

i Candidate instructions

ECON4915 – Development Economics

This is some important information about the written exam in ECON4915. Please read this carefully before you start answering the exam.

Date of exam: Wednesday, 25 May, 2022

Time for exam: 09.00-12.00 (3 hours)

Language: The examination text is given in English. You may submit your response in Norwegian, Swedish, Danish or English.

The problem set: The problem set consists of one question, with three sub-questions.

Sketches: In this exam, you may submit sketches. You are to use the sketching sheets handed to you. You can use more than one sketching sheet. See instructions for filling out sketching sheets below. It is very important that you make sure to allocate time to fill in the headings (the code for each problem, candidate number, course code, date etc.) on the sheets that you will use to add to your answer. You will find the code for each problem under the problem text. You will NOT be given extra time to fill out the “general information” on the sketching sheets (codes for each problem, candidate number etc.)

Access to your answer: You will not have access to your exam answer right after the exam. The reason is that the sketches must be scanned into your answer. You will have access to the answer after approx. 2-3 days.

Resources allowed: No written or printed resources - or calculator - is allowed (except if you have been granted use of a dictionary from the Faculty of Social Sciences).

Grading: The grades given: A-F, with A as the best and E as the weakest passing grade. F is fail.

Grades are given: Wednesday, 15 June, 2022

1 Questions

Consider the following quote from an IMF publication:

“Corruption is likely to occur where restrictions and government intervention lead to the presence of [...] excessive profits. Examples include trade restrictions (such as tariffs and import quotas), favoritism industrial policies (such as subsidies and tax deductions), price controls, multiple exchange rate practices and foreign exchange allocation schemes, and government-controlled provision of credit. Some rents may arise in the absence of government intervention, as in the case of natural resources, such as oil, whose supply is limited by nature and whose extraction cost is far lower than its market price. Since abnormal profits are available to those who extract oil, officials who allocate extraction rights are likely to be offered bribes.”

Address the following questions

- a) Are the consequences of corruption likely to be the same in all of the situations referred to in the quote?
- b) Is corruption most prevalent in developing countries? If so, why?
- c) If the costs of corruption are so high as the IMF and others suggest, why don't governments get rid of it?

Fill in your answer here

Format
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 x^2
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Words: 0

Maximum marks: 0