

University of Colombo – Sri Lanka

Faculty of Arts

Department of Economics

Masters in Economics -2016/ 2017

MECON 507: DEVELOPMENT ECONOMICS

Time Allowed: Three (03) Hours

Answer Only Four (04) Questions

All Questions and Subsections Carry Equal Marks

1. (a) Compare and contrast the reasoning and conclusions of Marx's and Rostow's growth models.

(b) Explain briefly the role of technology, labor and capital formation in Harrod Domar, exogenous and endogenous growth models.

2. (a) Discuss the structural diversity of developing countries and explain how this has influenced their economic development.

(b) Explain the causes and consequences of poverty and inequality in developing countries.

3. (a) Examine the role of population in economic development focusing on current trends in world population.

(b) How do you explain the impact of ageing population on the Sri Lankan economy? What remedial measures do you propose to overcome this problem?

4. (a) Many developing countries had adopted inward oriented development policies immediately after their political independence from former colonizers. What factors might have contributed to this decision?

(b) Explain how did outward oriented policies address the weaknesses of inward oriented development policies?

5. (a) Analyse the environmental impacts of economic development. How does this lead to the emergence of the concept of sustainable development?

(b) Scarcity of water affect all sectors in an economy. Recently the South African government announced stringent controls in the use of water in Cape Town because the major source of water supply to the city dried up. Explain the major reasons for the global water problem.

6. (a) International trade has been considered as an engine of growth. Do you agree? Give reasons for your answer.

(b) "With the BREXIT and the recent protectionist policies adopted by the Trump administration in the United States, trade liberalization and regional integration have become under serious threat" Examine the factors which led to these policy decisions.

7. (a) Discuss the contributions of agriculture sector in economic development. What prevents the agriculture sector making contribution in developing countries?

(b) What are the major challenges faced by the agriculture sector in Sri Lanka? What do you propose to overcome these challenges?

8. Write brief explanatory notes on any **two (02)** of the following:

(a) Knowledge capital, innovation and economic development

(b) Foreign aid, foreign direct Investment and economic growth in developing countries

(c) Role of well-functioning institutions and good governance on economic growth

(d) Defense expenditure, defense industries and economic growth