



Wirtschaftswissenschaftlicher Prüfungsausschuß
der Georg-August-Universität Göttingen

Diplomprüfung

**Kreditpunkte-Klausuren für Volkswirte, Betriebswirte,
Handelslehrer und Wirtschaftsinformatiker, BA, MA**

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Prüfungsfach: Kreditpunkte-Klausur „Entwicklungsökonomik III“

Themensteller: Prof. Klasen, Ph.D.

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Fachrichtung:

Semesterzahl:

Raum:

Zugelassene Hilfsmittel:

- **Nichtprogrammierbarer Taschenrechner**

Bearbeitungshinweise:

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Exam Development Economics III

Part	Topic	Points
I	<i>Short Questions</i>	37
II	<i>Regression</i>	20
III	<i>Essay</i>	33
Σ		90

1	2	3	4	5	6	7	8	Σ

Grade:

Note: The following exam consists of three parts. You must answer all questions from Part I and choose one question from Part II and Part III. The possible points for each question are noted. There are 90 points to be earned in this 90 minute exam. Please time yourself accordingly. You may answer in English or German. Good luck

Part I

Answer all questions (37 Points)

1. Briefly describe the most important trends of per capita incomes in East Asia, South Asia, Sub Saharan Africa, and Latin America, compared to OECD countries, since 1960. (5 Points)
2. According to Shleifer, Murphy, and Vishny, under which conditions is state coordination or support required for industrialization in a country. (4 Points)
3. What is meant by Total Factor Productivity Growth and how did it contribute to the East Asian Miracle? (5 Points)
4. According to Bloom and Williamson, what is meant by a 'demographic gift' and how can it contribute to an explanation of East Asia's development? (5 Points)
5. Identify the differences sources of debt in the debt crises in Latin America of the 1980s, Sub Saharan Africa in the 1990s, and East Asia in 1997-98. (4 Points)
6. Illustrate with the example of the Indian State of Kerala what Drèze and Sen mean by 'support-led security'. (5 Points)
7. What influences and events led Latin America to turn to a model of Import Substituting Industrialization? (4 Points)
8. Briefly state the most important impacts of colonialism in Africa? (5 Points)

Part II

Choose one question (20 points).

1. What does the following table say about the influence of the forms of colonialism on economic development?

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THE AMERICAN ECONOMIC REVIEW

DECEMBER 2001

TABLE 4—IV REGRESSIONS OF LOG GDP PER CAPITA

	Base sample (1)	Base sample (2)	Base sample without Neo-Europes (3)	Base sample without Neo-Europes (4)	Base sample without Africa (5)	Base sample without Africa (6)	Base sample with continent dummies (7)	Base sample with continent dummies (8)	Base sample, dependent variable is log output per worker (9)
Panel A: Two-Stage Least Squares									
Average protection against expropriation risk 1985–1995	0.94 (0.16)	1.00 (0.22)	1.28 (0.36)	1.21 (0.35)	0.58 (0.10)	0.58 (0.12)	0.98 (0.30)	1.10 (0.46)	0.98 (0.17)
Latitude		-0.65 (1.34)		0.94 (1.46)		0.04 (0.84)		-1.20 (1.8)	
Asia dummy							-0.92 (0.40)	-1.10 (0.52)	
Africa dummy							-0.46 (0.36)	-0.44 (0.42)	
“Other” continent dummy							-0.94 (0.85)	-0.99 (1.0)	
Panel B: First Stage for Average Protection Against Expropriation Risk in 1985–1995									
Log European settler mortality	-0.61 (0.13)	-0.51 (0.14)	-0.39 (0.13)	-0.39 (0.14)	-1.20 (0.22)	-1.10 (0.24)	-0.43 (0.17)	-0.34 (0.18)	-0.63 (0.13)
Latitude		2.00 (1.34)		-0.11 (1.50)		0.99 (1.43)		2.00 (1.40)	
Asia dummy							0.33 (0.49)	0.47 (0.50)	
Africa dummy							-0.27 (0.41)	-0.26 (0.41)	
“Other” continent dummy							1.24 (0.84)	1.1 (0.84)	
R ²	0.27	0.30	0.13	0.13	0.47	0.47	0.30	0.33	0.28
Panel C: Ordinary Least Squares									
Average protection against expropriation risk 1985–1995	0.52 (0.06)	0.47 (0.06)	0.49 (0.08)	0.47 (0.07)	0.48 (0.07)	0.47 (0.07)	0.42 (0.06)	0.40 (0.06)	0.46 (0.06)
Number of observations	64	64	60	60	37	37	64	64	61

