
Midterm Exam

You have one hour and twenty minutes 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 your notes, the lectures slides, readings and any other materials posted on our course Blackboard site. You may access either printed or electronic versions of these materials. You may not use the internet to search for additional information during the exam and you may not seek the help of any other individuals.

Good luck!

Name:

ID Number:

1. (20 points) We discussed two very different papers related to bank panics, Peter Temin's article on the Panic of 1837 and Nicolas Ziebarth's article on the differing approaches of Federal Reserve districts to bank failures during the Great Depression.
 - (a) Briefly describe the empirical approach of each paper. In other words, how does each paper use evidence to support its arguments? Your description should be no more than three sentences for each paper. Note that for the Ziebarth paper, I am not expecting you to address anything that was not discussed in lecture.
 - (b) Explain one reason why you think Temin's approach may be more informative than Ziebarth's approach.
 - (c) Explain one reason why you think Ziebarth's approach may be more informative than Temin's.

2. (30 points) Suppose that both wheat and tobacco were enumerated goods under the Navigation Acts, meaning that both would have to be shipped through Britain before reaching European markets, and that shipping costs for both were identical.
- (a) Explain two reasons why we would expect European demand for American wheat to be more elastic (more sensitive to price) than European demand for American tobacco.
 - (b) Using two separate graphs, one for wheat and one for tobacco, show the reduction in American producer surplus due to the Navigation Acts. More specifically, show how producer surplus declines due to the increased shipping costs associated with shipping through Britain rather than directly to the rest of Europe.
 - (c) Given your graphs in part (b), would you expect wheat farmers or tobacco planters to be more supportive of leaving the British Empire? Be certain to explain your answer.
 - (d) Sawers concludes his article on the Navigation Acts noting that, "One can never know why the patriots supported the Revolutionary War since motivation can never be directly observed." Do you agree that we could not tell whether wheat farmers or tobacco planters were more supportive of the Revolutionary War? If you agree, explain why their deeds and words could not be used to infer motive. If you disagree, explain what evidence you would use to infer motive.

3. (20 points) On multiple occasions in class, we have touched on efficiency as a goal of certain policies. By efficiency, we mean making total surplus as large as possible. We have also occasionally touched on what economists refer to as equity, whether that surplus is being divided fairly.
 - (a) Identify two cases where Hamilton makes an argument related to efficiency in the Federalist papers. For each case, explain Hamilton's argument in one to two sentences and then explain whether you agree or disagree with his stance in an additional one to two sentences.
 - (b) Identify two cases where Hamilton makes an argument related to equity in the Federalist papers. For each case, explain Hamilton's argument in one to two sentences and then explain whether you agree or disagree with his stance in an additional one to two sentences.

4. (15 points) In this question, we will explore the implications of the Malthusian model of population growth and the standard of living. Consider the Native American societies living in Chaco Canyon in the Southwest and in Cahokia in the Midwest. Recall that these two locations are associated with very different climates and land, with Chaco Canyon in the high desert of New Mexico and Cahokia in the fertile Mississippi River basin of Illinois. Assume that birth rates and death rates as a function of income per capita are identical for these two societies.
- (a) Explain how you expect the technology curve to differ between these two societies. Note that there is no single correct answer to this question, giving a well justified argument will lead to full credit.
 - (b) Given your answer to part (a), how would the two societies' equilibrium population size differ? How would their equilibrium standard of living differ? Use graphs of the death rate, birth rate and technology curves and a written explanation to justify your answers.

5. (15 points) In Feir, Gillezeau and Jones (2017), they rely on several different measures of the standard of living. For earlier decades, one measure they rely on is occupational rank, which is based on the median incomes of occupations given in the census. One measure they use for more recent years is nighttime light data.
- (a) Explain one reason that occupational rank may not accurately capture the standard of living for Native American societies. Your answer should be no more than three sentences long.
 - (b) Does your answer in part (a) suggest that Feir, Gillezeau and Jones are underestimating the medium-run negative impact of the loss of the bison or overestimating it? Explain your answer in no more than two sentences.
 - (c) Explain one reason that nighttime light data may not accurately capture the standard of living for modern Native American societies. Your answer should be no more than three sentences long.
 - (d) Does your answer in part (c) suggest that Feir, Gillezeau and Jones are underestimating the long-run negative impact of the loss of the bison or overestimating it? Explain your answer in no more than two sentences.