

EC20155

University of Bath

DEPARTMENT OF ECONOMICS AND INTERNATIONAL DEVELOPMENT

Year II : Semester I : EC20155

DEVELOPMENT ECONOMICS 2

Monday, 23 January 2006. 1630 - 1830

Use of University calculators is permitted in this examination

ANSWER THREE QUESTIONS

All questions carry equal marks

During this examination you will be supplied with the country briefing paper that you produced as coursework. Extra marks will be awarded for drawing upon evidence presented in this paper. It is not necessary to copy relevant material into your written answer, but you should clearly indicate where the relevant material is located within it.

## EC20155: DEVELOPMENT ECONOMICS 2

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Answer any **THREE** questions. Equal marks will be awarded for each.

1. With reference to a low/middle income country of your choice, explain why GDP per person at market and purchasing power parity (PPP) exchange rates may differ. Critically review what the indicators below reveal about differences in the overall economic development of your chosen country and of the United Kingdom.

HDI score (2003)	939
HDI rank (2003)	15
Life expectancy (years, 2003)	78
Adult literacy (% , 2003)	100
GDP per person (PPP, US\$, 2003)	27,141
GDP/per person (market rate, US\$, 2003)	30,253
Inequality (Gini coefficient)	0.36

2. Briefly summarise the major differences between Lewis' original dual economy model and the Fei-Ranis model. In what ways do you think each model is useful, if at all, to understanding the economic history of a country of your choice?
3. Under what conditions might lack of demand undermine private incentives to investment in new technology? Discuss, with reference to a country of your choice, how trade specialisation (and the functional distribution of income resulting from it) can influence the rate and composition of economic growth.
4. Briefly explain how the Washington Consensus departed from the ideas of classical development economists about the role of state intervention in promoting economic development. With reference to a country of your choice, critically review how strategies for economic development changed (if at all) as a result of this shift in global thinking.

5. Briefly review the social and economic consequences of a changing birth rate. To what extent should governments seek to influence birth rates, and if so how? Illustrate both parts of your answer with reference to a country of your choice.
6. Select and then discuss any two important constraints on agricultural productivity growth in low and middle income countries. To what extent can governments help to overcome these problems? Illustrate both parts of your answer with reference to a country of your choice.
7. Briefly compare the inferences that can be drawn from the Lewis dual economy model and the Figueroa *sigma* economy model about income inequality over time. To what extent are these inferences consistent with the history of inequality in a country of your choice?
8. Critically review the implications that can be drawn from the Harris-Todaro model about how to reduce urban poverty. To what extent is the Harris-Todaro model consistent with experience of migration and urban poverty in a country of your choice?
9. Critically review the causal arguments linking financial sector development and economic growth. With reference to a country of your choice, select one financial sector policy initiative and review its effects on economic development.
10. Briefly review the range of possible economic effects of international aid on economic development. Bearing these in mind, what do you think would be the effect of a rapid doubling of such aid (from its current level) on a country of your choice?