AUBG, Fall 2013, Eco222a: Economic History

A list of 7 practice questions to get an idea of the spirit of the midterm exam. The list is by no means representative of either the difficulty or the contents of the exam.

1. The minimal state from the 19th century was characterized mainly by:
A) negligible social welfare costs
B) no price controls
C) no government enterprises
D) some income taxation
E) all of the above

2. The Scandinavian model of the welfare state which won many admirers in the past has a few basic traits. Which are they?
A) very limited subsidies for every public service
B) large re-distribution from the rich to the poor
C) very low inequality, comparable to the one in the socialist countries
D) only A) and B)
E) only B) and C)

3. The "Great Divergence" is characterized by which of the following:
A) lowering income inequality across nations
B) rising human capital levels for all countries
C) increasing social mobility for all countries
D) rapid capital accumulation for all countries
E) none of the above

4. To understand the proximate causes of economic growth and income per capita growth, economists have derived *the fundamental equation of growth*. In this equation:
A) the growth of income per capita depends crucially on an undefined abstract factor which economists have so far failed to reveal
B) the growth of income per capita depends on human capital per capita alone
C) the growth of income per capita depends on the ratio of capital per capita and nothing else
D) the growth of income per capita depends on the growth rate of technology, as well as on the growth rates of the two major forms of capital per capita
E) the growth of human capital per capita depends on the growth rate of technology, as well as on the growth rates of physical capital, land and labor

5. Development theories of convergence postulate that poorer countries grow _____ than the richer countries because of the _____ returns to investment in those countries. However, the evidence in favor of _____ convergence is inconclusive and weak at best which discredits to some extent those convergence theories.
A) slower; lower; absolute
B) faster; higher; absolute
C) slower; lower; conditional

D) faster; higher; conditional

E) slower; higher; conditional

6. A huge drawback to economic growth in barter economies is that in those economies transactions are preceded by:

A) division of labor

B) capital accumulation

C) double coincidence of wants

D) double accounting

E) inequality of human capital accumulation

7. Which of the following is an advantage to the exogenous growth theories of the Industrial Revolution:

A) they explain sudden changes in productivity growth

B) they are unintuitive

C) they explain the gradual changes to a dynamic equilibrium

D) they explain that institutions change only gradually

E) they are competing with the endogenous growth theories