

Mandatory assignment in ECON 1910 – spring 2014

1 Formalities

- The deadline for submission is Tuesday May 6 at 12:00 noon.
- Your assignment must be submitted in a **single** pdf file, including a front page and a declaration form that can be found on the course home page. Please **do not** submit multiple files.
- Your file should be named according to you, e.g. HavnesTarjei.pdf
- Submit your completed assignment in fronter. Go to fronter.uio.no and log on with your UIO user name and password. Navigate to Innlevering, and upload your pdf file there. **Do not** submit your paper by email or in print.
- This term paper is compulsory. Candidates who have passed the compulsory term paper in a previous semester, do not have the right to hand in the term paper again. This is so, even if the candidate did not pass the exam.
- **Note:** The students are free to discuss with each other how to solve the problems, but each student must formulate her/his own answers. Only single-authored papers are accepted, and papers that for all practical purposes are identical will not be approved.
- General information about mandatory assignments can be found [here](#).
- Information about format and references can be found [here](#).
- Information about consequences of cheating can be found [here](#).
- If the term paper is not accepted, you will be given a new attempt, see information [here](#). If you still do not succeed, you will be withdrawn from the exam. This will not be counted as an attempt.

2 Exercise

Please write three separate essays under three of the five following topics. Each essay should be no more than four pages of text (12 point, 1.5 spacing), and no more than five pages in total, preferably less. There is no reward for long essays.

Remember to submit your essays in frontier as a single pdf file named SurnameFirstname.pdf by Tuesday May 6 at 12:00 noon, including front page and declaration form.

1. How can lack of food trap people in poverty? How important are these mechanisms likely to be?
2. Discuss how a government can redistribute income, and how this redistribution may affect growth.
3. A sharecropping contract typically involves the landlord and the tenant sharing the output net of production costs according to some pre-specified ratio. However, it is possible to think of a contract with sharing on two fronts: total output and total costs. How do you think that the share of total output to the tenant will vary with the share of costs borne by him? Can this cost-sharing plus output-sharing contract be an efficient way of production? Discuss.
4. An expansion of credit from formal financial institutions to large informal lenders will increase competition among such lenders and improve the terms of credit for small borrowers with no access to formal credit. Discuss.
5. “Economic institutions shape economic incentives, the incentives to become educated, to save and invest, to innovate and adopt new technologies, and so on. Political institutions determine the ability of citizens to control politicians.” Discuss in the context of democracies and dictatorships.