

ECONOMICS 113 – FINAL EXAMINATION Questions

PART I. QUESTIONS FROM LAST THIRD OF COURSE (50 points possible; 50 minutes)

A. Paired Identification (20 points total; 20 minutes total)

Choose **two** of the following **three** pairs of items. Define or identify each term in the pair (6 points). Then, briefly discuss the connection between the two terms (4 points). Your answer is worth 10 points total.

- (1) (10 points; 10 minutes)
 - (a) Changes in the gender gap in college attendance and graduation since 1950
 - (b) Changes in the age at first marriage since 1950

- (2) (10 points, 10 minutes)
 - (a) Productivity growth slowdown, 1973-1995
 - (b) Rise of the service sector, post-World War II period

Answer this third question only if you skipped one of the previous two questions.

- (3) (10 points, 10 minutes)
 - (a) Changes in the U.S. population structure since 1950
 - (b) The pending Social Security funding “crisis”

B. Using Economic Models and Concepts to Explain Historical Events (20 points total; 20 minutes total)

Answer **both** of the following **two** questions.

- (1) (10 points; 10 minutes) Use the concept of comparative advantage to explain the post-1970 increase in the share of 30-34 year olds never married.

- (2) (10 points; 10 minutes) Explain how external factors can contribute to deindustrialization. How do Rowthorn & Ramaswamy measure external factors?

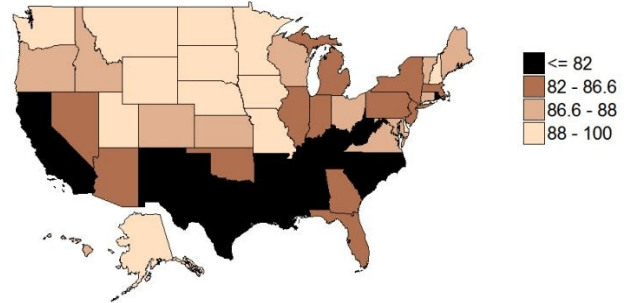
| Internal vs External Causes of Deindustrialization | | |
|---|--------------------------------------|--|
| (t-stats in parentheses) | | |
| Indep. Variables | Manufacturing as a share of Real GDP | Manufacturing as a share of Employment |
| Log Y | 6.55 (7.02) | 11.65 (10.92) |
| (Log Y) ² | -0.363 (7.09) | -0.643 (11.01) |
| Log Relative Price | -0.611 (9.82) | |
| Exports - Imports | 0.020 (6.39) | 0.015 (4.16) |
| Imports from LDCs | -0.003 (0.14) | -0.041 (1.57) |
| Investment / GDP | 0.018 (6.16) | 0.014 (4.26) |
| R ² | 0.84 | 0.91 |
| Turning Point | \$8,276 | \$8,673 |

Source: Rowthorn & Ramaswamy (1999), Table 3 (8AVG) and Table 4 (9AVG).

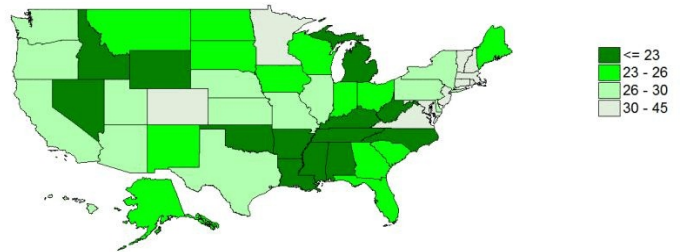
C. **Map and Table Interpretation (10 points total; 10 minutes total)** Answer **both** questions.

(1) (5 points; 5 minutes) Use Thurow’s idea of “brainpower industries” and the maps at the right of high school & college graduation rates to predict trends in income distribution in California (circle CA on the map) and in Minnesota (circle MN on the map).

High School Graduation Rates, 2002



College Graduation Rates 2002



(2) (5 points; 5 minutes) Use the table at the right to offer Feliciano’s explanation for the decline in the relative economic performance of Mexican immigrants to the United States.

| Education Differences: Mexican Immigrants, Mexican Natives, U.S. Natives, 1910-1990 | | | |
|--|--------------------|-------------------------------------|-----------------|
| | | DIFFERENCES: NATIVE - IMMIGRANTS | |
| | Mexican Immigrants | U.S. Natives | Mexican Natives |
| LITERACY RATE | | | |
| 1910 | 45.8 % | 49.8 | -14.08 |
| YEARS OF EDUCATION | | | |
| 1940 | 4.37 | 5.03 | -3.33 |
| 1960 | 4.81 | 5.92 | -2.46 |
| 1970 | 6.73 | 4.93 | -2.97 |
| 1980 | 7.49 | 5.13 | -2.51 |
| 1990 | 7.95 | 5.10 | -2.15 |

Source: Feliciano, Tables 2 & 3.

