

AGRICULTURAL ECONOMICS 450
MID-TERM EXAM
Tuesday, October 5, 2004
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) What is the concept of purchasing power parity (PPP) and why is it important in comparing incomes across countries?
2. (10 points) What is the *Economist's* "Big Mac Index" and how is it related to the concept of purchasing power parity?
3. (10 points) Why are high crop and livestock yields not necessarily synonymous with high incomes for farmers?
4. (10 points) Describe two common socioeconomic characteristics of developing countries.
5. (10 points) What typically happens to the percentage of household income spent on food as a country's per capita income increases, and why?
6. (10 points) In *The Long-run Economic Costs of AIDS*, Clive Bell, Shantayanan Devarajan and Hans Gersbach argue that, "the long-run economic costs of AIDS are almost certain to be much higher [than most studies indicate] – and possibly devastating." Explain their reasoning behind this statement.
7. (10 points) Choose one of the two films we viewed on nutrition (*A-OK* or *For a Few Pennies More*) and describe the main points of that film.
8. (10 points) Choose one of the other four films we have viewed so far this semester (*Hear Our Voices*, *Doing the Right Thing*, *Portrait of Altine in the Dry Season*, or *Children of Thula Mntwana*) and describe the main points of that film.
9. (10 points) Define and describe the Kuznets Curve hypothesis.
10. (10 points) The article "China's Environment: A Great Wall of Waste" in the August 19, 2004 *Economist* includes the following paragraph:

"In late July an environmental disaster occurred on the Huai river, one of China's seven big rivers. A 133km-long black and brown plume swept along the river killing millions of fish and devastating wildlife. According to Mr Pan, the catastrophe occurred because too much water had been taken from the river system, reducing its ability to clean itself. Others say that numerous factories dump untreated waste directly into the water."

Of the various types of economic values placed on the environment, which value or values could the pollution on the Huai river have impaired, and why?