
Midterm 2

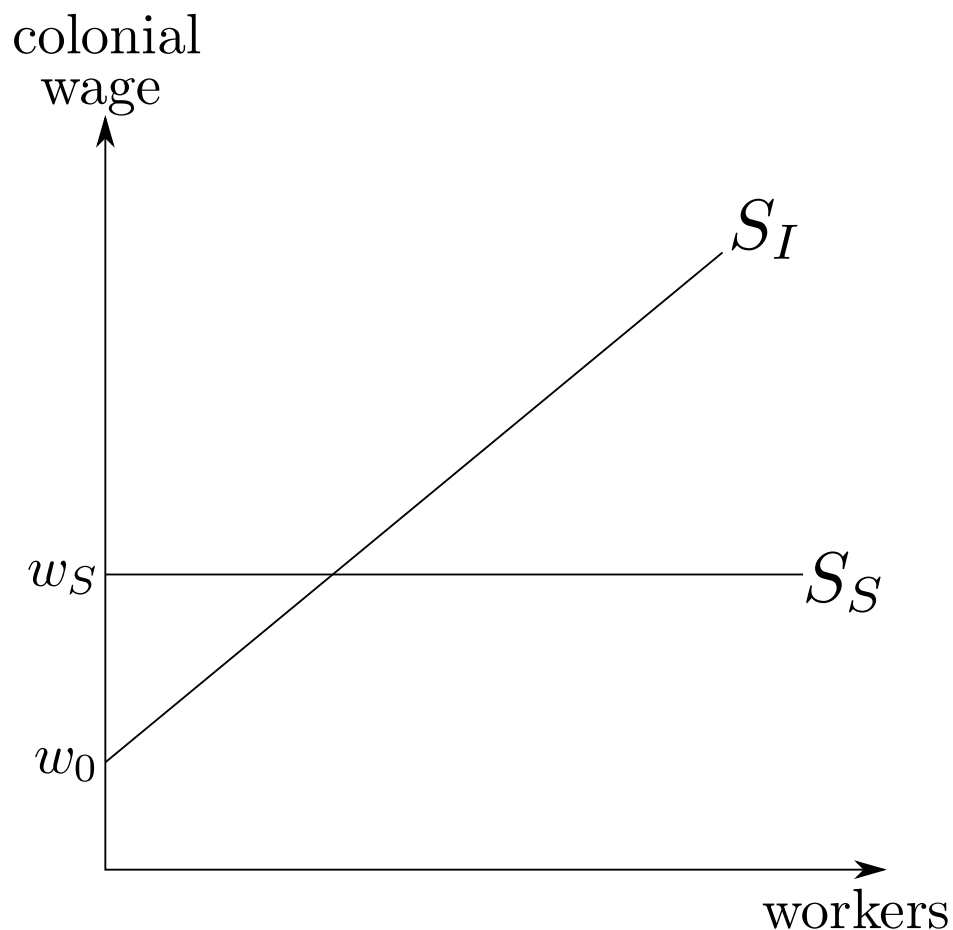
You have until 11:50am to complete the exam, be certain to use your time wisely. Answer all questions directly on the exam. Calculators may not be used. Remember to put your name on the exam. Good luck!

Name:

ID Number:

1. (15 points) In class we discussed how worker productivity influenced both the contract terms for an indentured servant and the price paid for a slave. Describe two characteristics of a worker that would affect contract length for an indentured servant and auction price for a slave in similar ways. Be certain to explain the direction of the effect on both contract length and price. Describe one characteristic that would affect the auction price of a slave but not the contract length of an indentured servant. Be certain to explain why this characteristic has no impact on contract length but does influence auction price.

2. (25 points) The graph below shows the supply of indentured servants to the colonies (S_I) as a function of the colonial wage as well as the supply of slaves to the colonies (S_S) which is a function of the cost of importing a slave (w_S).
- (a) Suppose that under the current equilibrium, there are an equal number of indentured servants and slaves in use in the colonies. Show this equilibrium on the graph, clearly labelling the current colonial wage as w_A and the total number of workers in the colonies as L_A .
- (b) Now suppose that wages in Britain fall. On the graph, show the effect of this change on the equilibrium colonial wage, the number of indentured servants used in the colonies, the number of slaves used in the colonies and the total number of workers in the colonies. Assume that the fall in British wages is small enough that there is still a mixture of slaves and indentured servants used in the colonies in equilibrium. (Hint: The demand curve for labor in the colonies has not changed, so the total number of workers demanded at any particular wage is the same as before.)



3. (15 points) Suppose that two different railroad companies were provided with land grants from the federal government to encourage railroad construction. Railroad company *A* sold the land to pay for the railroad construction. Railroad company *B* had other financial resources and retained ownership of the land, renting it out to farmers.
- (a) Which railroad would you expect to charge lower prices for using the railroad? Be certain to fully explain your answer.
 - (b) Would you expect both railroad companies to provide the socially efficient level of railroad services or would one or both underprovide rail services? Be certain to fully explain your answer.
4. (10 points) What did Fogel conclude about the magnitude of the social savings from railroads for intraregional transportation relative to interregional transportation? Discuss both how the social savings compared between the two types of transportation and explain the sources of the differences in social savings between the two.

5. (25 points) We have discussed the health of slaves in the United States both in terms of Fogel and Engerman's approach to measuring slave health conditions and Steckel's approach.
- (a) What types of evidence did Fogel and Engerman rely on to establish the health of slaves specifically with regards to nutrition?
 - (b) What evidence did Steckel rely on and in what ways was Steckel's evidence able to offer a more detailed picture of slave nutrition than what Fogel and Engerman were able to examine?
 - (c) What aspects of slave nutrition and health cannot be examined with either Fogel and Engerman's evidence or Steckel's evidence? What would your ideal data look like for studying slave nutrition and health?
6. (10 points) Explain why New York was able to get the Erie Canal constructed with far lower cost overruns than modern large public projects.