PART II. QUESTIONS FROM ENTIRE COURSE (40 points possible; 50 minutes total)

You must answer question 1. You must choose between questions 2 and 3.

1. (30 points total; 30 minutes total) We can describe total production with the equation $Y = A \cdot F(K, L, T)$. In general, there are two sources of growth: intensive growth and extensive growth. For each of the three periods we studied, give two examples: one of intensive growth and one of extensive growth. For each of your six examples, state what the example is and then briefly describe the example and briefly explain why it is a relevant example of extensive or intensive growth. Fill in the table below with your answers. 5 points per cell.

| | Intensive Growth | Extensive Growth |
|---------------|------------------|------------------|
| Pre-Civil War | | |
| 1860 to WWII | | |
| Post-WWII | | |

You should answer EITHER Question #2 OR Question #3. We will only grade #2 if you answer both.

2. (10 points total; 10 minutes total) Choose any one of these articles:
- Troesken, Werner. "Race, Disease, and the Provision of Water in American Cities, 1889-1921."
 - Lamoreaux, Naomi R. "Engines of Economic Development." Chapter 3 of *Insider Lending: Banks, Personal Connections, and Economic Development in Industrial New England*.
 - Stiroh, Kevin J. "Information Technology and the U.S. Productivity Revival: A Review of the Evidence."
- (a) (2 points) What is the question asked in the article?
- (b) (4 points) What is the author's argument?
- (c) (4 points) What is a critical assumption to the author's argument? Explain.

Answer this question ONLY IF you skipped Question #2.

3. (10 points total; 10 minutes total)
- We first discussed "the macroeconomy" when we looked at the 1920s and 1930s. Why was there no discussion of macroeconomic trends in the 18th and 19th centuries? Are there critical assumption(s) we implicitly invoke when we discuss "the macroeconomy" that are not satisfied in the 18th and 19th centuries? Provide some detail in support of your argument.

Part III. Essay Question from Whole Course (60 points; 60 minutes)

The more complete your examples, the more coherent your writing, and the more appropriate your examples, the better your grade.

Our emphasis in Econ 113 this term has been on linking the past and the present. Doing so requires critical thought. The historical context often matters – differences by race in credit availability in the 1920s occurred within a context of extremely tense race relations. And the assumptions we bring to bear in any analysis also matters – the “rational calculus” of individual cost/benefit analysis probably does not apply at all times in all situations.

Our framework has been economic growth and development, with awareness of the inequities that sometimes accompany those processes. There are inequities in the distributions of gains and losses from economic growth. Some inequities are based on race or gender – slavery, marriage bars. Others are not. Food prices fall, benefitting consumers, but fewer people can make a living farming.

Our structure has been to split U.S. history into three periods: pre-1865 (or so), between the Civil War and World War II, and after World War II.

In your essay, you will examine how well the analysis from one period applies to the other two periods. Choose a topic that we have covered in all three periods. It must be a DIFFERENT topic than what you addressed in your term paper.

The topic you choose can be broadly defined – such as, changes in economic structure, or determinants of productivity growth). Or it can be narrowly defined – such as, determinants of fertility.

Here is the outline we would like you to use. (Warning: If you use a different outline, the GSIs will have more trouble grading your essay.)

I. Introduction: What is your topic? How does it fit into the overall story?

Your topic must be a DIFFERENT topic than what you addressed in your term paper

A. A brief (see below!) introduction to your essay. Nice if there’s a thesis statement in there!

B. Fitting your topic into the framework

How does your topic illustrate the process of economic growth, or economic development, or inequities?

II. The History

For each of the three periods, provide the history as it relates to your topic.

III. Analysis

For one of the three periods, describe the analysis of your topic as learned in class, section, readings.

IV. Applicability of Analysis

For the other two periods, how well does the analysis from part III explain the history from part II?

What are the critical assumptions in the analysis that make it more or less applicable to other periods?

What is the critical historical context that makes the analysis more or less applicable to other periods?

V. Conclusion

Nice to link this back to your thesis statement that was in your introduction!