

## **ECONOMICS 113 — MIDTERM EXAMINATION #1**

**PART I. Table Identification (12 points total; 8 minutes total) Answer both questions.**

- (1) Briefly, what are the data in the table saying? (2 points) What is the historical significance of the data? (4 points)

<b>Percentage of Cherokee Households Achieving Self-Sufficiency in Corn Production</b>		
	% of all households	% of corn-producing households
NC	46.1	48.4
GA	46.4	52.1
AL	59.1	76.7
TN	63.7	74.0

Source: Wishart, David M. "Evidence of Surplus Production in the Cherokee Nation Prior to Removal." Table 4.

- (2) Briefly, what are the data in the table saying? (2 points) What is the historical significance of the data? (4 points)

<b>Labor Supply Declined After 1865</b>		
<b>Percentage Decline in Rural Black Population Worker-Hours per Capita</b>		
Source	low	high
participation rate	17	24
days / year	8	11
hours / day	9	10
Cumulative effect	28	37

Source: Ransom & Sutch, *One Kind of Freedom*, Table 3.3.

**Part II. Using Economic Models and Concepts to**

**Explain Historical Events (36 points total; 25 minutes total) Answer all three questions.**

- (1) (12 points) Use a model of labor markets and relevant historical facts to explain why the skill premium in the United States increased between 1830 and 1860. Draw graph(s) in your answer.

- (2) (12 points) Use the equation for the price of a slave, 
$$P_{slave} = \sum_{t=0}^{50} \frac{(P_{cotton} \times MP_{slave} - Maintenance)_t}{(1+r)^t}$$

explain how Conrad and Meyer concluded that the purchase of a slave was profitable.

- (3) (12 points) Explain why Joan Hannon (reader article #5, "Poverty in the Antebellum Northeast: The View from New York State's Poor Relief Rolls") concludes that urbanization, industrialization, and immigration did not contribute to rising pauperism in antebellum New York. Address each factor (urbanization, industrialization, and immigration) separately. Hannon's Table 3 is excerpted below.

**Determinants of Extent of Pauperism, 1823**

	40-towns w/o NYC		250-towns w/o NYC	
	coefficient	t-stat	coefficient	t-stat
constant	12.61	2.10	2.71	2.64
% Non-Agricultural Labor Force	0.26	0.16	0.37	1.32
1820 population	0.06	0.45	0.02	0.60
population growth rate	-2.37	1.20	0.02	0.03
% foreign born	-16.72	0.73	-1.80	1.20
% nonwhite	11.53	1.30	0.49	0.25

Source: Hannon, Joan Underhill, "Poverty in the Antebellum Northeast," *Journal of Economic History* 44 (December 1984): Table 3.

**PART III. Paired Identification (20 points total; 14 minutes total)**

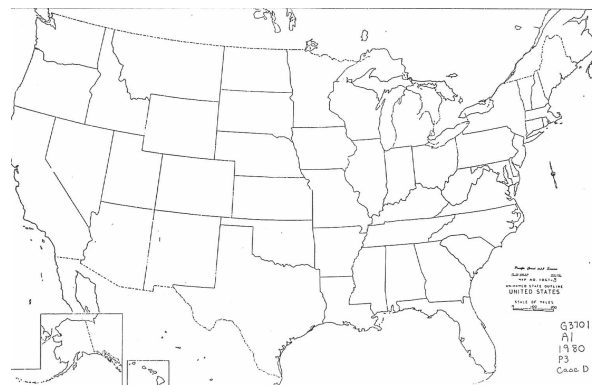
Choose **two** of the following **three** pairs of items. First, in your mind, figure out the economic concept that connects the two terms. Then, on your exam, define or identify or describe each term in the pair (6 points), providing enough detail to support the connection between the terms. Then, finally, discuss the connection between the two terms (4 points). Each answer is worth 10 points total. You should spend about 7 minutes on each question.

- (1) (a) Surveying system set forth in the Northwest Ordinances, and  
(b) Construction of canals, 1815-1860
- (2) (a) Use of young women as factory workers in early industrial New England, and  
(b) Changes in household production in upstate New York, post 1825
- (3) (a) Mechanization of northern farms in the postbellum period, and  
(b) Westward movement of cotton farming, 1830-1860

**Part IV. Map Identification (8 points total; 6 minutes total)**

Using the map below, sketch in each of the following. Label the area with (1), (2), etc. (2 points each)

- (1) Mississippi River
- (2) Erie Canal
- (3) Home of the Cherokee prior to Removal
- (4) Area where primary activity of Native Americans in the pre-Columbus era was settled agriculture



PART V. Short Essay Question (24 points total; 18 minutes total)

Answer **one** of the following **two** questions. (The questions are similar but are focused on different articles.) Base your answers on lecture, discussion section, **and** the assigned reading. *Complete answers will draw from all three sources.*

1. In reader article #1 (“Economic History and Economic Policy”), Barry Eichengreen discussed “analogical reasoning” – creating historical analogies to contemporary events, providing insight into and policy ideas for solving contemporary economic and social problems. The proper analogical use of history requires knowing which aspects of the historical episode are critical to the analysis of history, and which aspects are (and are not) relevant to the contemporary issue.
  - A. (10 points) Consider Lamoreaux’s analysis of early industrial New England (reader article #6, “Engines of Economic Development,” Chapter 3 of *Insider Lending: Banks, Personal Connections, and Economic Development in Industrial New England*). What question does Lamoreaux address? What is her argument? What is her answer to the question?
  - B. (2 points) Based on your knowledge beyond Econ. 113, identify a contemporary issue or problem that Lamoreaux’s analysis might provide insight into. “Contemporary” can be interpreted broadly as “during your lifetime.” Do not provide very much detail in your answer. Simply state the issue, identifying the country and time period.
  - C. (12 points) What is one assumption in Lamoreaux’s analysis that is critical to her conclusion? Is that assumption relevant to analyzing the contemporary issue you listed in part (b)? Explain (1) how the assumption you cite is critical to Lamoreaux’s conclusion and (2) why you say the assumption is (or isn’t) relevant to analyzing the contemporary issue you listed in part (b).
  
2. In reader article #1 (“Economic History and Economic Policy”), Barry Eichengreen discussed “analogical reasoning” – creating historical analogies to contemporary events, providing insight into and policy ideas for solving contemporary economic and social problems. The proper analogical use of history requires knowing which aspects of the historical episode are critical to the analysis of history, and which aspects are (and are not) relevant to the contemporary issue.
  - A. (10 points) Consider David and Sundstrom’s analysis of the antebellum fertility decline (reader article #4, “Old-age Security Motives, Labor Markets, and Farm Family Fertility in Antebellum American”). What question do David and Sundstrom address? What is their argument? What is their answer to the question?
  - B. (2 points) Based on your knowledge beyond Econ. 113, identify a contemporary issue or problem that David and Sundstrom’s analysis might provide insight into. “Contemporary” can be interpreted broadly as “during your lifetime.” Do not provide very much detail in your answer. Simply state the issue, identifying the country and time period.
  - C. (12 points) What is one assumption in David and Sundstrom’s analysis that is critical to their conclusion? Is that assumption relevant to analyzing the contemporary issue you listed in part (b)? Explain (1) how the assumption you cite is critical to David and Sundstrom’s conclusion and (2) why you say the assumption is (or isn’t) relevant to analyzing the contemporary issue you listed in part (b).