

Managing Food Insecurity

1. Food Insecurity should be managed, because the right to adequate food is a long-standing international human right

- True
- False

2. Briefly describe in your own words Amartya Sen's capabilities approach.

3. Food insecurity can be managed through:

- production, processing, preparation, warehousing
- availability, access, utilization, stabilization
- availability, processing, preparation, utilization
- production, stabilization, warehousing, access

4. Agricultural production can be organized either through private land ownership or collective landownership and central planning.

- True
- False

5. Socialist countries tend to have higher cereal yield than market-based countries.

- True
- False

6. The model of comparative incentive compatibility:

- shows that leisure is higher under liberalism.
- addresses leisure and consumption under liberalism and socialism.
- shows that utility is higher under socialism.
- None of the above.

7. Which of the following does not constitute an efficient market system?

- Secure property rights
- Access to agricultural finance
- Price and Production Subsidies
- Complementary public investments

Self-Assessment

- 8. Food subsidies allow the individual to consume on a higher indifference curve; thus, making the individual better off than cash transfers.
 - True
 - False

- 9. A faction of Fantasilandia's population is facing severe food insecurity. While food imports are very high, this faction still does not seem to buy food. What would you suggest Fantasilandia's government to do to address food insecurity?
 - Subsidize food, since it will make the available food cheaper for all.
 - Support the vulnerable population with cash transfers, since it will allow them to purchase the needed food.
 - Nothing. If an individual cannot afford a living, he is simply lazy.
 - None of the above.

10. Show that from the state's perspective cash transfer equals food subsidies.

- 11. Crop insurances are a mechanism to ensure _____, the _____ pillar of food security.

- 12. Assume a 0.2 chance of a drought to happen, and a 0.8 chance of a rich harvest and profits of \$120. You know that farmer Joe has an initial wealth of \$30 and a utility function $U = \sqrt{income}$. Calculate how much income Farmer Joe would need to receive his expected utility? How much would Farmer Joe be willing to pay for a fair insurance, and how much would this insurance pay him in case of a drought?

- 13. School feeding programs _____ externalities from a healthy population.

- 14. A sugar tax _____ externalities from overconsumption of sweets.

- 15. The basic macroeconomic trade-off between inflation and employment as described by the Phillips curve says that:
 - Employment goes up at the expense of lower prices.
 - Employment goes up at the expense of higher prices.
 - Excess capital leads to inflation.
 - None of the above.