

Exam SØK2007 December 2020, 4 hours

Answer all 4 questions. Weights for all questions given in parentheses.

Question 1 (25%) Measurement Issues

What are the problems with using income to compare the economic development of countries? Why might we still use it despite these problems?

Question 2 (25%) Growth

Explain and compare the predictions of the Harrod-Domar and Solow growth models. What is convergence, and what is the difference between unconditional and conditional convergence?

Question 3 (25%) Inequality

What is the Gini coefficient? Explain and illustrate graphically. Why might economic growth lead to more inequality?

Question 4. (25%) Rural to Urban Migration

How can rural to urban migration lead to the development of an informal urban labour sector?