



FACULTY/COLLEGE	College of Business and Economics
SCHOOL	School of Economics
CAMPUS(ES)	APK, SWC
MODULE NAME	Applied Microeconomic Issues
MODULE CODE	MCD9X02
SEMESTER	Second
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	Supplementary Summative Assessment Opportunity January 2020

ASSESSMENT DATE	TBC	SESSION	TBC
ASSESSOR(S)	Dr SM Muller		
MODERATOR(S)	Prof W Krugell		
DURATION	3 hours (180 min)	TOTAL MARKS	180

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	3
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INFORMATION/INSTRUCTIONS:

- This is a closed-book assessment.
 - There are seven questions. Answer one question from each of the three sections.
 - Answer each question in a separate book.
 - Read the questions carefully and answer only what is required.
 - Number your answers clearly and correctly as per the question paper.
 - Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
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SECTION 1

Answer one question from this section.

QUESTION 1

[60 MARKS]

Deverajan (2016) argues that there are three main reasons why industrial policy fails. What are these reasons and how does his argument support the importance of microeconomics for industrial policy?

SECTION 2

Answer one question from this section.

QUESTION 2

[60 MARKS]

Using the study and findings of Brakman et al (2017), explain why industrial policy might benefit from paying more attention to firm-level heterogeneity.

QUESTION 3

[60 MARKS]

According to Tybout (2000) what are the main obstacles to the success of manufacturing firms in developing countries and how can these inform industrial policy?

QUESTION 4

[60 MARKS]

What is the microeconomic argument for governments using incentives for private sector innovation? Using *either* Rao (2016) *or* Bakhshi et al (2015), explain how the analysis tried to determine whether an incentive had a positive effect on innovation and what the main findings were.

SECTION 3

Answer one question from this section.

QUESTION 5

[60 MARKS]

Milanovic (2005) and Berlinschi et al (2013) suggest that the international market in football players can provide insights into the effects of brain drain/skilled migration. Briefly explain the approach and findings of these papers. To what extent do you think these findings are useful for understanding the effect of other forms of skilled migration?

QUESTION 6

[60 MARKS]

Explain Mushtaq Khan's theory of rent-seeking, focusing in particular on how it differs from the standard theory and its potential relevance to industrial policy.

QUESTION 7

[60 MARKS]

If developing country governments want to create employment, should they focus on supporting employment intensive sectors or on providing and maintain economic infrastructure? Justify your answer using appropriate references.