Practice Final
Spring 2012
Ec 153

I.True/False: (5 points each) Indicate whether the statement is true or false and provide an explanation. Be explicit about any additional assumptions you feel you need to make.

Question 1 If all workers were paid piece rates then unconditional transfers to poor households would likely not affect worker productivity.

Question 2: Bennett's results suggest that people who live in areas with better access to piped water are less likely to get diarrheoal disease than those that don't.

Question 3: To have a maximal effect on the spread of AIDS one should target ART treatment to individuals who have a low ex ante probability of infection because these individuals are the lease likely to be tested in the first place.

Question 4: If Jensen had allowed people to buy or sell vouchers then he would have been less likely to find that households receiving a voucher that provides discounted rice end up consuming less rice.

Question 5: Deaton and Paxson find larger households have food shares for given per-capita expenditure. They say this result is surprising because household public goods are cheaper and thus people in large households should substitute away from food toward public goods.

Question 6: If the male wage is higher than the female wage, a rise in the male wage is more likely to lead to lower fertility if the woman is fully specialized in *home* production than if the man is fully specialized in *market* production.

Question 7 Pitt Et al argue that girls schooling is rising faster than boys schooling in Bangladesh primarily because boys have lower cognitive ability on average.

Question 8: In a population that is shrinking over time in which men are typically older than women at marriage one would expect that there will be excess demand for women in the marriage market.

Question 9: Suppose the benefit of risky sex is 3 for men and 1 for women and the cost of risky sex is 8 for both men and women. If there is only heterosexual sex, people are not concerned about infecting others, and people assume their probability of being positive is the population level, there is an equilibrium (in the sense that both men and women are indifferent between risky sex and not) in which 1/4 men are HIV positive and 1/2 women are HIV positive

Question 10: One concern that has been expressed in the literature is that increased access to HIV testing can increase the spread of the disease because HIV positive individuals who are tested learn that they no longer need to worry about being infected. Thronton's paper largely puts that concern to rest, at least in the population she studies.

II. Short Answer (point 5)
1. Discuss in brief the following table

Table 6
Determinants of the Difference in Mortality Rates of Boys and Girls:
Children Aged 0-4

Variable/Estimation procedure	OLS: 1971	FE-IV: 1971-82	FE-IV: 1971-82	FE-IV: 1971-82	FE-IV: 1971-82
Log of land price - village[b]	.0944 (1.82)[a]	.00238 (0.08)	-.373 (2.37)	-.415 (2.41)	-.407 (2.34)
Mean log of land price - marriage market (Radius=67Km)[b]	-	-	.343 (2.09)	.434 (2.20)	.482 (2.49)
Mean log of land price - marriage market (Radius>67, <314Km)[b]	-	-	-	-	-.343 (1.08)
Mean log of land price - marriage market (Radius>314, <1000Km)[b]	-	-	-	-	.304 (1.15)
Mean log of yield - village[b]	-.0292 (1.60)	-.0105 (0.36)	.00794 (0.08)	.0364 (0.32)	.0336 (0.30)
Mean log of yield - marriage market[b]	-	-	-.0115 (0.10)	-.0466 (0.36)	-.0667 (0.54)
Mean household wealth (x10⁻⁵) - village[b]	-.0838 (1.48)	.00740 (0.10)	.104 (0.98)	.197 (1.21)	.252 (1.33)
Mean household wealth (x10⁻⁶) - marriage market[b]	-	-	-	-.247 (1.04)	-.309 (1.00)
Proportion mothers literate - village[b]	.0918 (1.94)	.181 (2.79)	.0418 (0.38)	.0312 (0.22)	.0273 (0.19)
Proportion mothers literate - marriage market[b]	-	-	-	-.0169 (0.11)	-.0282 (0.15)
Proportion of fathers who completed primary school - village[b]	-.0354 (0.41)	-.00706 (0.10)	-.0523 (0.64)	.00011 (0.01)	.0168 (0.15)
Proportion of fathers who completed primary school - marriage market[b]	-	-	-	-.144 (1.13)	-.165 (1.05)
N	216	432	432	432	432

