

ECON 3240 Spring 2015

III. Multiple Choice Practice questions (Foreign Aid and Fragile families/welfare Reform)

A B D 1. In Figure 1, with the old AFDC welfare system, hourly take home wages were low during phase A and then fell sharply at B when families reach the eligibility threshold for D .
 A) private earnings from work B) childcare assistance C) child support D) Medicaid E) EITC F) food stamps

F 2. Which #1 policies played major role in helping the poor during the Great Recession? F

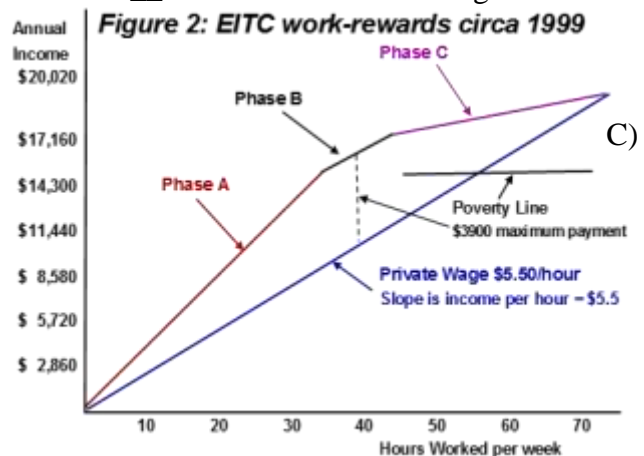
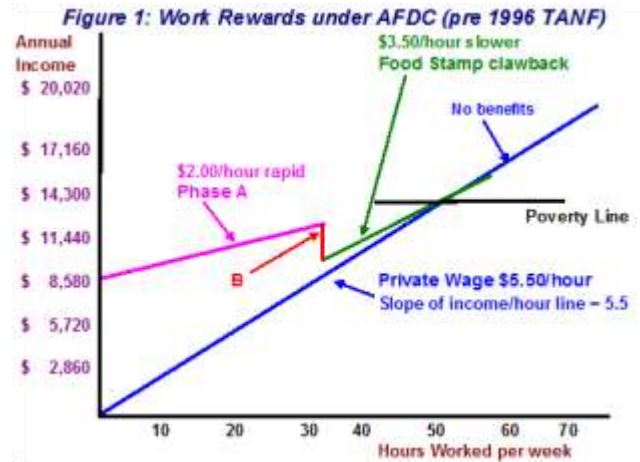
2A. Workers who lost their jobs benefitted from extended unemployment benefits or the EITC if that had to take another job at lower wages.

C/D/E 3. Which policies/education messages seem to help fragile families become or remain together and/or reduce births to unmarried women (WRAB 16,17). Discuss briefly why these policies worked or did not work referring to Wilson Chapter 4 on African American families. A) Family caps in New Jersey B) Abstinence education. C) the Elmira-Olds Nurse family partnership Program (look up David Olds online, is he an economist like Hans Rosling). D) Minnesota’s increased welfare benefits to working families E) MTV’s reality program 16 and Pregnant.

A A A 4. Of 5000 children born to unmarried mothers in the Princeton Child well-being study about 50% of children were living with both parents at birth (WRAB 17). About ___ % of pregnant mothers reported being romantically involved with and/or received some financial support from the father, while about ___% of fathers put their name on the child’s birth certificate and about ___% gave their surname to the child. A) 75%-85% B) 40% C) 35% D)5%

B C D 5. Again in the Princeton Fragile families study, while 90% of mothers say full time job for their was a prerequisite for marriage, about ___ % of fathers had less than a high school education and ___% of had a history of incarceration while ___% abused alcohol or drugs

A B C D 6. LATA Which of Ellwoods 3+ helping conundrums were aggravated by AFDC? A) family structure B) social isolation geographic mobility D) the security work conundrum.



A D F 6A. Choose all that apply, the EITC: A) Targets and raises the income of working low income adults with children B) Targets and raises the income of low wage workers who do not have dependents C) Targets and raises the income of low wage workers who do not have other sources of income. D) Increases the supply of low wage workers E) Decreases the supply of low wage workers F) Is a subsidy for already profitable low wage employers such as Walmart and McDonalds. G) Encourages single parent families to become two parent families. H) encourages employers to hire more low wage workers w/o benefits (since these are paid for by the government).

A B C 7. Choose all that apply. Comparing workers with children who get the EITC single adults a higher minimum wage: a) raises income less since they lose benefits b) makes workers with children less competitive since c) Decreases turnover and increases productivity which reduces the number of low wage jobs available.

B 8. Which of the following statements is true?

- A. Middle income countries receive more foreign aid than low income countries
- B. Poor people in poor countries, on average, receive more aid than poor people in relatively richer countries.

E 9. Who is the biggest net ODA donor in terms of \$ of aid but not share of GDP?

- A) France B) The U.K C) Germany D) Japan E) The U.S

B 10. According to Sachs, the poor African nations are often stuck in a

- A. Conflict trap
- B. Low productivity or poor health trap
- C. Natural resource trap
- D. Bad governance

A 11. Who is most likely to agree with the statement “Poverty not aid causes corruption” ?

- A. Sachs
- B. Collier
- C. Moyo

C 12. According to Sachs, after accounting for consultants’ compensation, food and emergency aid, administrative costs, and debt relief, net aid per person to Sub-Saharan Africa from all donors comes down to:

- A. \$30
- B. \$5
- C. \$12
- D. \$4

B 13. Assume there are one billion poor people in the world at the \$1.25 a day, and assume that their average income \$0.9 a day, how much aid would it take to lift everyone above the poverty line? (We did this in class, See sacks slide)

- A. \$100 billion B. \$128 billion C. \$200 billion
- B. \$50 billion

B/D 14. Select all that apply. Which of the following actions does Moyo suggest poor countries do?

- A. Restrict trade with china
- B. Get a credit rating and borrow from international financial market
 - c. Tax foreign direct investment
 - d. Encourage micro finance and remittances

 B/C 15. Select all that apply. Which type of intervention does Collier support (Ch 8)?

- A. Military intervention to support revolutions
- B. Military intervention Maintaining post-conflict peace
- C. Military intervention to restore order
- D. Military intervention to support coups.

 B 16. According to Collier:

- A. All countries of the bottom billion have recently been through a civil war or are still in one
- B. Civil war is much more likely to break out in low-income countries
- C. The global cost of a civil war is \$64 billion
- D. Aid increases the risk of civil war, but decreases the risk of coups
- E. Aid increases the time that a failing state is stuck

 A/B/C 17. Choose all that apply. According to collier:

- A. In countries with weak governments, aid barely increases growth while significantly inducing coups.
- B. In post-conflict situations, the security benefits of aid are usually high enough to justify a large aid program
- C. Instead of conditioning aid on good future policies, donors should encourage conditioning aid on past good policies.
- D. When a country announces its intention to reform, donors should immediately supply it with a lot of aid money.