

ECON1910 spring 2020 - Postponed exam

Grading guide

a) The model in question is covered here:

http://folk.uio.no/hmehlum/1910s20/Development2020_02.pdf.

b) There are five groups in society. Agric workers, modern sector workers, unemployed (informal), capital owners in modern sector, land owners.

If modern sector expands implies higher marginal product of labour, the number of modern sector workers go up, the number of unemployed may or may not go up, the number of agric workers go down, land rents go down, capital rents go up. Wages in agric go up. Wages in modern sector is assumed fixed. The unemployment RATE go down. All of these effects sum to gains and losses. One complicating factor is that landowners and land workers may be the same household. What is important is that the candidate is able to discuss these effects and explain what goes on.

c) The number of agric workers go down, land rents go down, unemployment rate increases, agric wage go up. Again, whats important is to do a somewhat structured discussion.

d) This is open and the creativity of students is put to a test. One example of response could be that covid-measures is contraction of modern sector (i.e. b) in reverse) and less street wending etc in informal (i.e. c) in reverse.). The main requirement is that the candidate is able to say something meaningful albeit speculative.