

Exercises No.3

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 Natural Resources and Economic Development

Q1.1.: What does the Prebisch-Singer hypothesis mean?

Q1.2.: The economist Douglass C. North has pointed out the importance of the role of institutions for economic performance. How does he define institutions?

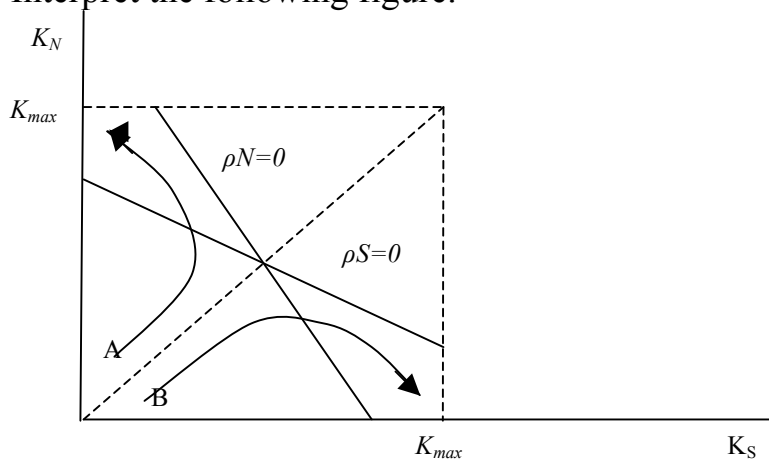
Q1.3.: Different colonial settlement patterns have led to different types of institutions. Which distinction of institutions can be made?

Q2.1.: Reconsider the Krugman model (Barbier 2005, p. 71ff.)

a) What does $c_S = c(K_S)$, $v_N = v(K_N)$, $v_S = v(K_S)$, $c' < 0$, $v' < 0$ mean?

b) What does $\frac{\dot{K}_i}{K_i} = g(K_i, K_j)$, $g_1 < 0$, $g_2 < 0$, $i = N, S$, $j \neq i$ mean?

c) Interpret the following figure.



d) Which conclusions can be drawn from the Krugman model of uneven development?

Q2.2.: Reconsider the Lundahl model and the Findlay-Lundahl model. (Barbier 2005; p. 84 ff.).

a) Explain the figure of the Lundahl model (Barbier 2005: Figure 2.5. p.85).

b) Which conclusions can be drawn from the Lundahl model?

c) Which conclusions can be drawn from the Findlay-Lundahl model?