

University of Swaziland
Faculty of Social Science
Department of Economics
Final Examination Paper, December 2017

Title of paper : Development theory

Course Code : ECO 303/ECON 306

Time allowed : Two (2) hours

Instruction : Answer question ONE (compulsory) and any other TWO questions.

Do not open this paper until the invigilator has granted permission.

Question 1 Compulsory (Total marks 40)

- a) What is meant by the statement that many Less Developed Countries (LDCs) are subject to “dominance, dependence, and vulnerability” in their relations with rich countries. [15 marks]
- b) Describe the three basic components or core values of development. [15 marks]
- c) Explain why the Neo-Classical Growth theory suggests that without technological progress continuous growth of per capita income is not possible. [10 marks]

Answer any two questions

Question 2

- a) Why do some countries grow rapidly while other countries stagnate? Give three reasons. [5 marks]
- b) Explain the Harrod–Domar model, its applications and two limitations. [15 marks]

Question 4

- a) Explain how the ‘Human Development Index’ is used as a measure of a country’s social and economic wellbeing. [10 marks]
- b) Identify the senses in which the Ranis-Fei model differs from the Lewis model. [10 marks]

Question 5

- a) Explain the meaning of coordination failure and how it might cause underdevelopment. [8 marks]
- b) Most development economists now seem to agree that the level and rate of GNP do not provide sufficient or even accurate measures of a country’s development. What is the essence of their argument? Give some examples. [12 marks]