

PRELIMINARY EXAM

Please answer **FOUR** of the following questions, including at least one from each of the three Parts.

Part A (answer at least one)

1. According to the distinguished Professor X : "Until roughly the 1930s almost all technological advances in agriculture resulted from mechanization because of farmers' single minded quest to save labor--an increasingly scarce factor of production. In fact because of the abundance of land farmers were really not much interested in saving land until well into the 20th century which explains the lack of biological innovations. It was only after the 1930s that biological innovations started to become important. This is because the movement in relative factor prices reversed itself and because before this date biological innovations were just too complex for the primitive science of the day." Professor X elaborated on many of these issues. Drawing on your vast knowledge of the movement in factor prices, of various crops, and of mechanical and biological innovations, please respond to Professor X.
2. By early in the 19th century (in fact earlier) the economy and many key institutional and demographic characteristics found in sections of the United States (and Canada) were much different (and would prove to be far more conducive to modern economic growth) than what existed in most of the rest of the Americas. Write an essay analyzing the literature on this issue and describing the key differences, and explaining why they emerged and persisted well into the twentieth century. (Without limiting your creativity, **among** other things you might want to consider the roles of geography, colonial and state policies, health, income distribution, education, political structures, etc.)
3. The recent credit and banking meltdown leads one to ask what happened in the past. Why should one care more about preventing bank failures than failures of any other type of business? Several states experimented with bank note and/or deposit insurance schemes in the past. Briefly describe these early experiences analyzing why some worked and some didn't. Given these historical experiences, what guidelines can you offer in devising a program to insure or protect banks (and savings and loans) from financial shocks?

Part B (answer at least one)

4. Many different measures of commodity market integration exist in the economic history literature. Critically analyze four different measures of international integration for nineteenth century commodity (i.e., goods) markets. Show how to examine the impact on trade integration of factor endowments, economic growth and trade costs within the framework of one particular measure of integration and discuss the evidence for the relative importance of these three factors in explaining rising integration between 1870 and 1914.
5. Analyze the degree to which policy makers thought and acted along the lines of “optimum currency area” theory in the late nineteenth century. Explain how useful modern international macroeconomic theory is in understanding the evolution and outcomes of the international monetary system of the late nineteenth century.
6. What does it mean to say that the gold standard ‘worked’ from 1880 to 1914 but ‘failed’ from 1925 to 1939? To what extent can this failure explain the Great Depression?

Part C (answer at least one)

7. Explaining the timing and rate of productivity growth in the world economy is one of the great questions of economic history. Settled agriculture was found in the Fertile Crescent perhaps as early as 8,000 BC. The Babylonians had a complex civilization with cities, writing, and markets. Yet the rate of productivity growth is believed to have been close to zero until 1700 or later.
 - (a) Is the perception of very slow aggregate productivity growth before 1700 correct?
 - (b) Discuss and evaluate some theories for the apparent discontinuity in productivity growth rates at the time of the Industrial Revolution.
8. The key to the emergence of the modern world was the arrival of technological progress. Economists typically believe that the explanation of the absence of much technological change before 1700 must be a lack of material incentives. Explain why economists believe that, and discuss whether there is any evidence of such a problem in England between 1200 and 1800.
9. Explain why, however much we expand the definition of capital, modern economic growth remains puzzling to economists.