Please answer TWO out of the following twelve questions:

1. Income per capita is not a good indicator of economic development. Discuss.
2. What are the main features of the neoclassical growth model? What is the steady state? How does the savings rate affect aggregate and per capita income? And population growth?
3. Empirical evidence does not support the kind of economic convergence predicted by the neoclassical growth model. Discuss.
4. What is economic inequality? How can we measure it? What is the relationship between inequality and economic development?
5. What is poverty? How can we measure it? Why is it important for economic development? Is there a vicious circle of poverty?
6. We should tax agriculture to encourage the movement of labour to industry in order to promote economic development. Discuss.
7. Policies aimed at reducing urban unemployment by creating jobs government jobs are bound to backfire: they will raise rather than reduce urban unemployment. Discuss.
8. Labour contracts or sharecropping are less efficient than fixed-rent contracts in agriculture. Discuss.
9. Why are interest rates in rural credit markets usually higher than those in urban markets?
10. The best industrial development policy is a bad road. Discuss.
11. The bulk of international trade takes place between developed countries or between developed and developing countries, but not between developing countries. Discuss.
12. Development aid policies are either ineffective or even counterproductive for economic development. Discuss.

TIME: 2 hours.