[a]Absolute values of t-ratios in parentheses corr

ected for marriage-market common error.
[b]Endogenous variable.
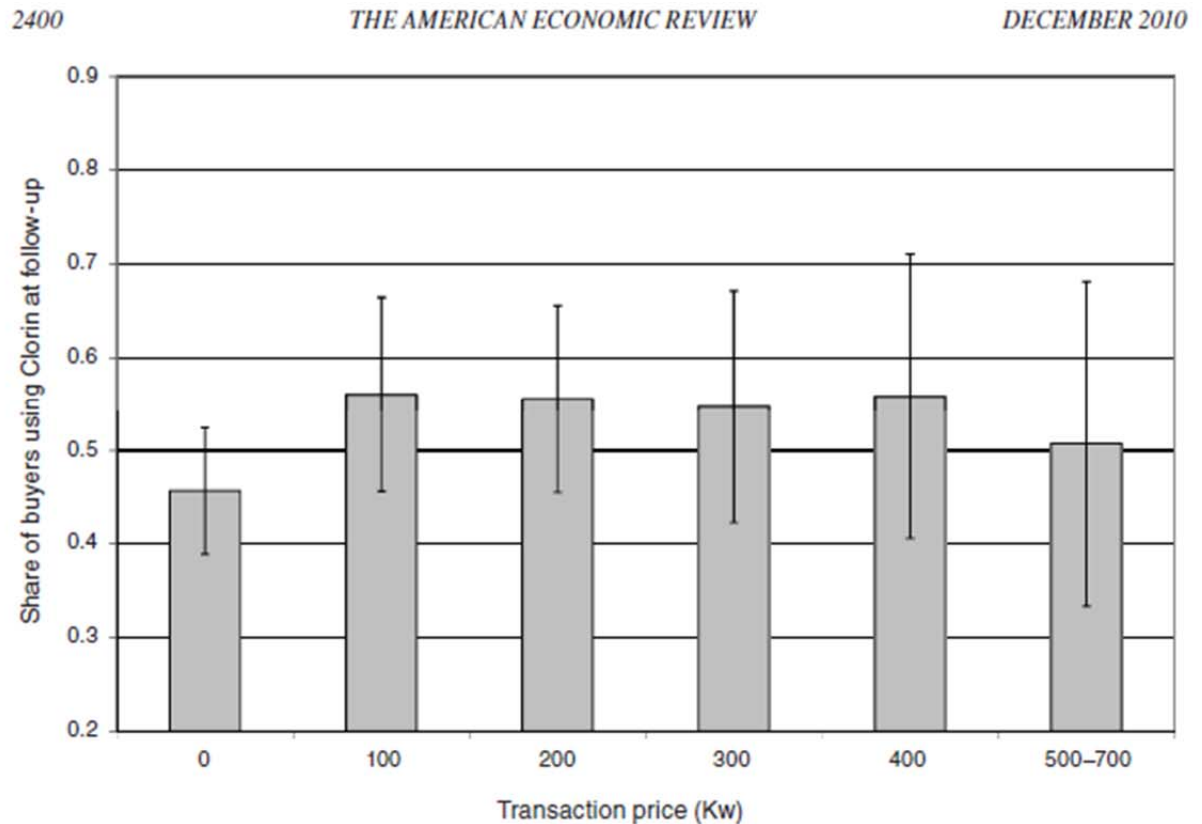
2. Discuss in brief the main points of this figure:

FIGURE 4. USAGE RATES OF CLORIN BY TRANSACTION PRICE

III. Essay Question (20 points)

Education, nutrition and health are all aspects of human capital. Citing papers from the class (a 5-6 word description is fine if you don't remember the author/title) compare and contrast how economists think about these three different dimensions of human capital. Also consider whether the nature and justification for different policies is different for these different dimensions. Your essay should have a clear introduction and conclusion and be 6-8 paragraphs in length.