**Agricultural Economics 2350**

**Introduction to the Economics of Developing Countries –**

**Final Exam**

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**I. Answer any THREE of the following (10 points each)**

1. What was the Green Revolution? Who were the winners and losers and why? Show graphically.

2. What is the Real Exchange Rate? Define it and say why it is important.

3. Why would the IMF and the World Bank recommend that a country devalue its currency?

4. Show graphically what would happen if the government decided to put a ceiling on loans from banks to people in the economy. Explain.

**II. Answer any TWO of the following (35 points each)**

1. This question refers to trade strategy from Lectures 22 and 23 and Chapter 19 of the text.

a. What is Import Subsituting Industrialization? Be sure to name the main policies that supported it.

b. What were the outcomes of this policy?

c. What alternative strategy might a country try?

2. This question refers to Foreign Aid as discussed in Chapter 14

a. What is foreign aid and which countries are the most generous in giving it?

b. The text refers to three different views on the effectiveness of foreign aid in promoting growth. What are they and which do you support and why?

c. Name two groups who benefit from food aid. Name at least one who is hurt. Show graphically why this might be the case.

3. This question refers to international debt

a. Why would a developing country get into debt vis a vis the United States or another rich country?

b. Name two measures of international debt burden. Explain what they measure and how they are different

c. Why would a citizen of the US care if a developing country could not pay its debt? How might your answer have differed 100 years ago?

d. What is an “international debt crisis”? Name two things which might trigger such a crisis.