Final.   Spring 2009
Name:_____   Economics of Development

Each question is worth the total number of points in parentheses; sub-questions are allocated an equal share of the total points per question. Final is worth 30 points.

1) Kuznets curves. (4 points)
a) Draw the original Kuznets curve presented with we first discussed the concept in class.

b) Explain the logic behind the shape of this curve.

c) Draw an example of an environmental Kuznets curve.

d) Explain the logic behind the shape of this curve.

e) Provide a critique of the original Kuznets curve.

f) Provide a critique of the environmental Kuznets curve.

2) True or False (3 points)

Statement	Circle whether the statement is true or false
The majority of people in the developing world live in urban areas.	True False
The majority of people in the developing world's labor force are employed in agriculture.	True False
The majority of GNP in the developing world comes from the agricultural sector.	True False
The share of natural capital in total wealth is higher for low income countries than it is for high income countries according to the World Bank's 'Where is the Wealth of Nations?'	True False
Psacharopoulos reported the private internal rate of return to primary education in sub-Saharan Africa was lower than a standard discount rate of 10%.	True False
The world population growth rate has slowed since reaching a peak in 1900-1940.	True False
Current estimates of global population are in the 11-11.2 billion people range.	True False
All countries in the world are currently experiencing positive population growth rates.	True False
The United States is the largest donor of official development assistance of any country in the world.	True False
The United States allocates over 2% of GNP to official development assistance.	True False
The Poverty Reduction Strategy adopted by the World Bank is one of the components Williamson identifies as part of what he first called the 'Washington Consensus'.	True False
The informal sector is the unorganized, unregulated, unregistered sector of the economy.	True False
Urban giantism describes the phenomena that the largest city in developing countries tends to hold the largest share of the national population who suffer from overnutrition.	True False
The evidence from the WHO presented in class reported that malnutrition is a contributing factor to over half the deaths of children under five in developing countries.	True False
The upper arm circumference of adults does not change much from age 15-65, making it a good measure of current adult undernutrition.	True False

3) Population issues (3 points)
a) Fill in the following table. Fr stands for the total fertility rate of the associated age cohort during their reproductive years. Assume future youth cohorts will have a total fertility rate of 2. Total population is for males and females; assume 50% of the population is female. The number in each cell of the table in rows a,b, and c should describe the number of females in each cohort in a given generation.

Country A

	Generation 1	Generation 2	Generation 3	Generation 4
a.Pre-reproductive cohort, Fr=2				
b. Reproductive cohort , Fr=2				
c.Post reproductive cohort, Fr=2	30			
Female Population	*90*			
Total population	*180*			

Country B

	Generation 1	Generation 2	Generation 3	Generation 4
a.Pre-reproductive cohort, Fr=2				
b.Reproductive cohort , Fr=3				
c.Post reproductive cohort, Fr=4	15			
Female Population	*90*			
Total population	*180*			

Describe how your findings on total population by the fourth generation illustrate the concept of **the hidden momentum of population growth**.

4) Poverty measures. (3 points)

Person number	Income per day
1	$0.10
2	$0.50
3	$0.70
4	$0.90
5	$2.60
6	$2.55
7	$2.75
8	$3.25
9	$4.45
10	$12.20

TOTAL INCOME $30.00

a) What is the total poverty gap, the average poverty gap, the average income shortfall, and the normalized average income shortfall if the poverty line is defined as $1 per person per day?

TPG=

_____

APG=

_____

AIS=

_____

NAIS=

_____

b) If we take $0.15 from person 5 and give it to person 4, does this reduce the headcount index and if so by how much?

If we take $0.15 from person 3 and give it to person 2, does this reduce the headcount index and if so by how much?

c) What share of total income is held by the highest quintile and what share is held by the lowest quintile?

Highest=

_____

Lowest=

5) Debating points (3 points)
a) Provide two arguments why a ban on child labor in a developing country is potentially counterproductive if our goal is to improve the well being of child laborers in that developing country.

b) Provide two arguments why the existence of an informal sector is harmful to the economy of a developing country.

c. Identify two ways in which educating girls in a developing country can contribute to realizing other important goals of that country's development strategy.

6) Health (3 points).

a) match

A	Write number of A that matches B here	B
1. Biochemical Assessment		Measure of past undernutrition
2. Dietary assessment		Blood test to detect anemia
3. Clinical Assessment		Measure to detect wasting
4. Weight for Age		Visually detect physical symptoms of malnutrition
5. Height for age		Look at food intake to identify gaps in the diet
6. Secondary malnutrition		Unable to absorb nutrients in food

b) Explain the idea behind a disability adjusted life year.

c) Explain the argument that finding adult wage and height are positively correlated in some developing countries may reflect an underlying childhood health problem.

7) Education (3 points)

a)True or False

	Circle whether the statement is true or false
The 'missing women mystery' investigates whey there are so few females in tertiary education compared to primary education in developing countries.	True False
Achieving universal primary education is one of the Millennium Development Goals.	True False
In general, the evidence suggests that as the average years of education in a developing country goes up, the education Gini goes up.	True False
The "educational Kuznets curve" describes how educational quality first increases as enrollment increases before decreasing after reaching a critical threshold.	True False
The primary school enrollment ratio has declined from 1970 to now overall in developing countries due to population growing more rapidly than spaces in classrooms have been provided.	True False
A country's educational attainment is included as a component of the Human Development index for that country.	True False

b) Explain why there is a logical problem with allocating more public funds exclusively to the primary school level if we wish to achieve universal primary enrollment.

8) Agriculture. (3 points)
a) Describe the three main types of agrarian systems found in the developing world and note in which geographic region each one is most commonly found.

b) Chose one of these agrarian systems. Provide two reasons why a land reform program might contribute to improved productivity in this agrarian system.

9) Population issues 2. (3 points)
a) Draw a figure illustrating the demographic transition and note the different stages.

b) Explain why the one rate you drew in (a) decreases before the other.

c) What is meant by 'the replacement rate', what kind of rate is it, and what is the usual value associated with a replacement rate?

d) Describe in general terms the approach taken to analyzing population growth using models of the demand for children.

10 (2 points) Long term poverty dynamics.

Krishna's paper presented the evidence in the table below concerning long term poverty dynamics. Use this table and your knowledge of his argument to describe what kinds of thing lead to long run paths into poverty and long run paths out of poverty in Rajasthan.

	Poor 25 years ago	Not poor 25 years ago
Poor now	18%	8%
Not poor now	11%	63%

Extra Credit (get them all, get 1 bonus point).

Fun with Acronyms: Write out what the acronym stands for

PRSP	
DFID	
CGIAR	
HPI-1	
IMF	