

Resit-Examination in Intermediate Development Economics

2nd of December 2012

This exam contains TWO sections: **Section A** and **Section B**.

Section A contains six questions, each worth 10 points. You have to answer ALL of those six questions.

Section B contains three questions, of which you have to answer ONLY TWO. You can choose which TWO of the three questions in Section B you answer. Each of those questions is worth 20 points. (Do not answer three questions in Section B. If you do so, only the first two questions answered will be marked.)

You can earn a maximum of 100 points on this exam. Your grade for this course is based on the sum of your points in this exam and the points you received for your presentation. If this sum is greater than 100, your final points are 100. For the grade E 45 points are required, for D 50 points, C 60 points, B 75 points and A 90 points.

Write your identification number (stated in the upper right hand corner on your exam cover) on each paper and cover sheet.

Use one cover sheet per section. Explain notions/concepts and symbols. If you think that a question is vaguely formulated, specify the conditions used for solving it. Only legible exams will be marked. No aids are allowed.

Results will be made available on your “My Studies” account (www.mitt.su.se) on the 19th of December the latest.

Good luck!

Section A

- Question A.1: *'The Solow model predicts that all countries converge in the long-run to the same per capita income.' Is this statement true or false? ? If false, can you correct the statement? No points will be awarded without explanation.*
- Question A.2: *What is the Kuznets's hypothesis? Discuss the empirical evidence in favour or against it.*
- Question A.3: *Explain what hyperbolic discounting is, and how it might explain why farmers do not to purchase inputs such as pesticides in the current harvesting season, even if they say that they would want to purchase/use them during the next harvesting season.*
- Question A.4: *When, precisely, do we say that an individual is 'credit constrained'?*
- Question A.5: *Acemoglu, Johnson and Robinson present data that makes them believe that 'institutions' are a long-run driver of economic growth, but 'geographic conditions' are not. What data do they present and why does this data lead them to draw this conclusion?*
- Question A.6: *Which empirical phenomenon do people describe as 'missing women'? What are possible explanations for why this phenomenon exists?*

Section B

- Question B.1: *Without receiving the full amount of the produce, agricultural tenants might not want to spend the socially optimal amount of effort/care when working on the field. Why? Banerjee, Gertler and Ghatak (2002) provide evidence on the effects of a property rights reform, the so-called 'Operation BARGA'. Describe their research methodology and discuss whether this can provide evidence on the effects of increasing the tenant's share of the output on agricultural productivity.*
- Question B.2: *Describe how adverse selection might, theoretically, explain why we see high interest and low repayment rates and the exclusion of some individuals from access to credit in developing countries' credit markets. Discuss why, theoretically, micro-credit schemes might help to solve this problem.*
- Question B.3: *Discuss how one could derive predictions of the effects of the climate change that is to be expected over the next 50 years on mortality rates amongst the poor. The evidence discussed in class suggests one particular economic mechanism through which periods of hot weather affect mortality rates. Describe this economic mechanism and the evidence we have on it.*