



AFRICAN ECONOMIC RESEARCH CONSORTIUM

Collaborative PhD Programme in Economics for Sub-Saharan Africa

COMPREHENSIVE EXAMINATIONS IN CORE AND ELECTIVE FIELDS

FEBRUARY – MARCH 2013

DEVELOPMENT ECONOMICS

Time: 08:00 – 11:00 GMT

Date: Thursday, February 21, 2013

INSTRUCTIONS:

Answer a total of FOUR questions: ONE question from Section A, ONE question from Section B, and TWO questions from Section C.

The sections are weighted as indicated on the paper.

SECTION A (15%)

Answer only ONE Question from this Section

Question 1

In the transition from subsistence farming to specialized modern commercial farming, it is said that agriculture passes through an intermediate phase called mixed and diversified farming.

- (a) Briefly describe the main characteristics of each phase. **(7 marks)**
- (b) Explain the factors that drive the transition from one phase to another. **(8 marks)**

Question 2

Briefly describe the following in short paragraphs, explaining their role in development:

- (i) Decentralization **(5 marks)**
- (ii) Privatization **(5 marks)**
- (iii) Public – Private Partnership (PPP) **(5 marks)**



SECTION B (25%)

Answer only ONE Question from this Section

Question 3

- (a) Explain the meaning of absolute poverty and describe its principal determinants. **(10 marks)**
- (b) Describe three measures of absolute poverty and state whether they satisfy the criteria for desirable measures of absolute poverty. **(9 marks)**
- (c) Which policies are most effective in reducing absolute poverty? **(6 marks)**

Question 4

One of the major problems of development in dualistic African economies is the inability of the formal sector to generate adequate employment opportunities to absorb surplus labour from rural and urban informal sectors.

- (a) Explain the biases that militate against the virtuous interactions of the formal and informal sectors in urban and rural areas. **(15 marks)**
- (b) What can be done to eliminate these biases in the formal sector? **(10 marks)**

SECTION C (60%)

Answer any TWO Questions from this Section.

Question 5

- (a) What is meant by an endogenous growth model? **(5 marks)**
- (b) Formulate an endogenous growth model and use it to explain how human capital is generated by an economy. **(20 marks)**
- (c) Derive an expression for the long run growth rate of all variables in this model. **(5 marks)**



Question 6

You are given the following basic facts about Cote d'Ivoire and Ghana:

	Cote d'Ivoire	Ghana
Area in square miles	124,502	92,456
Population size	21.4 million	23.8 million
Colonial power	French	British
Colonial rule	1842-1960	1821-1957

You are told that the two countries got their independence within three years of each other in 1957 (Ghana) and in 1960 (Cote d'Ivoire). The post-independence development of the two countries can be described by the human development indices (HDIs) shown below. For the sake of comparison, HDIs for Cameroon, Kenya and Tanzania are also indicated

	HDI 1980	HDI 2011	Non-income HDI 2011	Average HDI Growth Rate
Cote d'Ivoire	0.347	0.400	0.402	0.45
Ghana	0.385	0.541	0.633	1.10
Cameroon	0.370	0.482	0.509	0.85
Kenya	0.420	0.509	0.584	0.62
Tanzania	0.352	0.466	0.523	1.35

Source: UNDP, Human Development Report 2011.

- What is meant by human development index? Briefly explain how it is calculated?
(5 marks)
- What do the HDIs for Cote d'Ivoire and Ghana tell us about development in the two countries?
(5 marks)
- Describe the main social and economic factors that explain the differences in human development progress of the two countries.
(5 marks)
- How does the colonial history of the two countries explain their human development differences?
(5 marks)
- Choose one of the other countries and explain why its human development experience differs from that of EITHER Cote d'Ivoire OR Ghana.
(10 marks)



Question 7

Institutions are important for development in Sub-Saharan Africa. Nevertheless, institutional challenges manifest in most of these SSA countries.

- (a) What is the role of institutions in development? **(5 marks)**
- (b) Define the concept of institutional uncertainty. **(5 marks)**
- (c) Explain the different forms of institutional uncertainty. **(5 marks)**
- (d) What are the causes of institutional uncertainty? **(5 marks)**
- (e) Discuss the effects of institutional uncertainty. **(10 marks)**

Question 8

- (a) What do you understand by 'Globalization'? **(10 marks)**
- (b) Discuss the features and processes of globalization as well as the extent to which developing countries stand to lose or gain from it. **(20 marks)**

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