

English

Exam SØK1101 June 2020, 4 hours

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

Question 1 (20%) Measurement Issues

- a. Compare the use of income and the Human Development Index (HDI) as measures of economic development.

Question 2 (30%) Growth

- a. Explain, using a model(s) of your choice, the central role of savings as a driver of economic growth.
- b. What is convergence and why is it such an important concept when discussing economic growth?
- c. Why might human capital accumulation (i.e. education) be an important factor in determining economic growth?

Question 3 (25%) Health, Fertility and Poverty Traps.

- a. How can low nutrition cause economies to be trapped in a low-productivity low-income equilibrium?
- b. Discuss how economic growth influences population growth and fertility decisions.

Question 4 (25%) Topics in Development

- a. What is meant by co-ordination failure and how can it motivate the need for 'big push' interventions?
- b. How can we measure economic inequality? Why might inequality increase as low income countries experience economic growth?