Notes: The dependent variable in columns (1)–(8) is log GDP per capita in 1995, PPP basis. The dependent variable in column (9) is log output per worker, from Hall and Jones (1999). “Average protection against expropriation risk 1985–1995” is measured on a scale from 0 to 10, where a higher score means more protection against risk of expropriation of investment by the government, from Political Risk Services. Panel A reports the two-stage least-squares estimates, instrumenting for protection against expropriation risk using log settler mortality; Panel B reports the corresponding first stage. Panel C reports the coefficient from an OLS regression of the dependent variable against average protection against expropriation risk. Standard errors are in parentheses. In regressions with continent dummies, the dummy for America is omitted. See Appendix Table A1 for more detailed variable descriptions and sources.

2. What does the following table contribute towards an understanding of the causes of the differences in economic growth between 1965 and 1990 in Africa and East Asia.

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Appendix Table A1: Regression estimates
Dependent variable: Growth per capita of ppp-adjusted GDP, 1965-90

Log of real GDP per economically active population in 1965	-1.47	-1.51	-1.42	-1.51	-1.51	-1.50
	(-6.41)	(-6.16)	(-6.05)	(-6.23)	(-6.68)	(-5.97)
Openness times log GDP per e.a. in 1965	-1.14	-1.14	-1.18	-1.09	-1.16	-1.07
	(-3.29)	(-3.26)	(-3.23)	(-3.06)	(-3.38)	(-2.95)
Openness to international trade (share of years open 1965-90)	11.43	11.34	11.52	11.00	11.49	10.76
	(4.02)	(3.96)	(3.88)	(3.73)	(4.06)	(3.62)
Land-locked dummy variable	-0.59	-0.56	-0.48	-0.60	-0.60	-0.53
	(-2.36)	(-2.18)	(-1.86)	(-2.32)	(-2.45)	(-2.00)
Log life expectancy circa 1970	37.79	37.27	43.03	38.17	37.96	41.23
	(1.91)	(1.87)	(2.15)	(1.89)	(1.94)	(2.04)
Square of log life expectancy	-4.39	-4.34	-5.07	-4.44	-4.44	-4.84
	(-1.74)	(-1.71)	(-1.98)	(-1.72)	(-1.78)	(-1.88)
Central government saving, 1970-90	0.11	0.12	0.11	0.11	0.10	0.12
	(5.22)	(5.20)	(4.98)	(5.03)	(4.34)	(5.22)
Dummy for tropical climate	-0.84	-0.81	-0.83	-0.91	-0.81	-0.89
	(-3.01)	(-2.83)	(-2.99)	(-3.08)	(-2.91)	(-3.08)
Institutional quality index	0.31	0.33	0.34	0.31	0.29	0.32
	(3.79)	(3.57)	(3.86)	(3.66)	(3.56)	(3.82)
Natural resource exports / GDP 1970	-3.95	-3.81	-3.74	-4.00	-3.78	-4.11
	(-4.01)	(-3.70)	(-3.76)	(-3.87)	(-3.87)	(-4.08)
Growth in e.a. pop — pop growth	0.86	0.75	0.80	0.94	0.76	0.96
	(2.48)	(1.89)	(2.30)	(2.58)	(2.18)	(2.66)
Dummy for Sub-Saharan Africa	-0.21					
	(-0.52)					
Growth of neighbouring countries			0.087			
			(1.50)			
Ethno-linguistic fractionalisation				0.0009		
				(0.24)		
Average national saving ratio, 1970-90					0.023	
					(2.03)	
Average inflation 1970-90						-0.0003
						(-1.18)
Adjusted R ²	0.85	0.85	0.85	0.84	0.84	0.85
Number of countries	84	84	83	82	82	81

Part III

Choose one question (33 points)

1. What are possible reasons for the less-than-expected performance of structural adjustment programs in Africa and Latin America?
2. To what extent is East Asia's success and Africa's economic difficulties a result of state intervention?
3. "Trade and financial market liberalization are a threat to economic development". Discuss.