

Written Exam for the B.Sc. in Economics Summer 2010

**Development Economics, B.Sc.**

Final exam  
13 August 2010

(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.

If you are in doubt about which title you registered for, please see the print of your exam registration from the students’ self-service system.

### **Problem A**

Please explain briefly:

1. The theory of forward and backward linkages.
2. The notion of an import substitution development strategy.
3. The headcount index.
4. The idea of economic development as self-discovery.
5. The notion of a common property resource.

### **Problem B**

Please outline the Big-Push model and explain how it may be used to rationalize government intervention. Can you list other types of market failures that have been used to rationalize government intervention in developing countries?

### **Problem C**

Please provide a discussion of the foreign aid debate, including (i) measurement issues, (ii) why donors give aid, (iii) why LDCs accept aid, and (iv) whether foreign aid can buy growth.