

Written Exam for the B.Sc. or M.Sc. in Economics summer 2014

**Development Economics**

Final Exam

6. August, 2014

(3-hour closed book exam)

Please note that the language used in your exam paper must correspond to the language of the title for which you registered during exam registration. I.e. if you registered for the English title of the course, you must write your exam paper in English. Likewise, if you registered for the Danish title of the course or if you registered for the English title which was followed by “eksamen på dansk” in brackets, you must write your exam paper in Danish.

**This exam question consists of 2 pages in total**

Please answer ALL questions.

**Problem A**

Please explain briefly

1. The difference between GDP per capita and the HDI index.
2. The relative importance of efficiency and technology according to calibrations of  $A = T \times E$ .
3. The Kuznets Curve.
4. Possible causes of urban gigantism
5. The relationship between nutrition and activity.
6. The notion of "the three worlds of agriculture"
7. The pros and cons of foreign direct investment for developing countries.

**Problem B**

Please explain how interlinkage of a credit contract with a labor contract may be the dominant contract for a rural laborer who works for and borrows money from a large farmer.

**Problem C**

Please explain how poverty lines are constructed when using the Cost of Basic Needs (CBS) method. To what extent is the dollar-a-day poverty line related to the CBN method? Describe the global geographical distribution of the poor and describe the main characteristics of high poverty groups.