

Faculty of Economics
Thammasat University
EE463 Globalization and international Development

FINAL EXAM

25 May 2021

Student Name : _____

Student ID : _____

e-mail : _____

Time : Tuesday, 25 May 2021, 9:00-12:00

Please read carefully.

This is a take-home exam which comprises two sections. Section A comprises 10 questions; students are required to provide short responses to the questions. Section B comprises three (3) open-ended essay questions which require responses as well as students' own views of the issues. Typed, written responses are preferred; if not possible, hand-written responses will be accepted.

The student will be given three (3) hours to complete the exam. To account for wrap-up time, a grace period of 10 minutes overtime will be allowed; no submissions will be received thereafter. Please send the exam to Google Classroom.

Section A

Provide short answers to the following questions (note: key words are in bold)

1. Individuals who complete secondary school will likely earn more than those who complete primary school. However for the poor, costs for attending secondary school may not be affordable. What are these costs?

Individuals attending secondary school will incur **direct costs** (tuition, transport) and **indirect costs** (foregone earnings). The combined costs become the opportunity cost for attending secondary school.

2. What is the difference between climate change adaptation and mitigation? Provide an example of each.

Climate change adaptation: **adjustments** in ecological, social or economic **systems in response to** climatic effects which requires changes in processes and practices to lessen its impacts. Examples: inventory and track ecological resources; implement early warning systems to anticipate natural disasters; restore and expand natural ecosystem barriers.

Climate change mitigation: actions to **reduce long-term risks of climate change** on human life and property by reducing greenhouse gases emissions. Examples: _adopt renewable energy sources; develop sustainable transport; and promote sustainable uses of land.

3. Environmental issues require policy responses. What are these and briefly explain each.

Property rights to manage common resources; **taxes, subsidies and payments for environmental services** to optimize rates of resource use, **marketable permits that grant** holders the right to harvest a common resource; and **government regulation** to increase cost, lower production and increase benefits to society.

4. Cities play important roles in economic development. Mention why.

Over half of the world's population **live in cities**. Cities play an important role in **economic development**, contribute to **sustainable growth**; provide **infrastructure and services**; provide **economies of scale and agglomeration** and cost advantages to producers and consumers

5. What do we mean by gender mainstreaming? Why is it important?

The **integration of gender perspectives** into the preparation, design, implementation, monitoring and evaluation of policies, regulatory measures and spending programs. It is important it aims **to promote equality** between women and men prevent discrimination of women.

6. Imports and exports contribute to economic growth in many ways. As incomes rise, what are the likely changes in terms of import and export patterns?

Change in imports: as incomes increase, countries typically **import higher quality and sophisticated goods**

Change in exports : workers gain **new skills and increase productivity**; composition of exports shift from primary commodities to manufacturing products and services

7. What are the benefits of trade? What are the disadvantages?

Benefits: trade **exposes** domestic firms to **competition**; enables **transfer of technology** and raise productivity; increases the amount, quality and variety of goods a country can consume; and brings people into contact with one another.

Disadvantages: not all groups or individuals gain from trade; there are **winners and losers** in the process.

8. Multilateral and bilateral organizations provide foreign aid to developing countries in need. Please provide reasons of why foreign aid is provided to these countries.

To **stimulate economic growth**; promote other development objectives; support subsistence food consumption and other commodities during emergencies; and **stabilize an economy** after economic shocks.

9. What are the types of international capital flows? Among these which is the largest, globally?

Official development assistance, private foreign investments, remittances, military aid. Remittances are largest.

10. What are the advantages and disadvantages of foreign direct investment?

Advantages: Foreign investments fill the resource gap in terms of available supply of domestic savings, foreign currency, government revenues and human capital skills.

Disadvantages: **foreign investments crowd out private businesses, reduce foreign exchange earnings** in the long run, create less-than-expected contribution to public revenues, and has little impact on developing local resources; MNCs can use their economic power to **influence government policies**

Section B

Students are required to respond to the first question and then choose two questions of their choice. Thoughtful, structured and focused responses will earn the highest points.

Required

1. Tell a story of your group presentation to include the following information: (i) the title of the presentation; (ii) the key sector issues and lessons learned; (iii) what could have been improved, based on feedback received; (iv) your role/contribution to the group work.

All the elements above (i-iv) must be specific and stated clearly. Deductions will be applied to responses that are general and unclear.

Please select only two (2) responses

2. Strengthened urban-rural linkages leads to increased economic growth. Please provide your view on whether you agree or disagree, based on what you have learned in class.

Intensified urban-rural linkages creates demand for roads, infrastructure, finance, technology, and other economic goods; these create opportunities for economic growth. This happens when Farmers engage in agricultural production; excess production (surplus) is sold to the urban market; proceeds earned are used to buy agriculture inputs; farmer is able to produce more and diversifies production; additional income is further invested, resulting in creation of non-farm employment.

Need your opinion/views.

3. Environmental pollution is a cost to society and is therefore considered a market failure. In your view, what could be done to address this issue? Please provide an example.
 - **Correcting market failure can be done through government policies and regulations to promote efficient resource use, reduce environmental degradation and generate sustainable development. Examples: Property rights to manage common resources; taxes, subsidies and payments for environmental services to optimize rates of resource use, marketable permits that grant holders the right to harvest a common resource; and government regulation to increase cost, lower production and increase benefits to society.**
Provide example.
4. Please explain why gender is important in economic development and the benefits of investing in women. Also gender is considered a cross-cutting issue because the issues are present across various development sectors. Discuss gender issues in

any of the key development sectors (agriculture, water supply, health, education) that you have learned in class.

Excluding women's participation in the economy means excluding half the population and therefore an economic loss. Investing in women: helps **improve health and welfare** of children; **enhances future earning capacity, increases labor market access; contributes to poverty reduction**; higher economic growth rates with women's participation in the economy.

Select 1 example:

Water supply and sanitation: In most societies, women have responsibility for managing household water supply, sanitation and health. Although women have knowledge on water resources, the role of women is often overlooked.

Or:

Health: Men and women do not benefit from the same conditions in terms of health; poor women and girls are least likely to have access to appropriate care or to seek adequate treatment.

Or:

Agriculture: Relative to men, women have less access to productive assets such as land and financial and extension services. Women tend to lack political voice.

Or:

Education: Multiple barriers to education exist for girls and women, such as distance to school, cultural norms and practices, school-related gender-based violence and early or forced marriage.

5. Countries have experimented with import-substitution and export-orientation strategies. Please explain the aims of these strategies. In your opinion, which strategy is more effective? Provide some examples.

Import substitution: focuses on the production of goods and services that replace or substitute imports;

Export orientation: focuses on production for exports or global markets.

Need your opinion/views.

6. As we learned in class, there are conflicting views on the contributions of foreign aid to economic growth. What is your opinion? Please provide an example that supports this view.

View 1: Although not always successful, on average aid has a positive impact on economic growth and development

View 2: Aid has little or no effect on growth, and could actually undermine growth

View 3: Aid has a conditional relationship with growth, stimulating growth only under certain circumstances

Need your views.