Econ 341 - American Economic History
College of William and Mary
John Parman

December 11, 2023

Final Exam

You have three hours to complete the exam, be certain to watch the clock and use your time wisely. Answer questions completely but concisely. Including additional incorrect information in an otherwise correct answer may result in a loss of points. As a rough rule of thumb, five points typically take two well-crafted sentences to answer correctly and completely. So a 10-point question typically requires four concise sentences to answer. You may refer to hard copies of your notes, the lectures slides, and the readings. Good luck!

Name:

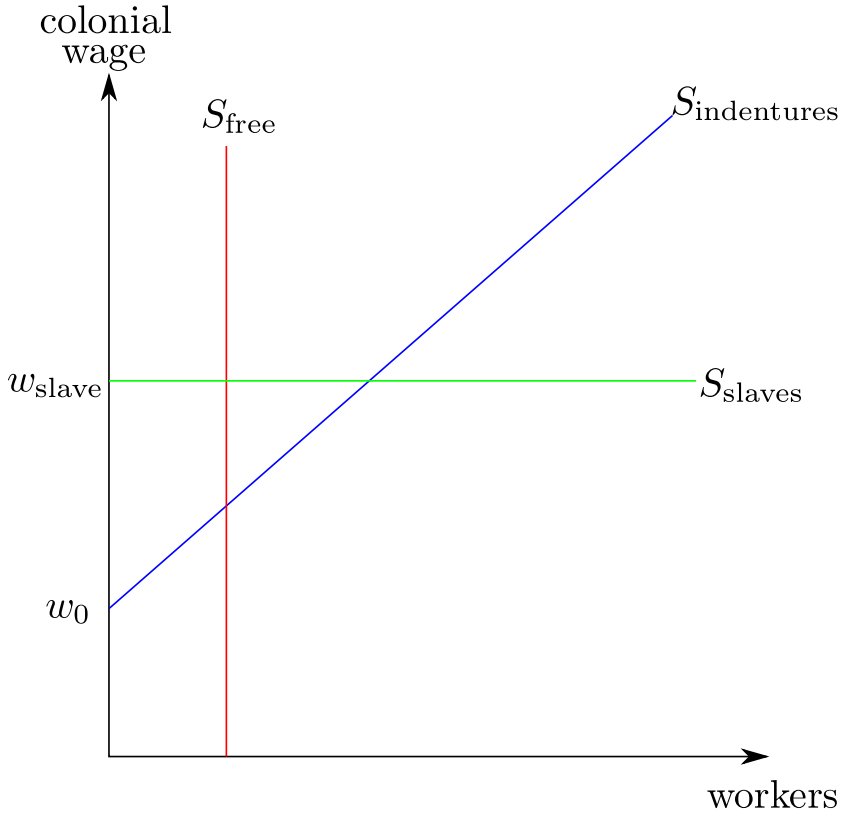
ID Number:

1. (15 points) We discussed two different cases of mid-nineteenth century federal policies regarding public lands in the West: land grants to railroad companies and the Homestead Act. Both involved the transfer of public land to private parties to encourage economic growth.

   (a) For each case, explain one reason that the federal policy might have promoted economic efficiency in theory (i.e., why the policy might have increased total surplus for the nation).

   (b) For each case, explain one reason that the federal policy might have hindered economic efficiency either in theory or in practice (i.e., why the policy might have decreased total surplus for the nation).

2. (25 points) In class, we used the graph below to explore the potential role of economics in explaining the disappearance of indentured servitude in North America. The graph depicts supply curves for the three different key components of the colonial labor force: free laborers, indentured servants and enslaved workers.



(a) When we reviewed Galenson's work on indentured servitude, differences by gender was one dimension of the colonial labor market that he highlighted. While females had lower labor force participation rates than males, they were an incredibly important part of the colonial economy. Assume the supply curves above correspond to males. Draw three additional curves on the graph above corresponding to the supply of female free laborers, indentured servants and enslaved workers. Be certain to clearly label your curves.

(b) For each of the three curves you drew in part (a), write a three- to four-sentence explanation of why the curve's slope and intercept do or don't differ from those of the corresponding curve for males.

(c) Draw a demand curve for female workers on your graph above. Given your demand curve, label the number of female free laborers, female indentured servants, and female enslaved workers in equilibrium as well as the equilibrium female wage.

3. (10 points) Galenson (1981) and Abramitzky, Boustan and Eriksson (2014) both look at the labor market outcomes of European migrants to America but with very different outcome variables. While Galenson focuses on indenture contract lengths, Abramitzky, Boustan and Eriksson are focused on occupational income scores.

   (a) In two to three sentences, explain one way in which indenture contract lengths can reveal something about the skills or productivity of workers that occupational income scores would miss.

   (b) In two to three sentences, explain one way in which occupational income scores can reveal something about the skills or productivity of workers that indenture contract lengths would miss.

4. (25 points) In our Thanksgiving week lecture videos we covered several economics articles related to the Pandemic of 1918. You also explored the economic impacts of the COVID-19 pandemic in your empirical projects. In this question, we will attempt to further connect these events to the broader themes of the course.

   (a) Once of the figures we have relied on throughout the semester to understand various labor markets and aspects of economic growth is a graph of net earnings over the life cycle from birth through old age. On a graph with age on the horizontal axis and net earnings on the vertical axis, draw two different lifetime net earnings curves, one for an individual born during the 1918 pandemic and one for an individual born a few years earlier. Label the curves clearly. Make certain that your graph distinguishes between positive and negative net earnings. Any differences in the curves should be consistent with the stylized facts presented in the Thanksgiving week lectures.

   (b) Explain any differences between the two curves you drew in part (a). Be certain to consider differences in the vertical intercept, the horizontal intercept and the overall shapes.

   (c) Would you expect similar differences in these curves for cohorts born during the COVID-19 pandemic and those born a few years prior? Be certain to fully explain why you would or would not expect the curves to differ from what you drew in part (a).

5. (25 points) While they study very different questions, Berger (2019) and Logan (2018) face very similar empirical challenges and come up with very similar solutions. They each use a predicted value for their independent variable of interest rather than the actual value.

   (a) Berger (2019) wants to examine the effect of extending railroads on industrialization. However, rather than simply estimate the direct effect of railroad extensions on industrial activity, he uses the rail network that would be predicted if developers followed the least-cost path of construction. In three to four sentences, explain why this latter approach helps Berger estimate causal effects of railroad extension while using the actual rail network would not.

   (b) Logan (2018) wants to examine the effects of electing black politicians on public goods spending during Reconstruction. However, rather than simply estimate the direct effect of the number of black politicians on local taxes, he uses the number of black politicians predicted by the number of free black individuals living in the country prior to Emancipation. In three to four sentences, explain why this latter approach helps Logan estimate causal effects of electing black politicians while using the actual number of black politicians would not.

   (c) Which of the two strategies did you find more convincing? Explain your answer in no more than four sentences.