

Final Examination
(Three hours, closed books)

Part I. Definitions (Select any 5 of the following 6; 4 points each for a total of 20 points)

Define the following concepts

1. P_α class of poverty indices

2. Tradable good

3. Real exchange rate

4. Impact analysis of an intervention

5. Risk generation process

6. Water rights systems

Part II. Short questions (Select any 5 of the following 6; 8 points each for a total of 40 points)

Give short answers

1. Inequality and growth

Economists have argued that high inequality reduces growth. Give the main arguments that have been used in support of this proposition.

2. Targeting anti-poverty programs

Self targeting shifts the cost of selecting beneficiaries from the program's budget to the poor or to society. Say if this is true or not, explain your answer, and give two examples.

3. Learning from Progresa

Progresa has used randomization to measure impact.

- i) How would you use this feature to measure impact?
- ii) How would you design an experiment to decide how much to pay mothers to send their children to school

4. Protection policies despite the WTO

Several provisions of the WTO allow countries to, de facto, protect their economy. Cite three of them. Explain briefly their purpose and their specification, and how countries can abuse them to simply protect specific sectors of production.

5. Biotechnology

How may the agronomic, economic and environmental impacts of GMOs differ between developed and developing nations? What factors affect these impacts?

6. Negative externalities

Taxes, subsidies, tradeable permits and direct control are used to control pollution.

- i) How do these policies vary in terms of their efficiency, equity and informational impacts?
- ii) How do these impacts affect policy choices?

Part III. Essays (Select any 2 of the following 3; 20 points each for a total of 40 points)

1. Industrialization strategies

What industrialization policy would you recommend to a country:

- i) That has a large domestic market and weak fiscal revenues
- ii) That is a small country but receives a lot of foreign aid
- iii) That is a small country with the ability to attract FDI

Explain the reasons for your recommendations, what is needed to make it successful, and give an example.

2. Group lending

- i) What are the four specific problems that the lending market faces, as opposed to a standard commodity spot market.
- ii) Why are those problems more difficult to address for lending to the poor rather than to wealthier people?
- iii) What are the main features of group lending?
- iv) Using these features, show if and how the group lending technology addresses the four problems raised above under i).

3. Climate change

- i) What are the likely economic impacts of climate change on agriculture?
- ii) What factors affect these impacts?
- iii) Who are the gainers and losers? How will climate change affect developing countries?
- iv) What policies can be taken to affect climate change and modify its impacts?