

Mid-Term Exam. Monday October 20, 2014.

Instructor: Ian Irvine

Answer four (4) of the following six (6) questions. Do not answer more than four. Please write legibly and carefully. Begin each answer on a new right-hand-side page. Time permitted is 75 minutes.

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1. Develop an argument for congestion pricing using cost curves that account for externalities. Briefly describe the less well-anticipated results of the access program in London U.K. which charges drivers a fee to enter the city during weekdays.
2. Explain how total factor productivity can be measured and compare it with the concept of labour productivity.
3. What should we expect will be the growth performance of developed economies in coming years? In particular, discuss the roles of factor inputs and technological contributions.
4. Describe how Canada's Equalization program operates and the importance of natural resource revenues in designing the scheme.
5. Explain the concept of 'deleveraging' in the post 2008 global depression and its implications for near-term economic expansion.
6. How do Canada's *Health Transfer* and *Social Transfer* programs operate? Explain the difference between conditional and unconditional (also known as lump sum) transfers between governments, and the incentives associated with each.



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