

AGRICULTURAL ECONOMICS 450
MID-TERM EXAM
Thursday, October 4, 2001

100 points total

Answer each question. Your answers should be short (a paragraph or two) and to the point. Use diagrams as appropriate. Points will be deducted for incorrect answers and for answers with excessive amounts of irrelevant material.

Put your name on each of your answer sheets and number your answer sheets.

1. (10 points) Describe the concept of purchasing power parity and explain why economists usually adjust for purchasing power parity when comparing incomes across countries.
2. (10 points) The film *Burkina Faso: Understanding the Earth* discussed two resource conservation projects (PAF and PATECORE). Describe the principal features of one of these two projects.
3. (10 points) Describe two of the common socioeconomic characteristics of developing countries.
4. (10 points) According to the report by Per Pinstrup-Andersen, Rajul Pandya-Lorch, and Mark Rosegrant, *World Food Prospects: Critical Issues for the Early Twenty-First Century*, almost all of the increase in world food demand during the next two decades will take place in developing countries. Why?
5. (10 points) Describe two of the major economic differences between human capital and physical capital.
6. (10 points) According to the film *China: From Poverty to Prosperity*, why has economic growth in inland areas of China lagged behind growth in coastal areas?
7. (10 points) Diagrammatically illustrate how spillovers from one person's investments in human capital can increase incentives for others to invest in their own human capital.
8. (10 points) Describe how international trade can lead to spillovers from one country to another in research and development (R&D).
9. (10 points) According to the article by Alex McCalla, *What the Developing Countries Want from the WTO*, why would agricultural trade liberalization have economic benefits for many developing countries?
10. (10 points) Diagrammatically illustrate how international trade can lead to economic gains through learning-by-doing.