

**AGRICULTURAL ECONOMICS 450**  
**MID-TERM EXAM**  
**Tuesday, October 10, 2006**  
***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. Use diagrams as appropriate.**

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

1. (10 points) Explain and diagrammatically illustrate the economic reasoning behind the following statement: "Traditional economies are efficient but have a low level of productivity."
2. (10 points) What is the concept of purchasing power parity (PPP) and why is it important when comparing incomes across countries?
3. (10 points) Critically evaluate the following statement: "Corruption is a necessary evil in developing countries, required in order to grease the wheels of slow and cumbersome government bureaucracies."
4. (10 points) The article by Christie Peacock, "Africa: Farming Sense," argues against providing international aid to government ministries of agriculture and instead in favor of local initiatives. Summarize her argument and explain why you agree or disagree with this argument.
5. (10 points) What typically happens to agriculture's percentage of the labor force and agriculture's percentage of GDP as a country's per capita income increases, and why?
6. (10 points) Give and briefly describe an example of a use value attached to the environment. Also give and briefly describe an example of a non-use value.
7. (10 points) Describe three of the main economic differences between human capital and physical capital.
8. (10 points) Explain and diagrammatically illustrate how a Gini coefficient is calculated.
9. (10 points) The *Economist* article, "Sickness or Symptom?" contains a discussion of the benefits and drawbacks of outlawing child labor in developing countries. Briefly describe those benefits and drawbacks.
10. (10 points) Choose one of the films we have viewed so far this semester and briefly describe the main points of that film.