EC3355 International Trade
Problem Set 8: Developing countries

1. One relatively common feature in developing countries is high corruption levels. How do corruption levels affect trade?

2. Why do African consumers spend a disproportionally large amount of their disposable income on food in comparison with other countries?

3. In most developing countries the economy depends on the export of a few primary products. How does this affects economic development?

4. Both Nigeria and Norway are oil-rich countries but GDP per capita in Norway is 100,818.50 U.S.$ (2013) and in Nigeria it is 3,005.51 U.S. $ (2013). Explain if this supports the resource curse hypothesis.

5. In the 1950-1960s import-substituting industrialisation (ISI) was a rather popular policy in many developing countries. Explain why this particular policy was so popular.

6. What are the advantages and disadvantages of ISI? Do you think that ISI can be used to kick-start economic development? Explain why or why not.

7. Various South-East Asian countries experienced a period of fast economic growth during the 1980-1990s. One thing they had in common was that the implemented export-oriented growth policies. What are the advantages and disadvantages of this type of policy?

8. Based on the empirical evidence do you think that export-oriented growth policies could help countries develop economically?

9. Over the past decade developing countries have seen large increases in exports. What are the consequences of this for long term prospects of economic development?

10. The last bullet point on the last lecture slide states that the changing pattern in international trade has interesting consequences for our theoretical models. What does this mean?