

PRELIMINARY EXAMINATION FOR THE Ph.D. DEGREE

Answer one question from each section

Section 1

1. Name one country whose output rose despite big-bang reforms and one country whose output fell despite gradual reform. In this context, explain and **evaluate** the claim in the Lau, Qian and Roland paper that the secret of China's sustained high growth was the dual-track pricing system because it created no losers who would block China's reform process.
2. What implications does the theory of the second best have for the conduct of economic policy? How are the findings of several multi-country studies on the economic effects of industrial policies (as measured by the effective rate of protection) relevant to the assessment of the applicability of the theory of the second best?
3. Economic management in the 1980s was advised to focus on "getting prices right", the slogan in the 1990s was "getting institutions right." Explain the basis of the broader approach to economic development, especially the importance of this broader approach to increasing the rate of technical innovation. How does the Washington Consensus fit into this analysis?

Section 2

4. One of the most relevant phenomena of the 90's has been the information technology revolution. Describe how economists have analyzed the contribution of IT to growth in the context of growth accounting. Analyze to what extent the good performance of productivity in the US and the slower performance of Europe can be attributed to differences in IT?
5. Present, using equations and simple graphs, how one can modify the simplest Solow model to obtain the following features: endogenous growth without convergence dynamics (AK), endogenous growth with transition dynamics, poverty traps, perpetual growth of unemployment.

6. Present the key equations and assumptions of a model with expanding varieties of products. Describe what is the so called “scale effect” and discuss in detail what kind of empirical work has been undertaken to prove or disprove their existence.

Section 3

7. A unified theory of economic growth must somehow combine the Industrial Revolution of 1760 and later and the Demographic Transition of 1880 and later. Can this be done?
8. Sala-i-Martin ran 2 million regressions. Why, and to what purpose?
9. Does geography explain the current poverty of Africa?