ECON 620 – Development Economics

Cuttington University School of Graduate and Professional Studies

Rudolph Monsio Bropleh, Ph.D.

**Study Questions for INCOME**

1. Defining and measuring income:

A) What are the two ways to calculate GDP, and why do they give the same result?

B) What’s the difference between GDP and GNP?

C) What’s per-capita GDP? Is it a good measure of welfare? Why or why not?

D) What is the PPP adjustment, how do we do it, and why?

E) What is the difference between nominal and real GDP (or per-capita GDP)?

2. Many things we think of as constituting economic activity do not get counted in the GDP. The book gives several examples. What are they, and why do they get missed in GDP calculations?

3. What is an index? What advantages does the income index in Chapter 3 have compared with an index based simply on country income rankings?

4. A number of different typologies have been used to classify countries based on their levels of economic development. What are they? Why has the World Bank’s classification become so popular?

5. Per-capita income, poverty, inequality, and human development indicators all have been used to measure welfare. We will study these in detail in the following chapters, but for now, what would you say the key strengths and weaknesses of each might be? For example, what do poverty and inequality capture that per-capita income does not? Are poverty and inequality pretty much two ways of measuring the same thing, or do they really measure different things? And how might all three of these measures be related to human development outcomes?