

University of Bath

DEPARTMENT OF ECONOMICS AND INTERNATIONAL DEVELOPMENT

Year II : Semester I : EC20155

DEVELOPMENT ECONOMICS 2

Monday, 15 January 2007. 1630 - 1830

Use of University calculators is permitted in this examination

ANSWER THREE QUESTIONS

During this examination you will be supplied with the country briefing paper that you submitted as coursework. Marks will be awarded as follows: 10% for the country briefing paper; 40% for your answer to Question 1; and 25% to each of the two questions answered in Section B. All questions in Section B carry equal marks.

**CANDIDATES MUST NOT TURN OVER THE PAGE AND READ  
THE EXAMINATION PAPER UNTIL THE CHIEF INVIGILATOR  
GIVES PERMISSION TO DO SO**

Please fill in your name and sign in the section on the right of your answer book/cover, peel away adhesive strip and seal.

Take care to enter the correct candidate number as detailed on your desk label.

## **EC20155: DEVELOPMENT ECONOMICS 2**

Answer **THREE** questions

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### **SECTION A**

#### **COMPULSORY QUESTION**

1. Select **ONE** of the following sets of variables. Explain possible causal relationships between them over time. Describe how the variables have changed over time in the case of a low or middle income country of your choice. Interpret this experience, including how it compares with that of other countries.
  - (a) Absolute poverty, GDP growth and income inequality.
  - (b) Agricultural value-added per worker and the share of the population living in urban areas.
  - (c) The openness of the economy to trade and GDP growth.
  - (d) Women's literacy and total fertility rates.
  - (e) Ecological footprint per person, GDP per person and life expectancy.

### **SECTION B**

Answer **TWO** questions from this section

2. Briefly explain how Figueroa's model of the *sigma* economy differs from other dual economy models. What additional insights, if any, does it provide into the economic development of a country of your choice?
3. Critically review the implications that can be drawn from the Harris-Todaro model about how to reduce poverty. How relevant is the model for analysis of the effects of international migration on global poverty?
4. Under what conditions might lack of demand undermine private incentives to invest in new technology? To what extent does this explain why an abundance of natural resources can serve as an obstacle to economic development?
5. Critically review the causal arguments linking financial sector development and economic growth. To what extent can the problem of financial exclusion best be addressed by improving the property titles of poor people?
6. Why might agricultural exporters be unresponsive to an improvement in world market prices for their goods? What can governments do to encourage faster growth in agricultural exports?