

MIDTERM 2

A total of 50 points possible.

Last Name: _____ First Name: _____

Your Student ID Number: _____ - _____ - _____

Part A: Multiple Choice Questions

(15 questions, each of which is worth 2 points)

1. What period in world history has recently been labeled “The Great Divergence.”
 - A. 1200-1800
 - B. 1200-1900
 - C. 1760-1860
 - D. 1800-2000**
 - E. 1945-2000

2. How much (roughly) of all productivity growth in Britain in the Industrial Revolution can be attributed to efficiency gains in the textile industries alone?
 - A. 20%
 - B. 40%
 - C. 60%**
 - D. 80%
 - E. 100%

3. Peter Temin argues that recent studies suggesting productivity advance in Industrial Revolution in England was confined to a small number of industries are wrong because.
 - A. People were making money in lots of different industries.
 - B. Real wages could not have improved given the population growth without widespread productivity advance
 - C. Britain was a net exporter of almost all manufactured goods even in the 1850s.**
 - D. Britain imported a lot of food by the 1850s
 - E. Urban areas grew greatly in the Industrial Revolution era.

4. The most important Institutional break in England in the period leading up to the Industrial Revolution was

- A. The edict of Cricklewood in 1760
- B. The crowning of William Pitt following the Luddite Riots of 1806.
- C. The selection of the German speaking George I as king in 1715.
- D. The selection of William of Orange and his wife Mary as monarchs in 1689.**
- E. The institution of the brick tax in 1785.

5. Which of the following is **NOT** alleged by some historians to have occurred in England in the years 1760-1860?

A. Scientific Revolution
B. Industrial Revolution
C. Agricultural Revolution
D. Transport Revolution
E. Demographic Revolution

6. What was the typical rate of productivity growth in successful economies after 1800?

A.	between 0% and 0.1%
B.	between 0.1% and 0.4%
C.	between 0.4% and 0.8%
D.	between 0.8% and 1.2%
E.	0%

7. Manufactured exports from Britain rose greatly in the Industrial Revolution period mainly because of

- A. Rapid population growth**
- B. Technological advances in cotton textiles
- C. British success in the wars against the French
- D. The decline of the Dutch economy
- E. Technological advances in agriculture

8. The year the first railway line with steam engines, Stockton-Darlington, was built was?

A. 1705	B. 1769	C. 1798	D. 1825	E. 1869
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9. Since 1800 in the successful economies, real returns on capital have not increased, but real wages increased by about 2% per year, and real land rents by 0.3% per year. If the share of wages in national income is 0.70, and the share of land 0.02, what (roughly) does this imply the rate of productivity growth has been?

- A. 0.7%
- B. 1.0%
- C. 1.3%
- D. 1.4%**
- E. 1.5%

10. The invention of mechanical printing circa 1450 did not cause rapid productivity growth in Europe because

- A. There was little written material worth printing.
- B. The income elasticity of book demand was very low.
- C. The price elasticity of book demand was low.**
- D. The productivity gains compared to hand copying manuscripts were very modest
- E. Paper costs kept book prices high

11. The amounts by which rates of return on capital were higher on average in India in the years 1870-1914 compared to Britain was?

A	0%
B	2%
C	3%
D	4%
E	8%

12. The key idea in the Becker explanation of why fertility declines with income is

- A. Higher income is associated with improvements in the opportunities for women.
- B. Children should be regarded as yielding the same kinds of utility to parents as do potatoes
- C. Dogs substitute for children in high income societies because dogs are more loyal and do not involve college tuition costs
- D. Children are a time intensive form of consumption**
- E. Everyone always had a target family size of two children.

13. The date at which fertility began to decline in most of Europe was?

A	1760
B	1850
C	1880
D	1900
E	1950

14. Steam boats were not used much for carrying regular cargo before the 1850s because

- A. They were only introduced after Georg Frege's invention of the rotator bearing in 1849.
- B. The inefficiency of engines before then meant that most of the cargo space had to be used to carry coal.**
- C. The Suez Canal was not completed until 1869.
- D. Coal prices fell dramatically after 1850, making steam ships competitive with sailing ships.
- E. People would not travel on steam ships because of the danger of boiler explosions.

15. Which of the following countries saw a decline in industrial output per capita between 1860 and 1913?

- A. Italy
- B. Belgium
- C. Russia
- D. Spain
- E. China**

Part B: LONG ANSWER

1. We can learn a lot from the cotton textile industry around the world about what the important factors in keeping incomes low in many countries were? What are these lessons?

The major key to answering this question is to recognize that output per worker dramatically varies across countries, but that output per unit of capital is fairly constant. The source of income disparity, therefore, must lie in the different levels of productivity in these countries. Recognizing this would earn about 8 points.

Next, a good answer would list the potential causes of this varying efficiency that are intuitively appealing, yet empirically not true. This includes managerial differences, capital costs, education, nutrition, resources, institutions, etc. India provides an excellent counter example demonstrating how none of these factors can explain world income disparity. This portion would earn another 8 points.

This begs the question, “Why did efficiency differ?” The simple answer is “We don’t know.” Social capital, worker solidarity, and cultural differences are potential candidates, but the true cause is a bit mysterious. Mention of any of these factors would earn 4 points.

Finally, some people included erroneous information; this would cost 2 points for each incorrect “fact.”