to debt that is taken on by a government, but not used to help the people; many believe that odious debt should be forgiven by MEDCs	64. Structural Adjustment Policies	policies demanded by the IMF as a condition for loans to prevent debt default in LEDCs; mainly market-oriented reforms like trade liberalization, privatization, and balancing government budgets through reduced government spending
		65. sustainable growth	when meeting the needs and wants of people today does not hinder the ability of future generations to meet their needs and wants
		66. tariff escalation	a situation where a country may increase tariffs on processed goods, thereby reducing the ability of some countries to add value to commodities to earn higher revenue
		67. technical assistance aid	aid in the form of training and assistance from experts on projects

68. Third-World Debt Crisis	a situation that started in the 1970s where many LEDCs borrowed heavily from Western Banks at low interest rates; later these countries found they could not pay back the money, resulting in debt defaults that threatened the international financial system
69. tied aid	grants or loans given to an LEDC, but with conditions that the funds are used to buy goods and services from the donor country
70. trade justice	the idea that trade is conducted in a fair way and that LEDCs should not be forced to lower trade barriers while MEDCs keep theirs
71. trade liberalization	the process of removing trade barriers such as tariffs and quotas
72. trickle-down effect	where the rich increase incomes and through greater spending improve incomes of low income groups
73. uneconomic growth	when increases in production result in over-use of resources and damage to well-being
74. unofficial aid	aid organized by a non-government organization
75. Washington Consensus	a set of policies that promoted free markets around the world, and include such measures as reducing trade barriers, freeing up exchange rates, privatization, and deregulation
76. World Bank	a group of organizations that aim to provide aid and advice to LEDCs to reduce poverty levels, mainly in the form of low- or no-interest loans and technical advice