

AGRICULTURAL ECONOMICS 450
MID-TERM EXAM
Thursday, October 10, 2002

100 points total

Answer each question. Your answers should be short (one to three paragraphs) and to the point. 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 *The Urban Explosion* had four case studies: Mexico City, Istanbul, Shanghai, and New York City. Provide a summary of one of these four case studies.
3. (10 points) Describe two of the main socioeconomic differences among developing countries.
4. (10 points) According to the 2002 *Arab Human Development Report*, what is one of the reasons for the relative lack of economic development in Arab countries?
5. (10 points) Describe two of the major economic differences between human capital and physical capital.
6. (10 points) Describe two of the main living conditions facing the poor as discussed in the assigned chapters from *Voices of the Poor*.
7. (10 points) Describe and diagrammatically illustrate the concept of spillovers from investments in human capital.
8. (10 points) Describe one type of use value associated with the environment and natural resources.
9. (10 points) Describe and diagrammatically illustrate the “poor but efficient” hypothesis.
10. (10 points) Explain why you agree or disagree with the following statement: “The application of productivity-increasing measures in food and agriculture is of much greater importance in poor countries than in the United States. Furthermore, in most poor countries, agricultural growth is the essential driving force to promote rapid overall growth and to alleviate poverty.”*

* Based on Per Pinstrup-Andersen, *Towards a Sustainable Global Food System: What Will It Take?* March 2002.