

Examen Development Economics 2017

Question 1: 10 points

Define following five concepts:

- a. Omitted variable bias
- b. Triple Malnourishment Burden
- c. Tied aid
- d. Political Organization Costs
- e. White Elephants

Question 2: 10 points *Malaria*

- 1. Discuss why Malaria leads to poverty and why poverty leads to Malaria. Give for both 2 conditions and explain the vicious cycle.
- 2. a. What is Tropical underdevelopment?
b. How does this relate to the vicious circle of malaria & poverty?
- 3. Next to ecology and ruggedness, water navigability is also important for economic growth. Discuss through which two channels this relation can be expressed.

Question 3: 10 points *Institutions*

- 1. What are bad institutions? Give two reasons concerning political economy why bad institutions still do exist.
- 2. Discuss the relation between economies of scale and institutions.
- 3. Institutional land reforms have had many effects in Russia, SSA & China. Discuss:
 - a. Who are the insiders and the outsiders?
 - b. Is the impact of the distribution of land between insiders and outsiders most important? Or are there other factors?
 - c. Are property rights important for economic growth? You can use an example to explain this.

Question 4: 10 points *GDP*

- 1. What are two possible ways in which income inequality worsens economic growth?
- 2. What are two possible ways in which income inequality improves economic growth?
- 3. Give 3 shortcomings of GDP.
- 4. What is the GPI? Give two positive points of this and one drawback

Question 5: 10 points *Migration*

- 1. a. Explain the demographic dividend
b. How can the demographic dividend become the demographic bomb?
- 2. Discuss the effect of development on migration. What is the migration hump?
- 3. a. What is a brain drain?
b. Give three reasons why policy makers are concerned about brain drain effects.
c. How can migration have positive effects on economic growth? How do you call this?