

<p><b>This paper is not to be removed from the Examination Halls</b></p>
--

**UNIVERSITY OF LONDON**

**279 0044 ZA**

**BSc degrees and Diplomas for Graduates in Economics, Management, Finance and the Social Sciences, the Diploma in Economics and Access Route for Students in the External Programme**

**Economics of Development**

Thursday, 25 May 2006 : 2.30pm to 5.30pm

Candidates should answer **FOUR** of the following **TWELVE** questions. All questions carry equal marks.

PLEASE TURN OVER

1. Explain what is meant by 'sustainable development'. Are the objectives of economic development and sustainable development mutually reinforcing? Explain your answer.
2. 'In the initial decades after the Second World War, the pursuit of economic development was reflected in the almost universal acceptance that development planning was the surest and most direct route to economic progress'. Briefly explain how a developing country can use planning to pursue economic progress. What are the major limitations of planning?
3. Explain how growth in a two sector model leads to the Kuznets 'Inverted-U' hypothesis. Does empirical evidence support the Kuznets hypothesis? Explain your answer.
4. Explain the main determinants of rural-urban migration. What policies can be used to reduce the incentives of rural workers to migrate to urban areas?
5. Explain what is meant by financial liberalisation and discuss whether developing countries that liberalise their financial markets may be more vulnerable to financial crisis.
6. 'Human capital is the most important factor in reducing poverty in developing countries'. Discuss.
7. What are the Millennium Development Goals? Are these goals a substitute or a complement to the general objectives of growth of per capita income? Explain your answer.
8. 'Peasant farmers resist adoption of agricultural innovations'. Can this behaviour of peasant farmers be rational? Explain your answer.
9. Explain what is meant by 'missing women' and its relationship with 'son-preference' in some developing countries. Discuss policies to reduce this phenomenon.
10. 'Whilst there is no clear evidence that foreign aid increases growth, it clearly creates dependence'. Discuss.
11. Demonstrate how, in a developing country, the microeconomic model of fertility can help us understand a household's choice of the number of children to have. Consider the impact of the following on the household's decision:
  - (a) legislation introduced to increase compulsory schooling for children
  - (b) an improvement in the mother's employment opportunity.
12. 'Although using child labour is morally evil, under certain circumstances banning it would reduce the welfare of children'. Discuss.

END OF PAPER