Development Economics

Exam - June 2015 - Conf. dr. Diego Varela

# Please answer TWO out of the following six questions:

1. What are the main advantages of income per capita as an indicator of economic development? How does it compare to the Human Development Index?
2. EITHER
   1. What are the main features of the neoclassical growth model? What is the steady state? How does the savings rate affect aggregate and per capita income? And population growth?

OR

* 1. Empirical evidence does not support the kind of economic convergence predicted by the neoclassical growth model. Discuss.

1. EITHER
   1. What is economic inequality? How can we measure it? What is the relationship between inequality and economic development?

OR

* 1. What is poverty? How can we measure it? Why is it important for economic development? Is there a vicious circle of poverty?

1. EITHER
   1. We should tax agriculture to encourage the movement of labour to industry in order to promote economic development. Discuss.

OR

* 1. Policies aimed at reducing urban unemployment by creating government jobs are bound to backfire: they will raise rather than reduce urban unemployment. Discuss.

1. EITHER
   1. Labour contracts or sharecropping are less efficient than fixed-rent contracts in agriculture. Discuss.

OR

* 1. Why are interest rates in rural credit markets usually higher than those in urban markets?

1. Eschewing both grandiose solutions to global poverty and sweeping claims that aid cannot work, Banerjee and Duflo draw on their pioneering experiments at MIT’s Poverty Action Lab to show what actually does work. Discuss.

# TIME: 2 hours.