

**Economics 181
Seminar in Economic Development
Swarthmore College**

Prof. Westphal

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FINAL EXAMINATION

This examination consists of two sections. Allot 45 minutes in total for the first section and 45 minutes for each of the three parts in the second section. Use FOUR bluebooks, each to be clearly labeled; use one bluebook for Section I and a separate bluebook for each of parts A, B, and C in Section II.

Section I, 50 points. Choose any four of the terms appearing below. For each, define and discuss its significance in relation to economic development. Allot 10 minutes to each term, with 5 minutes "to spare."

Demographic transition

Dutch disease

Equity versus poverty

Financial repression

Kuznets hypothesis

Permanent income hypothesis

Purchasing power parity

Rent seeking

Rural – urban migration

Surplus labor model

Terms of trade

Un- versus under- employment

Section II. Essay questions – Answer ONE (only one!) question in each of the sub-parts A and B AND answer the question in part C. Allot 45 minutes for each part below; i.e. for each question answered.

Part A, 50 points. Answer (only) ONE of the following two questions; allot 45 minutes.

1. Ray (p. 132) asks, "If there is a single recipe for economic success, why do all nations not converge on that recipe?" With reference to factors affecting economic growth that are omitted from the Harrod-Domar and Solow models, how would you answer his question?

2. What is associated with and / or responsible for rural poverty? Does wholesale land reform provide the means to eradicate rural poverty – by itself; if not, what other policies are required?

Part B, 50 points. Answer (only) ONE of the following two questions; allot 45 minutes.

1. Poor performers among the developing countries have been advised to pursue liberalization as the means of achieving better development outcomes. What is liberalization; what problems does it address; can it lead to improved development performance; has it?

2. What are the dimensions of macroeconomic crises in developing countries? What causes such crises to occur; are the causes always and everywhere the same? What is required to restore macroeconomic balance sufficient to insure a healthy process of economic development thereafter?

Part C, 50 points. Answer the following question with respect EITHER to the agricultural OR the industrial sector.

For the sector on which you have chosen to focus: What is the meaning of (what are the elements of) successful development; how can it be achieved – what are the ingredients for its achievement? Answer using illustrations from comparative development experience, drawing on cases of both success and failure.